

HB

160

<TARGET><BILL>HB 160</BILL><SUBJECT>HB
160</SUBJECT><COMM>HFIN27</COMM></TARGET>

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number _____
 Bill Version CSHB 160(EDT)
 () Publish Date _____

Identifier (file name) CSHB160(EDT)-DOR-TAX-03-24-11 Dept. Affected Revenue
 Title State Tourism Marketing Contracts Appropriation Taxation and Treasury
 Allocation Tax Division
 Sponsor House Economic, Development, Trade Committee
 Requester House Economic, Development, Trade Committee OMB Component Number 2476

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants								
Miscellaneous								
TOTAL OPERATING		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								
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other (please identify)								
TOTAL		0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2011) cost _____

POSITIONS

Full-time								
Part-time								
Temporary								

Why this fiscal note differs from previous version (if initial version, please note as such)

The committee substitute removes all responsibility of the Department of Revenue.

Prepared by Johanna Bales, Deputy Director
 Division Tax Division
 Approved by Ginger Blaisdell, Director Administrative Services Division
Department of Revenue

Phone (907) 269-6628
 Date/Time 3/24/11; 11:30am
 Date 3/24/11; 11:42am

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. CSHB 160(EDT)

Analysis

Bill Language:

This bill has no effect on the Department of Revenue.

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number _____
 Bill Version CSHB 160 (FIN)
 () Publish Date _____

Identifier (file name) HB160-CCED-DED-04-08-11 Dept. Affected DCCED
 Title Alaska Visitor Industry Investment Fund Appropriation Qualified Trade Association
 Allocation Qualified Trade Association
 Sponsor House Economic Development, Trade and Tourism
 Requester House Finance Committee OMB Component Number 1844

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	Appropriation Required	Information					
	FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Personal Services							
Travel							
Contractual	3,000.0	9,000.0	12,000.0	12,000.0	12,000.0	12,000.0	12,000.0
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
TOTAL OPERATING	3,000.0	9,000.0	12,000.0	12,000.0	12,000.0	12,000.0	12,000.0

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

1212 Stimulus 09							
1003 GF Match							
1004 GF	3,000.0	9,000.0	12,000.0	12,000.0	12,000.0	12,000.0	12,000.0
1005 GF/Program Receipts							
1037 GF/Mental Health							
1007 Interagency Receipts							
TOTAL	3,000.0	9,000.0	12,000.0	12,000.0	12,000.0	12,000.0	12,000.0

Estimate of any current year (FY2011) cost _____

POSITIONS

Full-time							
Part-time							
Temporary							

Why this fiscal note differs from previous version

The House Finance Committee fixed a technical error. The appropriation name was corrected. This version updates the Operating Expenditures to reflect the total cost to the state. For FY12 appropriation this adds an additional \$3 million to the Governor's proposed budget of \$9 million (FY12) and then \$12 million for FY13 on to reflect the cap in the legislation.

Prepared by Joe Michel
 Division House Finance Committee
 Approved by Rep Bill Stoltze
House Finance Committee Co-Chair

Phone 907-465-4958
 Date/Time 4/8/11 4:00 PM
 Date 4/8/2011

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. CS HB 160 (FIN)



Analysis

HB 160 establishes a new funding source of general funds for the destination tourism marketing program. In FY12, this adds an additional \$3 million to the Governor's proposed budget of \$9 million for the Qualified Trade Association. FY13 and forward reflect the \$12 million cap in the legislation.

The Division of Economic Development administers the contracting process to implement a destination tourism marketing program with a qualified trade association. The change of funding source has no impact on the division's role in this process.

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CS FOR HOUSE BILL NO. 160(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:

Referred:

Sponsor(s): HOUSE SPECIAL COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE, AND TOURISM

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to state tourism marketing contracts with qualified trade associations**
2 **and to tourism marketing campaigns; and providing for an effective date."**

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

4 * **Section 1.** AS 44.33.120(d) is amended to read:

5 (d) During the term of a contract with a qualified trade association under
6 AS 44.33.125(a), the Department of Commerce, Community, and Economic
7 Development may not execute another tourism marketing campaign except as
8 provided under AS 44.33.125(b) or (c) [AS 44.33.125(b), (c), OR (d)].

