

HB

167

<target><bill>HB 167</bill><subject>HB
167</subject><comm>HFIN26</comm></target>



**ALASKA STATE LEGISLATURE
HOUSE RULES COMMITTEE**
REPRESENTATIVE JOHN COGHILL, CHAIRMAN
State Capitol Juneau, AK 99801-1182 (907) 465-3719
3340 Badger Road Suite #290, North Pole, AK 99705 (907) 488-5725

Sponsor Statement

HB 167

"An Act relating to a corporation income tax credit for contributions by a person owning or operating a commercial passenger vessel to a qualified trade association used for planning and executing a destination tourism marketing campaign"

Alaska's tourism industry, a vibrant part of our economy, has made it known that Alaska is struggling to maintain and grow a market share in national and international markets. With the onset of the worldwide economic downturn, and competing destinations far outspending Alaska with increased marketing budgets, Alaska's tourism industry is facing a future of decline.

With all sectors of Alaska's travel industry reporting an unprecedented drop in 2009 summer season advanced bookings, there exists an urgent need for broadening the greatness of Alaska as a destination.

HB 167 will establish a tourism marketing tax credit that will create a sustainable funding source to grown Alaska's tourism marketing program.

The reinvestment of tourism tax revenues will ultimately grow and strengthen Alaska's economy through the travel industry, which is important to aiding Alaska's small businesses who are the backbone of our State and Alaska's tourism industry.

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Sectional

CS for HB167

**“An Act relating to a corporation income tax credit for contributions
by a person owning or operating a commercial passenger vessel to a
qualified trade association used for planning and executing a
destination tourism marketing campaign”**

Section 1. Amends 43.20 by adding a new section to article 1:

Sec. 43.20.047 Tourism marketing tax credit.

Provides for commercial passenger vessels in the state to a credit against the tax due for a cash contribution.

- (1) accepted by the qualified trade association awarded a tourism marketing contract by the Department of Commerce, Community, and Economic Development.
- (2) used for the destination tourism marketing campaign that received the tourism marketing contract.
- (3) no direct benefit or tangible benefit may be provided to the person making the contribution.
 - (b) the tax credit may not be less than zero and may not exceed the difference between the tax liability as calculated now and as it read on December 16, 2006.
 - (c) unused tax credits may not reduce a person’s tax liability below zero for any calendar year. Unused portions may not be applied to a subsequent calendar year.
 - (d) commercial passenger vessel has the meaning given in AS 43.52.295.

Section 2 Adds a new section:

Applicability

Cash contributions accepted after June 30, 2009 will be applied to the destination tourism marketing campaign.

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: CSHB167(L&C)
() Publish Date: _____

Identifier (File Name): CSHB167(L&C)-REV-TAX-04-02-10
Title: Tax Credit for State Tourism Program
Sponsor: Representative Millett
Requester: (H) Finance
Dept. Affected: Revenue
RDU: Taxation and Treasury
Component: Tax Division
Component Number: 2476

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual	30.0							
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING	30.0	0.0	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	30.0							
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other Interagency Receipts								
TOTAL	30.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2010) cost: 0.0

POSITIONS

Full-time								
Part-time								
Temporary								

ANALYSIS: (Attach a separate page if necessary)

See Attached

Prepared by: Johanna Bales, Deputy Director
Division: Tax Division
Approved by: Ginger Blaisdell, Director
Administrative Services Division

Phone (907) 269-6628
Date/Time 04-02-10; 1:20 pm
Date 04-02-10; 2:51pm

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

BILL NO. CSHB167(L&C)

ANALYSIS CONTINUATION

Bill Language:

This bill will create a tax credit for contributions to a qualified trade association that has been awarded a contract by the Department of Commerce, Community and Economic Development for planning and executing a destination tourism marketing campaign for Alaska.

The tax credit would be equal to the value of the qualified contributions and could be applied to a liability under the Alaska Corporate Net Income Tax. Unused tax credits could not be carried forward or transferred. The tax credit would be available only to corporations owning or operating large commercial passenger vessels.

A 2006 initiative subjected commercial passenger vessel operations to corporate income tax under AS 43.20. Prior to that initiative, commercial passenger vessel operations were exempt from taxation through Alaska's adoption of Internal Revenue Code Section 883. The credit would have a maximum value equal to the difference between (1) the corporate income tax liability under current law which includes commercial passenger vessels in the tax base, and (2) the corporate income tax liability under laws in place as of December 16, 2006 which exempted commercial passenger vessel operations from the corporate income tax.

The tax credit would apply to contributions after June 30, 2009.

Revenues:

Revenue effects from this bill are indeterminate for two reasons: first, the total tax liability from corporations operating commercial passenger vessels cannot be disclosed due to confidentiality constraints; and second, we do not know to what extent commercial passenger vessel operators will offset their corporate income tax liability through contributions that qualify for the tax credit under this bill.

Expenditures:

This bill would require the Department of Revenue to administer a new tax credit program. We anticipate being able to implement the new credit using existing staff. However, there will be \$30,000 in one-time startup expenses. These expenses include \$20,000 for enhancements to our tax examination system and \$10,000 for updates to our tax forms and education and communication with stakeholders as we implement the credit program.

HOUSE FINANCE COMMITTEE

Monday, April 05, 2010

1:30 PM

HB 422-PASSENGER TAX; TOURISM TAX CREDIT
CS WORKDRAFT Version 26 LS 1478\R

HB 167-TAX CREDIT FOR STATE TOURISM PROGRAM
NEW Fiscal Note (updated)
REV \$ (please note **replaces** published #1)

HB
168

DRAFT Cruise Industry Revenue Summary for Calendar Year 2007

Revised October 1, 2008 by Dan Sticklel

Revenue Source	Amount	Source	Notes
Ocean Ranger Fee	\$ 4,019,868	Department of Environmental Conservation	Assessments for calendar 2007; of this amount, \$3,858,368 was actually collected in calendar 2007.
Commercial Passenger Vessel Excise Tax:			
Regional Cruise Ship Impact Fund	\$ 11,632,170	Tax Division Accounting System	Collections received in calendar 2007.
Distributed to Municipalities	\$ 9,977,410	Tax Division Accounting System	Collections received in calendar 2007.
General Fund (Remainder)	\$ 24,701,215	Tax Division Accounting System	Collections received in calendar 2007.
Total Commercial Passenger Vessel Excise Tax	\$ 46,310,795	Tax Division Accounting System	Collections received in calendar 2007.
Large Passenger Vessel Gambling Tax	\$ 6,757,501	Alaska State Accounting System	Collections received in April 2008 for calendar 2007 returns; unamended.
Corporate Income Tax	confidential	FY 2007 and FY 2008 Corporate Income Tax sector analysis.	Collections for cruise ship operators are confidential based on Tax Division confidentiality protocol. Calendar 2007 collections for entire tourism sector were \$13.2 million.



Alaska State Legislature

Please enter into the record my testimony to the house floor
COMMITTEE NAME
committee on House bill 167, dated 11/4/09
BILL / SUBJECT TODAY'S DATE

Anchor Point Seafoods sales have declined 50% the last two years. Most of our sales come from the small sport wharf fishing boats in our local area. Their sales have declined also. Alaska needs a well defined marketing plan. We encourage you to support bill 167. 20 million would be a good start to market Alaska to the world. Thank you.

Signed: Paul WARNER
TESTIFIER (Signed, PRINTED NAME)
Anchor Point Seafoods
REPRESENTING
mm, 32 N. Fork Rd PO Box 1066 Anchor Point 9955
ADDRESS
907 - 235-8885
PHONE NO.



Mission: to promote cooperative economic development that preserves the essence of the community while enhancing the quality of life.

March 11, 2009

Representative Coghill
Via fax: 907-465-3258 (Juneau)

Dear Representative Coghill,

The Homer Chamber of Commerce urges the State Legislature to support HB167 which will provide continued marketing funds to the Alaska Travel Industry Association (ATIA), and ultimately assist smaller destination communities like Homer to sustain a viable economic engine – tourism.

Our mission is to promote cooperative economic development that preserves the essence of the community while enhancing the quality of life. A significant share of Homer's economic base comes from the more than 150,000 visitors that travel to Homer each year to experience Alaska. We attribute a key portion of this success to our continued partnership with ATIA.

Homer has numerous tourism related businesses, many of them small businesses, who rely heavily on the marketing success of organizations such as ATIA. Through ATIA's tremendous wide reach and effective marketing efforts, communities like Homer can reach potential customers collectively that individual businesses could not do alone.

Please consider the economic impact that the tourism industry has on Alaska's small communities and support HB167. This is a critical time when economic stimulus and recovery is essential, and with your support we can keep our tourism industry strong.

Sincerely,

A handwritten signature in black ink that reads "Tina Day". The signature is fluid and cursive.

