

**HB**

**160**

<TARGET><BILL>HB 160</BILL><SUBJECT>HB  
160</SUBJECT><COMM>SFIN27</COMM></TARGET>

# FISCAL NOTE

**STATE OF ALASKA  
2011 LEGISLATIVE SESSION**

Fiscal Note Number  
Bill Version  
(H) Publish Date

3  
**CSHB 160(FIN)**  
4/9/11

Identifier (file name) HB160-CCED-DED-04-08-11 Dept. Affected DCCED  
 Title Alaska Visitor Industry Investment Fund Appropriation                      Qualified Trade Association                       
 Sponsor House Economic Development, Trade and Tourism Allocation                      Qualified Trade Association                       
 Requester House Finance Committee 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
<b>OPERATING EXPENDITURES</b>								
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								
<b>TOTAL OPERATING</b>	<b>3,000.0</b>	<b>9,000.0</b>	<b>12,000.0</b>	<b>12,000.0</b>	<b>12,000.0</b>	<b>12,000.0</b>	<b>12,000.0</b>	
<b>CAPITAL EXPENDITURES</b>								
<b>CHANGE IN REVENUES</b>								

(Thousands of Dollars)

FUND SOURCE							
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							
<b>TOTAL</b>	<b>3,000.0</b>	<b>9,000.0</b>	<b>12,000.0</b>	<b>12,000.0</b>	<b>12,000.0</b>	<b>12,000.0</b>	<b>12,000.0</b>

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 Phone 907-465-4958  
 Division House Finance Committee Date/Time 4/8/11 4:00 PM  
 Approved by Rep. Bill Stoltze Date 4/8/2011  
House Finance Committee Co-Chair

FISCAL NOTE #3

STATE OF ALASKA  
2011 LEGISLATIVE SESSION

BILL NO. CSHB 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.



**FISCAL NOTE #2**

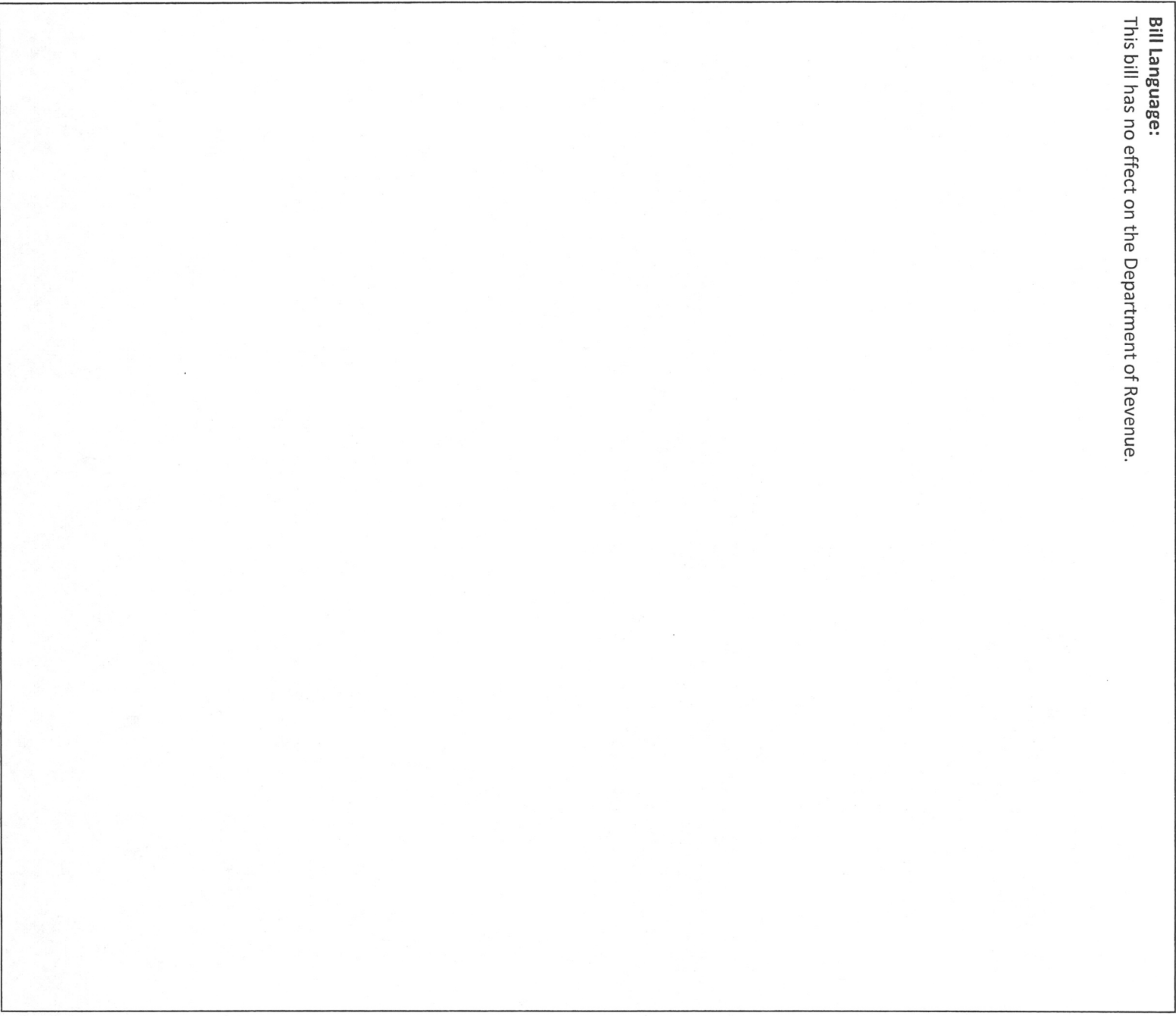
**STATE OF ALASKA  
2011 LEGISLATIVE SESSION**