9 * **Sec. 2.** AS 44.33.125(a), as amended by sec. 2, ch. 103, SLA 2008, is amended to read:

10 (a) Subject to appropriations for the purpose, the Department of Commerce,
11 Community, and Economic Development shall, on or before June 1 [APRIL 1] of
12 each fiscal year, contract with a single qualified trade association for the purpose of
13 planning and executing a destination tourism marketing campaign during the next
14 fiscal year. The contract may be awarded only if the qualified trade association

1 provides matching funds equal to at least 50 percent of the state money used for costs
 2 of the marketing campaign described in the contract. The state money used for the
 3 costs of the marketing campaign described in the contract may not exceed
 4 \$12,000,000. The marketing campaign may promote distinct segments of tourism,
 5 such as highway tourism, seasonal tourism, ecotourism, cultural tourism, regional
 6 tourism, and rural tourism. Before the contract is executed, the marketing campaign
 7 plan must be approved by the department.

8 * **Sec. 3.** AS 44.33.125(e) is repealed and reenacted to read:

9 (e) The marketing campaign conducted under a tourism marketing contract
 10 awarded under (a) of this section shall be directed by a group within the qualified trade
 11 association. The group shall consist of nine individuals, and the nine members of the
 12 group shall be selected as follows:

13 (1) the governor shall select three members who are from the cruise
 14 lines for three-year terms; and

15 (2) the qualified trade association shall select one member from each
 16 of the four judicial districts and two members from the public; at least two of those
 17 members shall be from tourism entities that employ fewer than 50 employees, at least
 18 one of those members shall be from a tourism entity that employs more than 50 but
 19 not more than 250 employees, and at least one of those members shall be from a
 20 tourism entity that employs more than 250 employees; the qualified trade association
 21 shall select the members and determine the length of the members' terms according to
 22 the qualified trade association's bylaws or, if the qualified trade association is not an
 23 entity that has bylaws, the rules for the internal governance of the qualified
 24 association.

25 * **Sec. 4.** AS 44.33.125(h) is amended to read:

26 (h) A qualified trade association

27 (1) may not use money from a contract awarded under (a) or (c) of this
 28 section

29 (A) [(1)] to lobby a municipality or an agency of a municipality
 30 or to lobby the state or an agency of the state, as those terms are defined in
 31 AS 44.99.030(b);

1 **(B)** [(2)] to raise funds that will be used to lobby a municipality
 2 or an agency of a municipality or to lobby the state or an agency of the state, as
 3 those terms are defined in AS 44.99.030(b); or

4 **(C)** [(3)] for administrative or overhead costs that directly
 5 support any effort to lobby a municipality or an agency of a municipality or to
 6 lobby the state or an agency of the state, as those terms are defined in
 7 AS 44.99.030(b); **or**

8 **(2) that has contracted with the state under (a) of this section may**
 9 **not pay a person to lobby the legislature regarding the funding of the contract.**

10 * **Sec. 5.** AS 44.33.125(d) is repealed.

11 * **Sec. 6.** The uncodified law of the State of Alaska is amended by adding a new section to
 12 read:

13 TRANSITION: APPOINTMENTS BY GOVERNOR. The governor shall appoint the
 14 three members under AS 44.33.125(e), as repealed and reenacted by sec. 3 of this Act, within
 15 one month following the effective date of this section to staggered terms as follows:

16 (1) one member shall serve a one-year term;

17 (2) one member shall serve a two-year term; and

18 (3) one member shall serve a three-year term.

19 * **Sec. 7.** This Act takes effect July 1, 2011.

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number _____
 Bill Version CSHB 160 (FIN)
 () Publish Date _____

Identifier (file name) HB160-CCED-DED-03-31-11 Dept. Affected DCCED
 Title Alaska Visitor Industry Investment Fund Appropriation Economic Development- *Qualified*
 Allocation Qualified Trade Association *Trade Assoc*
 Sponsor House Economic Development, Trade and Tourism
 Requester House Finance OMB Component Number 1844

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information						
		FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services	3,000.0	9,000.0	12,000.0	12,000.0	12,000.0	12,000.0	12,000.0	12,000.0
Commodities								
Capital Outlay								
Grants								
Miscellaneous								
TOTAL OPERATING	3,000.0	9,000.0	12,000.0	12,000.0	12,000.0	12,000.0	12,000.0	12,000.0