Tina Day
Executive Director

cc. Senator Gary Stevens
Representative Paul Seaton

201 Sterling Hwy., Homer, AK 99603
907.235.7740 fax: 907.235.8766 info@homerakalaska.org www.homerakalaska.org



March 11, 2009

101 Dunkel Street, Suite 111 • Fairbanks, AK 99701-4806
(907) 457-3282 • (907) 459-3787 Fax
www.explorefairbanks.com

Dear Representative Coghill:

On behalf of the visitor industry in the Interior, the Fairbanks Convention & Visitors Bureau heartily thanks you for sponsoring HB 167. By supporting the marketing funding for the Alaska Travel Industry Association (ATIA), you are supporting small businesses in Fairbanks and the Interior.

Entrepreneurialism is one of the hallmarks of the Alaska visitor industry. These local business owners and their employees are your neighbors, friends and constituents. As you know, tourism has a ripple effect throughout our community, generating construction, transportation and countless other services, infrastructure and quality-of-life benefits to our community. The locally-owned Hotel North Pole is a great example of this entrepreneurialism

The beauty of a state destination campaign is that it reaches a depth and breadth of potential customers that is beyond the reach of most small businesses. Destinations operate in a fiercely competitive marketing environment which becomes even more ferocious in trying economic times such as these.

The success of our "mom-and-pop" businesses is not only creativity, hard work and persistence but also relies on the success of the ATIA campaigns. On a daily basis, the FCVB sees the benefits of the marketing and sales efforts of ATIA. Please continue to support small business by doing the following this legislative session:

- Support the Governor's budget that continues the reinvestment of vehicle rental tax revenues into Alaska's tourism marketing program [QTA contract] at the \$9 million level in the FY10 operating budget. This will be matched with \$2.7 million in private-sector funds, including funding from FCVB.
- As you have proposed, pass the HB 167 legislation to provide a tax credit to payers of the Cruise Line Corporate Income Tax for contributions to Alaska's tourism marketing program. The goal is to sustainably grow Alaska's tourism marketing funding to at least \$20 million. 50% of Fairbanks' summer visitation is cruise related. Let this tax credit help us to grow small businesses in Alaska and to grow our winter tourism season!
- Measure the results of Alaska's tourism marketing reinvestment. Appropriate \$850,000 in the FY10 capital budget to fund the Alaska Visitor Statistics Program, an economic impact study. FCVB cannot afford this kind of important research on our own.

Now in my tenth year at FCVB, over the years, I have seen our marketing team work hand-in-hand with the ATIA marketing team to bring visitors to Fairbanks and the Interior. We feel blessed to share our wonderful Alaska product with visitors from throughout the world.

On a personal note, I have made my living since 1982 as a destination marketing professional. I feel personally blessed to have challenging work in a field that I feel passionate about while supporting my child.

Last but certainly not least, thank you for your tireless efforts in Juneau and especially for your support of this important legislation. It is an honor to work with you to foster the economic development of our community.

I'll be in Juneau on April 1 and 2 and look forward to seeing you then. Meanwhile, if you have any questions, please feel free to contact me at (907) 459-3770 or dhickok@explorefairbanks.com.

Warm Regards,



Deb Hickok
President and CEO

Testimony on House Bill 167

November 5, 2009

Witness: Maryann Ray
Address: 4541 Sawa Circle
Juneau, AK 99801

Representing: Self and Alaska Tourism Industry Association

My family and I realized a lifetime's dream this July when we made Alaska our home. Since our arrival we have purchased a home and invested in a family business. We now own a high-end bed & breakfast and provide wedding planning and excursion scheduling services to our target customers – affluent, independent travelers. We book significant business for Alaskan tour operators, restaurants and others.

Because our target market is not directly related to the cruise ship industry and a significant portion of our customers plan their travel quite early, 2009 was not as difficult for us as it was for many of our colleagues. That said, 2010 is not shaping up the way we had hoped. We are already seeing 2010 travelers negotiate rates harder, plan shorter stays and request fewer and less expensive excursions. Our concern is that, if action isn't taken soon, 2010 may end in a broader downturn than 2009.

We have been doing everything we can to promote our business and the beauty and adventure of travel in Alaska. However, a small business cannot hope to compete with the spending being done by competing state and international tourism groups around the country and the world. Additionally, with the lessening of cruise line interest in Alaska, we expect there will be less frequent cruise line advertising about the adventure of Alaska. The entire Alaskan travel industry has benefited from the advertising done by the cruise industry, which has gone a long way to keeping Alaska in the minds of vacation planners. Fewer cruise ads will lead to fewer visitors overall – including independent travelers. Allowing that void to be filled by competing destinations will heavily impact Alaska's share of tourism dollars.

As a small business, my family must rely on the state to do its share to promote Alaskan travel industry and to provide the reach needed to hit the high end travel market. House Bill 167 is a step in the right direction. My family and I encourage the committee to support HB 167 and the Alaskan tourism industry.

Thank you.



Alaska State Legislature

Please enter into the record my testimony to the house finance
COMMITTEE NAME
 committee on House bill 167 dated 11/4/09
BILL / SUBJECT TODAY'S DATE

Anchor Point Seafoods sales have declined 50% in the last two years. Most of our sales come from the small sport charter fishing boats in our local area. Their sales have declined also. Alaska needs a well defined marketing plan. We encourage you to support bill 167. 20 million would be a good start to market Alaska to the world. Thank you.

Signed: Paul WARNER
TESTIFIER (Signer & PRINTED NAME)
Anchor Point Seafoods
REPRESENTING
mm, 32 N. Fork Rd P O Box 1066 Anchor Point 9951
ADDRESS
907 - 235-8885
PHONE NO.

From: Theresa Weiser [apcinc2008@hotmail.com]
Sent: Wednesday, November 04, 2009 3:24 PM
To: LIO Sitka
Subject: Testimony in support of HB 167 Wednesday Nov. 4th

To Whom It May Concern,

This is Theresa Weiser from Sitka. I am president of the Sitka Charterboat Operators Association in Sitka, Alaska. I have been a sportfishing lodge owner for over 20 years in Sitka and am still currently in business. We TRY to operate six charter vessels daily. This has been a difficult challenge during the last year due to the EVER-INCREASING Sportfishing Restrictions and the faltering economy.

I would like to testify as follows:

I support HB 167.

Our sportfishing lodge business was down over 30% in 2009 from the previous 2008 season. Business for the sportfishing charter industry as a whole, has been down an average of 30% or more in 2009, compared to the previous 2008 season for everyone I have had contact with in our industry these past few months. I know of businesses that are no longer in business, and others that are struggling fiercely to keep going, but do not know if they can make it thru this winter and/or thru another summer.

To say that the 2009 season was debilitating for our industry is an understatement!
 It is way past time for our legislative leaders to recognize the economic value of tourism to the State of Alaska and give stronger support to increase the State's marketing efforts by designating \$20 million plus in support of the Alaska Visitor's Industry.

I urge you to support HB 167. This is a good idea.

Sincerely,

Theresa Weiser
 Owner/Operator



Alaska Premier Charters, Inc. / Wild Strawberry Lodge
 P.O. Box 2300, Sitka, AK 99835
 Toll Free: 1-800-770-2628
 Phone: 907-747-3232
 Fax: 907-747-3646
 Website: www.wildstrawberrylodge.com
 Email: info@wildstrawberrylodge.com

please add this to your public testimony for today's mtg.

Thank you.

Post-it® Fax Note	7671	Date	11/4/09	# of pages	1
To	Rep. Stojan's	From	Sitka LIO		
Co./Dept.		Co.	Wild Strawberry		
Phone #		Phone #	747-6276		
Fax #	376-4928	Fax #	747-5807		



Alaska State Legislature

Please enter into the record my testimony to the House Finance
COMMITTEE NAME
 committee on HB 167, dated 11/4/09
BILL SUBJECT TODAY'S DATE

- We are a "mom & pop" business in Homer
- 2009 was a bad year for us; 2010 looks like it will be even worse.
- We need more Tourism MARKETING if we are to hold our own.
- We need ATIA To do This. They do a good job with limited funds.
- Please support sustainable funding to This renewable resource Industry.
- Please support "Tourism MARKETING TAX Credit" via HB 167.

Signed: Gerald W. Scitoland Gerald W. SCITOLAND
TESTIFIER (Signed, PRINTED NAME)
KRANA Hodgins
REPRESENTING
58856 EAST End Rd. Homer
ADDRESS
235-8824 (H/W) 299-0858 (cell)
PHONE NO.