**BILL NO. CSHB 160(FIN)**

**Analysis**

**Bill Language:**

This bill has no effect on the Department of Revenue.



**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**  
**CS HB 160(FIN) am, Tourism Marketing Campaigns**

**CS HB 160(FIN) am** 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, the match requirement for the first \$3 million of industry contributions to the tourism marketing campaign is subject to a 1 to 2 industry to state match, while the next \$1.5 million is subject to only a 1 to 3 industry to state match as illustrated in the table below:

<b>Scenario if Industry can match with \$4.5 million</b>		
Industry	State	Match
\$3 million	\$6 million	1 to 2 (Industry pays 50% of the state money)
<u>\$1.5 million</u>	<u>\$4.5 million</u>	1 to 3 (Industry pays 33% of the state money)
<b>\$4.5 million + \$10.5 million = \$15 million Total</b>		

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 12, 2011

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

**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.

Section 7. This section establishes a temporary method for increasing the amount of a tourism marketing contract entered into under AS 44.33.125(a). Requires the tourism marketing association to satisfy its payment obligation under the contract, and sets a minimum for this payment, in order to use this section. Allows the contract amount to be amended by up to a certain amount, with the state paying three times the additional amount the association is paying. Limits the use of this section to one time. Prohibits the state money used for the contract from exceeding \$12,000,000.

Section 8. Repeals sec. 7 on July 1, 2012.

Section 9. Makes the Act effective July 1, 2011.

If I may be of further assistance, please advise.

TLB:ljw  
11-245.ljw

Below is the language that Section 5 of CSHB 160(FIN)am repeals:

Sec. 44.33.125. Tourism marketing contracts.

“(d) If, during the term of a contract awarded under (a) of this section, funds from any source are appropriated to the department for tourism marketing activities in addition to the funds already committed under the contract, the contract may be amended to include the additional funds and the additional tourism marketing activities. The department may require the qualified trade association to provide matching funds in any amount for the additional funds, or the department may impose no matching requirement for the additional funds. If the qualified trade association refuses the additional funds, the department may use the additional funds to award a contract to another person but only under terms not materially different from those offered to the qualified trade association.”