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	3,000.0	9,000.0	12,000.0	12,000.0	12,000.0	12,000.0	12,000.0	12,000.0
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other (please identify)								
TOTAL	3,000.0	9,000.0	12,000.0	12,000.0	12,000.0	12,000.0	12,000.0	12,000.0

Estimate of any current year (FY2011) cost _____

POSITIONS

Full-time								
Part-time								
Temporary								

Why this fiscal note differs from previous version (if initial version, please note as such)

This version updates the Operating Expenditures to reflect the total cost to the state. For FY12 appropriation this adds an additional \$3 million to the Governor's proposed budget of \$9 million (FY12) and then \$12 million for FY13 on to reflect the cap in the legislation.

Prepared by Wanetta Ayers, Director
 Division Economic Development
 Approved by Susan K. Bell, Commissioner
Commerce, Community, and Economic Development

Phone 269-4048
 Date/Time 3/31/11 4:00 PM
 Date 4/2/2011

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. CSHB160 (FIN)

Analysis

HB 160 establishes a new funding source of general funds for the destination tourism marketing program. In FY12, this adds an additional \$3 million to the Governor's proposed budget of \$9 million for the Qualified Trade Association. FY13 and forward reflect the \$12 million cap in the legislation.

The Division of Economic Development administers the contracting process to implement a destination tourism marketing program with a qualified trade association. The change of funding source has no impact on the division's role in this process.

Adopted 4.8.11

WORK DRAFT

WORK DRAFT

WORK DRAFT

27-LS0509\S
Bannister
4/2/11

CS FOR HOUSE BILL NO. 160(FIN)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SEVENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:
Referred:

**Sponsor(s): HOUSE SPECIAL COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE, AND
TOURISM**

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to state tourism marketing contracts with qualified trade associations**
2 **and to tourism marketing campaigns; and providing for an effective date."**

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

4 *** Section 1.** AS 44.33.120(d) is amended to read:

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9 *** Sec. 2.** AS 44.33.125(a), as amended by sec. 2, ch. 103, SLA 2008, is amended to read:

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13 planning and executing a destination tourism marketing campaign during the next
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1 provides matching funds equal to at least 50 percent of the state money used for costs
 2 of the marketing campaign described in the contract. The state money used for the
 3 costs of the marketing campaign described in the contract may not exceed
 4 \$12,000,000. The marketing campaign may promote distinct segments of tourism,
 5 such as highway tourism, seasonal tourism, ecotourism, cultural tourism, regional
 6 tourism, and rural tourism. Before the contract is executed, the marketing campaign
 7 plan must be approved by the department.

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9 (e) The marketing campaign conducted under a tourism marketing contract
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 11 association. The group shall consist of nine individuals, and the nine members of the
 12 group shall be selected as follows:

13 (1) the governor shall select three members who are from the cruise
 14 lines for three-year terms; and

15 (2) the qualified trade association shall select one member from each
 16 of the four judicial districts and two members from the public; at least two of those
 17 members shall be from tourism entities that employ fewer than 50 employees, at least
 18 one of those members shall be from a tourism entity that employs more than 50 but
 19 not more than 250 employees, and at least one of those members shall be from a
 20 tourism entity that employs more than 250 employees; the qualified trade association
 21 shall select the members and determine the length of the members' terms according to
 22 the qualified trade association's bylaws or, if the qualified trade association is not an
 23 entity that has bylaws, the rules for the internal governance of the qualified
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26 (h) A qualified trade association
 27 (1) may not use money from a contract awarded under (a) or (c) of this
 28 section

29 (A) [(1)] to lobby a municipality or an agency of a municipality
 30 or to lobby the state or an agency of the state, as those terms are defined in
 31 AS 44.99.030(b);

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(B) [(2)] to raise funds that will be used to lobby a municipality or an agency of a municipality or to lobby the state or an agency of the state, as those terms are defined in AS 44.99.030(b); or

(C) [(3)] for administrative or overhead costs that directly support any effort to lobby a municipality or an agency of a municipality or to lobby the state or an agency of the state, as those terms are defined in AS 44.99.030(b); **or**

(2) that has contracted with the state under (a) of this section may not pay a person to lobby the legislature regarding the funding of the contract.