Alaska State Legislature

Please enter into the record my testimony to the House Finance Committee
COMMITTEE NAME
committee on HB167, dated 11/4/09
BILL/SUBJECT TODAY'S DATE

- My name is Tina Day and I'm the Executive Director of the Homer Chamber of Commerce. I have lived in Alaska since 1980.
- The Alaska visitor industry is an extremely important economic engine in our community.
- As you may know, Homer has numerous tourism related businesses, many of them small business, who rely heavily on the marketing efforts of organizations like ATIA to bring tourists to Alaska and local communities like ours.
- This year overall tourism in Homer was down about 25% across the industry. But some businesses, particularly in the guided fishing charter sector, were down as much as 60%.
- The Homer Chamber for the past 19 years has contracted with the City of Homer to provide marketing services to increase local tourism.
- This year due to budget cutback, some of this funding was reduced causing cutback to marketing programs. Next year we expect even more significant cutbacks - we have already reduced our staff by 1 fulltime person and 1/2 time person in anticipation of this reduction.
- That is why now more than ever, we rely on our partner organizations like ATIA to develop and implement statewide marketing strategies to sustain the visitor industry in Alaska.
- The Homer Chamber of Commerce urges you to support HB167. It is vital that we provide ATIA, and organizations like them, with the resources to effectively promote Alaska - sustaining the visitor industry in rural Alaskan communities!

Signed: Tina Day - Tina Day, Executive Director
 TESTIFIER (signed, PRINTED NAME)
Homer Chamber of Commerce
 REPRESENTING
201 Sterling Hwy, Homer AK 99603
 ADDRESS
907-235-7740
 PHONE NO.

ALASKA STATE LEGISLATURE

50 Front St. Suite #203
Ketchikan, Alaska 99901



Phone: 225-9675
Fax: 225-8546

LEGISLATIVE INFORMATION OFFICE

WRITTEN TESTIMONY

NAME: Rob Holston
 ADDRESS: 11380 Aldenwood St. N.
Ketchikan, AK. 99901

PHONE: 907-225-6919
 EMAIL: holston@kpvnet.net

BILL# or SUBJECT: H.B. 167
 COMMITTEE: _____

I own Lighthouse Excursions, Inc. in
Ketchikan. In 9 years of business, we have
served 100,000 guests. We employ 10.

In 2009, we suffered a 12% loss in
business. As a result we cut hours.

In 2010, we anticipate as much as
a 30% reduction in visitors. This
will require a reduction in employees.

Please support passage of H.B. 167. We
must advertise if we want to survive.
Thank you,

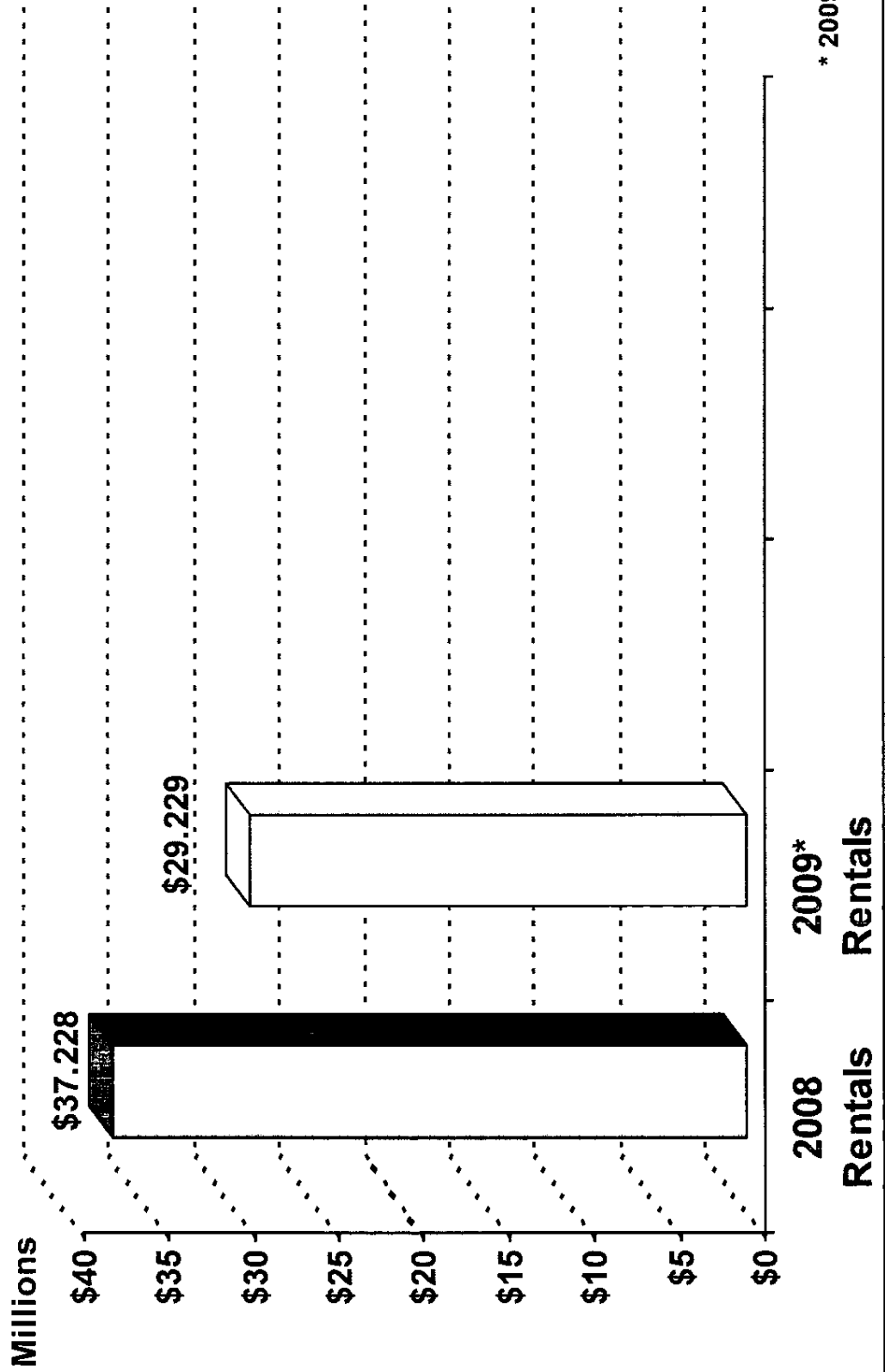
Rob Holston



House Finance Tourism Report
November 4, 2009

ANC Rental Revenue Tax

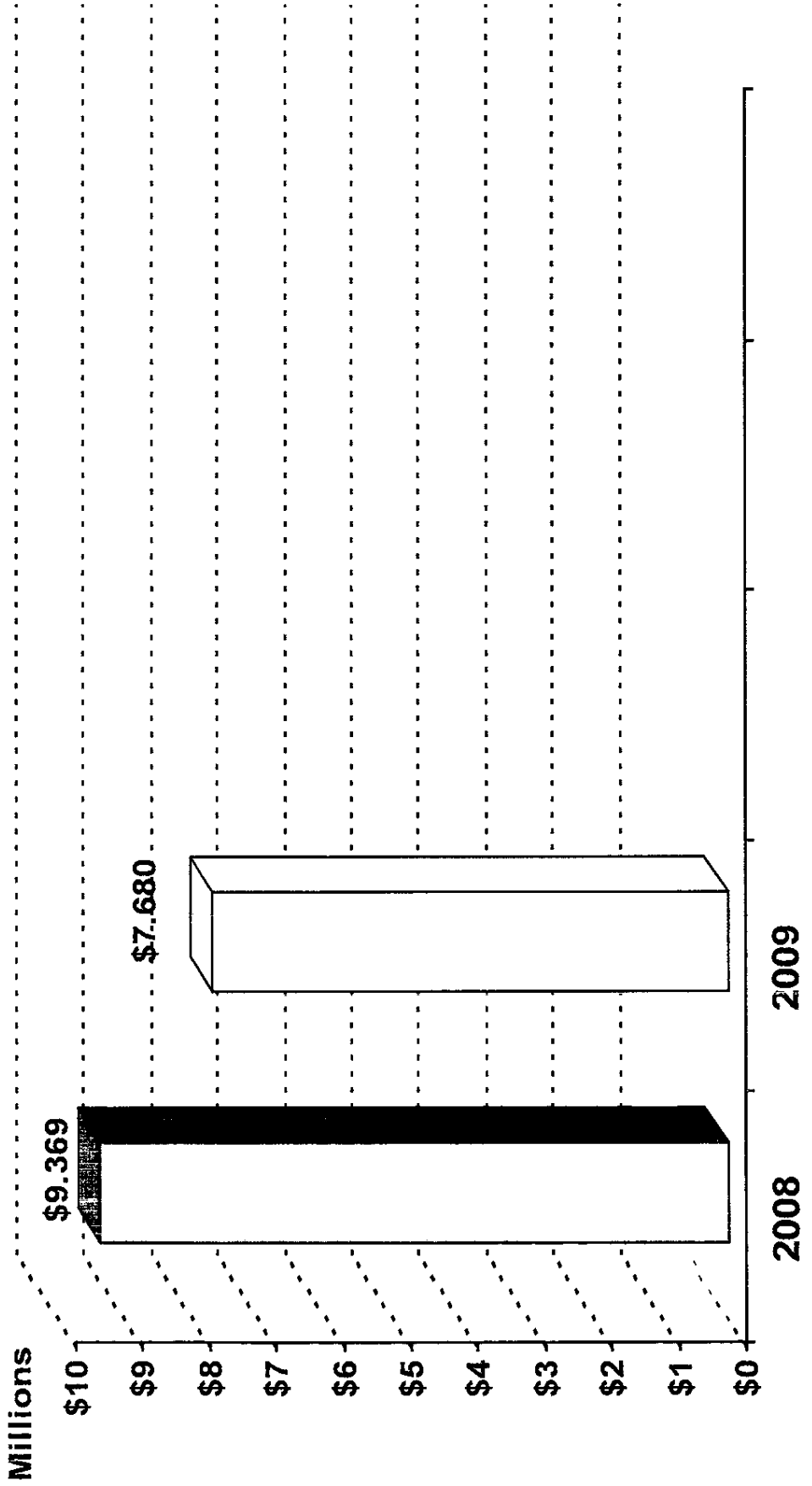
• January – August, down 8 Million / 21.5%