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



**Representative Bob Herron, Chair**

State Capitol Building, Room 411

Juneau, Alaska 99801-1182

Phone (907) 465-4942

Fax (907) 465-4589

Rep. Bob.Herron@legis.state.ak.us

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

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**Explanation of Changes for HB 160, Tourism Marketing Contracts**  
**For Senate Finance**

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**Changes from original HB 160 to CSHB 160 (EDT)**

**Deletions:**

- The section establishing a visitor industry investment fund
- Language requiring a \$2.7 million industry match

**Additions:**

- The state contribution to the marketing campaign was capped at \$12 million.
- Date DCCED must contract with a qualified trade association (QTA) moved from April 1 to June 1.
- QTA pays 1/3 of the contract and the state pays 2/3.
- QTA "in-kind" contributions allowed as part of QTA match.
- The Alaska Promotion and Marketing Task Force established
- Reverts to 1 to 1 Industry match requirement July 1, 2013

**Changes from CSHB 160 (EDT) to CSHB 160 (FIN)**

**Deletions:**

- Language allowing "In-Kind" contributions
- Language establishing the Alaska Promotion and Marketing Task Force
- Language reverting to 1 to 1 Industry match requirement on July 1, 2013

Additions:

- Language reworded from QTA pays 1/3, state pays 2/3 to QTA must pay matching funds equal to 50% of the state money used for the marketing campaign. (Reworded, but materially the same.)
- Mandate that the group within the QTA that is directing the marketing campaign consists of 3 persons appointed by the Governor and 6 selected by the QTA.
- Prohibition of a QTA that enters into a tourism marketing contract with the state from lobbying the legislature regarding the funding of the contract.

**Changes from CSHB 160 (FIN)am to CSHB 160 (FIN)am**

Deletions: None

Additions:

- Section 7 of CSHB 160 (FIN)am was added as a House Floor amendment. The match requirement for the first \$3 million of industry contributions to the tourism marketing campaign remains subject to a 1 to 2 industry to state match, while the next \$1.5 million is subject to only a 1 to 3 industry to state match as illustrated in the table below:

Scenario if Industry can match with \$4.5 million

<u>Industry</u>	<u>State</u>	<u>Match Requirement</u>
\$3 million	\$6 million	1 to 2 (Industry pays 50% of the state money)
<u>\$1.5 million</u>	<u>\$4.5 million</u>	1 to 3 (Industry pays 33% of the state money)
<u>\$4.5 million + \$10.5 million = \$15 million Total</u>		

Section 7 is repealed July 1, 2012.

Department of Commerce, Community, and Economic Development

Tourism Marketing Expenses By Fiscal Year

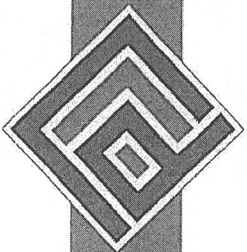
Updated February 2011

(Thousands of dollars)

