

SB

254

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 5/1/04

FURTHER:

REPORTED OUT
MAY 04 2004
SENATE FINANCE
COMMITTEE

DATE TURNED
IN TO OFFICE: 4 May 2004

Finance Committee considered

SENATE BILL NO. 254

SB 254 TOURISM & RECREATION ASSESSMENT

"An Act relating to the levy and collection of an assessment on certain tourism-related and recreation-related goods and services, and repealing the levy of excise taxes of certain passenger and recreation vehicles; and providing for an effective date."

and recommends:

- be replaced with _____ CS SB 254 (FIN)
- adopt previous _____ CS CS forthcoming (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to _____ Committee

Senate Bill:
 Same Title
 New Title

House Bill:
 Same Title
 Technical Title Change
 New Title w/ SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero.	FN#
Revenue	7/1/04			✓	

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	Do PASS	Do NOT PASS	No REC	AMEND
<i>[Signature]</i>	✓			
<i>[Signature]</i>			✓	
<i>[Signature]</i>			✓	
<i>[Signature]</i>			✓	
COCHAIR: <i>[Signature]</i>			✓	
COCHAIR: <i>[Signature]</i>	✓			

REPORTED OUT
MAY 04 2004
SENATE FINANCE
COMMITTEE

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: CSSB 254(FIN)
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
Title Tourism & Recreation Assessment RDU Revenue Programs & Services
Component Tax Division
Sponsor Sen Therriault
Requester Senate Finance Component No. 2476

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
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--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2004) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The legislation does not affect operating costs of the Department of Revenue and does not have a direct or predictable impact on state revenues.

Prepared by: Chuck Harlamert Phone 465-2320
Division Tax Division Date/Time 5/4/04 8:14 AM
Approved by: Steve Porter, Deputy Commissioner Date 5/4/2004
Agency Department of Revenue



Alaska State Senate

Senate Finance Committee

Official Business

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

FAX COVER SHEET

DATE: 4 May 2004 TIME: 9:15 am

TO: Legal Services

NUMBER OF PAGES, INCLUDING COVER SHEET: 1

FROM: MINDY ROWLAND
SENATE FINANCE COMMITTEE SECRETARY
PHONE: 465-4935
FAX: 465-2187

NOTES: Final Please
CS SB 254 (FIN) 23-LS0947\Z
Kurtz 5/1/04

no changes

The
Mundy

SENATE FINANCE COMMITTEE
5/4/2004 COMMITTEE ACTION

Bill Number	SB 254		
Amendment			
Motion	to report from committee		
<u>Motion by</u>	Green		
<u>Objection by</u>	Bunde		
<u>Removed</u>	✓		
<u>Second Objection by</u>			
<u>Committee Member</u>	Y	<u>Vote</u>	N
Senator Bunde			
Senator Dyson			
Senator Hoffman			
Senator Olson			
Senator Stevens			
Co-Chair Green			
Co-Chair Wilken			
<u>Tally</u>			
Yea			
Nay			
Absent			
<u>MOTION</u>	PASS		

23-LS0947Z
Kurtz
5/1/04

CS FOR SENATE BILL NO. 254()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-THIRD LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): **SENATOR THERRIAULT**

A BILL
FOR AN ACT ENTITLED

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

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

3 *** Section 1.** AS 44.33.125(a) is amended to read:

4 (a) Subject to appropriations for the purpose, the Department of Community
5 and Economic Development shall, on or before April 1 of each fiscal year, contract
6 with a single qualified trade association for the purpose of planning and executing a
7 destination tourism marketing campaign during the next fiscal year. The contract may
8 be awarded only if the qualified trade association provides matching funds equal to at
9 least 50 [60] percent of the costs of the marketing campaign described in the contract.
10 The marketing campaign may promote distinct segments of tourism, such as highway
11 tourism, seasonal tourism, ecotourism, cultural tourism, regional tourism, and rural
12 tourism. Before the contract is executed, the marketing campaign plan must be
13 approved by the department.

14 *** Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to
15 read:

1 APPLICABILITY. The amendments to AS 44.33.125 made in sec. 1 of this Act apply
2 to contracts for tourism marketing entered into under AS 44.33.125 for fiscal years beginning
3 July 1, 2005.

4 * **Sec. 3.** This Act takes effect immediately under AS 01.10.070(c).

This FN was delivered to us 5/5/04. It was not part of the bill packet we delivered to Senate Secretary. Dept says they will provide them to next Committee.

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: CSSB 254 (FIN)
(1/12/2004) Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
Title: Tourism & Recreation Assessment RDU _____
Component: Alaska Railroad Corporation
Sponsor: Senator Therriault
Requester: Senate Finance Component No. _____

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
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)

FUND SOURCE	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2004) cost: 0.0
Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

Full-time	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation changes the required match by the qualified trade association from 60 percent to 50 percent of the costs of the marketing campaign described in the contract with the Department of Community & Economic Development. This legislation has no fiscal, or other, impact upon the operations of the Railroad.

