

**HB**

**24**

# Alaska State Legislature

## Representative Jim Whitaker

**Session**  
Capitol Building, Room 411  
Juneau, Alaska 99801  
Phone: (907) 465-3004  
Fax: (907) 465-2070



**Interim**  
119 N. Cushman St., Suite 213  
Fairbanks, AK 99701  
Phone: (907) 452-1088  
Fax: (907) 452-1146

### Memorandum

**To:** Representatives Morgan and Meyer  
**From:** Representative Whitaker  
**Re:** Request for Hearing - HB24 & HB118  
**Date:** 2/9/01

---

House Bills 24 and <sup>118</sup>~~188~~ have been referred to the Committee on Community and Regional Affairs, I respectfully request a hearing of both these bills.

A hearing at your meeting of Feb. 22 would be appreciated, as my schedule will not allow an earlier date.

# Alaska State Legislature

## Representative Jim Whitaker

**Session**

Capitol Building, Room 411  
Juneau, Alaska 99801  
Phone: (907) 465-3004  
Fax: (907) 465-2070

**Interim**

119 N. Cushman St., Suite 213  
Fairbanks, AK 99701  
Phone: (907) 452-1088  
Fax: (907) 452-1146

### Memorandum

**To:** Representatives Morgan and Meyer, Co-Chairs House CRA

**From:** Lori Backes, Aide to Rep. Whitaker

**Re:** CSHB24

**Date:** 2/9/01

---

At it's hearing of February 8, 2001, the Committee on Economic Development, Trade and Tourism adopted an amendment to HB24, changing the title and section 1 to the current, more restrictive language.

This will restrict application of the provision to the use of borough revenues from a sales tax levied upon room rentals.

**HOUSE BILL NO. 24**

**IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-SECOND LEGISLATURE - FIRST SESSION**

**BY REPRESENTATIVE WHITAKER**

**Introduced: 1/8/01**

**Referred:**

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to use of certain borough revenues for a tourism marketing  
2 campaign."

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

4 \* Section 1. AS 29.35.110 is amended by adding a new subsection to read:

5 (b) Use of borough revenues for a tourism marketing campaign is not subject  
6 to (a) of this section.

ALASKA STATE LEGISLATURE  
HOUSE COMMUNITY AND REGIONAL AFFAIRS  
STANDING COMMITTEE

February 22, 2001

8:04 a.m.

**MEMBERS PRESENT**

Representative Kevin Meyer, Co-Chair  
Representative Carl Morgan, Co-Chair  
Representative Andrew Halcro  
Representative Drew Scalzi  
Representative Lisa Murkowski  
Representative Gretchen Guess  
Representative Beth Kerttula

**MEMBERS ABSENT**

All members present.

**COMMITTEE CALENDAR**

✓ HOUSE BILL NO. 24

"An Act relating to use of certain borough revenues for a tourism marketing campaign."

- MOVED CSHB 24(EDT) OUT OF COMMITTEE

HOUSE BILL NO. 118

"An Act relating to a mandatory exemption from municipal taxes on certain residences; and providing for an effective date."

- MOVED HB 118 OUT OF COMMITTEE

**PREVIOUS ACTION**

BILL: HB 24

SHORT TITLE: BOROUGH REVENUES FOR TOURISM

SPONSOR(S): REPRESENTATIVE(S) WHITAKER

Jrn-Date	Jrn-Page		Action
01/08/01	0030	(F)	PREFILE RELEASED 12/29/00
01/08/01	0030	(H)	READ THE FIRST TIME - REFERRALS
01/08/01	0030	(H)	EDT, CRA
02/08/01		(H)	EDT AT 5:00 PM CAPITOL 124

# FISCAL NOTE

STATE OF ALASKA  
2001 LEGISLATIVE SESSION

Fiscal Note Number: 1  
Bill Version: C SHB 24(EDT)  
(H) Publish Date: 2/12/01

Revision Date/Time (Note if correction): 2/05/2001 4:05p.m. Dept. Affected: DCED  
Title: BOROUGH REVENUES FOR TOURISM BRU: Comm Asst&Econ.Dev  
MARKETING Component: Community &  
Sponsor: Representative Whitaker Business Development  
Requester: House Special Committee EDTT Component Number: 2486

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007

CHANGE IN REVENUES ( )	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
	0.0	0.0	0.0	0.0	0.0	0.0

**FUND SOURCE** (Thousands of Dollars)

FUND SOURCE	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1156 RSS						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2001) cost: 0.0

**POSITIONS**

Full-time	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

This legislation provides for the expenditure of borough revenues for tourism marketing. This legislation would have no fiscal impact on the department.