* **Sec. 5.** AS 44.33.125(d) is repealed.

* **Sec. 6.** The uncodified law of the State of Alaska is amended by adding a new section to read:

TRANSITION: APPOINTMENTS BY GOVERNOR. The governor shall appoint the three members under AS 44.33.125(e), as repealed and reenacted by sec. 3 of this Act, within one month following the effective date of this section to staggered terms as follows:

- (1) one member shall serve a one-year term;
- (2) one member shall serve a two-year term; and
- (3) one member shall serve a three-year term.

* **Sec. 7.** This Act takes effect July 1, 2011.

Alaska State Legislature
HOUSE FINANCE COMMITTEE

Agenda
1:30 PM

Friday, April 8, 2011

HB 160 VISITOR INDUSTRY INVESTM'T FUND/MARKETING
CS WORKDRAFT 27-LS0509\S
NEW FISCAL NOTES CED \$ replaces #1
NEW FISCAL NOTE REV 0

ALASKA STATE LEGISLATURE
HOUSE SPECIAL COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE,
& TOURISM



Representative Bob Herron, Chair

Rep. Neal Foster, Rep. Berta Gardner, Rep. Reggie Joule, Rep. Wes Keller,
Rep. Cathy Muñoz, Rep. Kurt Olson, Rep. Steve Thompson, Rep. Chris Tuck

Sponsor Statement
CSHB 160 (FIN), Tourism Marketing Campaigns

CSHB 160 (FIN) limits the amount of state money used for the costs of an Alaska tourism marketing campaign to \$12,000,000 of state money. In addition, for each \$2 of state money used for the campaign, the industry must match with \$1.

There is no question that the tourism industry is a vital component of our state's economy. The positive benefits reach every corner of our state. In a recent impact study developed through the Department of Commerce, Community and Economic Development, tourism related spending in Alaska was calculated at \$3.4 billion a year. In addition, the industry accounts for over 36,000 jobs in our state. Our visitors directly pay over 14 different types of taxes and fees to state and local governments. In FY 2012, the industry is projected to contribute over 180 million in state and local taxes, of which \$111 million will be directed to the State of Alaska. Clearly, our visitors support Alaska businesses, our economy, and our state and local governments.

However, this important industry has recently struggled nationwide and in Alaska. The number of visitors has drastically declined resulting in lost revenues to tourist-related businesses of 20% to 40%. More than 2300 tourist industry jobs were lost in 2009 alone. The industry struggles to restore these jobs while other states aggressively target new visitors and compete with Alaska.

Last year, the Legislature funded an increase in the State's marketing program. The results have already proven successful. Statistics show that viewer retention and interest in traveling to Alaska have increased by 4% while the national and international travel trend has increased by only 2%. Nearly all of the measured gains for 2011 will benefit businesses catering to independent visitors, while increased cruise capacity is seen starting in 2012.

For more information, please contact Rob Earl at 465.4942.

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101


State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

April 7, 2011

SUBJECT: Sectional summary of CSHB 160(FIN) relating to state tourism marketing contracts (Work Order No. 27-LS0509\S)

TO: Representative Bob Herron
Attn: Rob Earl

FROM:  Theresa Bannister
Legislative Counsel

You have requested a sectional summary of the above-described bill. As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents.

Section 1. Amends AS 44.33.120(d) to remove a reference to AS 44.33.125(d), which is repealed by this bill.

Section 2. Amends AS 44.33.125(a). Changes the date by which a state tourism marketing contract is to be entered into each year. States that the qualified trade association must provide matching funds equal to 50 percent of the state money used for costs of the contract's marketing campaign. Limits the state money used for the costs of the contract's marketing campaign to \$12,000,000.

Section 3. Repeals and reenacts AS 44.33.125(e). Requires that a group within the qualified trade association direct the marketing campaign of a tourism marketing contract awarded under AS 44.33.125(a). Requires the group to have nine individuals and indicates how the individuals are to be selected. Sets the terms of the governor's appointees at three years. Allows the association to determine the terms of their appointees.

