

02/28/13

Presentation:

Economic

Benefit of

Combining

Industries

<TARGET><BILL></BILL><SUBJECT>02-28-13 Presentation
Economic Benefit of Combining
Industries</SUBJECT><COMM>HEDT28</COMM></TARGET>

Alaska State Legislature

Representative Shelley Hughes, Chair

Session Address:
Alaska State Capitol, Room 409
Juneau, Alaska 99801-1182
Phone: (907) 465-3743
Fax: (907) 465-2381
House District 8



Representative Lynn Gattis
Representative Bob Herron
Representative Pete Higgins
Representative Craig Johnson
Representative Kurt Olson
Representative Lance Pruitt
Representative Harriet Drummond
Representative Geran Tarr

House Special Committee on Economic Development, Trade and Tourism

To: House Economic Development, Trade and Tourism Committee Members

From: Representative Shelley Hughes, Chair

Date: February 14, 2013

Re: Committee Schedule for the Week Beginning February 18, 2013

The House Special Committee on Economic Development, Trade and Tourism (EDT) meets in the Barnes Room 124, on Tuesdays and Thursdays from 11:15am to 12:45pm.

Tuesday, February 19, 2013 11:15am in Room 124

No meeting scheduled

Thursday, February 21, 2013 11:15am in Room 124

No meeting scheduled

Please feel free to contact the EDT committee aide, Ginger Blaisdell at 465-5265 with questions.

* First Hearing in First Committee of Referral

+ Teleconferenced

= Bill was Previously Heard/Scheduled

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House Special Committee on Economic Development, Trade and Tourism

To: House Economic Development, Trade and Tourism Committee Members

From: Representative Shelley Hughes, Chair

Date: February 21, 2013

Re: Committee Schedule for the Weeks Beginning February 25 and March 4, 2013

The House Special Committee on Economic Development, Trade and Tourism (EDT) meets in the Barnes Room 124, on Tuesdays and Thursdays from 11:15am to 12:45pm.

Tuesday, February 26, 2013 11:15am in Room 124

No meeting scheduled

Thursday, February 28, 2013 11:15am in Room 124

+ Economic benefits of combining industries discussion by:
Usibelli LLC, Alaska Railroad Corporation, and Holland America Line

Tuesday, March 5, 2013 11:15am in Room 124

No meeting scheduled

Thursday, March 7, 2013 11:15am in Room 124

No meeting scheduled

Please feel free to contact the EDT committee aide, Ginger Blaisdell at 465-5265 with questions.

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House Special Committee on Economic Development, Trade and Tourism

AGENDA

February 28, 2013

1. Call to Order

2. Agenda

- Presentations from three Alaskan industries
 - Lorali Simon, Vice President of External Affairs for Usibelli Coal Mine is online while we operate her power point slides here in the room;
 - Dale Wade, Vice President of Business Development and Tom Brooks, Vice President of Engineering with Bill O'Leary, CFO on line from the Alaska RailRoad;
 - Ralph Samuels, Vice President of Community and Government Relations for Holland America Line.
- Each of the three industries will give a 10-15 minutes overview of their business and then we will open up forum style for Q&A.

3. Calendar Review

- We do not have a meeting scheduled for the next week.

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House Special Committee on Economic Development, Trade and Tourism

AGENDA

February 28, 2013

1. Call to Order

~Gavel~ Welcome to the joint hearing of House Economic Development, Trade and Tourism Committee and Senate World Trade. The meeting is called to order. The time is _____. Welcome, everyone. Thanks to LIO monitor, _____, and our recording secretary, Debbie, and to committee aide, Ginger Blaisdell.

2. Roll Call and Agenda

- For the record, in attendance are: (representative xx, representative xx,... and representative xx – and remember to include self!)
 - Several members may be coming and going due to other committee meetings underway.
- Today we are hearing from representatives of three important industries in our state: Lorali Simon, Vice President of External Affairs for Usibelli Coal Mine is online while we operate her power point slides here in the room; second is Dale Wade, Vice President of Business Development and Tom Brooks, Vice President of Engineering with Bill O’Leary, CFO on line from the Alaska RailRoad; and wrapping up the presentation portion of the meeting is Ralph Samuels, Vice President of Community and Government Relations.
- Each of the three industries will give a 10-15 minutes overview of their business and then we will open up forum style for Q&A.

3. Calendar Review

- We do not have a meeting scheduled for the next week.

Do members have any closing comments?

- Thank you. We are ADJOURNED at _12:___ (time).” ~Gavel~

Are there any state statutes or regulations that inhibit your ability to further develop international economic development? Or changes that would better encourage economic development in Alaska?

Do you have a long range plan?

The Impact of Usibelli Coal Mine, Inc. on Economic Development, Trade, and Tourism.

House Special Committee on Economic Development, Trade, and Tourism

Loral Simon

Vice President, External Affairs



UCM History



1943 - Emil Usibelli at age 50, founded UCM in Healy, Alaska.



1964 - Emil's 25-year old son, Joe became President and now serves as Chairman of the Board of Directors.

1987 - Joe Usibelli Jr. assumed duties as President.



Four Generations



- Emil Usibelli and his son,
Joe Usibelli



- Joe Usibelli Jr. and his
daughter, Lexi Usibelli

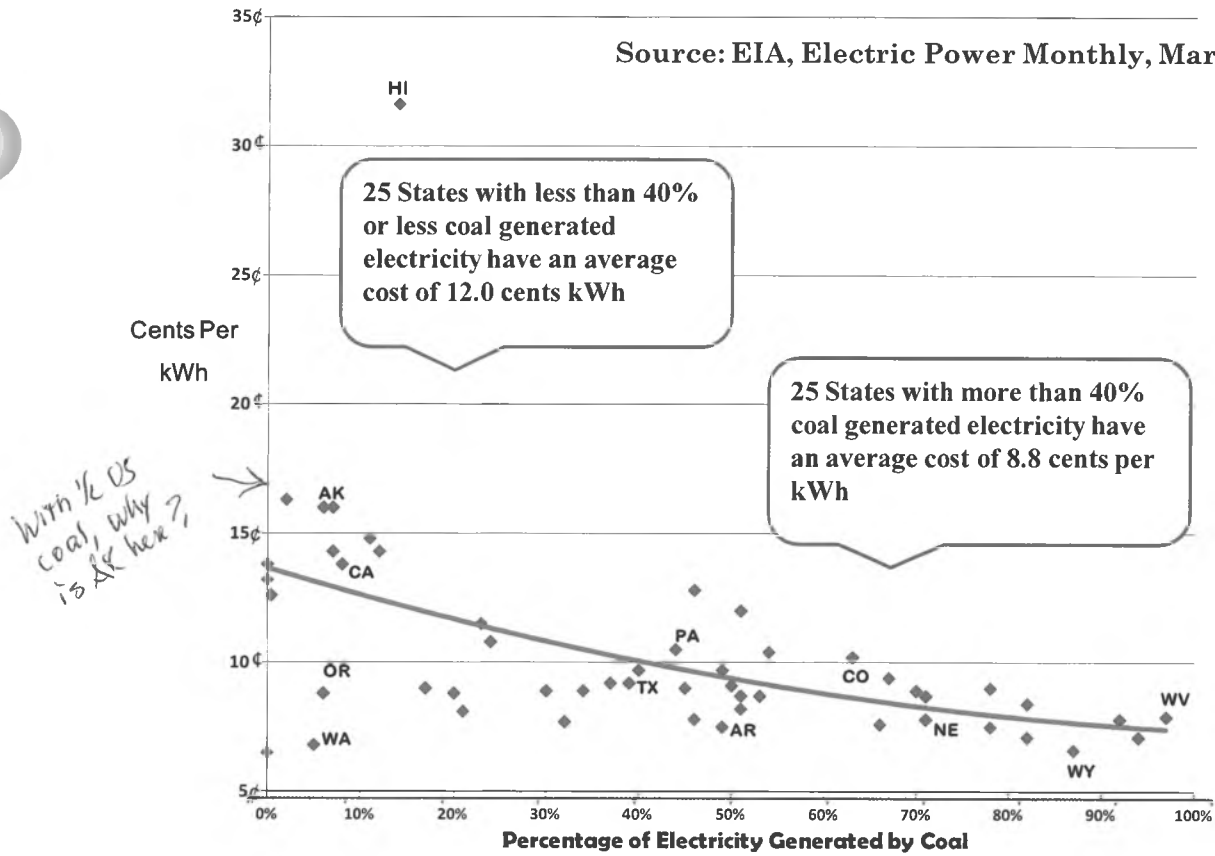


Coal Facts

- The U.S. has 25% of the world's coal reserves.
- Alaska has 50% of the U.S. coal reserves.
- Railbelt >1,000 years reserve at current consumption.



Source: EIA, Electric Power Monthly, March 2012



Economic Development: Jobs

- Full-time employees – 130
- Avg # years with UCM – 17
- Employees over 30 yrs – 10
- 20-30 yrs – 24
- Operations – 92
- Administration – 38
- 2nd, 3rd, 4th Generation – 48 (37%)
- Average Age – 44



Economic Development: **Jobs**

- Engineer
- Surveyor
- Finance and Accounting
- Personnel Management
- Safety Management
- Laboratory Technician/Chemist
- Maintenance Management
- Marketing
- Public Relations
- Environmental Management
- Heavy Equipment Operator
- Truck Driver
- Dragline Operator
- Welder
- Electrician
- Warehouse Management
- Fabricator
- Diesel Engine Mechanic



Economic Development: **Lifestyle**

- Year-round employment
- Urban lifestyle – not a remote camp
- Stable, long-term employer
- Highest Per-Capita Income in Alaska
- Average Annual Wage in Mining Industry:
\$100,000 (*Reference: Alaska Miners Association*)



Economic Development: **New Projects – Wishbone Hill**

- Wishbone Hill is located about 10 miles north of Palmer
- Early Mining: 1916 to 1982
- Roughly 7 million tons mined from 18 mines
- 1983 - exploration drilling started on WBH project
- By 1992 all permits for Wishbone Hill mine were obtained
- 14 million tons of surface minable coal identified
- The only Bituminous coal deposit on Alaska's road system



Economic Development: **New Projects – Wishbone Hill**

- 75 to 125 mine jobs at full production
- High paying stable jobs
- Year-round operation
- Money that stays in Alaska's economy
- Local Vendors & Contractors



Coal Industry Jobs - Direct

UCM	130
Alaska Railroad Corp. (coal trains)	20
Seward Coal Terminal	15
State and Federal Agencies	17
Power Plants:	
Fort Wainwright	42
Eielson AFB	55
Clear AFS	34
Aurora Energy	26
GVEA Healy #1/HCCP	34
University of Alaska	35
<hr/>	
Total	408



Export News

Short Tons of Coal Production Per Year

2007 – 1.25 million

2008 – 1.5 million

2009 – 1.9 million

2010 – 2.0 million

2011 – 2.2 million

2012 – 2.0 million

dollars associated?