Prepared by: Pat Poland Phone 269-4580  
Division: Community and Business Development Date/Time 2/05/2001 4:05p.m.  
Approved by: Commissioner Deborah B. Sedwick Date 2/5/2001  
Agency: Department of Community & Economic Development

For distribution information, call the Governor's Legislative Office

# Alaska State Legislature

Representative Jim Whitaker  
House of Representatives  
District 31



**Session**  
Capitol Building, Room 411  
Juneau, Alaska 99801  
Phone: (907) 465-3004  
Fax: (907) 465-2070

**Interim**  
119 N. Cushman St. Suite 213  
Fairbanks, AK 99701  
Phone: (907) 452-1088  
Fax: (907) 452-1146

## SPONSOR STATEMENT

### **HB24 Borough Revenues for Tourism Marketing**

Since the 1970's, the visitor industry in communities throughout Alaska has relied on local destination marketing organizations to compete in an increasingly competitive worldwide marketplace.

The funding source for these organizations is typically local visitor industry taxes enacted with the intent that the revenues collected, fund the destination marketing efforts of the community in which such taxes are collected.

A provision in the Alaska State Municipal Code, Title 29 creates a situation wherein certain visitor industry tax collections cannot be used to fund local destination marketing efforts. This has the potential to affect eleven of Alaska's organized boroughs, even in those cases where the funding of destination marketing efforts is the express intent for which a visitor industry tax is collected.

HB24 amends Title 29 of Alaska Statutes allowing, at local option, the use of borough revenues for an on-going tourism marketing effort.

# Alaska State Legislature

## Representative Jim Whitaker

**Session**  
Capitol Building, Room 411  
Juneau, Alaska 99801  
Phone: (907) 465-3004  
Fax: (907) 465-2070



**Interim**  
119 N. Cushman St., Suite 213  
Fairbanks, AK 99701  
Phone: (907) 452-1088  
Fax: (907) 452-1146

### Memorandum

**To:** Bill Lawrence and Lorali Meier, Committee Aides, CRA

**From:** Lori Backes

**Re:** HB 24, list of interested parties

**Date:** 2/9/01

---

Parties expressing an interest in the passage of HB24 include:

Brett Carlson - Northern Alaska Tour Company, 474-8600  
Matt Atkinson - Northern Alaska Tour Company, 474-8600  
Deb Hickok - Fairbanks Convention and Visitor's Bureau, 456-5774  
Frank Rose - Alaska Tourism Industry Association, 474-8555 (Ak. Lodging Management)  
Debbie Tillsworth - Alaska Tourism Industry Association, 479-6673 (Riverboat Discovery)

## ***Issue Statement***

### **Alaska Visitor Industry Small Business Empowerment**

#### **Successful Passage Of HB 24 Will:**

***Ensure*** that the visitor industry continues to serve as an important economic engine that offers Alaskan communities exciting opportunities to diversify and expand their economic base, and enhance their quality of life.

***Allow*** small visitor industry businesses to share in the benefits of visitor industry growth and compete in an increasingly competitive travel marketplace by providing them the ability to pool their resources to market their communities as a destination to potential Alaska travelers.

***Provide*** Alaskan communities with the ability to contribute their proportionate share towards the funding of statewide efforts to market Alaska as a destination to the rest of the world.

#### **Executive Summary**

Since the 1970's, small visitor industry businesses in communities throughout the state of Alaska have relied on their local destination marketing organizations [Convention & Visitors Bureaus and/or Chambers of Commerce] to help them compete in an increasingly competitive worldwide travel marketplace.