Section 4. Prohibits a qualified trade association that contracts with the state under AS 44.33.125(a) from paying a person to lobby the legislature regarding the funding of the contract.

Section 5. Repeals AS 44.33.125(d).

Section 6. Requires that the governor's appointments be made within one month after the Act's effective date and be given staggered terms.

Representative Bob Herron

April 7, 2011

Page 2

Section 7. Makes the Act effective July 1, 2011.

If I may be of further assistance, please advise.

TLB:plm

11-233.plm



ALASKA TOURISM MARKETING

Frequently Asked Questions

(Updated 2.24.11)

Q1: What is the rationale behind the \$20 million request for Alaska tourism marketing?

A: Alaska is competing against many states/countries that are trying to lure visitors to their destination, and they far out-spend Alaska.

Alaska's visitor industry is often compared to Hawaii because both are long-haul destinations. Consumers spend considerably more time and money to visit Alaska or Hawaii because the states are geographically detached from the "lower 48". Hawaii attracts roughly 6.8 million visitors annually, so considering their \$71.8 million marketing budget, the cost to generate a visitor is roughly \$10. Alaska currently welcomes roughly 2 million visitors to the state annually, so a \$20 million budget would put us on par with Hawaii in terms of cost per to visitor.

A \$20 million tourism marketing budget for Alaska would allow the state to effectively compete with Hawaii and other destinations and gain market share.

Q2: Why is tourism important to Alaska's?

A: Tourism generates revenue for the state, is a renewable resource and helps diversify Alaska's economy. It is important for the State to identify and strengthen the industries that will help keep our economy strong.

Q3: What does the tourism industry contribute to Alaska's economy?

A: Tourism provides jobs for Alaskans, opportunities for families, and revenue to the state treasury. A total of 36,200 Alaskans are employed in the tourism industry. Tourism generates \$138.8 million in state revenue (based on FY2009 actuals) and \$69.8 million in municipal revenue. Visitors spend \$1.63 billion in Alaska.

Tourism is the backbone of a strong private sector economy. It encourages growth of Alaska-owned and operated businesses.

Q4: Why does the state need to promote Alaska when tourism businesses and communities are already doing their own advertising?

A: National advertising is cost prohibitive for Alaskan businesses. It is the State's role to broadly advertise Alaska to national and international markets – tourism infrastructure if you will. The state promotes Alaska as a vacation destination, communicates the Alaska brand and generates interest and the desire to visit.

Individual businesses focus their advertising on the potential customers that the State's have identified as interested in coming to Alaska and their particular regions. While communities present the attractions and activities within their regions, tourism businesses direct their ads their specific product/service within that region.

Q5: Why is sustainable funding needed?

A: In order to be effective, marketing needs to be consistent. If Alaska has a strong marketing presence one year followed by a weak marketing effort the next year, the state loses momentum. Our competitors will fill the void. The saying "out of sight, out of mind" really applies here

Research has shown consumers move through a gradual process before making the decision to visit Alaska. Consistent external prompters and information are required to facilitate this process and move potential visitors from being inspired to visit Alaska, to declaring intent to visit, and then actually making the trip. This trip planning process can often span a time period of two to four years.

Q6: Does Alaska need more visitors?

A: Visitors are like money in the bank, so we want to continually attract new visitors to the state and encourage those who have previously visited to come back again. More visitors equates to more revenue for the state and more jobs for Alaskans.

The number of visitors to the state has steadily dropped over the past several years. In 2008 we had over 1.7 million summer visitors in Alaska. By 2010 that dropped to 1.5 million summer visitors. When you look at what those visitors spent, it equates to \$170 million dollars in lost revenue in 2010 due to the decreased number of visitors. Additional marketing will bring the numbers back up so we can continue to forge an upward trend.

Q7: How do we know Alaska's tourism marketing is working?

A: The Advertising Effectiveness Study measures the impact of Alaska advertising on creating awareness of Alaska as. The study shows that after consumers viewed the Alaska television commercials their intent to visit Alaska increased 300 percent. Following the increased funding authorized last year, The Travel Intentions Study was implemented in the fall (early booking season) and indicated Alaska visitor volume will increase by 4.3 percent over the prior year. Based on this data, Alaska is outperforming the national rate of growth that the U.S. Travel Association/Tourism Economics projects will be 2.3 percent. This increase in visitor volume is expected to result in an additional \$72 million in visitor expenditures within the state.