1 million tons domestic & 1 million tons export



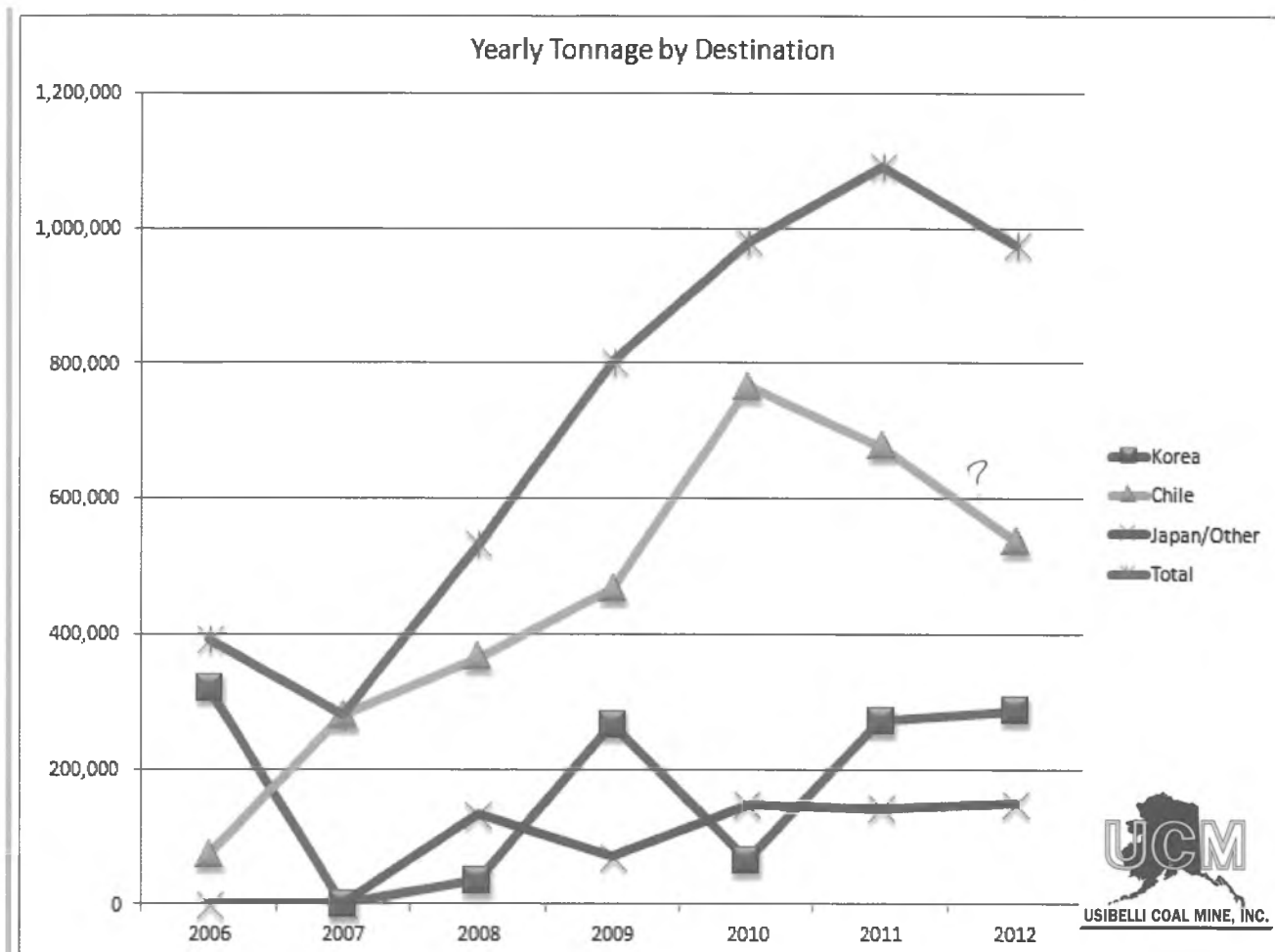
Current Alaskan Coal Customers

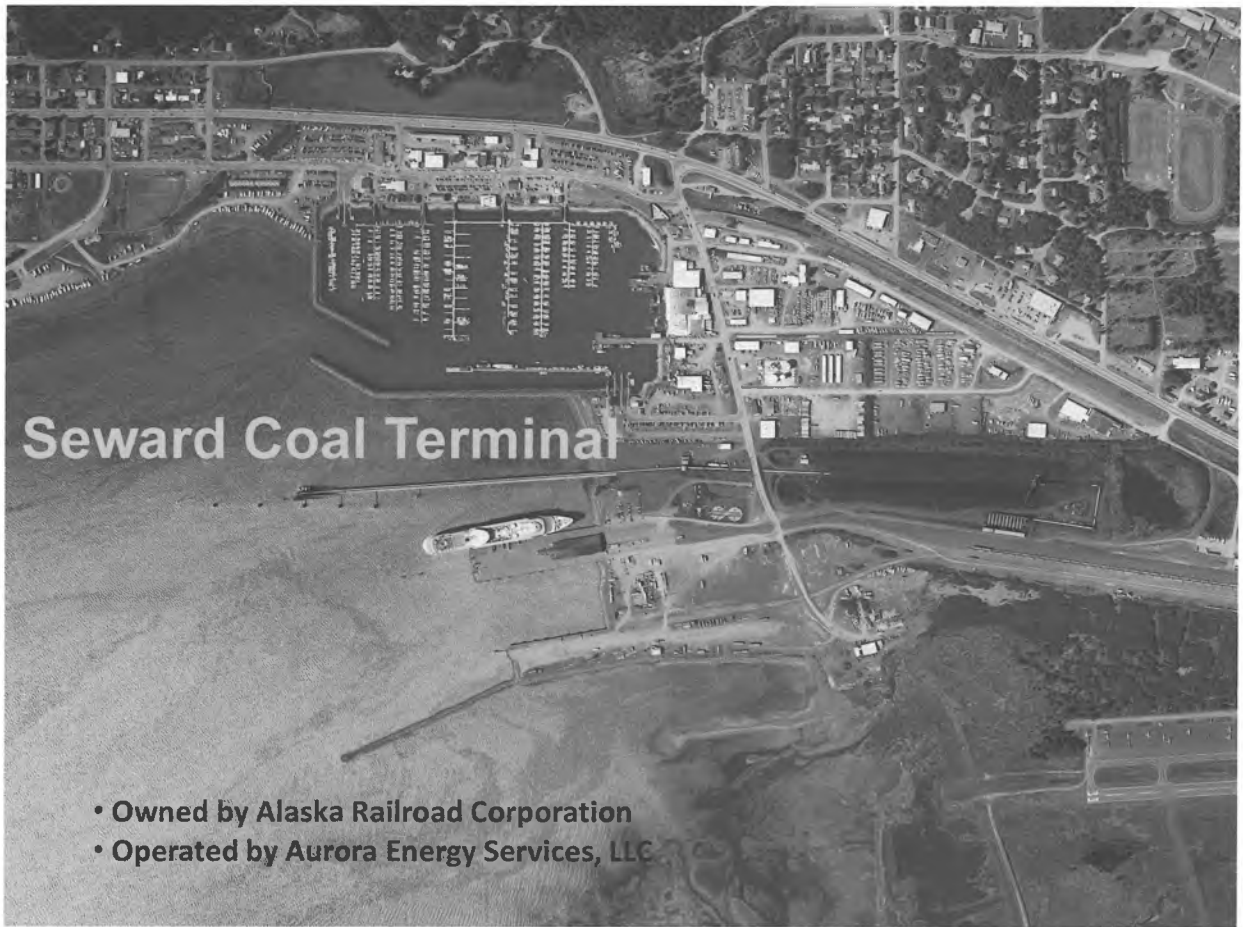
* cogeneration



- Ft Wainwright*
- Eielson AFB*
- Clear AFS*
- UAF*
- Aurora Energy*
- GVEA

○Coming soon: HCCP





Tourism

- Denali National Park
- Local Small Business Owners
- Many Seasonal Employees in Tourism
- Requests for Tours of the Mine



Lorali Simon
Usibelli Coal Mine, Inc
(907) 745-6028
lorali@usibelli.com

 www.facebook.com/usibellicoalmine

 @Usibelli

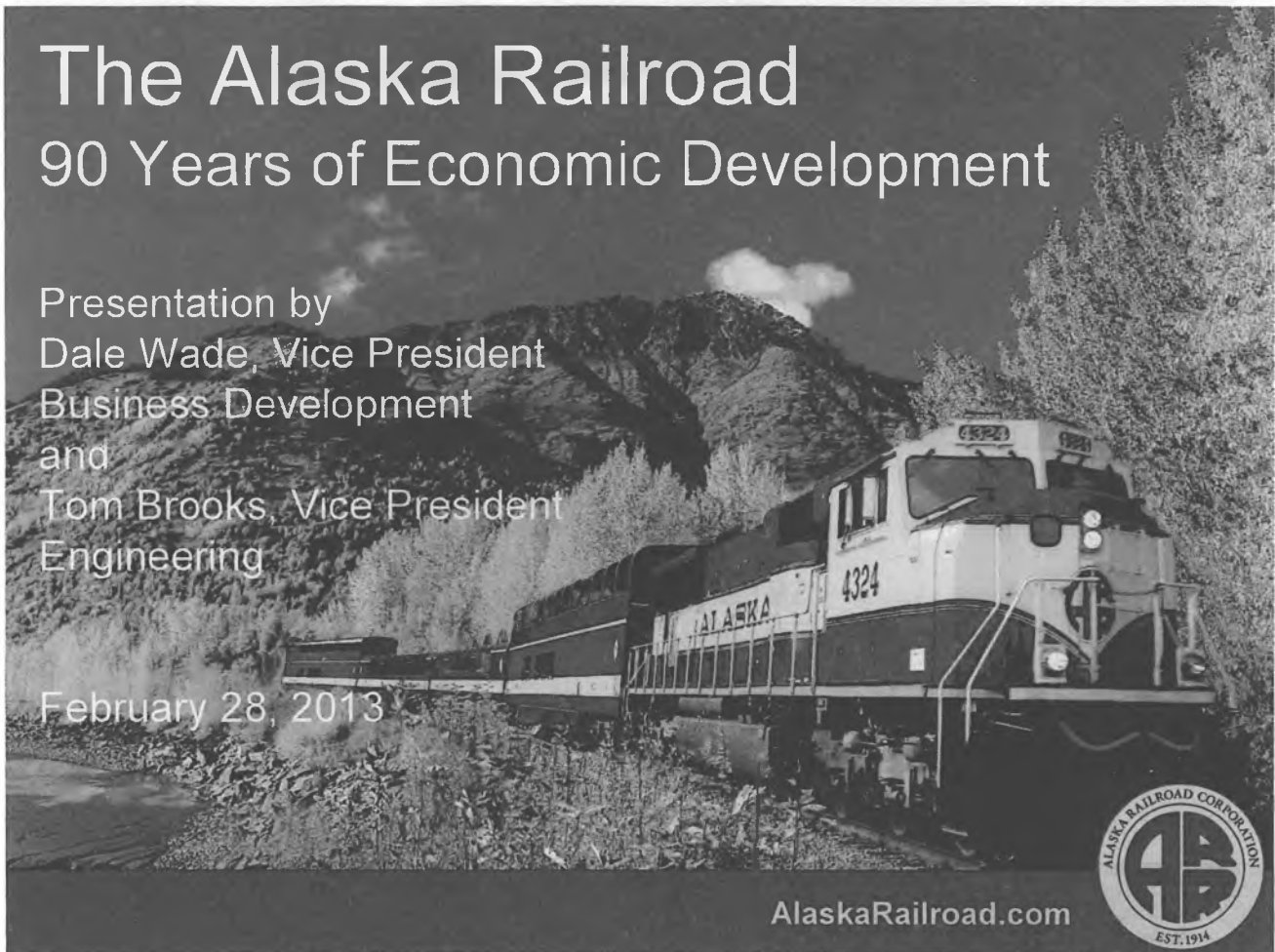


The Alaska Railroad

90 Years of Economic Development

Presentation by
Dale Wade, Vice President
Business Development
and
Tom Brooks, Vice President
Engineering

February 28, 2013



Alaska Railroad Quick Facts

Organization (following State purchase)

- Independent corporation owned by State
- Managed by a seven-member board of directors appointed by Governor
- Mandated to be self-sustaining, responsible for financial and legal obligations

Operating Data

- 656 Total miles of track
- 1,381 Freight cars (owned & leased)
- 45 Passenger cars
- 51 Locomotives

Operating Statistics (Jan - Dec 2012)

- 415,279 passengers
- 5.56 million tons of freight
- \$190.4 million total revenue (preliminary unaudited)

Employees (January 2013)

- 626 year-round employees
- 456 members of 5 unions

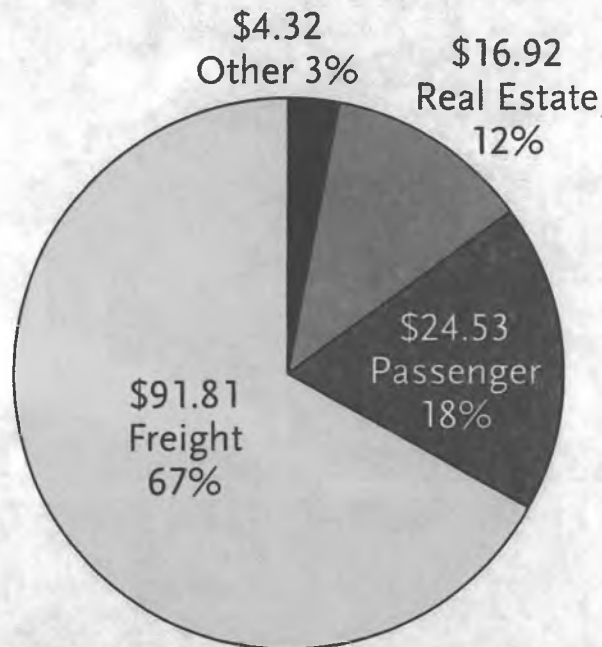


*Dale - business, eron
Tom Brooks engineer
Bill O'Leary*



2013 Budget Revenue Sources

(millions of dollars)



Enabling Act of 1914

- Congress empowered President Woodrow Wilson to locate, construct, and operate a railroad in Alaska.
- Purpose: open Alaska Territory for economic development
- Established as an independent authority



Seward track-laying gang



Transfer to the State

- Purchased by the state in January 1985 for \$22.3 million.