* 2009 Estimate

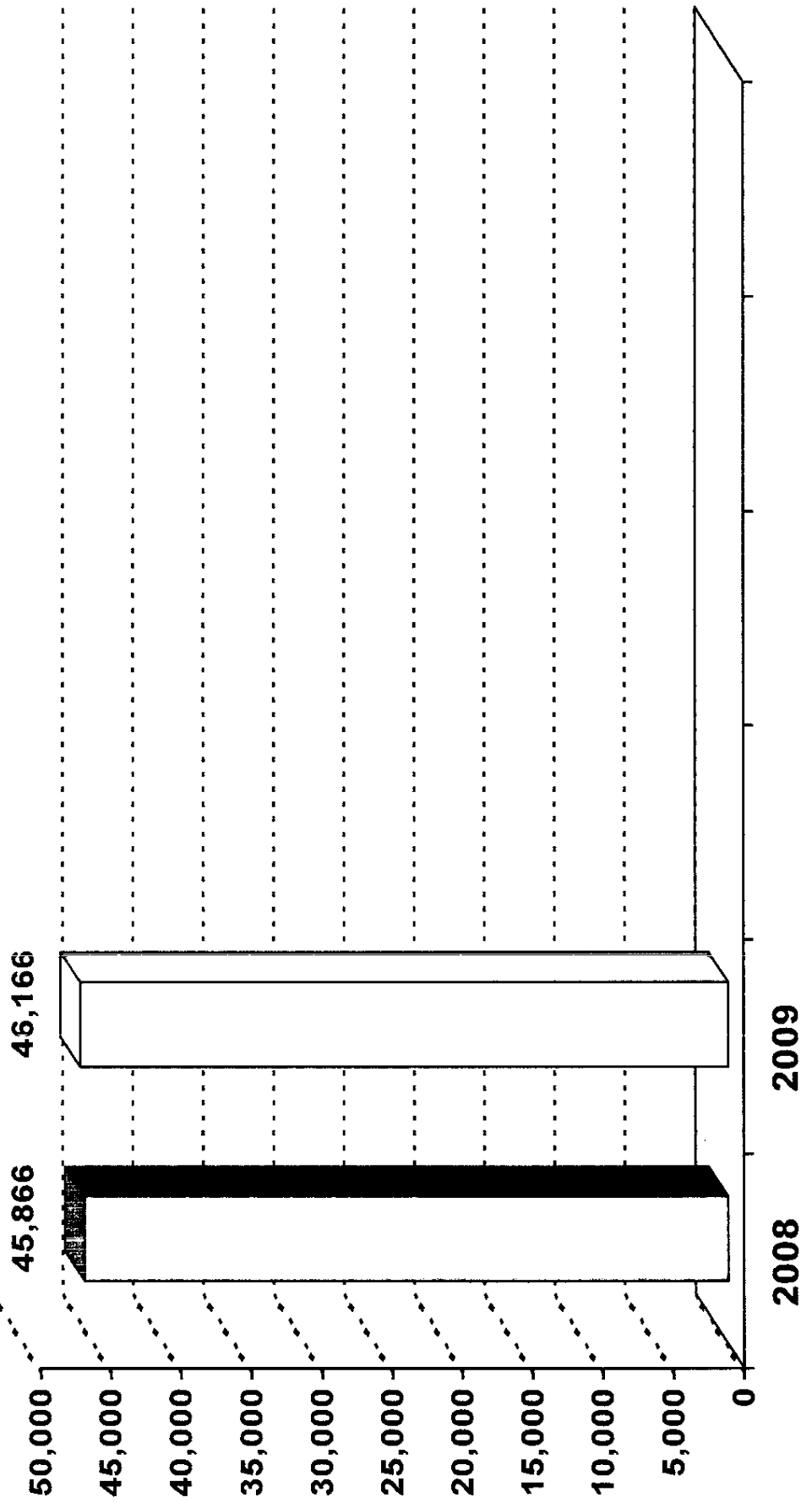
Anchorage Hotel Tax

• January – Jun, down 1.7 million / 19%



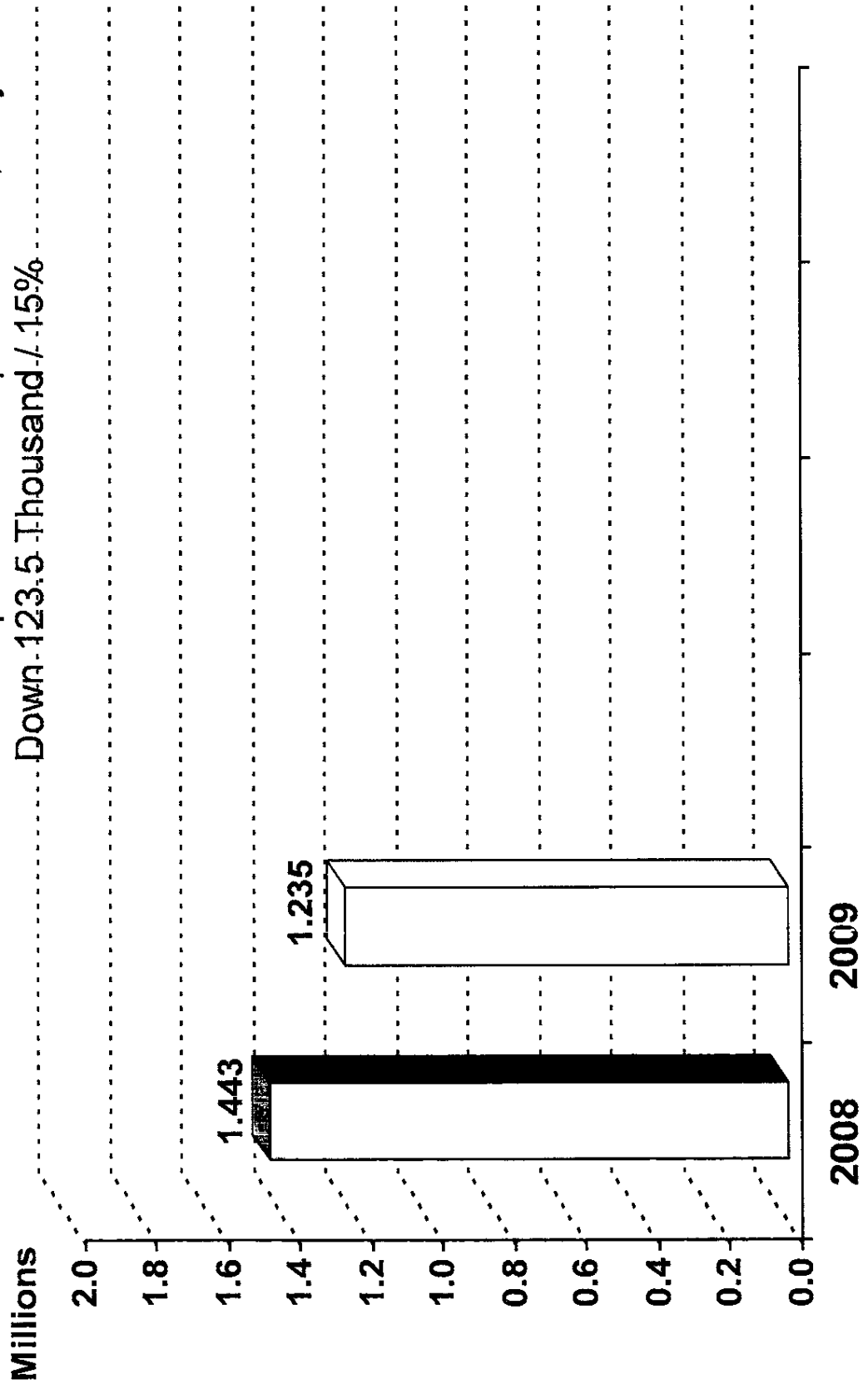
Alaska Highway Arrivals

• May - July



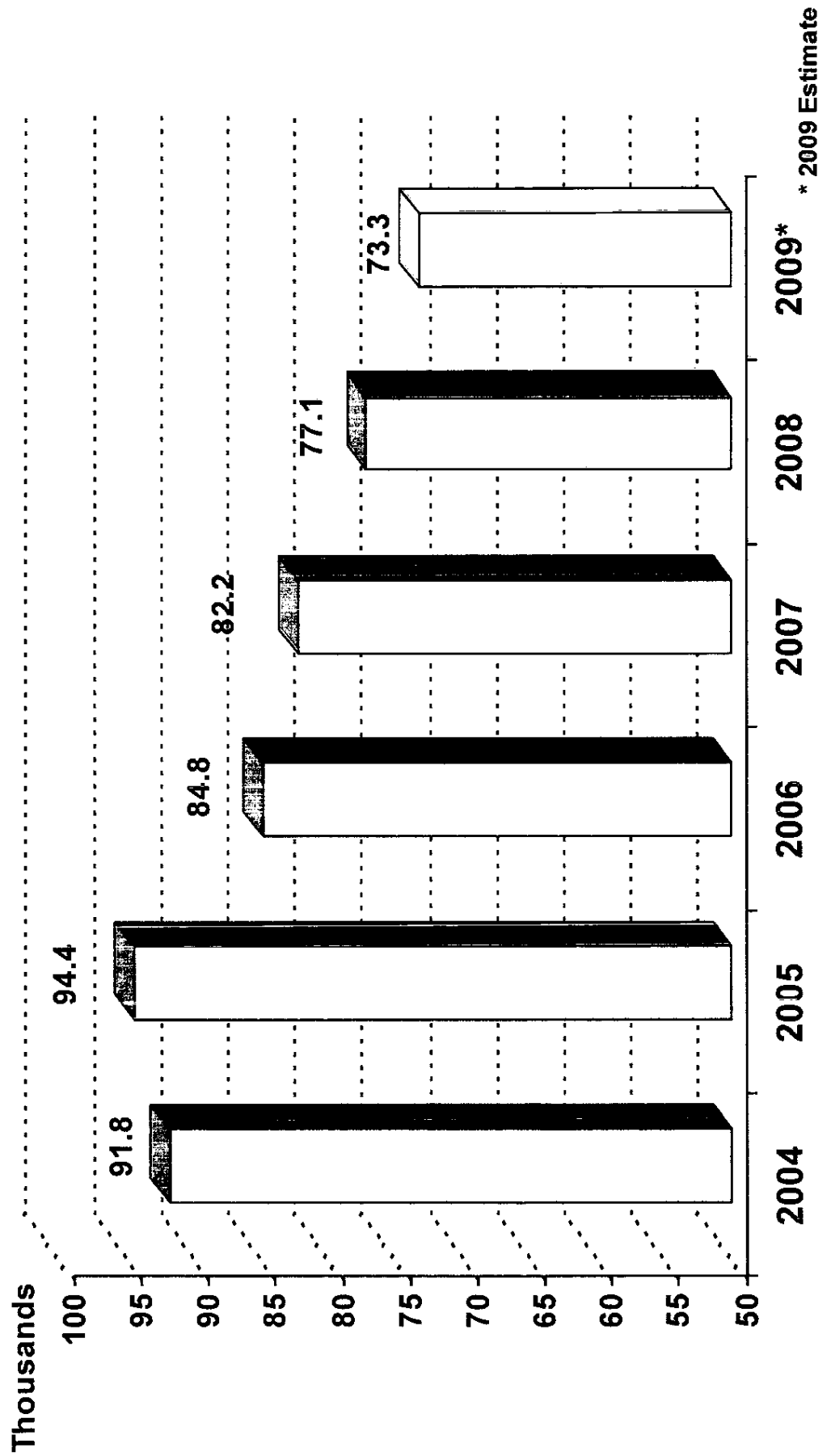
FAI / ANC Airport Arrivals