Q8: How can Alaska companies participate in the statewide tourism marketing program?

A: Alaska companies choose the statewide marketing programs that best fit their individual business needs. All companies typically place ads in the State Vacation Planner and on Alaska's official tourism website, TravelAlaska.com. Companies that rely on visitors from the U.S. participate in the cooperative magazine campaign or take part in the Alaska booth at national consumer shows. Companies that rely on international visitors place ads in foreign language Alaska brochures and participate in trade missions.

Q9: What other components are included in the statewide tourism marketing program?

A: There are several programs that generate awareness of Alaska as a travel destination, deliver Alaska's brand message and inspire consumers to visit. These include television advertising, internet advertising, direct mail and Public Relations efforts.

Q10: Who decides components are included in the statewide tourism marketing program?

A: Program decisions are made by a multi-sector, regionally diverse group of professionals that have a successful track record and understanding of Alaska's diverse travel products. These individuals volunteer their time, represent a broad spectrum of businesses (both large and small in size) and make decisions based on research and projected results that can be achieved from each marketing program.



KETCHIKAN

Our lifestyle, your reward

February 23, 2011

The Honorable Kyle Johansen
Alaska State Legislature
State Capitol Mail Stop #3100
Juneau, AK 99801-1182

Dear Representative Johansen,

HB160 was introduced last week, and I am writing to ask for your support for this bill that will establish a funding mechanism for marketing Alaska as a tourism destination. As you know, the Alaska Travel Industry Association has long worked to find a solution to sustainable funding. This bill, introduced by the House committee on Tourism and Economic Development is intended to replace the existing funding structure which has become outdated.

As you will recall, when the legislature approved the "millennium plan" in 2000, a matching fund component was part of the legislation, due to concerns that the industry didn't significantly contribute to state revenues. Over the past decade, that has changed. In addition to revenue sources already in existence a statewide vehicle rental tax has been enacted and the various elements of Ballot Measure 2 have substantially increased revenue to the State through cruise passenger fees, ocean ranger fees and corporate income and gambling income taxation. Today it's projected that revenues to the state will total over 111 million in FY2012.

ATIA and various other visitor industry organizations including AKHLA, CHARR, and AlaskaACT have made increased tourism marketing funding high on the list, if not the number one priority for this legislative session. Increased marketing of Alaska was one of two requests made of Governor Parnell when he met with cruise industry representatives last spring in Miami. I thank you for your support of the reduction of head taxes, now I am asking you to help pave the way for a return of cruise business to Alaska- a vital part of Ketchikan and other coastal communities' tourism economy.

You have welcomed our association representatives into your office many times these past several years and know that our message hasn't changed. We need more dollars to market Alaska. More marketing will lead to more visitors, more visitors mean more state revenues, healthier local economies and more jobs for Alaskans. I know that you understand this, but we need your help in getting your colleagues in the House to understand as well. I appreciate your consideration, and ask that you do all you can to help us get HB160 approved.

Sincerely,

Patti Mackey
President & CEO

KETCHIKAN VISITORS BUREAU • 131 Front Street Ketchikan, Alaska 99901 • 907-225-6166
E-mail: pmackey@visit-ketchikan.com • www.visit-ketchikan.com



Responsible Cruising in Alaska

House Finance Committee
Room 519, Capitol Building
Juneau, Alaska 99801

April 8, 2011

**RE: Tourism Marketing Funding
CS HB 160**

Finance Members:

Today the Committee will consider CS HB 160, to fund the Alaska Travel Industry Association, (ATIA). I urge you to reject this measure for a number of reasons:

- ATIA has not demonstrated any success or a viable funding plan.
- ATIA has not increased its industry funding (\$2.7 m) for three years.
- ATIA has many advertising missions but no measures of impact.
- ATIA is cruise-centric, rather than focus on independent air travelers who rent cars, hotel rooms, buy meals and fly to Bush Alaska.
- ATIA opposes all taxes on the cruise industry, yet want 'sustainable' state funding by tapping tourism tax revenues.
- ATIA should be treated as the state does ASMI seafood marketing, which presently receives 20% state funding.
- HB 222 is far better legislation to address Alaska tourism marketing.