**Chapter 42.40 ALASKA RAILROAD CORPORATION
Sec. 42.40.010. Establishment of the corporation.**

There is established the Alaska Railroad Corporation. The corporation is a public corporation and is an instrumentality of the state within the Department of Commerce, Community, and Economic Development. The corporation has a legal existence independent of and separate from the state. The continued operation of the Alaska Railroad by the corporation as provided in this chapter is considered an essential government function of the state.

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FREIGHT SERVICES



Oilfield Supplies



Petroleum Products



Military



Coal



TOFC/COFC



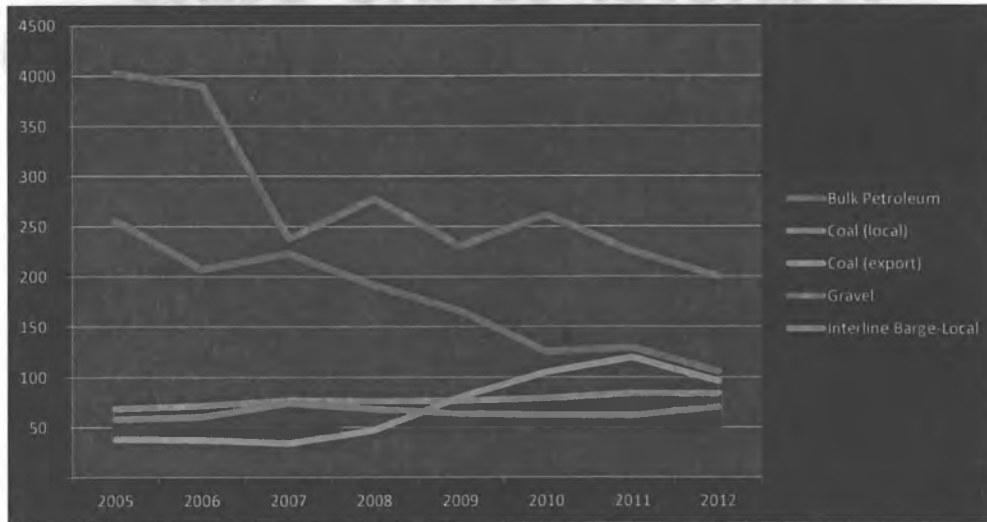
Gravel



Intermodal

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Freight 2005-2012 (thousands of tons)



Tons	2005	2006	2007	2008	2009	2010	2011	2012	% Chg 2011-12
-----in thousands of tons-----									
Bulk Petroleum	2,555	2,068	2,230	1,910	1,657	1,254	1,292	1,057	-18.2%
Coal (local)	683	713	766	761	762	791	836	838	0.2%
Coal (export)	384	374	342	471	801	1,051	1,195	961	-19.6%
Gravel	4,024	3,900	2,377	2,776	2,306	2,614	2,252	2,003	-11.1%
Interline Barge/local	580	607	742	681	637	622	619	702	13.4%
TOTAL	8,226	7,662	6,457	6,599	6,163	6,332	6,194	5,561	-10.2%



2012 Freight Facts

- 57,250 railcars moved 5.6 million tons
- Accounted for 67% of customer revenue
- Intermodal, Interstate, Interline and International
- Longest Rail-Haul in North America
 - Alaska Railroad from Seattle to Fairbanks
 - 1815 Miles
 - Interline service from Panama City, Florida to Fairbanks
 - 4842 Miles



Intrastate Freight

Within Alaska

- TOFC & COFC
- Scrap Metal
- Coal (Local & Export)
- Construction Materials
- Gravel
- Jet Fuel



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Interstate Freight

Lower 48 to Alaska

Alaska Railbelt Marine



- Seattle – Whittier
- BNSF & Union Pacific
- 52 Voyages/Year
- 7 Day Transit
- 45 – 50 Railcar Capacity
- Railcar Tracking
- Safe, Reliable, Affordable Service

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International Freight

Canada to Alaska

Canadian National Railroad



- Prince Rupert – Whittier
- 30+ Voyages/Year
- 4 Day Transit
- 45 – 50 Railcar Capacity

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PASSENGER SERVICES

Summer



Daily Service

Mid-May to Mid-September

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Winter



Weekend Service

Mid-September to Mid-May



Regularly Scheduled Year-Round Passenger Service

- Full summer schedule of ARR trains and support to cruise passengers
- Hurricane Turn and Aurora winter train
 - Flag stop service
 - Provides critical access for Alaska residents living and playing where there are no roads
- Provides eligibility for federal formula funds



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Additional Summer Passenger Service

- Transport over 400,000 visitors a year
- Most trips start and/or end in Anchorage
 - Coastal Classic from Anchorage to Seward
 - Glacier Discovery from Anchorage to Whittier and Chugach National Forest
 - Denali Star from Anchorage to Denali National Park and on to Fairbanks



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Access to the parks

■ Chugach National Forest

— Transit in the Parks Program

- Partner with U.S. Forest Service in 2007
- Grants for DMU & construction of 5 whistle stops
- Promote access to Chugach without increasing traffic



■ Denali National Park & Preserve

- Premier Alaska Destination
- 2004 \$5 million Depot Upgrade

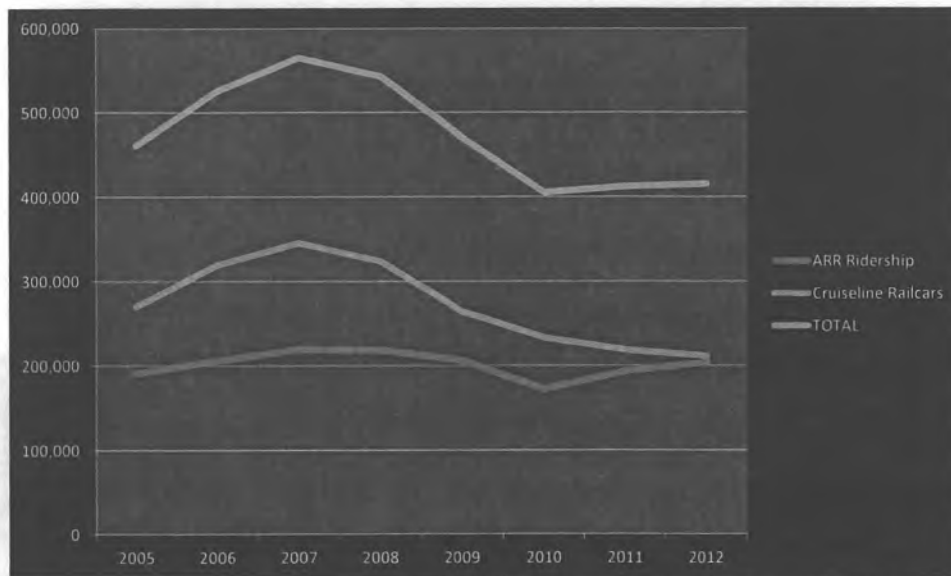


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Passengers 2005-2012



Passengers	2005	2006	2007	2008	2009	2010	2011	2012	% Chg 2011-12
ARR Ridership	190,963	205,924	219,370	218,833	206,410	171,975	193,293	204,120	5.6%
Cruiseline Railcars	270,155	319,369	345,430	323,838	264,376	233,160	218,916	211,159	-3.5%
TOTAL	461,118	525,293	564,800	542,671	470,786	405,135	412,209	415,279	0.7%

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Real Estate

- Property Development
- Leases and Permits
- Dockage and Wharfage
- Facilities Maintenance and Management
- Approximately 36,000 acres

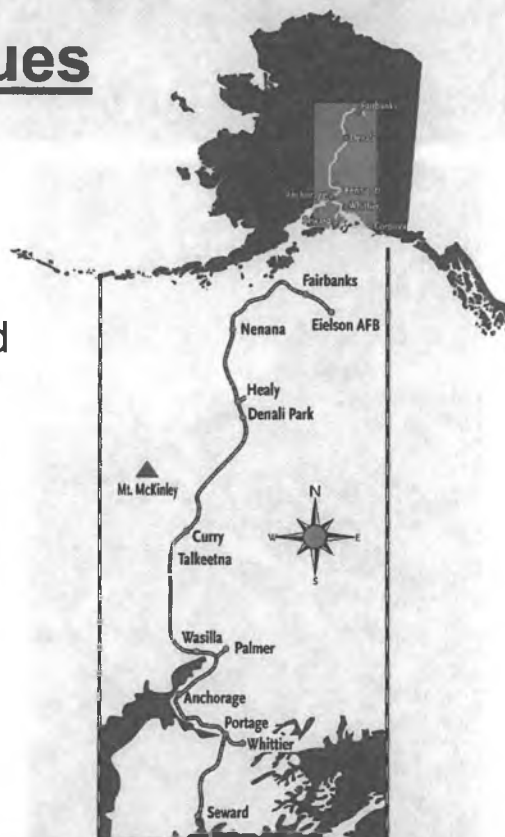


Clockwise from bottom left: Fairbanks depot; Ship Creek basin includes highly valuable leasable land; upland from the Seward freight dock is being developed



State Issues

- State Rail Plan
 - In process, to be completed in 2013
 - First since transfer to state
- Transportation Infrastructure Fund
 - If created ARRC would like to be included
- 95-Year Lease
 - Developers appreciate it as a tool
 - No requests yet.
- System Expansion
 - Northern Rail Extension
 - Port MacKenzie Rail Extension



Federal Issues

■ FTA Formula Funding

- Significant reduction for 2013 and moving forward
- Will be up again in 2014

■ Positive Train Control

- Unfunded Federal Mandate
- Unattainable deadline Dec. 2015
- \$15 million+/year to 2018 for construction
- \$5 million+/year for maintenance
- Would prohibit passenger service if not implemented

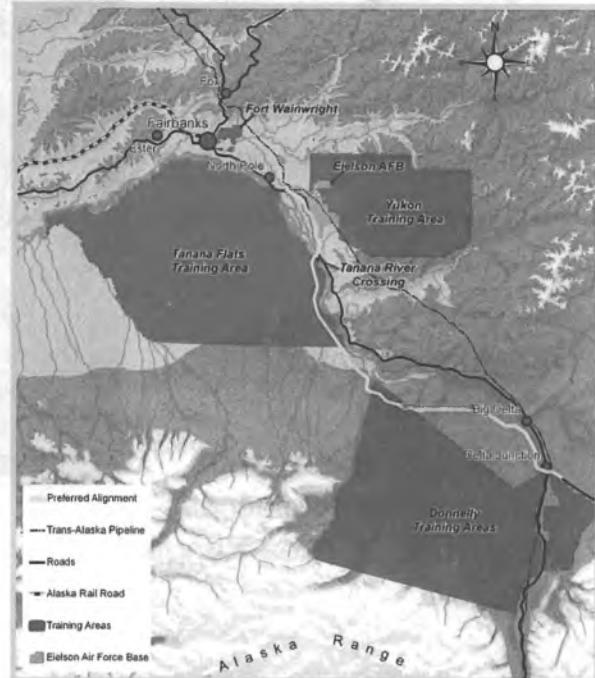


ARRC Project News



Northern Rail Extension 4 Phase Project

- 80+ miles of rail from North Pole to Delta Junction
 - Phase 1 : Bridge over Tanana River, approach road and levee near Salcha
 - Phase 2 : 13 miles of rail from Moose Creek / Eielson AFB to Tanana River Crossing
 - Phase 3 : 30 miles of rail from Tanana River Crossing to Donnelly Training Area
 - Phase 4 : 38 miles of rail from Donnelly Training Area to Delta Junction



Northern Rail Extension Project Benefits

- Commercial freight and passenger service supporting communities
- Transportation alternative to Richardson Highway
- Connects military at JBER, Wainwright, Eielson, Clear and Delta Junction by rail to each other and to 3 Alaska ports
- Support regional tourism
- Economic and Resource Development Potential
- Future Canadian Connection?