Prepared by: Wendy Lindskoog, Director of External Affairs Phone (907) 265-2498
Division: Alaska Railroad Corporation Date/Time 5/4/04 9:03 AM
Approved by: Edgar Blatchford, Commissioner Date 5/4/2004
Agency: Department of Community & Economic Development



In 2001 (FY02) the Legislature approved the Alaska Travel Industry Association (ATIA) Millennium Plan calling for a requirement of 70/30 match; 70% state contribution and 30% industry contribution to fund the statewide tourism marketing program. The Industry contribution (match) is generated from small Alaskan tourism businesses in addition to cruise lines and Convention and Visitor Bureaus (CVBs).

In FY03, the statute required that the Industry match increase from 30% to 60% while state funds were reduced from 70% to 40%. This match proved to be an ambitious goal set by the industry. This 40/60 split scenario has been a severe challenge for the industry, requiring ATIA to use reserves in order to meet the match. Association reserves have now been depleted.

Even though ATIA has increased their revenue-generated match from \$2 million in FY01 to over \$5 million in FY03 & FY04, we have never been able to meet the 60% match requirement. It was an ambitious goal and we accomplished over 83% of the target. Alaska's sluggish tourism market has resulted in declining Convention and Visitors' Bureau (CVB) contributions due to reduced hotel revenues in their respective communities. Additionally, since 9/11, the declining independent traveler market has detrimentally impacted small independent Alaska tour businesses. Our matching revenue opportunities have been negatively affected.

Not being able to meet the required match has impacted many FY04 programs and caused us to defer them until FY05. This in turn will impact the FY05 budget and place us in a similar predicament at this stage next year. Allowing for a 50/50 split would not take any additional funds from the state coffers, but simply allow ATIA to utilize the funds that have been allocated.

Existing Plan (60/40)		Revised Plan (50/50)	
Industry Contributions (Cruise, CVB's and AK businesses)	\$6.0 million	Industry Contributions (Cruise, CVB's and AK businesses)	\$5.1 million
State Contribution	\$4.0 million	State Contribution	\$4.0 million
Total Existing Plan	\$10 million	Total Revised Plan	\$9.1 million

SENATE FINANCE COMMITTEE

SIGN-IN

SB 254-TOURISM & RECREATION ASSESSMENT

NAME: Chuck Harlamert Subject/Bill No: SB 254
Co./Dept./Title: Dept. of Revenue Phone: 2320
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

NAME: Brett Fried Subject/Bill No: SB 254
Co./Dept./Title: Revenue - Economist Phone: 465-3682
Address: 11th Floor State Office Building Zip: 99801
Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

NAME: _____ Subject/Bill No: _____
Co./Dept./Title: _____ Phone: _____
Address: _____ Zip: _____
Do you wish to testify? Yes No Respond To Questions

This FIN was delivered to us 5/5/04. It was not part of the bill packet we delivered to Sen. Sec. - The Dept says they will provide them to the next committee

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: CSSB 254(FIN)
(1/12/2004) Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
Title: Tourism & Recreation Assessment RDU: Executive Admin and Dev (119)
Sponsor: Senator Therriault Component: Office of Economic Development
Requester: Senate Finance Component No.: 2743

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
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)

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1003 GF Match						
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Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2004) cost: 0.0
Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The department, subject to appropriation, contracts with a single qualified trade association to plan a destination tourism marketing campaign. This legislation changes the required match by the qualified trade association from 60 percent to 50 percent of the costs of the marketing campaign described in the contract. This legislation has no fiscal impact upon the operations of the department.

Prepared by: Albert H. Clough, Deputy Commissioner Phone (907) 465-2500
Division: Office of Economic Development Date/Time 5/4/04 9:12 AM
Approved by: Edgar Blatchford, Commissioner Date 5/4/2004
Agency: Department of Community & Economic Development

Bill History/Action Display



BILL: SB 254

SHORT TITLE: TOURISM & RECREATION ASSESSMENT

BILL VERSION:

CURRENT STATUS: (S) FIN

STATUS DATE: 05/01/04

SPONSOR(s): SENATOR(S) THERRIAULT

TITLE: "An Act relating to the levy and collection of an assessment on certain tourism-related and recreation-related goods and services, and repealing the levy of excise taxes of certain passenger and recreation vehicles; and providing for an effective date."

Bill Root: [Display Bill Root](#) [Next Bill](#)

[Full Text](#)

[Committee Action with Bill History](#)

Jrn-Date	Jrn-Page	Action
01/12/04	1899	(S) PREFILE RELEASED 1/9/04
01/12/04	1900	(S) READ THE FIRST TIME - REFERRALS
01/12/04	1900	(S) L&C, FIN
05/01/04		(S) L&C RPT CS 1DNP 2NR 1AM NEW TITLE
05/01/04		(S) NR: BUNDE, STEVENS G;
05/01/04		(S) DNP: FRENCH; AM: SEEKINS
05/01/04		(S) FN FORTHCOMING
05/01/04		(S) REFERRED TO FINANCE

Similar Subject Match or Exact Subject Match

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