Thank you for your attention to the issue of state tourism funding .

Chip Thoma, RCA President

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February 21, 2011

Representative Eric Feige
State Capitol, Room 126
Juneau, AK 99801-1182

Dear Representative Feige,

My name is Dick Wenger and I am from Delta Junction. We met a few months back at the Delta LIO where we had the chance to talk a bit. Which, by the way, I am sorry that I missed you last Saturday (Feb 19th) when you were again at the LIO, but I had made previous plans and was out of town. I represent Rika's Roadhouse and as such am requesting your support for HB160. With your long standing affiliation with tourism, I know you can appreciate the value that the industry has for our state. As such, I urge you to consider co-sponsoring the bill to ensure a viable marketing program for the visitor industry. As Co-Chair of the House of Resources Committee, this may be somewhat of a departure from your normal venue. I would like to say, however, that I believe tourism to be one of our most significant resources, and with effective marketing, one that will never be depleted.

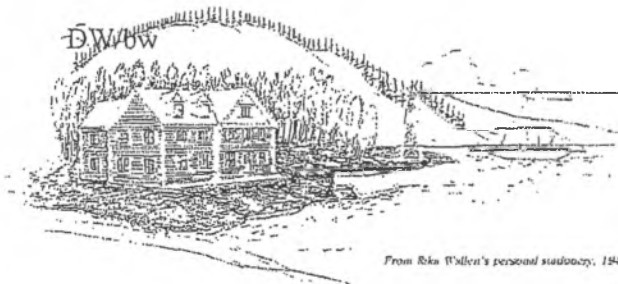
I would also like to ask that I be added to your district mailing list.

Thank you for your time and consideration.

Sincerely,



Dick Wenger



Concessionaire for
BIG DELTA STATE HISTORICAL PARK
at Rika's Roadhouse & Landing
MILE 375 RICHARDSON HWY
BIG DELTA, ALASKA USA 99787
907-895-4201



February 28, 2011

Representative Bob Herron, Chair
House Economic Development
Trade & Tourism Committee
Capitol Building
Juneau, Alaska 99801

Subject: HB 160 Establishing the Alaska Visitor Industry Investment Fund

Dear Representative Herron;

The Alaska Hotel & Lodging Association is extremely appreciative of the House EDTT Committee's introduction of legislation establishing a sustainable funding plan for Alaska's tourism marketing campaign and the goal of reaching a minimum of an annual \$20 million appropriation.

As you are well aware, the State of Alaska benefits from revenues generated by our industry. In recent years those revenues have been as much as \$140 million. It just makes sense to reinvest a percentage of those revenues to sustain a healthy economy for Alaska's tourism industry resulting in jobs for Alaskans and revenues for a variety of state funded programs and services.

Hotel bed tax revenues paid to Alaska's local governments have declined by as much as 22% in recent years. Local governments rely on these funds to keep property taxes low and to delivery other services to local residents. Without these funds, local governments will turn to the state for increased aide.

Alaska has struggled with lost market share in the increasingly competitive global travel marketplace. The additional \$7 million appropriation awarded in FY2011, through early research, has already resulted in an expected 4 increase in visitors to Alaska this summer as compared to a 2% increase in National travel trends.

The Alaska Hotel & Lodging Association appreciates the Legislatures recognition of the need for increased marketing funding by increasing the FY11 budget to 18.7 million. This action has given the industry an opportunity to vastly improve their ability to build awareness and generate more visitors to the state. It is critically important to build on this moment, and to ensure that Alaska's tourism marketing campaign does not take a step backwards.

We applaud the Committees efforts to create a new Alaska visitor industry investment fund, to replace over 2500 lost jobs, and to build a sustainable economy for Alaska's tourism businesses. On behalf of Alaska's Hotel & Lodging Industry, thank you for your leadership and introduction of HB160. We urge the Legislatures' support and quick passage of this long overdue legislation.

Sincerely,

Craig Pester
Chairman, Alaska Hotel & Lodging Association
District Manager, Lodging, Retail, Food and Beverage ARAMARK Parks and Destinations Alaska



United in a common goal to make Alaska the most hospitable place on earth!

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