Phase 1 – Tanana River Crossing

- Longest bridge in Alaska
 - 3300 Feet
- Levee to direct river flow
- \$188.2 million total cost
 - \$84.0 million State of Alaska
 - \$104.2 million Department of Defense
- Provide US Military with year round vehicle access to Joint Pacific Area Range Complex



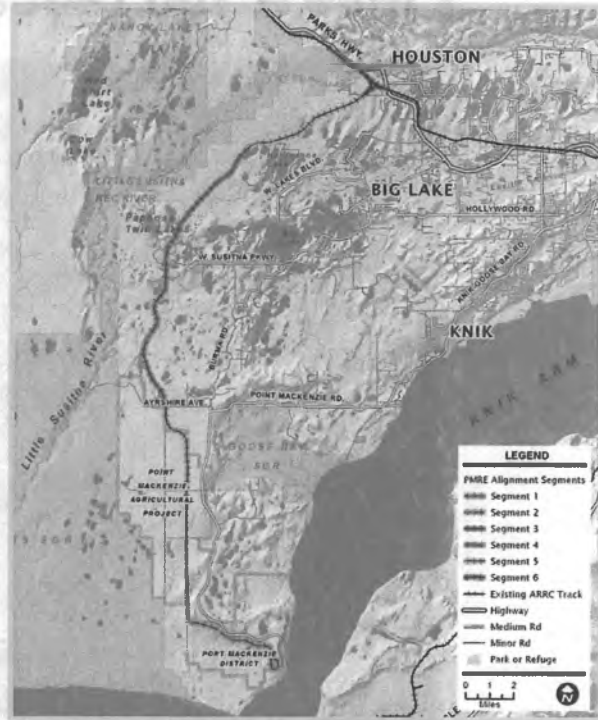
Phase 1 – Tanana River Crossing

- Keeping Alaskans Working
 - 70% Alaskan Hire on Project (2012 3rd Qtr. 86 out of 123)
 - Alaskan Companies Providing Services
- Kiewit Infrastructure West Co. – Construction Management/General Contractor
- HDR Alaska, Inc. – Project Management
 - Rolling Stone Construction
 - Alaska Quality Insulators
 - Statewide Clearing, Inc.
 - Dimond Electric
 - Alaska Drilling
 - JD Steel
 - HC Redimix
 - Code 3 Logistics
 - Bighorn Enterprises
 - Arctic Surveys Company
 - Alaska Industrial
 - HansonAlaska
 - Shannon & Wilson
 - PDC, Inc.
 - MAPPA
 - Northstar Terminal and Stevedore
 - Maynard's Mill & Small Buildings
 - Warwick Surveying
 - Carlile Transportation
 - Accupoint, Inc.
 - Brice, Inc.
 - Brown's Hill Quarry



Port MacKenzie Rail Extension

- 32 mile rail extension
 - Houston to Port MacKenzie
 - ARRC serving as program manager to Mat-Su Borough
- All funding from State of Alaska



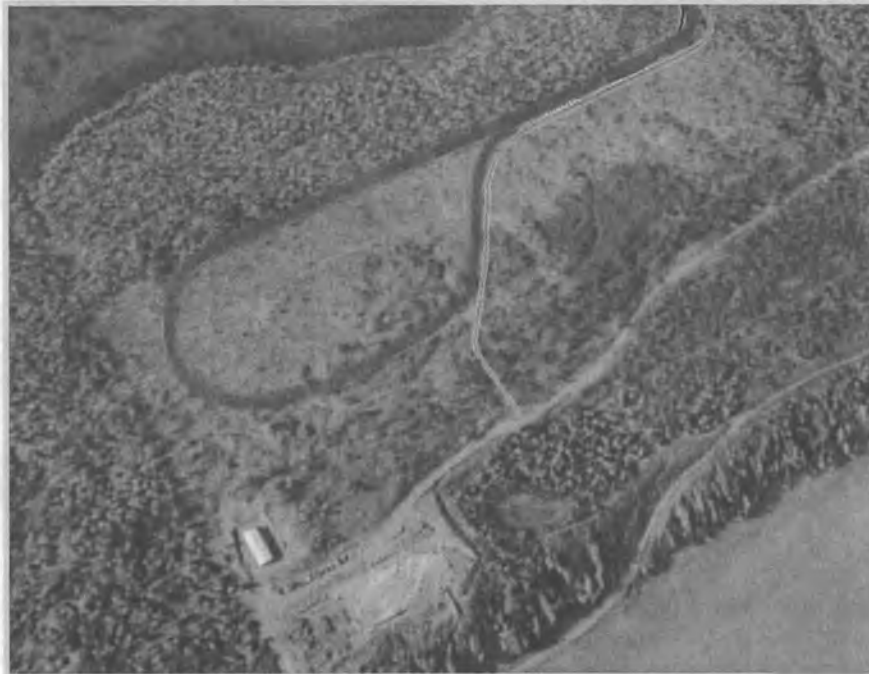
Port MacKenzie Rail Extension



- 4th Alaska Port served by Alaska Railroad
- 14 square mile Port MacKenzie District
- Staging, storage and industrial area
- Largest port reserve area in Alaska



Port MacKenzie Rail Extension 1 mile – 100 railcar industrial loop



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Potential Growth

- East to Canada – Continue NRE
- West to Nome – Access to resources
- North to Prudhoe Bay – Pipeline on Rails
- Corridors to resources
 - Include rail, road, utilities, pipelines, etc.
 - Can build road to railroad geometry
- Development of large resources move more efficiently by rail
- Cross continental passenger service

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Economic Development Partner

- Intermodal, Interstate & International Shipping

- Supplies for exploration, drilling and development
- OCS, ANWR, NPR-A Pipelines
- Natural Gas Pipeline



- Pipeline on Rails

- LNG
- Crude Oil
- Refined Oil



- Renewable Energy Development

- Watana-Susitna Dam
- Future Wind Projects

- New Coal



Overview on tourism & travel patterns for the Alaska State Legislature

2-28-2013

Presented by Ralph Samuels
Vice President, Community & Government Relations



Typical travel patterns



In-state travel options



Alaska product use – F&B



- Alaska Marine Conservation Council (AMCC)** - Kodiak Bairdi crab
- Hot Licks Ice Cream** - blueberry and specialty ice cream
- Indian Valley Meats** - reindeer sausage
- Alaska Jacks** - fireweed syrup
- Alaska Chip Company** - specialty chips
- Arctic Cuts**- cut & washed local produce and fruit
- Basically Basil** - organically grown local produce/herbs
- Copper River Seafoods** - fresh halibut, salmon, cod
- Ditomaso's Produce** - local produce when in season/available
- Tenth & M Seafoods** - fresh salmon, scallops, cod
- Fisherman's Express** - King crab, crab cakes, scallops
- AK Brewing Co.** - beer
- Glacier Brewhouse** - beer
- Midnight Sun Brewery** - beer
- Silver Gulch Brewing Co.** - beer
- Alaska Distillery** - flavored local vodka
- Kahiltna Birch Works** - birch syrup
- Kaladi Bros./Silverhook** - espresso and drip coffee
- Heritage Coffee Company** - espresso and drip coffee
- Taco Loco** - tortillas, chips
- Alaska Chi** - made by the Homer Brewing Company, Inc.
- Food Services of America** - Local produce, local meats

Travel experiences are endless



Working with local vendors



- Alaska Nature Guides
- Alaska Travel Adventures
- Aramark Sports & Entertainment Services LLC
- Black Bear ATV Adventures
- Black Diamond Resort
- D & S Trail Rides
- Denali Air
- Denali ATV Adventures
- Denali Backcountry Guides
- Denali Fly Fishing Guides
- Denali Jeep LLC
- Denali Southside River Guides
- Denali Tundra Tours
- Denali Wilderness Safari
- ERA Helicopters, LLC
- Jeff King, Inc.
- K2 Aviation
- Mahay's Jet Boat Adventures
- McKinley Flight Tours
- Nenana Raft Adventures
- Talkeetna Fishing Guides
- Talkeetna River Guides
- Terry Boyd Photography Tours, LLC
- Trapper Creek Tours



Economic impact of tourism to State: \$3.72 billion

Table 6. Total Visitor Industry Labor Income, and Spending, By Region, 2008-09 and 2011-12
(including direct, indirect, and induced effects)

	2008-09 Labor Income	2008-09 Spending	2011-12 Labor Income	2011-12 Spending
Southcentral	\$514 million	\$1,751 million	\$580 million	\$1,966 million
Interior	205 million	519 million	240 million	605 million
Southeast	373 million	1,004 million	370 million	1,003 million
Southwest	41 million	115 million	42 million	116 million
Far North	10 million	25 million	11 million	29 million
Total	\$1.14 billion	\$3.41 billion	\$1.24 billion	\$3.72 billion

- *McDowell Group, Inc. – Economic Impact of Alaska’s Visitor Industry, 2011-12*

Revenue to local governments: \$71+ million

Revenues to Municipal and State Governments

	<u>2008-09</u>	<u>2011-12</u>
Municipal Revenues	\$69.8 million	\$71.1 million
Sales tax revenues	\$28.9 million	\$29.2 million
Lodging tax revenues	\$23.5 million	\$26.7 million
Dockage/moorage revenues	\$17.4 million	\$15.2 million

- *McDowell Group, Inc. – Economic Impact of Alaska’s Visitor Industry, 2011-12*

Revenue to the State: \$107 million

Table 7. Selected Revenues to Municipal and State Governments
2008-09 and 2011-12

	2008-09	2011-12
Municipal Revenues	\$69.8 million	\$71.1 million
Sales tax revenues	\$28.9 million	\$29.2 million
Lodging tax revenues	\$23.5 million	\$26.7 million
Dockage/moorage revenues	\$17.4 million	\$15.2 million
State of Alaska Revenues	\$136.6 million	\$107.8 million
Commercial Passenger Vessel Tax	\$46.4 million	\$32.0 million
Passenger Gambling Tax	\$6.3 million	\$5.8 million
Ocean Ranger Program	\$4.0 million	\$3.6 million
Commercial Passenger Vessel Environmental Compliance Program	\$1.0 million	\$0.8 million
Fish & Game licenses/tags	\$17.1 million	\$17.8 million
Alaska Marine Highway System revenues	\$15.4 million ¹	\$18.4 million
Alaska Railroad Corporation revenues	\$19.4 million	\$20.2 million
Vehicle rental tax	\$5.6 million	\$5.7 million
Corporate income tax	\$21.4 million	\$3.5 million
Total Selected Revenues	\$206.4 million²	\$178.9 million

- McDowell Group, Inc. – Economic Impact of Alaska's Visitor Industry, 2011-12

Partnerships

- National Parks: 60+ employees from Denali Princess Wilderness Lodge worked on trail restoration along Rock Creek Trail (2012)
- State Parks: 12+ employees from McKinley Princess Wilderness Lodge worked on the Byers Lake Trail (2010-11)
- Roadside clean up: employees from Anchorage to Talkeetna to Healy adopt sections of road as part of annual clean up efforts



Visitor flow

- 150,000 passengers ride the rail
- 170 HAP motorcoaches
+ 90 others within the Denali corridor
- 20 HAP rail cars
+ 10 from Alaska RR on busy days



Rail vs. motorcoach capacity

- Most rail cars hold 72-88 people
- It would take more than 50 additional motorcoaches to take the place of rail traffic, adding to congestion in downtown, as well as the entire Denali corridor



- Replacing rail cars with motorcoaches would require about 30 more coaches on the Parks/Glen Highway

February 2013

Economic Impact of
**Alaska's
Visitor Industry**
2011-12

Prepared for
Alaska Department of Commerce,
Community, and Economic Development
Division of Economic Development

Prepared by

McDowell
GROUP



Economic Impact of

Alaska's Visitor Industry 2011-12

February 2013

Prepared for:

STATE OF ALASKA

Alaska Department of Commerce,
Community, and Economic Development
Division of Economic Development

Prepared by:

 **McDowell**
G R O U P

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Executive Summary

This study measures the economic impact of Alaska's visitor industry for the period of May 2011 through April 2012 in terms of employment, labor income, and total spending. Both direct and indirect (including induced) impacts are estimated based on visitor industry-related spending. The report also shows estimated revenues to state and municipal governments during the study period. The source for estimated visitor volume and spending is the *Alaska Visitor Statistics Program VI (AVSP)*. Additional sources for this study include cruise lines, municipalities, the U.S. Bureau of Economic Analysis, and various departments of the State of Alaska. This report includes comparisons to a previous study, which covered the October 2008 through September 2009 period.

Employment

Alaska's visitor industry accounted for an estimated 37,800 full- and part-time jobs during the 2011-12 study period, including all direct, indirect, and induced impacts. Peak employment is estimated at 45,000. These jobs resulted in total labor income of \$1.24 billion.

Half (50 percent) of visitor industry-related employment occurred in Southcentral Alaska, 27 percent in Southeast, 19 percent in Interior, 4 percent in Southwest, and 1 percent in Far North. Although Southeast and Southcentral draw a similar number of visitors annually, Southcentral draws a much greater proportion of overnight visitors, leading to greater spending per person, and a higher degree of economic impacts.

Spending

The visitor industry generated \$3.72 billion in spending during the 2011-12 study period, including all direct, indirect, and induced impacts. The spending is distributed throughout the state similarly to employment, with 53 percent attributable to Southcentral, 27 percent to Southeast, 16 percent to Interior, 3 percent to Southwest, and 1 percent to Far North.

Spending, labor income, and employment impacts are derived from applying economic multipliers by region and sector to visitor industry spending (visitor spending, cruise line spending, cruise line payroll, crew member spending, and spending on air and ferry tickets to enter/exit the state).

