

HB

420

HFIN

FILE

FISCAL NOTE

STATE OF ALASKA
2000 LEGISLATIVE SESSION

BILL NO. CSHB 420 (Fin)

Revision Date/Time (Note if correction) _____ Dept. Affected Community & Econ Dev
 Title Tourism Marketing Contracts BRU Tourism
 Component _____
 Sponsor Finance
 Requester Finance Component No. 2278

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2000) cost: _____

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

General Concerns:

- It will be difficult to anticipate the amount available for a contract or to sign a binding contract without a specific amount appropriated.
- Difficult to engage in contract negotiations during the session.
- August was the date approved by the industry last year as a good time for the contract, since it is a relatively quiet time of year.

Section 3, Specific issues relating to this year's implementation:

- Marketing plan must be approved by Department which must include many components (see AS 44.33.125(b); no plan yet proposed, and ATIA marketing committee just appointed 2 weeks ago.
- ATIA must provide matching funds: fundraising March through May, thus will not be fully available by May 1.
- ATIA may not qualify as the QTA, at least until membership is set in late May. See 44.33.125 (j).

Prepared by: Jeff Bush Phone 465-2500
 Division Commissioner's Office Date/Time 3/3/00 4:55 PM
 Approved by Commissioner Deborah Sedwick Date 3/3/00
 Agency Community & Economic Development

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(11)

HOUSE COMMITTEE REPORT

Date Referred to Committee: February 23, 2000

FURTHER REFERRALS:

Date of Committee Action: 2/29/00

The FINANCE Committee considered:

HB 420

HOUSE BILL NO. 420

TOURISM MARKETING CONTRACTS

"An Act relating to tourism marketing contracts; and providing for an effective date."

recommends it be replaced
with the following committee substitute

CS 1-420 (FIN)

the same title
 a new title

additional referral to _____ Committee
 attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) _____

APPROVES PREVIOUS: _____

(Dept/Date)

fiscal note(s) _____

fiscal note(s) _____

zero fiscal note(s) _____

zero fiscal note(s) _____

SIGNING WITH RECOMMENDATIONS		DP	DNP	NR	AM
<i>Gene Therriault</i>	Therriault	X			
<i>Carl Bunde</i>	Bunde			✓	
<i>John Foster</i>	Foster			X	
<i>J. Davis</i>	J. Davis				X
<i>Ben Gross</i>	Gross				X
<i>Ch. Davis</i>	Ch. Davis			X	
<i>W. Williams</i>	Williams			X	
<i>Gail Phillips</i>	Phillips				✓
<i>Paul E. Moses</i>	Moses			X	

CHAIR'S SIGNATURE *Gene Therriault*
Therriault

amended 2/29

HOUSE BILL NO. 420

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Introduced: 2/23/00
Referred: Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to tourism marketing contracts; and providing for an effective
2 date."

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 * **Section 1.** AS 44.33.125(a), as enacted in sec. 7, ch. 29, SLA 1999, is amended to read:

5 (a) Subject to appropriations for the purpose, the Department of Community
6 and Economic Development shall, on or before ^{MAY}~~April~~ [AUGUST] 1 of each fiscal
7 year, contract with a single qualified trade association for the purpose of planning and
8 executing a destination tourism marketing campaign during the next fiscal year. The
9 contract may be awarded only if the qualified trade association provides matching
10 funds equal to at least 30 percent of the costs of the marketing campaign described in
11 the contract. The marketing campaign may promote distinct segments of tourism, such
12 as highway tourism, seasonal tourism, ecotourism, cultural tourism, regional tourism,
13 and rural tourism. Before the contract is executed, the marketing campaign plan must
14 be approved by the department.

1 * **Sec. 2.** AS 44.33.125(a), as amended in sec. 8, ch. 29, SLA 1999, is amended to read:

2 (a) Subject to appropriations for the purpose, the Department of Commerce and
3 Economic Development shall, on or before April [AUGUST] 1 of each fiscal year,
4 contract with a single qualified trade association for the purpose of planning and
5 executing a destination tourism marketing campaign during the next fiscal year. The
6 contract may be awarded only if the qualified trade association provides matching
7 funds equal to at least 60 percent of the costs of the marketing campaign described in
8 the contract. The marketing campaign may promote distinct segments of tourism, such
9 as highway tourism, seasonal tourism, ecotourism, cultural tourism, regional tourism,
10 and rural tourism. Before executing the contract, the marketing campaign plan must
11 be approved by the department.

12 * **Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section
13 to read:

14 **TRANSITION.** To carry out the purposes of ch. 29, SLA 1999, and subject to
15 appropriations for the purpose, the Department of Community and Economic Development
16 shall, on or before April 1, 2000, contract with a single qualified trade association for the
17 purpose of planning and executing a destination tourism marketing campaign for fiscal year
18 2001.

19 * **Sec. 4.** Section 1 of this Act takes effect July 1, 2000.

20 * **Sec. 5.** Section 2 of this Act takes effect July 1, 2002.

21 * **Sec. 5.** Section 3 of this Act takes effect immediately under AS 01.10.070(c).

Alaska Tourism Marketing Timeline

In order to implement a marketing program for FY01 a number of major commitments need to be made and sub-contractors hired. For example, Visitors planning a trip to Alaska require information approximately one year prior to their intended travel date. Starting distribution of the 2001 Vacation Planner in October 2000 is critical to visitor industry businesses. Research has shown that the peak planning period for an Alaska vacation is 6 to 9 months prior to the intended date of travel.

Production - December through May

- The decision is made to print a Vacation Planner for the following year.
- Send requests for proposals to Advertising Agencies to enter into a contract for design, layout, advertising, marketing, and production supervision of the Vacation Planner.
- Select contractors, Advertising Agency and others as needed to implement all components of the marketing plan.
- Send requests for proposals to printing companies for cost of printing the 96 page planner and availability of print dates in September.
- Determine Vacation Planner advertising rates and deadlines.
- Identify pay-to-play components of the marketing program in conjunction with the Vacation Planner.

Distribution of Advertising Sales Information to Visitor

Industry Businesses - March through May

- Determine Vacation Planner sales staff.
- Design and produce the advertising solicitation packet.
- Mail advertising materials to approximately 4,000 visitor industry businesses.

Selling Vacation Planner Ads - March through May

- Process, data enter and fulfill orders from advertisers.
- Available to answers questions and guide industry businesses through the marketing process.

Research and Planning - February through April

- Develop the marketing and advertising program for distribution of the Vacation Planner.
- Secure advertising space for magazine ads, TV image, and newspapers nationwide.

Printing the Vacation Planner - August and September

- All materials that make up the printed Vacation Planner are sent to a color house in August for printing in September.
- September the Vacation Planner is printed.
- Printed planners are delivered to a mail-house.

Distribution of 2001 Vacation Planner - October through September 2001.

- Vacation planners are sent out.

Visitor Industry Reservations for 2001 - November through April

- The majority of reservations for travel during 2001 will be made during this time.