Agency Name	FY90	FY91	FY92	FY93	FY94	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	* FY07	**FY08	FY09	FY10	FY11 (Approp)
Designated Legislative Grant(s) to QTA Qualified Trade Association (QTA) Appropriation																		\$ 1,352.0	\$ 893.0			\$ 7,000.0
AK Tourism Marketing Council	8240.9	6205.1	6,235.0	7,603.3	7,489.6	4,805.9	5,363.0	5,311.4	4,412.3	4,577.9	4,542.6	4,800.0	4,605.1	4,000.0	3,463.3	4,000.0	5,000.0	5,000.0	4,200.0	\$ 9,000.0	\$ 9,000.0	\$ 9,000.0
Division, Office of Tourism, DED	3188.2	6241.8	3,491.2	4,171.1	3,073.8	3,235.9	3,119.9	3,192.7	2,593.4	2,106.6	2,035.7											
<b>Total</b>	<b>\$ 11,429</b>	<b>\$ 12,447</b>	<b>\$ 9,726</b>	<b>\$ 11,774</b>	<b>\$ 10,563</b>	<b>\$ 8,042</b>	<b>\$ 8,483</b>	<b>\$ 8,504</b>	<b>\$ 7,006</b>	<b>\$ 6,685</b>	<b>\$ 6,578</b>	<b>\$ 4,800</b>	<b>\$ 4,605</b>	<b>\$ 4,000</b>	<b>\$ 3,463</b>	<b>\$ 4,000</b>	<b>\$ 5,000</b>	<b>\$ 6,352.0</b>	<b>\$ 5,093.00</b>	<b>\$ 9,000.0</b>	<b>\$ 9,000.0</b>	<b>\$ 16,000.00</b>
<b>QTA Match (Actual)</b>												<b>\$ 2,057.0</b>	<b>\$ 1,995.0</b>	<b>\$ 6,000.0</b>	<b>\$ 5,195.0</b>	<b>\$ 6,000.0</b>	<b>\$ 5,000.0</b>	<b>\$ 5,000.0</b>	<b>\$ 5,093.00</b>	<b>\$ 2,700.00</b>	<b>\$ 2,700.00</b>	<b>\$ 2,700.00</b>

\* FY07 Includes two designative legislative grants for \$600,000 and \$750,000

\*\* FY08 appropriation of \$5,000,000 was reduced by \$800,000 during the spring of 2008 re



# RESOURCE DEVELOPMENT COUNCIL

Growing Alaska Through Responsible Resource Development

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Congressman Don Young  
Governor Sean Parnell

April 15, 2011

The Alaska State Legislature  
State Capitol  
Juneau, AK 99801

RE: CS for HB106-Alaska Coastal Management Program Extension

Dear Members of the Alaska Legislature:

The Resource Development Council (RDC) would like to express its support for the Committee Substitute (CS) for HB 106. The RDC Executive Committee met today following this morning's release of the work draft version D (4/15/11), and although some concerns and questions still exist, we support the proposed CS. We would like to applaud the Departments of Natural Resources, Environmental Conservation, and Law, legislators, and local governments for their efforts to try to enhance local input while trying to maintain a predictable process that does not allow district policy involvement in areas already regulated by state or federal law.

RDC's membership is extremely diverse and has members on every side of this issue, including oil and gas and mining companies, Alaska Native Corporations, and local governments. We encourage the House Finance Committee to advance this CS. Further, we urge all members of the Alaska House of Representatives and Alaska Senate to support this legislation on the floor.

Please let me know if you have any questions.

Sincerely,

Jason W. Brune  
Executive Director

121 West Fireweed Lane, Suite 250, Anchorage, Alaska 99503-2035  
Phone: 907-276-0700 Fax: 907-276-3887 Email: resources@akrdc.org Website: www.akrdc.org

April 15, 2011

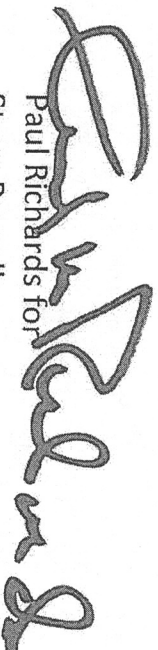
Mike Nizich  
Chief of Staff  
Alaska State Capitol Building  
Third Floor  
Juneau, AK 99801

Mr. Nizich,

We want to inform the Governor and you that the Alaska Miners Association and the Council of Alaska Producers support the negotiated agreement for new Alaska Coastal Management legislation. We will testify accordingly before the House Finance hearing on HB 106.