Chart ES-1. Total Visitor Industry-Related Employment in Alaska, 2011-12

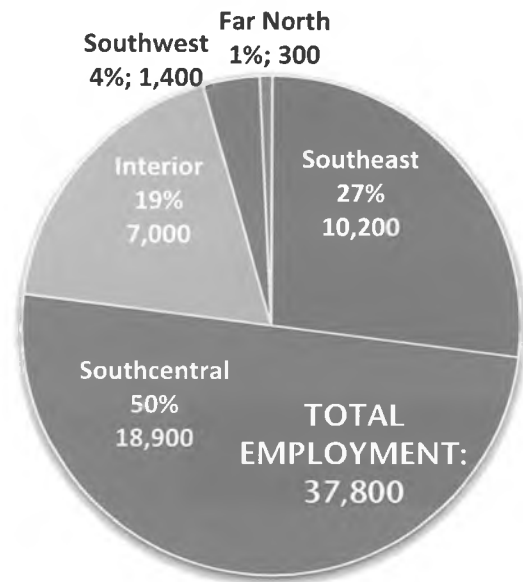
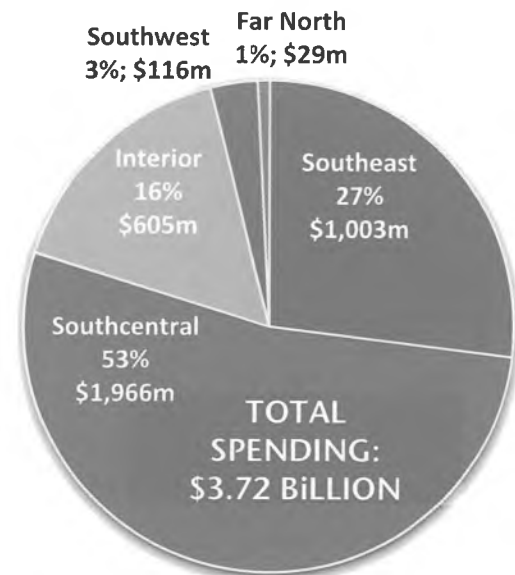


Chart ES-2. Total Visitor Industry-Related Spending in Alaska, 2011-12

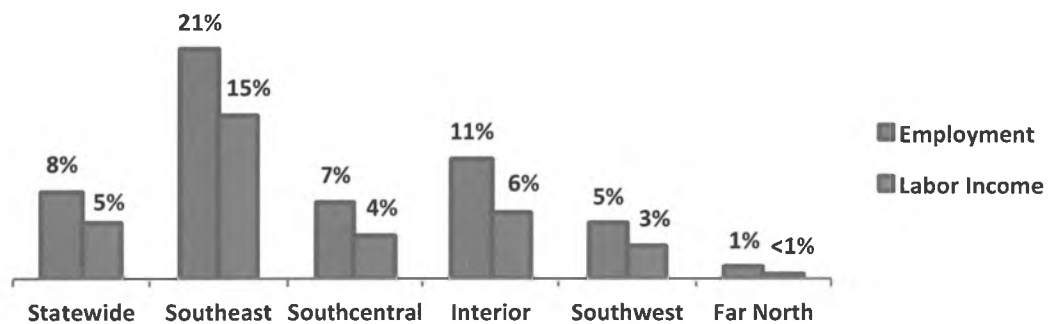


The Role of the Visitor Industry in the Economy

Visitor industry-related employment (37,800 jobs) represented 8 percent of statewide employment in 2011-12, and 5 percent of statewide labor income. Employment is higher than labor income due to the seasonal nature of many visitor industry jobs.

Although visitor industry-related employment and labor income are highest in Southcentral, the industry plays the greatest role in Southeast, accounting for 21 percent of employment and 15 percent of labor income. In Southcentral's much larger economy, the visitor industry accounts for 7 percent of employment and 4 percent of labor income. The visitor industry accounts for 11 percent of employment and 6 percent of labor income in the Interior, for 5 and 3 percent in Southwest, and for 1 and less than 1 percent in the Far North, respectively.

Chart ES-3. Visitor Industry-Related Employment and Payroll as Percentage of Total, 2011-12



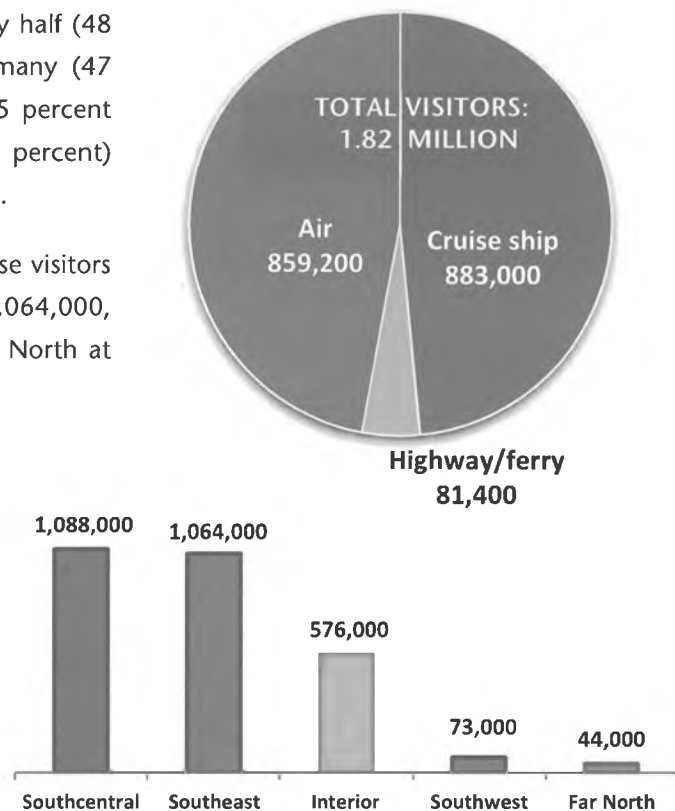
Visitor Volume

An estimated 1,823,600 out-of-state visitors traveled to Alaska between May 2011 and April 2012. Roughly half (48 percent) were cruise ship passengers; nearly as many (47 percent) traveled to and from Alaska by air; and 5 percent were highway/ferry visitors. The vast majority (85 percent) traveled during the May through September period.

Southcentral received the largest proportion of these visitors at 1,088,800, followed closely by Southeast at 1,064,000, Interior at 576,000, Southwest at 73,000, and Far North at 44,000.

The visitor volume of 1.82 million is 1 percent lower than volume measured for the previous study period (October 2008-September 2009). However, the composition of the visitors changed, with cruise volume decreasing by 14 percent and non-cruise volume increasing a similar amount.

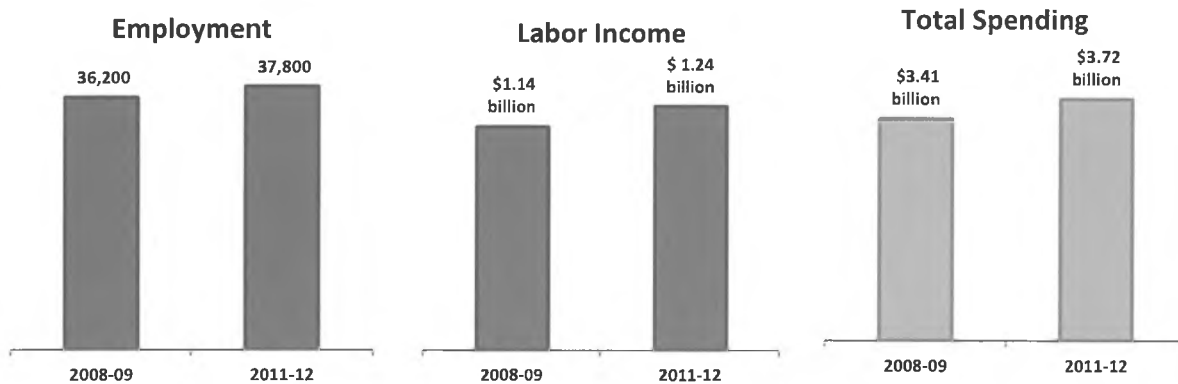
Chart ES-4. Alaska Visitor Volume by Transportation Market and Regions Visited, 2011-12



Trends in Total Impacts

Total visitor industry-related employment of 37,800 jobs is 1,600 above the total measured in the 2008-09 study, a 4 percent increase. Labor income increased \$100 million between the two study periods, a 9 percent increase. Total visitor-related spending also increased by 9 percent, adding \$310 million. Though both labor income and total spending are 9 percent above 2008-09 levels, after adjusting for inflation the increase in real dollars matches the employment increase of approximately 4 percent. Dollar values in the following chart are nominal values, i.e., not adjusted for inflation.

Chart ES-5. Visitor Industry Employment, Labor Income, and Total Spending, 2008-09 and 2011-12



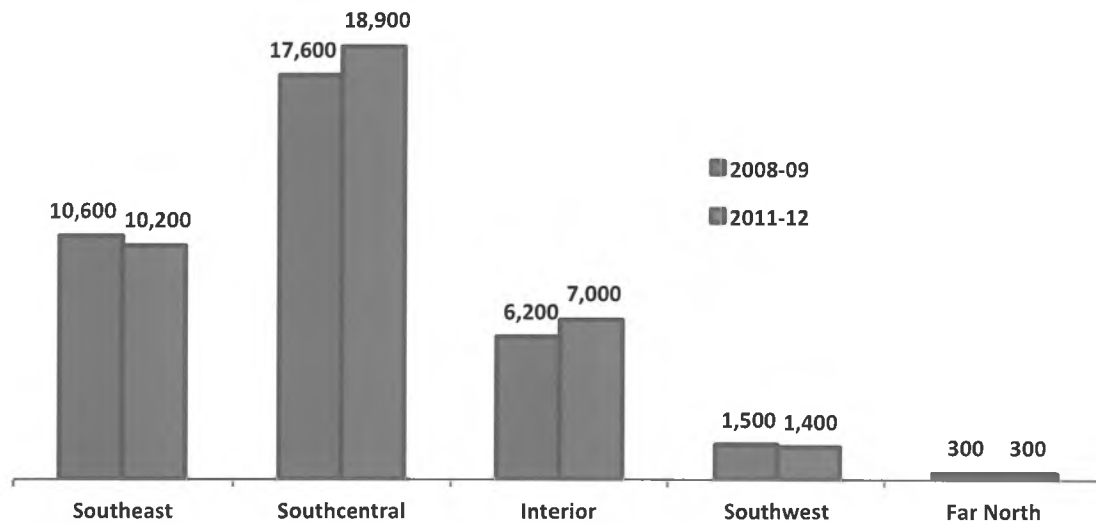
The increase in visitor industry economic impacts between the two study periods occurred despite a 1 percent decrease in visitor volume. The increase is attributable to two major factors. The composition of visitors changed, with cruise visitor volume dropping by 14 percent and air visitor volume increasing a similar amount. Because air visitors spend more on a per-person basis than cruise visitors, overall spending increased. In addition, the improved economy in 2011-12 translated to higher per-person spending levels.

Trends in Regional Impacts

On a regional basis, Southcentral added 1,300 visitor industry jobs, a 7 percent increase. The Interior added 800 jobs, a 13 percent increase. These regional increases are largely attributable to the growth in the air visitor market. Visitor-related employment in Southeast actually declined, losing approximately 400 jobs (about 4 percent). The loss reflects the region's dependence on cruise ship traffic. Visitor industry-related employment in the Southwest declined by about 100 jobs while Far North employment related to the visitor industry was flat between the 2008-09 and 2011-12 periods.

See chart, next page

Chart ES-6. Visitor Industry-Related Employment by Region, 2008-09 and 2011-12



Revenues to Municipal and State Governments

The visitor industry contributed an estimated \$178.9 million to municipal and state governments during the May 2011 to April 2012 period, including \$71.1 million to municipalities and \$107.8 million to the State of Alaska.

Compared to the previous study period, revenues to municipalities increased slightly (from \$69.8 million to \$71.1 million). An increased number of air visitors translated to higher lodging tax revenues. Sales tax revenues were about flat, generally reflecting spending patterns in Southeast (Anchorage and Fairbanks do not have a sales tax). A decrease in cruise traffic led to lower dockage/moorage revenues.

State revenues decreased from \$136.6 million to \$107.8 million. Most of the decrease is attributable to lower corporate income tax payments in the tourism sector, but the decrease in cruise passenger traffic and lower Commercial Passenger Vessel Tax on passengers also led to lower cruise line payments.