Total Airport Actual Enplanements, May – August,
Down 123.5 Thousand / -15%



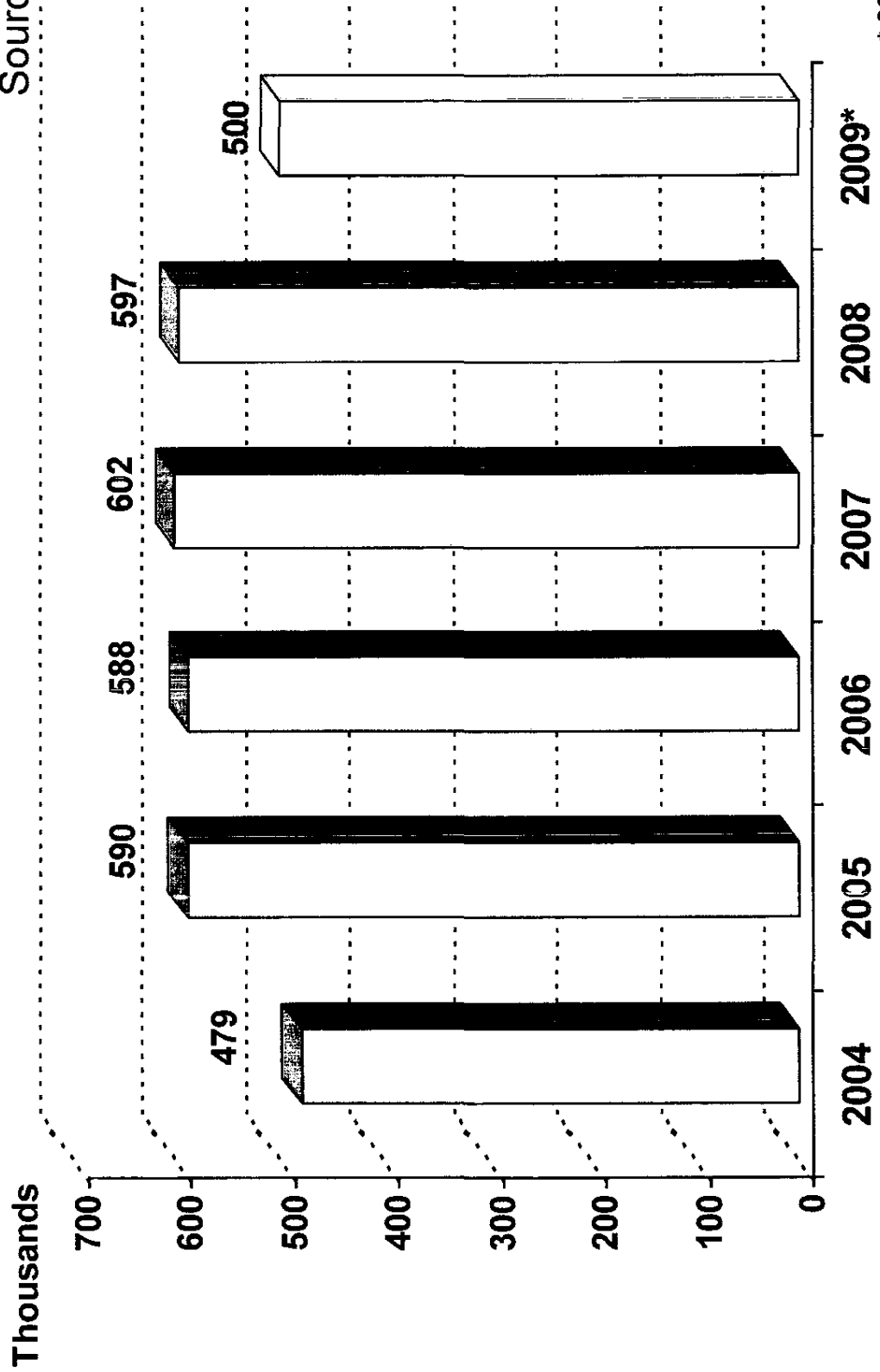
Long Haul Traveler

May - August



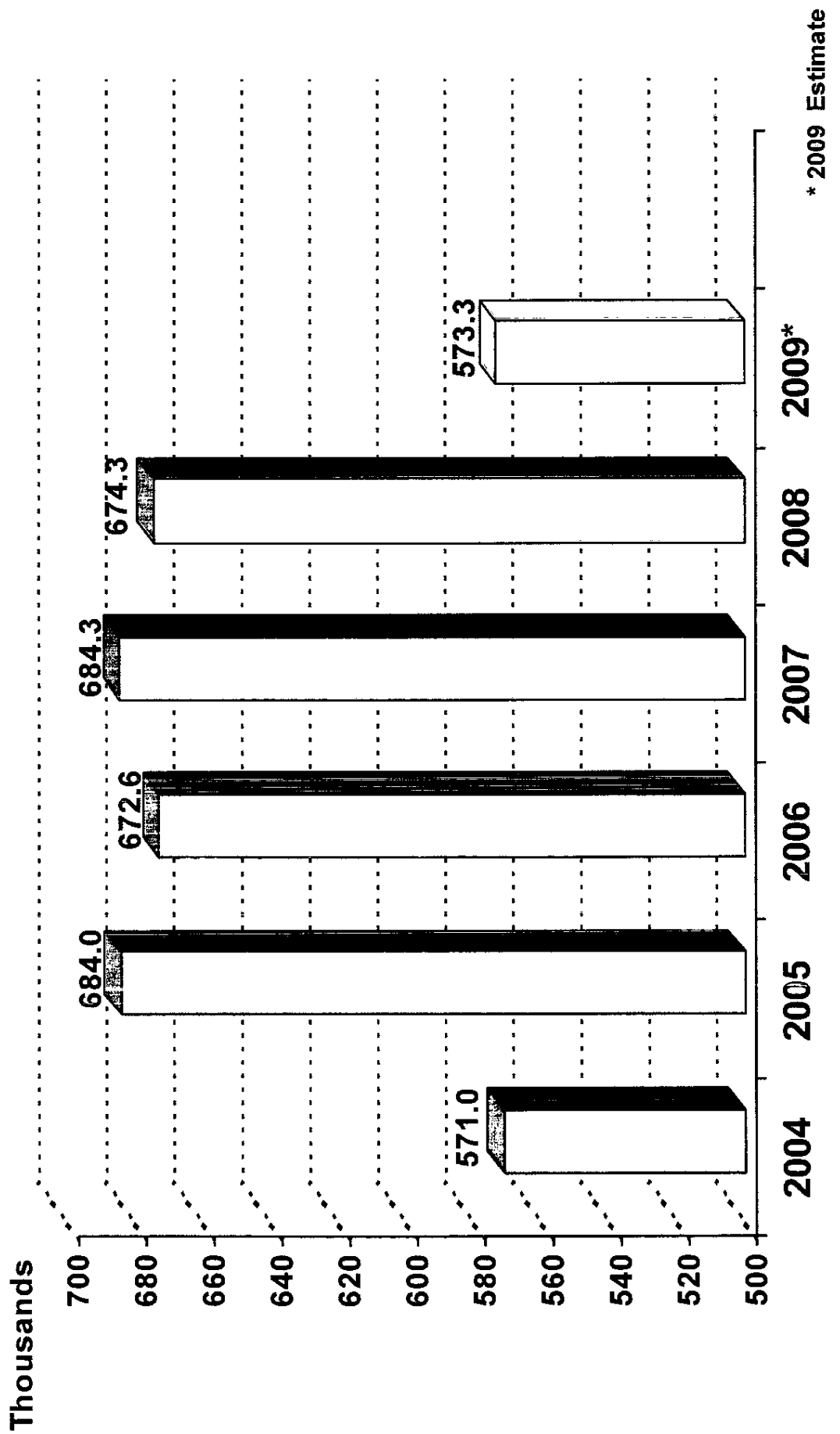
Summer Visitors Air Arrivals

Source: AVSP

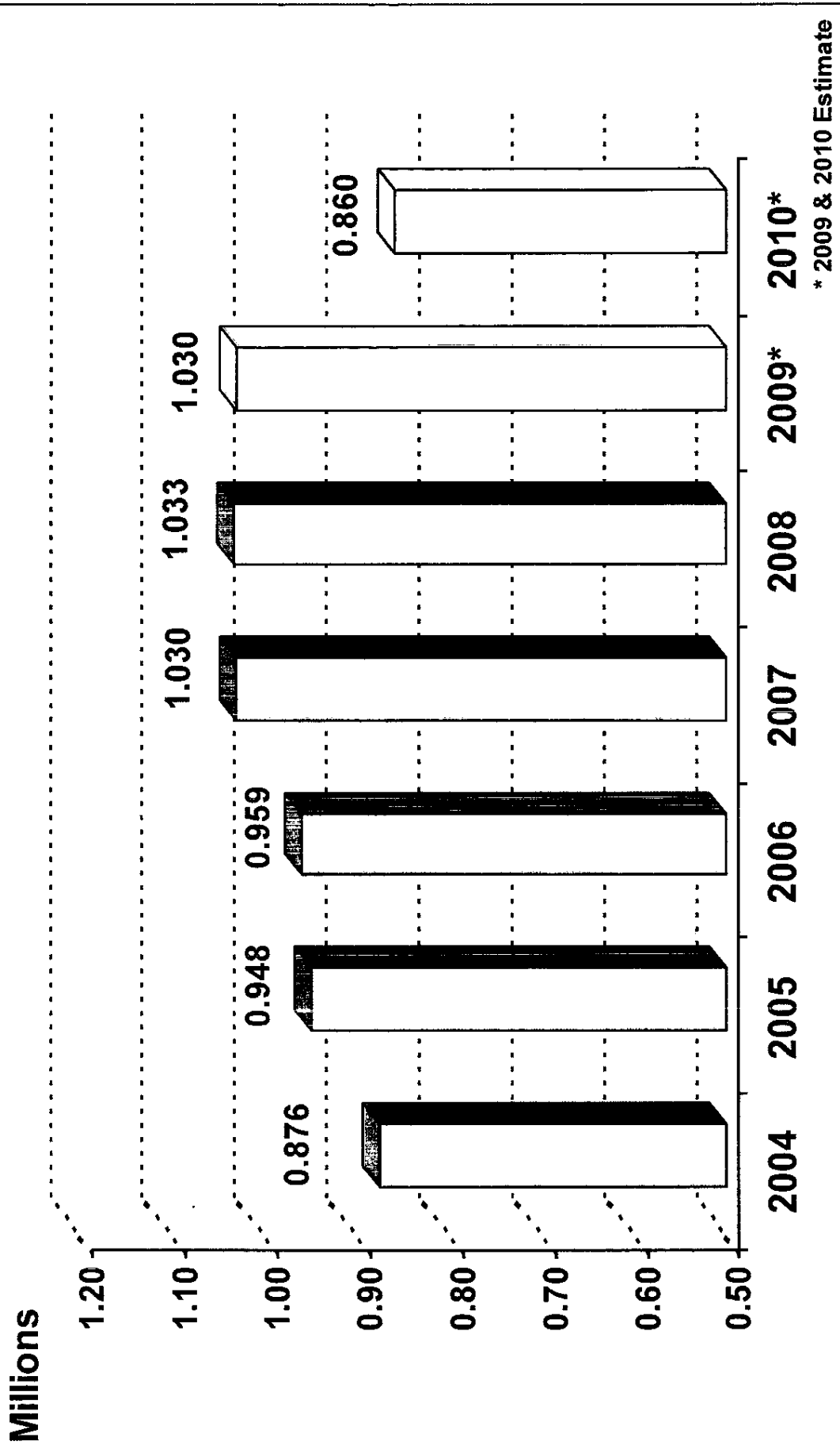