The funding source for local destination marketing organizations is typically local visitor industry taxes enacted with the intent that the taxes collected be used to fund the destination marketing efforts of the community or region in which the visitor industry taxes are collected.

An anomaly in the Alaska State Municipal Code [Title 29 of the Alaska Statutes] has the potential to create a situation in eleven of Alaska's organized boroughs where visitor industry tax collections cannot legally be used to fund local destination marketing efforts, even in those cases where the funding of destination marketing efforts is the express intent for which a visitor industry tax is collected.

HB 24 amends Title 29 of the Alaska Statutes to provide for a local option within a borough to use tax collections to fund a tourism marketing campaign.

## The Mind-Numbing Details:

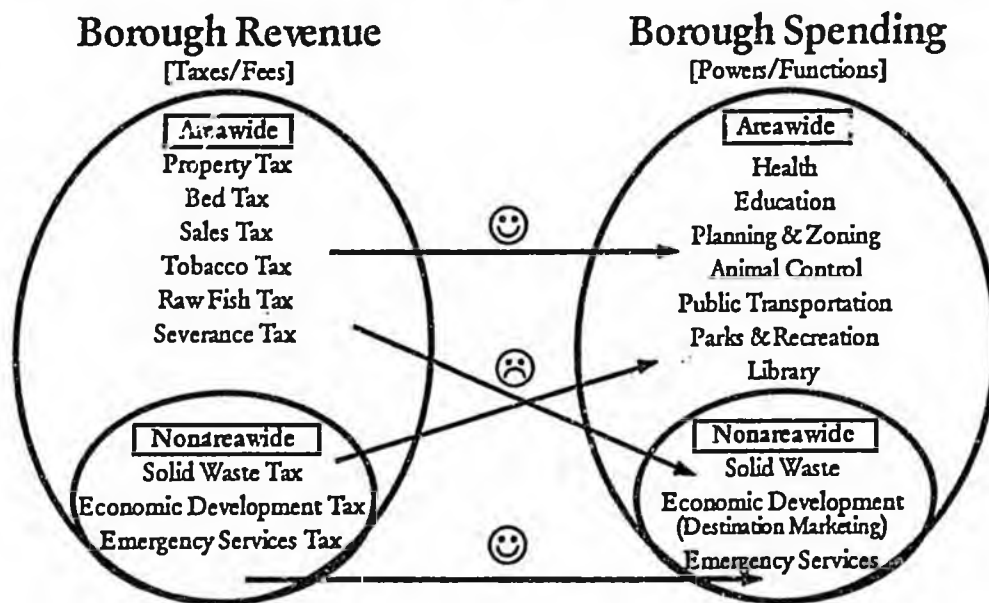
**Fact:** Sixteen organized boroughs and unified home rule municipalities exist in Alaska. Of these, six are second class boroughs containing incorporated cities within their boundaries, resulting in a division of powers between borough and city governments.

**Fact:** Second class boroughs are authorized to expend money for a community purpose or service to the extent the borough is authorized to exercise the power to accomplish the purpose. [Alaska Statutes, Section 29.35.010(9)]

**Fact:** "Borough revenues received through taxes collected on an areawide basis by the borough may be expended on general administrative costs and on areawide functions only. Borough revenues received through taxes collected on a nonareawide basis may be expended on general administrative costs and functions that render service only to the area outside all cities in the borough." [Alaska Statutes, Section 29.35.110]

**Fact:** Second class boroughs are authorized to exercise the power to provide for economic development on a nonareawide basis. [Alaska Statutes, Section 29.35.210(a)(8)]

**The Dilemma:** The four facts outlined above result in a situation where a visitor industry tax [typically a bed tax] logically collected by a second class borough on an areawide basis cannot be used for the taxes' intended areawide purpose, the funding of destination marketing. [see figure below]



**The Solution:** The challenge outlined above is solved to the benefit of small visitor industry businesses and Alaskan communities by amending AS 29.35.110 to add a new subsection to read: "(b) Use of borough revenues for a tourism marketing campaign is not subject to (a) of this section."