Table ES-1
Selected Revenues to Municipal and State Governments, 2011-12

	Estimated Revenues
Municipal Revenues	\$71.1 million
Sales tax revenues	\$29.2 million
Lodging tax revenues	\$26.7 million
Dockage/moorage revenues	\$15.2 million
State of Alaska Revenues	\$107.8 million
Cruise line payments	\$42.2 million
Fish & Game licenses/tags	\$17.8 million
Alaska Marine Highway System revenues	\$18.4 million
Alaska Railroad Corporation revenues	\$20.2 million
Vehicle rental tax	\$5.7 million
Corporate income tax	\$3.5 million
Total Selected Revenues	\$178.9 million

Introduction and Methodology

Introduction

The Alaska Department of Commerce, Community, and Economic Development (DCCED) contracted with McDowell Group to measure the regional and statewide economic impact of Alaska's visitor industry for the 12-month period of May 2011 through April 2012, including direct, indirect and induced effects. In addition to estimating visitor-related spending, employment, and payroll, the report shows visitor-related impacts on state and municipal governments over the same period. This study represents an update to the previous report on visitor industry impacts in 2008-09, completed for DCCED by McDowell Group in March 2010.

Methodology

Visitor Volume and Spending

Visitor volume and spending estimates were based on the *Alaska Visitor Statistics Program VI (AVSP)* reports for summer 2011 and fall/winter 2011-12, conducted by McDowell Group for DCCED.

Visitor volume estimates were based on visitor/resident tallies of 92,620 travelers exiting Alaska at major exit points between May 2011 and April 2012. The resulting ratios were applied, by month and by location, to traffic data (highway border crossings and airport enplanements) to arrive at visitor volume estimates. Cruise passengers were assumed to be 100 percent visitors.

Visitor spending estimates were based on results from 8,111 surveys of out-of-state visitors who were exiting Alaska at major exit points between May 2011 and April 2012. The survey collected information on the total amount spent in Alaska as well as the amount spent in each community visited, by spending category (lodging, tours/activities/entertainment, gifts/souvenirs/clothing, food/beverage, transportation/rental cars/fuel, packages, and other). Spending figures exclude cruise packages and transportation used to enter and exit the state.

To arrive at total visitor spending estimates, several adjustments were made to the spending figures from the survey. Tour commissions were extracted from passenger spending estimates because they accrue directly to travel agents, tour operators, and cruise lines at the time of the sale. In addition, spending by non-cruise visitors in the "overnight package" category was distributed among sectors and regions (as respondents are not able to categorize their package spending for purposes of the survey).

Final spending estimates were derived from applying average spending by season, by category, and by region to visitor volume estimates.

More detail on visitor volume and spending methodology is available in the AVSP reports at the following link:

<http://commerce.alaska.gov/ded/dev/toubus/research.htm>

Additional Visitor Industry Spending

Additional visitor industry spending includes cruise line spending, crew member spending, and visitor spending on air and ferry tickets to enter and exit Alaska.

CRUISE LINE SPENDING

Cruise line spending was based on 2011 purchasing data provided by four major cruise lines: Princess Cruises, Holland America Line, Royal Caribbean International (which operates both Royal Caribbean Cruises and Celebrity Cruises) and Carnival Cruise Lines. Together, these lines represent 80 percent of 2011 cruise passenger traffic. Data was not available from Norwegian Cruise Line, Disney Cruise Line, or other (smaller) lines. Spending by other lines in Alaska was estimated using Carnival's spending data as a proxy, as the other lines most closely resemble Carnival in terms of their Alaska operations. (That is, the other lines do not operate land-based tours like Princess, Holland America, and Royal Caribbean.)

Data referring to nearly 2,000 vendors (excursions, products, and services) was reviewed and categorized by economic sector and region. All payments from cruise lines to excursion providers were excluded from the final spending estimates, as this spending is already accounted for in visitor spending data. For example, payments to Mt. Roberts Tramway were excluded, because passengers reported that spending in the AVSP survey; therefore it is included in the Passenger Spending category.

CREW MEMBER SPENDING

Crew member spending for 2011 was based on previous surveys of crew members conducted by McDowell Group, modified to account for changes in crew member volume by port and inflation. Spending estimates were corroborated by crew spending estimates provided by cruise lines.

SPENDING ON AIR AND FERRY TICKETS

Since spending on air and ferry tickets to enter and exit Alaska is excluded from AVSP visitor spending estimates, these figures are estimated and added to total visitor industry spending figures. Spending on air tickets was based on average Seattle-Alaska airfares, estimated volume by location, and an assumption that roughly half of spending on air tickets to enter and exit Alaska actually stays in Alaska. Spending on ferry tickets by out-of-state visitors to enter and exit the state between May 2011 and April 2012 was provided by the Alaska Marine Highway System.

Economic Impact Analysis

McDowell Group maintains a visitor industry economic impact model for assessing the effects of visitor industry-related spending in Alaska. Estimates of direct visitor industry employment and payroll are derived from visitor industry spending estimates, and verified using employment and payroll data from the Alaska Department of Labor and Workforce Development and U.S. Bureau of Economic Analysis. The model incorporates modified IMPLAN multipliers to estimate indirect and induced impacts. IMPLAN is a predictive input-output model of local and state economies, and is widely used to measure the economic impact of industries and industrial/commercial development. Indirect effects include those jobs and income created as a result of visitor industry businesses purchasing goods and services in support of their business operations.

Induced effects include jobs and income created as a result of employees of the visitor industry spending their payroll dollars in support of their households. Together, indirect and induced impacts are often termed “multiplier effects.”

Visitor Industry Tax Revenues

The report includes estimates of tax revenues to municipalities and state government from out-of-state visitors, to the extent possible.

Regional sales tax revenue estimates were calculated based on visitor industry spending and visitor volume at the community and regional level. To arrive at lodging tax revenues estimates, each community’s tax revenues were assigned a different “percentage out-of-state visitors” rate, based on rates calculated for the previous (2009) economic impact study, which were derived from a 2009 business survey and previous visitor research. For both lodging and sales tax estimates, tax rates and total taxes collected by community (from the *Alaska Taxable* report, 2011) were taken into account in the analysis. Total calendar year 2011 taxes were assumed as a proxy for the study period of May 2011 through April 2012. Cruise ship dockage/moorage revenues were collected from municipalities.

Cruise line payments to the State of Alaska were reported by the Department of Revenue. Fishing and hunting licenses and tag revenues were reported by the Department of Fish and Game. Vehicle rental taxes were reported by the Department of Revenue, adjusted to account for out-of-state visitors. The Department of Revenue also reported corporate income taxes associated with the visitor industry. The Alaska Marine Highway System provided revenues associated with out-of-state visitors. The Alaska Railroad Corporation reported passenger-related revenues, and McDowell Group estimated the percentage attributable to out-of-state visitors.

Comparisons to Previous Study

This study represents an update to the previous report on visitor industry impacts, completed for DCCED in March 2010 and covering the period of October 2008 through September 2009. The current study refers to the May 2011 through April 2012 period. Although the exact months differ between the two studies, each set of findings covers a 12-month period. Trend data is provided for many results in this report.

While findings presented in the two studies are generally comparable, some caution is warranted in interpreting trends reported in this 2011-12 report. Total spending and economic impact estimates presented in the 2011-12 report are based on more timely data than was available for the 2008-09 study. The current study draws on AVSP data collected during the 2011-12 study period. The 2008-09 study used AVSP spending data collected in 2006-07, which was updated using a variety of methods, primarily a survey of Alaska visitor industry businesses, in addition to indicators such as lodging tax revenues and inflation rates. The 2008-09 study was further complicated by the fact that between 2006-07 and 2008-09 the country experienced a major economic recession, significantly affecting Alaska visitor volume and spending. In addition, cruise line spending data available for the 2008-09 study was for the 2007 cruise season and required updating to 2009 via various methods. Cruise line spending for the 2011-12 study was for the 2011 cruise season. As such, while trend analysis is provided in this report, it is important to recognize that some of the change may be due to utilization of better data sources in the current study.

Visitor Volume

Visitor Volume, 2011-12

An estimated 1.82 million out-of-state visitors came to Alaska between May 2011 and April 2012. Nearly half of these visitors (48 percent) were cruise ship passengers; nearly as many (47 percent) entered and exited the state via air; and 5 percent entered or exited the state via highway or ferry.

The vast majority of Alaska’s annual visitor volume (1,556,800, or 85 percent) is attributable to the summer months of May through September, while 266,800 (or 15 percent) traveled to Alaska in the fall/winter period of October through April.

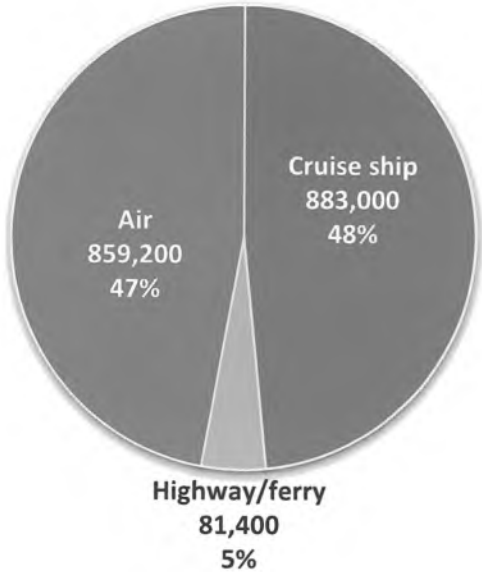
Visitor volume for 2011-12 was determined in the *Alaska Visitor Statistics Program VI (AVSP)*. Estimates are derived from applying visitor/resident ratios to traffic statistics (in the case of highway and air travelers). Actual numbers of visitors are provided for cruise and ferry passengers.

Visitor Volume by Region

The region that drew the highest number of visitors to Alaska during the study period was Southcentral at 1,088,000, followed closely by Southeast at 1,064,000. The Interior attracted about half that number at 576,000. The two regions of Southwest and Far North drew much lower numbers of visitors at 73,000 and 44,000, respectively.

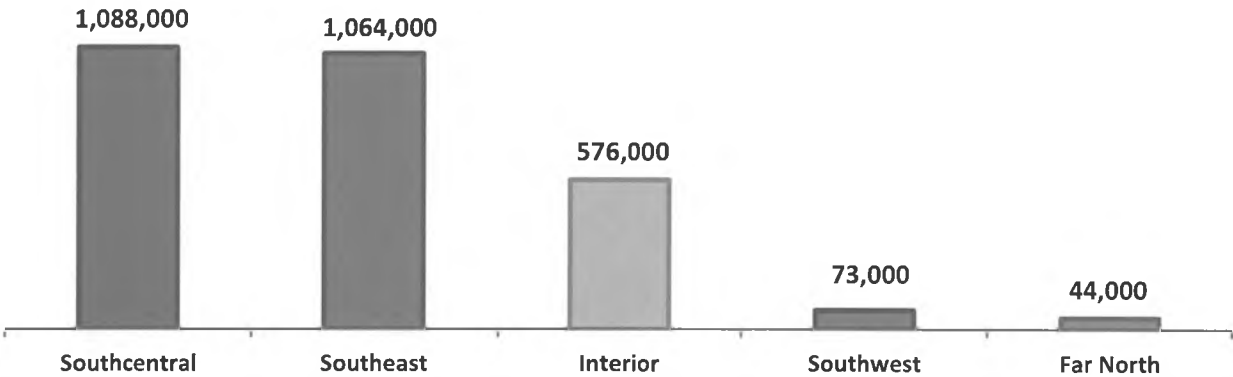
Chart 1.
Alaska Visitor Volume, May 2011-April 2012
By Transportation Market

Total Visitors:
1.82 million



Source: *Alaska Visitor Statistics Program VI, Fall/Winter 2011-12*, prepared by McDowell Group for DCCED.

Chart 2. Alaska Visitor Volume, May 2011-April 2012, By Region

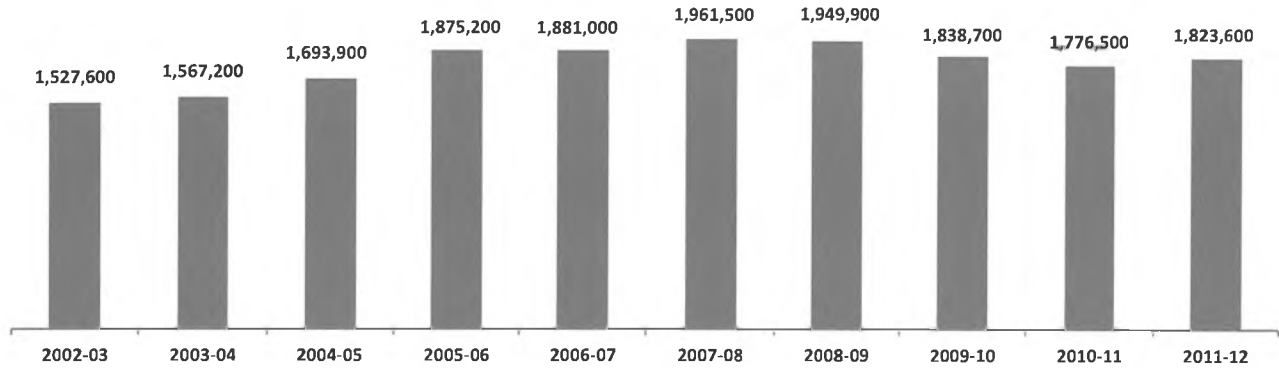


Source: AVSP VI. Regional visitation from the Summer and Fall/Winter studies were added together.