* 2009 Estimate

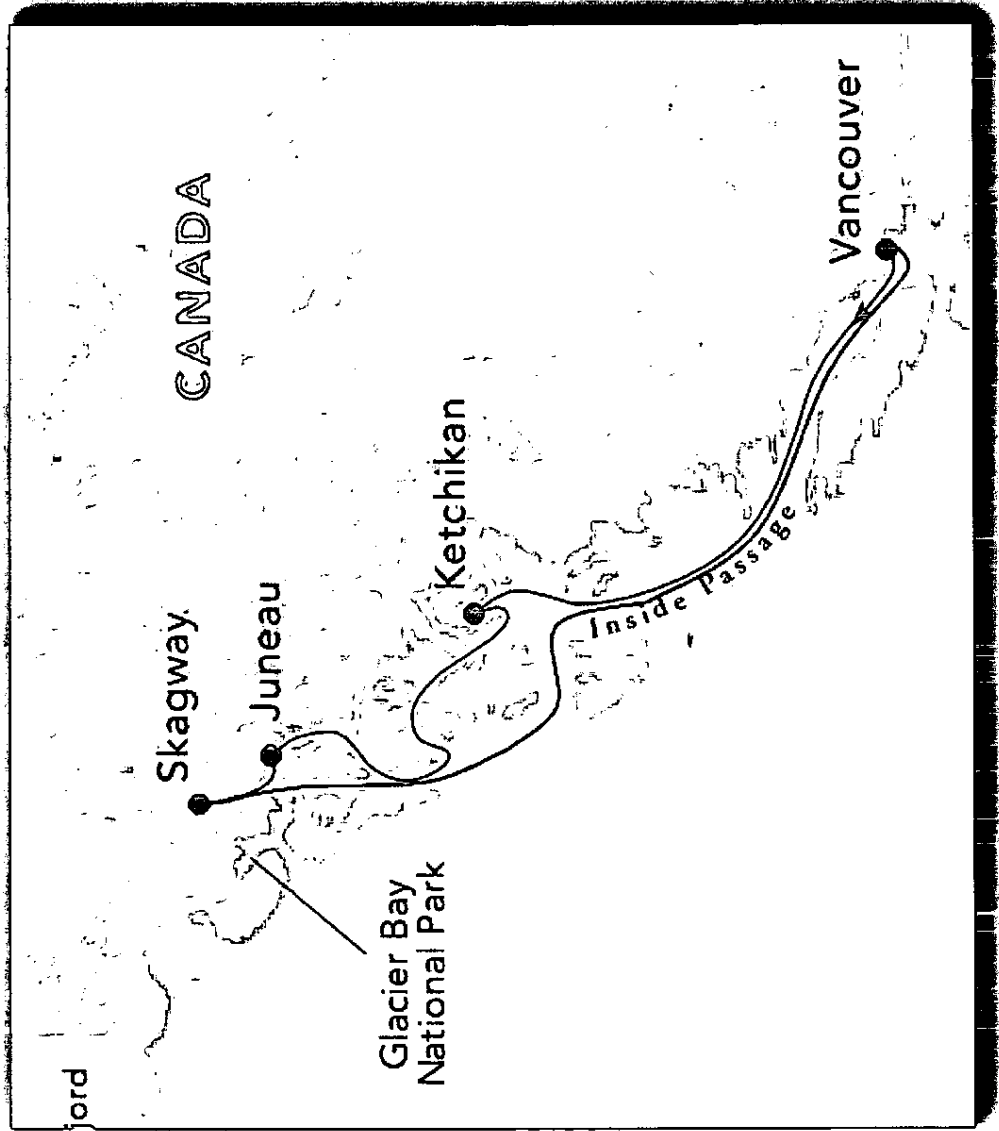
Non-Cruise Visitors



Cruise Visitors

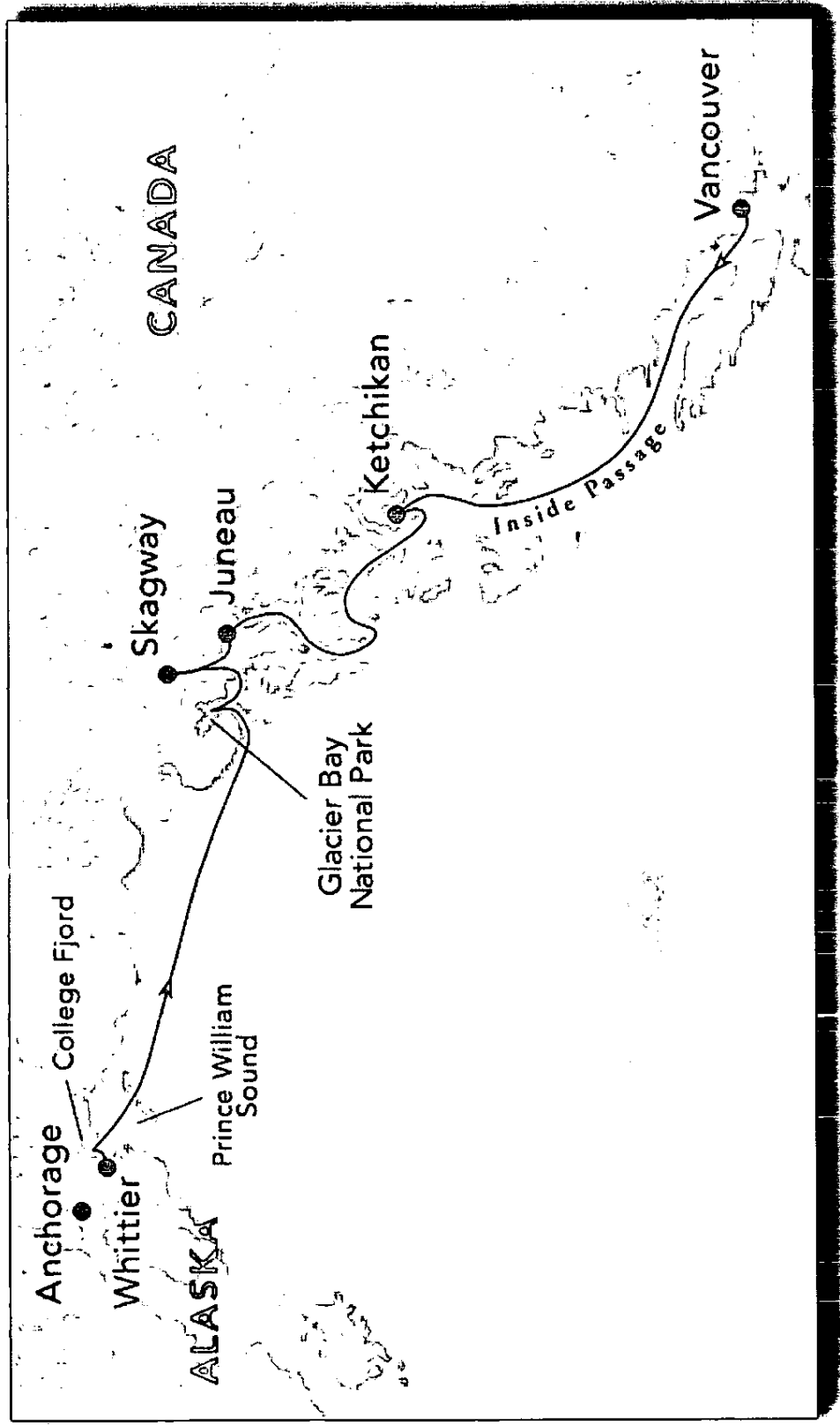


Round Trip, Inside Passage 600,000 in 2009 / 580,000 in 2010



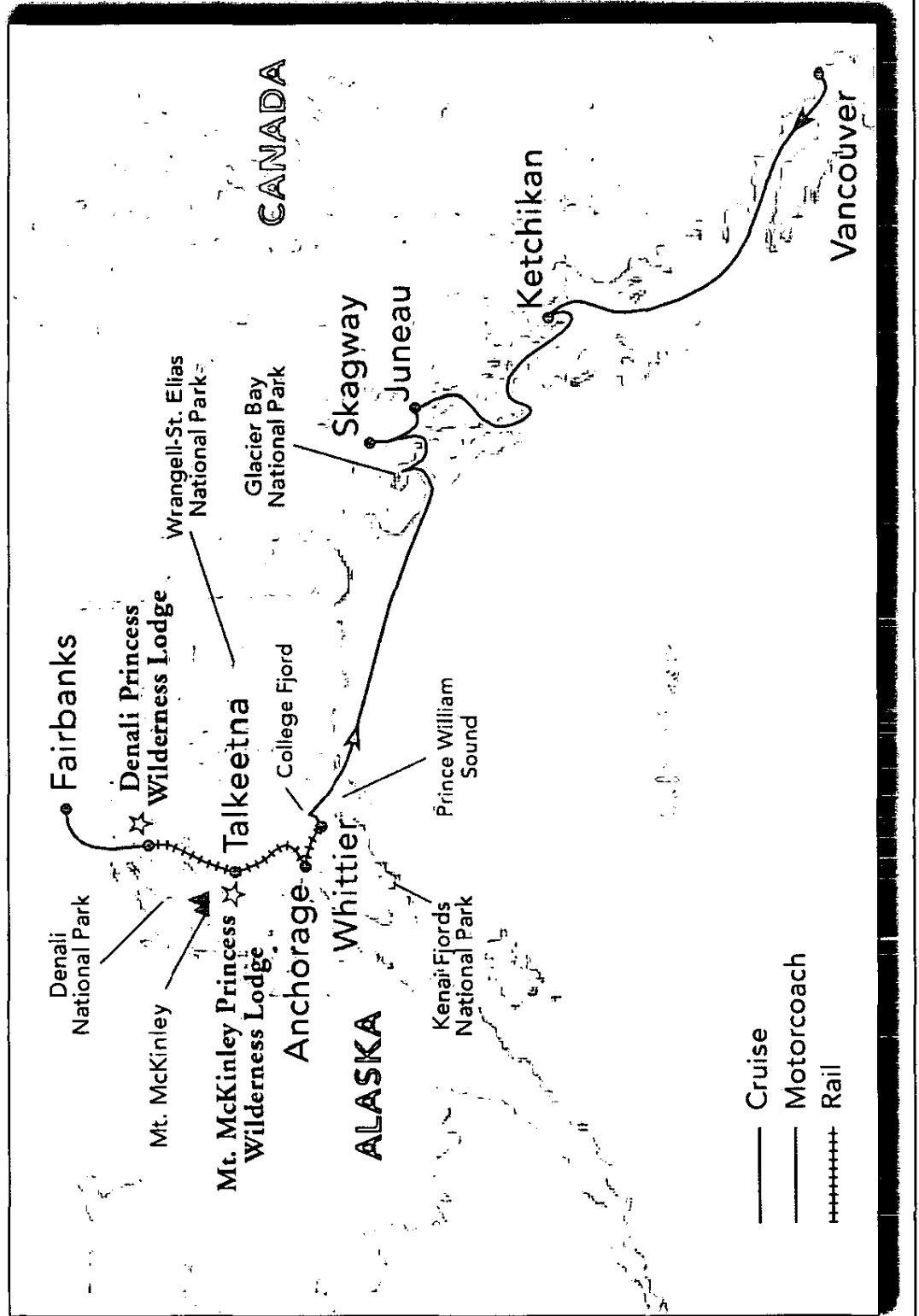