Mike Satre  
Executive Director  
Council of Alaska Producers



Paul Richards for  
Steve Borrell  
Alaska Miners Association

Comment of Edward S. Itta  
Mayor, North Slope Borough

To the House Finance Committee  
On FIN CS for HB106 - ACMP

- Sub comm. Hled  
4/15/2011

Thank you, Mister Chairman. I appreciate this opportunity to address the Committee on the latest version of HB106. First of all, I want thank the Governor and his staff for the enormous effort and time they have devoted to finding a way forward on this bill, a way forward that works for all the parties involved. I particularly want to thank Attorney General Burns, Commissioner Hartig for their commitment to the process we've been going through.

I also want to thank a few the legislators who have contributed their input and participated in finding a solution. In particular, I'd like to recognize the work that Rep. Feige and Rep. Herron did in the House Resources Committee and their persistence in reaching a solution that they could bring to this committee. I also want to recognize the efforts of Reggie Joule, my Representative in bringing this matter to the committee's attention.

Earlier this year, I appeared before you with Attorney General Burns, Commissioner Sullivan and Rex Rock, my fellow whaler and President of Arctic Slope Regional Corporation. We all spoke about the concerns and challenges that we share as Alaskans, as well as the belief that we are in this together. I believe that is the spirit that has brought us back here today. We recognize that the best solutions come from working side by side, and that this process helps us to understand each

other better and paves the way for a more effective process in the future.

Sure, we have different perspectives on some issues, but our goals are much more closely aligned than we often allow ourselves to believe. We all stand together in our desire for a strong economic foundation that allows communities to thrive; and we all see the inherent value in preserving the qualities of Alaskan life that make this state unique.

I do have concerns with this bill. But this bill echoes these two pursuits. It helps bring local communities to the table, whereas for the past few years they have felt like they were pushed to the back of the room as big projects were planned for their communities. HB106 gives them a way to discuss their deepest concerns as development moves forward.

I'm very pleased to see that this bill reconstitutes a coastal policy board and we understand that designated areas have be eliminated. It also establishes clearer mechanisms for the State and the districts to engage in the process leading to approved policies.

Again, I want to thank Governor Parnell for committing his administration to the task of finding a solution to this, and I support moving the measure that is embodied in the Finance CS of this bill from the committee.

Thank you, Mister Chairman.



## 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 prompts 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?**

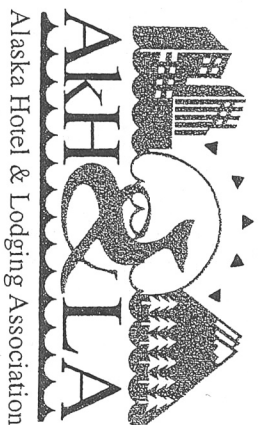
A: Alaska companies choose the statewide marketing programs that best fit their individual business needs. All companies typically place ads in the State Vacation Planner and on Alaska's official tourism website, TravelAlaska.com. Companies that rely on visitors from the U.S. participate in the cooperative 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.



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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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 LJO where we had the chance to talk a bit. Which, by the way, I am sorry that I missed you last Saturday (Feb 19<sup>th</sup>) when you were again at the LJO, 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.

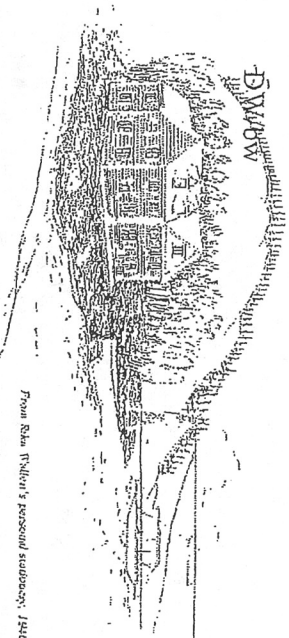
I would also like to ask that I be added to your district mailing list.

Thank you for your time and consideration.

Sincerely,



Dick Wenger



From Rika Rika's Roadhouse, 1949

Concessionaire for  
BIG DELTA STATE HISTORICAL PARK  
at Rika's Roadhouse & Landing  
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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

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