Visitor Volume Trends

Alaska visitor volume for 2011-12 (1,823,600) represents the first increase in annual visitation in four years (up 3 percent over 2010-11). After steadily increasing between 2002-03 and 2007-08, the Alaska visitor market plateaued, then declined in response to the nationwide economic recession and declining cruise traffic. The 2011-12 visitor volume is still 7 percent below the peak volume (1,961,500) of 2007-08.

Chart 3. Annual Alaska Visitor Volume, 2002-03 to 2011-12

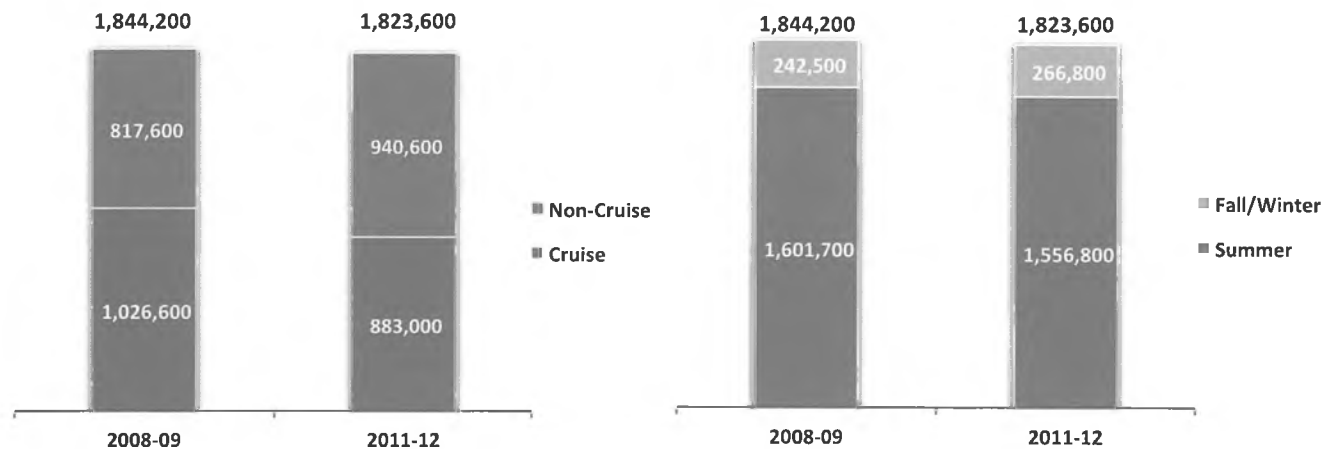


Source: AVSP VI.

Note: Each 12-month period refers to May through April.

The previous economic impact report covered the period of October 2008 through September 2009, during which time 1,844,200 visitors traveled to Alaska. (This number differs from the 2008-09 figure in Chart 3 because it covers the October through September period, rather than May through April.) The volume for the current study period of 2011-12 (1,823,600) is only 1 percent lower than that of the previous study period of 2008-09 (1,844,200). However, the composition of the visitors was significantly different: cruise volume was down by 14 percent, while non-cruise traffic was up a similar amount. Also, summer visitation was down by 3 percent (summer 2009 to 2011), while fall/winter visitation was up by 10 percent (fall/winter 2008-09 to 2011-12). These changes in visitor composition affected visitor spending between the two time periods, particularly on a regional basis, and is addressed in subsequent chapters.

Chart 4. Alaska Visitor Volume, 2008-09 and 2011-12, By Cruise/Non-Cruise and Season



Source: AVSP VI.

Visitor Industry Spending

Visitor Spending

Out-of-state visitors to Alaska spent an estimated \$1.7 billion in Alaska between May 2011 and April 2012. This figure includes instate spending only, excluding the cost of transportation to and from the state, such as air tickets, cruise or cruise/tour packages, and ferry tickets.

While cruise visitor spending on cruises and cruise/tour packages is excluded from this figure, cruise line spending in Alaska is accounted for in the economic impact analysis, and is addressed further, below. This spending includes payments to hotels, motorcoach companies, the Alaska Railroad Corporation, and other components of land tours that are included in the cruise package price.

For the purposes of this study, tour commissions were extracted from passenger spending data because they accrue directly to travel agents, tour operators, and cruise lines at the time of the sale.

Visitor Spending by Region and Sector

In the 2011-12 AVSP survey, respondents were asked to estimate their purchases in each community they visited, by spending category. Chart 5 (above right) shows how total, full-year visitor spending is distributed throughout the state. Southcentral accounts for the largest percentage at 45 percent, followed by Southeast at 31 percent, Interior at 18 percent, Southwest at 5 percent, and Far North at 1 percent.

Visitor spending is widely distributed by sector (see Chart 6, right). About one-fifth is attributable to each of the following categories: lodging (20 percent), tours/activities (19 percent), gifts/souvenirs (18 percent), and food/beverage (18 percent). The "other" category (primarily lodge packages) accounts for 14 percent of spending. Transportation is the smallest category at 11 percent.

Chart 5. Total Visitor Spending in Alaska 2011-12, By Region

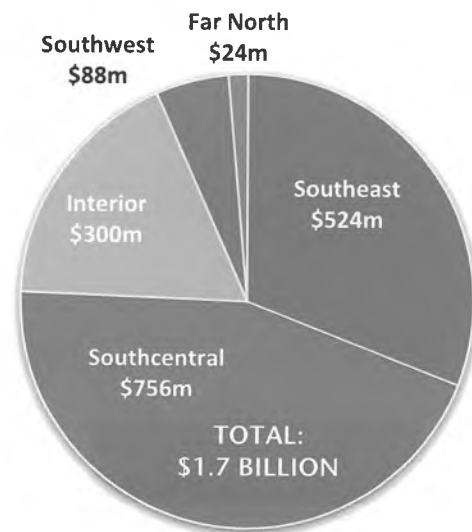


Chart 6. Total Visitor Spending in Alaska 2011-12, By Sector



Notes: Spending figures cover the period of May 2011 through April 2012. Spending on cruise packages, transportation to enter/exit the state, and tour commissions are excluded.

Visitor Spending Trends

Visitor spending increased from \$1.503 billion in 2008-09 to \$1.692 billion in 2011-12. This represents a 13 percent increase, while the total number of visitors to Alaska was down by 1 percent between the two 12-month study periods (October 2008-September 2009 and May 2011-April 2012).

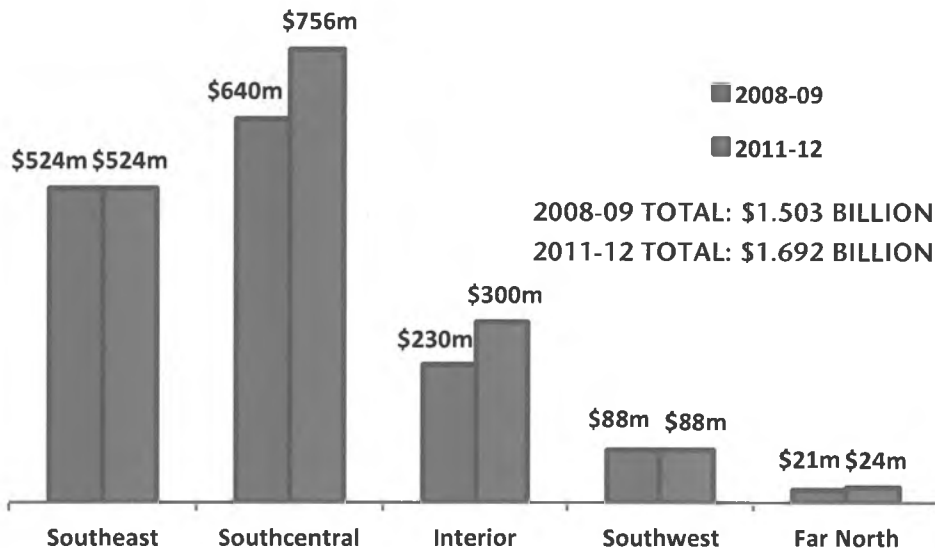
The number of cruise passengers to Alaska dropped by 14 percent between the two periods, while air visitors increased by roughly the same amount. Cruise passengers spend much less in Alaska on a per-person basis: \$632, compared to \$1,455 among summer air visitors in summer 2011. (Spending on cruise packages is excluded from the \$632 figure.) Therefore an increase in air visitors relative to cruise visitors translates to increased visitor spending. In addition, a certain amount of increase is attributable to the effects of inflation.

On a regional basis, the increase was primarily focused in Southcentral (from \$640 million to \$756 million) and Interior (from \$230 million to \$300 million). The increase in air visitors between the two periods, as well as an improving economy, likely led to increased spending in these two regions. In addition, the number of cruise ship passengers calling directly at Anchorage increased from 300 in 2009 to 15,000 in 2011.

Southeast visitor spending was flat at \$524 million between the two periods. The region was disproportionately affected by the drop in cruise passenger volume, compared to Southcentral and Interior. While there were fewer cruise passengers between 2009 and 2011, those that came spent more on a per-person basis, allowing spending levels to be maintained.

Spending in the Far North is estimated to have increased from \$21 million to \$24 million between the two study periods, while spending in the Southwest was the same between the two study periods at \$88 million.

Chart 7. Visitor Spending in Alaska, By Region, 2008-09 and 2011-12



Additional Visitor Industry Spending

Cruise Line Spending and Payroll

Cruise lines and their subsidiaries spent an estimated \$267 million on goods and services from Alaska businesses as well as tax payments during the 2011-12 study period. This estimate is derived from detailed 2011 purchasing information provided by four major cruise lines: Princess Cruises, Holland America Line, Royal Caribbean International (which operates both Royal Caribbean Cruises and Celebrity Cruises) and Carnival Cruise Lines. Together, these lines represent 80 percent of 2011 cruise passenger traffic. Spending by the other cruise lines was assumed to resemble those of Carnival on a per-passenger basis. While Princess Cruises, Holland America Line, and Royal Caribbean International all operate land tours and therefore show much higher spending on a per-passenger basis, Carnival and all other cruise lines operate cruises exclusively.

Cruise line spending data was adjusted to exclude payments to tour vendors, which are already accounted for in the visitor spending. (Many cruise passengers purchase shore excursions from their cruise line, then the cruise line pays the operator on behalf of the passenger.)

In addition to making purchases in Alaska, cruise lines directly employed approximately 1,900 workers in Alaska on an annual average basis, and 4,000 during the peak month of July. Total payroll for these employees is estimated at \$18 million. These figures are based on employment and payroll data provided by the three lines that operate land tours and/or have hotel properties in Alaska: Princess Cruises, Holland America Line, and Royal Caribbean International. In addition, other cruise lines employ a small number of Alaska-based employees on a seasonal basis.

Table 1. Cruise Line Purchases, Payroll, and Employment in Alaska, 2011-12

	Spending and Employment
Cruise line purchases/payments	\$208 million
Cruise line payroll	\$59 million
Total cruise line spending	\$267 million
Cruise line employment (annual)	1,900
Cruise line employment (peak)	4,000

Cruise line purchases were estimated at \$250 million for 2009. The large drop in spending is attributable to two factors: a 14 percent decrease in passenger traffic, and a decrease in the tax rate levied by the State of Alaska on large commercial passenger vessels, from \$50 to \$34.50 per passenger. Estimated payroll dropped slightly, from \$62 million to \$59 million, between 2009 and 2011, while employment was about the same.

Crew Spending

Approximately 22,500 crew members visited Alaska in 2011, spending an estimated \$15.7 million in the state. Each crew member generally sails on 10 to 20 individual voyages, visiting multiple communities on each voyage. Crew members make a wide variety of purchases while in port: they visit restaurants and bars; they purchase communication-related items such as phone cards, Internet, and postage; and they visit retail outlets such as Fred Meyers, Costco, and Wal-Mart. Estimated spending by crew members in 2011 was based

on previous surveys of crew members conducted by McDowell Group, modified to account for changes in crew member volume by port and inflation. Spending estimates were consistent with figures provided by cruise lines.

The total spending estimate of \$15.7 million is down from the 2009 figure of \$16.4 million due to fewer cruise ships, and thus fewer crew members (from 25,000 to 22,500).