Gulf Cruise Only

400,000 in 2009 / 280,000 in 2010

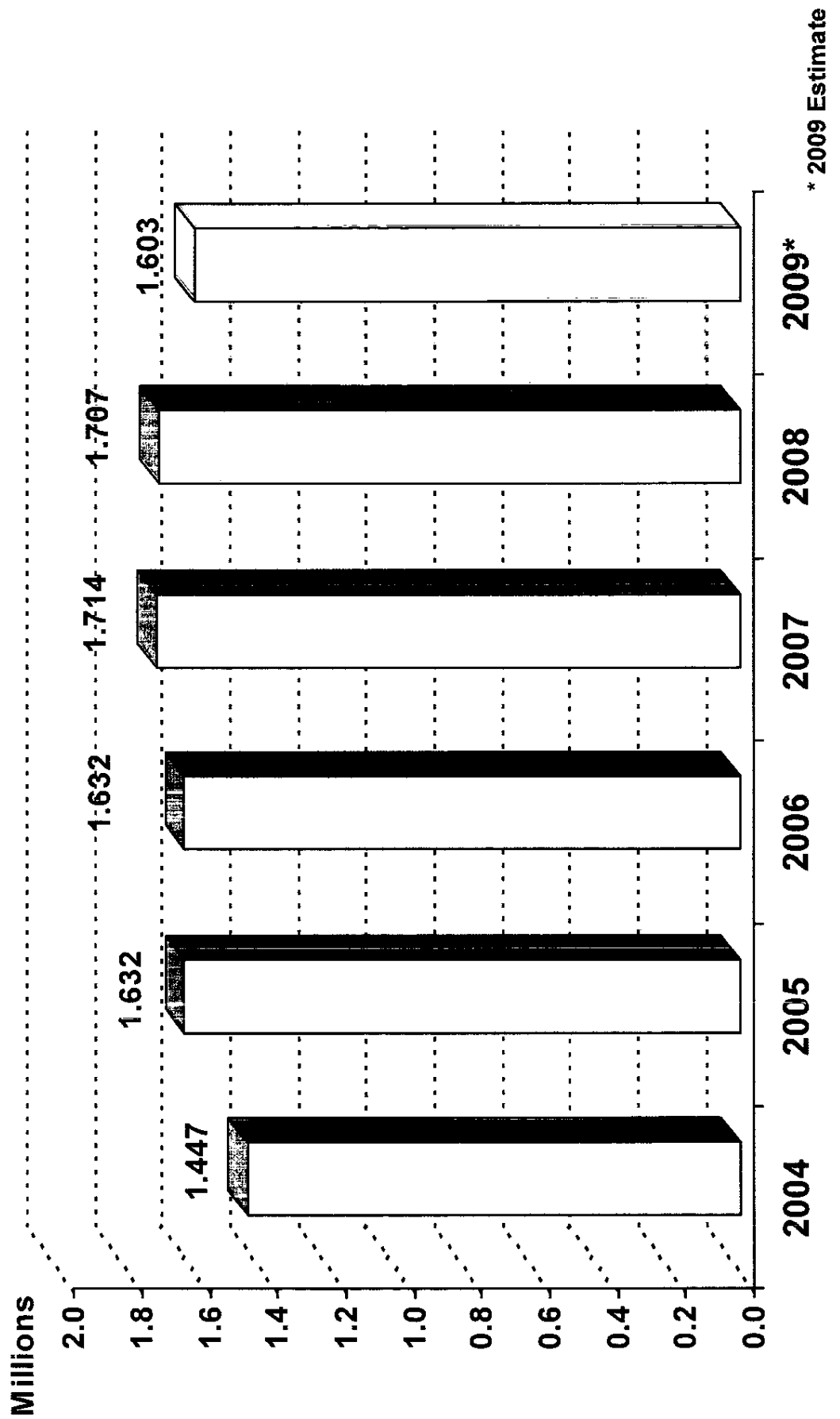


Gulf Cruise Tour

200,000 in 2009 / ?? 2010

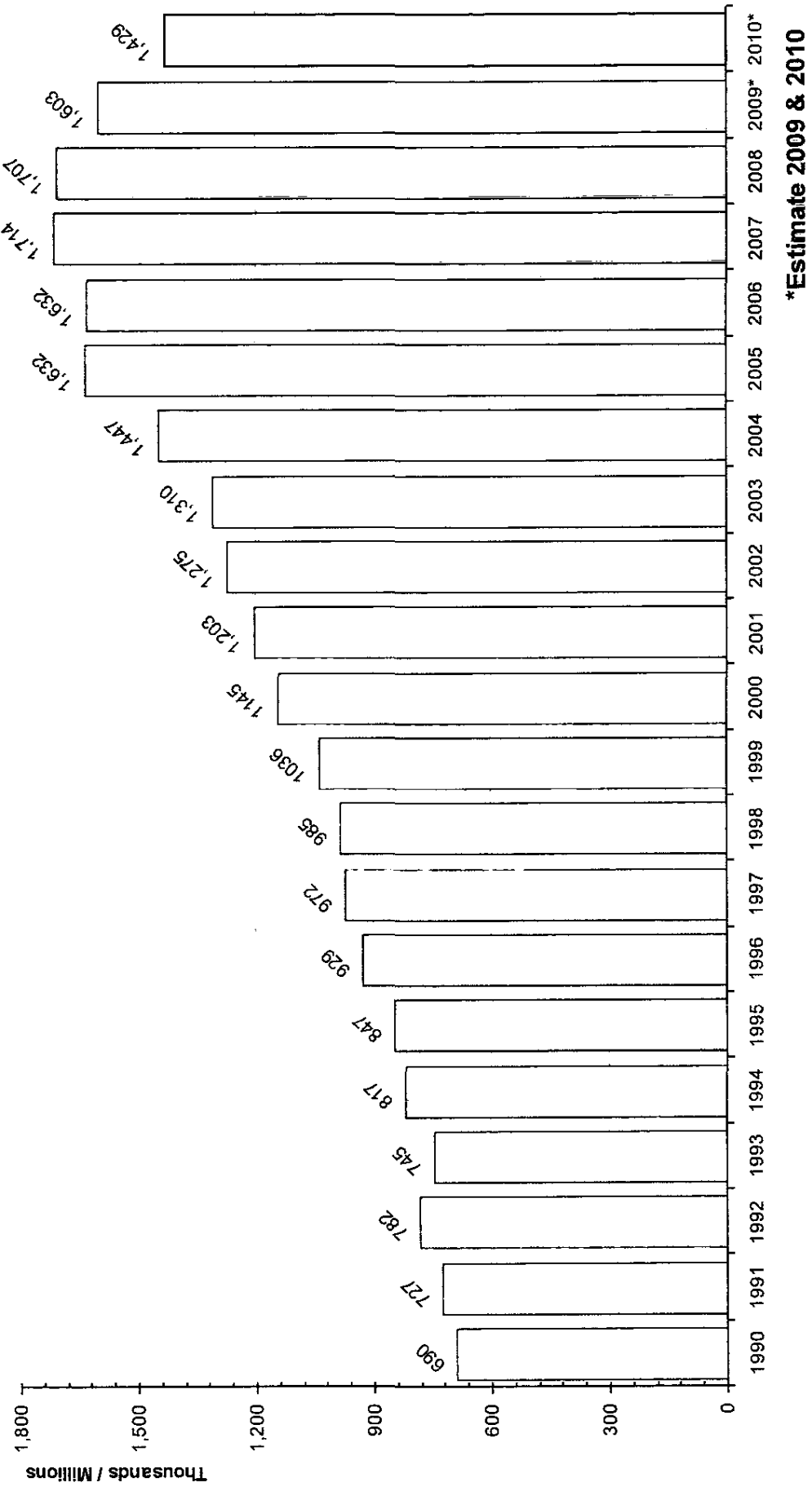


Total Summer Visitors



Visitors 1990-2010

Alaska Summer (May - Sept.) Visitors



*Estimate 2009 & 2010

Just The Facts

- 10.7 U.S. International arrivals,
thru June 2009
- 8.8% U.S. Domestic Air Traffic,
thru June 2009
- 8.3% U.S. Hotel Occupancy,
thru July 18
- 4.0% Australia Visitor arrivals,
thru July 2009
- 6.2% Hawaii visitor arrivals,
thru August 2009