Visitor Spending on Air and Ferry Travel

AIR TRAVEL

Spending by visitors on plane tickets to enter and exit Alaska is estimated at \$299 million for the May 2011 through April 2012 period. This figure refers not to total ticket purchases, but to the proportion of ticket purchases assumed to impact Alaska.

The AVSP survey does not collect spending on airplane tickets to enter and exit the state. Because some of that spending accrues to Alaska, a rough estimate is necessary to complete the picture of visitor spending in the state. Visitor spending on air travel impacts the state's economy in the form of landing fees, fuel purchases, airline employee wages, and other purchases in support of airline operations.

To estimate visitor spending on air travel, the estimated number of air visitors was multiplied by average Seattle-Alaska round-trip fares. One-half of the total ticket spending was assumed to stay in-state. Spending was distributed by region based on exiting air traffic volume. This methodology is inexact: passengers fly to and from various destinations with various pricing, and many passengers fly to or from points other than Seattle. In the absence of more specific data, this provides a reasonable and conservative estimate of impacts from visitor spending on airfare in and out of the state.

The total estimate of \$299 million represents an increase from the 2008-09 estimate of \$271 million. While the number of total visitors to Alaska was roughly the same between the two periods, the number of air visitors increased (while cruise visitors decreased), which translated to more spending on air tickets.

FERRY TRAVEL

Visitors to Alaska spent a total of \$13 million on ferry tickets to enter and exit the state between May 2011 and April 2012, according to the Alaska Marine Highway System. Similar to airplane tickets, spending on ferry tickets to enter and exit Alaska is not measured in the AVSP survey. For purposes of the economic impact analysis, all ferry spending is attributed to Southeast because all ferries entering and exiting Alaska sail between Southeast ports and Bellingham or Prince Rupert (though visitors sailing to Southcentral and Southwest ports clearly have economic benefit to those regions).

The figure of \$13 million differs from the \$18 million shown in the final chapter of this report (showing State of Alaska revenues) because it refers only to tickets to enter and exit the state; \$18 million includes all revenues from out-of-state visitors to the Alaska Marine Highway System.

The 2008-09 estimate of ferry spending was \$11 million, lower than the 2011-12 estimate of \$13 million. Exact spending data was not available for the 2008-09 study; that estimate was based on AVSP survey data, so may not be directly comparable to the 2011-12 figure.

Table 2. Visitor Spending on Air and Ferry Travel to Enter/Exit Alaska, 2011-12

	Air Travel	Ferry Travel
Southcentral	\$224 million	n/a
Southeast	\$30 million	\$13 million
Interior	\$44 million	n/a
Total	\$299 million	\$13 million

Note: Rows do not add to total due to rounding.

Total Visitor Industry Spending

The table below shows full year (May 2011 through April 2012) visitor industry spending. Combined spending by visitors, cruise lines, and crew members, along with spending on air and ferry tickets to enter/exit Alaska, totaled \$2.29 billion.

Table 3. Alaska Visitor Industry Spending by Category, 2011-12

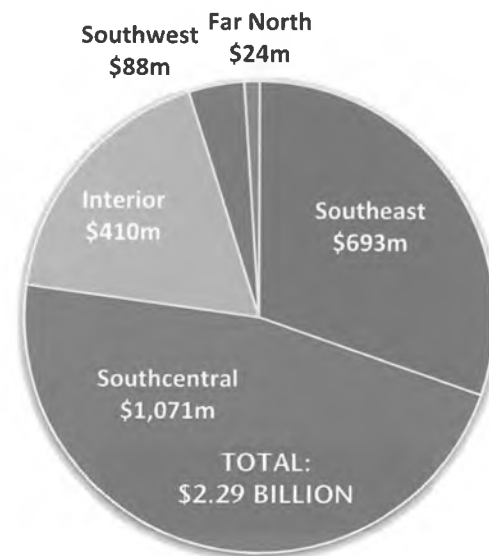
	Spending
Visitor spending	\$1,692 million
Cruise line spending/payroll	\$267 million
Crew member spending	\$16 million
Air tickets	\$299 million
Ferry tickets	\$13 million
Total spending	\$2.29 billion

Visitor Industry Spending by Region

The chart at right shows how visitor industry spending is distributed by region. Nearly half of 2011-12 visitor industry spending (47 percent) occurred in the Southcentral region. Southeast accounted for 30 percent of all spending, Interior for 18 percent, Southwest for 4 percent, and the Far North for 1 percent.

Note that the total spending figures for Southwest and Far North are the same as those reported for visitor spending in Chart 5. This is due to the fact that virtually no other visitor *industry* spending (cruise line spending, crew spending, spending on air/ferry tickets) is attributable to these more remote areas.

Chart 8. Alaska Visitor Industry Spending 2011-12, By Region



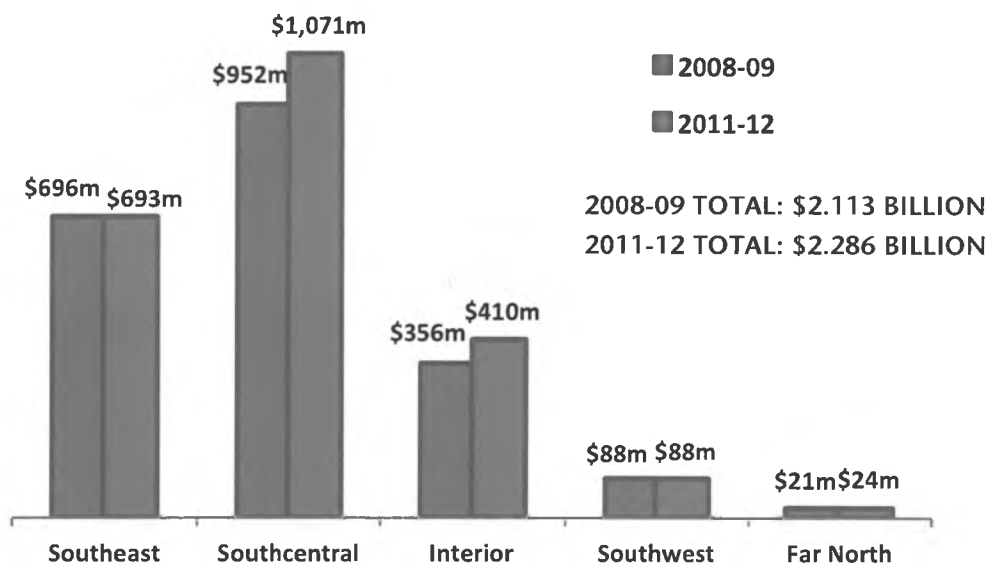
Visitor Industry Spending Trends

Visitor industry spending increased from \$2.113 billion in 2008-09 to \$2.286 billion in 2011-12, an 8 percent increase. Visitor industry spending increased at a slightly lower rate than visitor spending (which grew by 13 percent) due to decreased cruise line spending, associated with fewer passengers and a lowered rate in the statewide Commercial Passenger Vessel Tax.

The increase of 8 percent between 2008-09 and 2011-12 occurred for the same reasons discussed in the previous section: an increase of air visitors (and simultaneous decrease in cruise visitors) translated into higher per-visitor spending. The improved economy also contributed to higher per-visitor spending.

The increase was not evenly distributed across regions, with Southcentral (+13 percent) and Interior (+15 percent) accounting for the bulk of the growth. Spending in Southeast and Southwest was flat, while spending in Far North increased slightly.

Chart 9. Alaska Visitor Industry Spending by Region, 2011-12



Economic Impact Analysis

Spending in Alaska by visitors and by the businesses that serve those visitors creates jobs, income, and secondary spending throughout the Alaska economy. Visitor spending creates jobs and payroll with tour companies, hotels and lodges, retail establishments, transportation providers, and a range of other business. Visitor industry businesses and their employees in turn re-spend a portion of that money with other Alaska businesses (some is spent outside Alaska).

This chapter describes the regional and statewide employment and labor income effects of visitor industry-related spending. The analysis includes direct employment and labor income, as well as indirect and induced employment and labor income (the “multiplier effects”).

Employment, Labor Income, and Spending Impacts

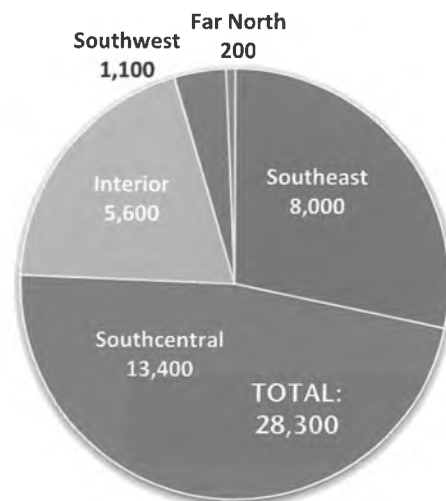
The visitor industry’s direct economic impacts include the jobs and income created by:

- Non-resident visitor spending on all goods and services purchased while in Alaska.
- Half of visitor spending on air travel to Alaska (based on fares for travel from Seattle to Alaska destinations) and all visitor spending on Alaska Marine Highway System tickets. None of the expenditures made by cruise passengers on their cruise package is included, though some of that money flows through the state in the form of cruise line purchases of goods and services.
- Spending in Alaska by cruise lines in support of their operations, including payroll for their shoreside employees in Alaska and all taxes and fees paid to state and local governments.
- Spending by cruise ship crew while in Alaska.

Direct Employment and Labor Income

As described in the previous chapter, direct visitor industry spending totaled approximately \$2.3 billion in the 12-month study period. This spending directly generated 28,300 full- and part-time jobs in Alaska, and \$860 million in labor income, based on McDowell Group’s economic impact modeling. Approximately half (47 percent) of direct visitor industry employment occurred in the Southcentral region, over one-quarter (28 percent) in Southeast, 20 percent in the Interior, 4 percent in Southwest, and 1 percent in Far North (see Chart 10).

Chart 10. Direct Visitor Industry Employment in Alaska, 2011-12



Total Employment, Labor Income, and Spending

Direct employment and labor income estimates do not include multiplier effects, i.e., those jobs and income created in Alaska as the visitor dollar is re-spent by visitor industry businesses and their employees. This secondary spending is estimated to total approximately \$1.4 billion during the 2011-12 study period. Adding that secondary spending to the initial direct spending of \$2.3 billion indicates total direct, indirect and induced spending of approximately \$3.7 billion (see Table 4).

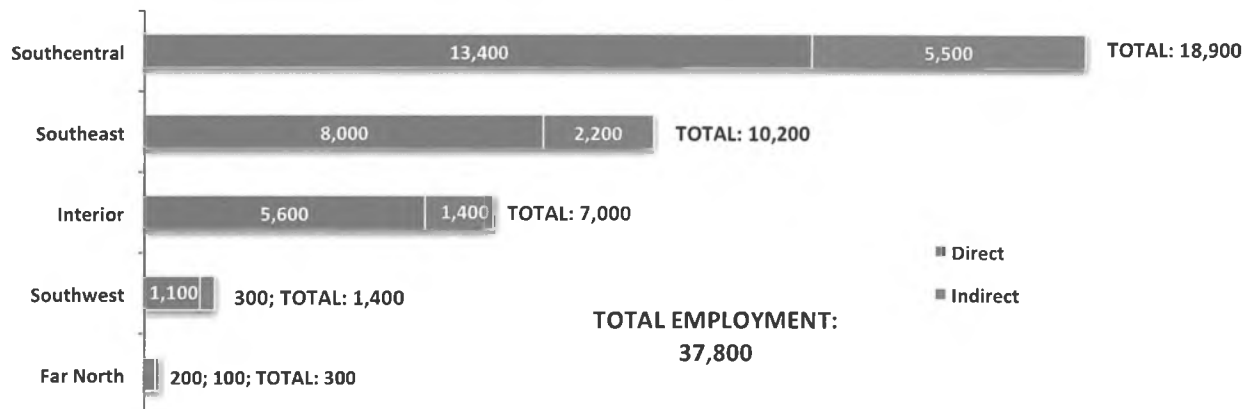
Statewide employment and income effects of \$1.4 billion in secondary spending are estimated at 9,500 jobs and \$383 million in labor income. Therefore, including all direct, indirect and induced effects, Alaska's visitor industry accounted for a total of 37,800 jobs during the 2011-12 study period, and over \$1.24 billion in labor income. This estimate is a tally of the total number of full- and part-time jobs linked to non-resident visitor travel to Alaska. It includes annual average wage and salary employment, and total proprietors' employment (the total number of sole proprietorships or partnerships active at any time during the year).

The regional distribution of total visitor industry-related employment, labor income, and spending is summarized in the following table and graphs.

Table 4. Total Visitor Industry Employment, Labor Income, and Spending in Alaska, 2011-12 (including direct, indirect, and induced effects)

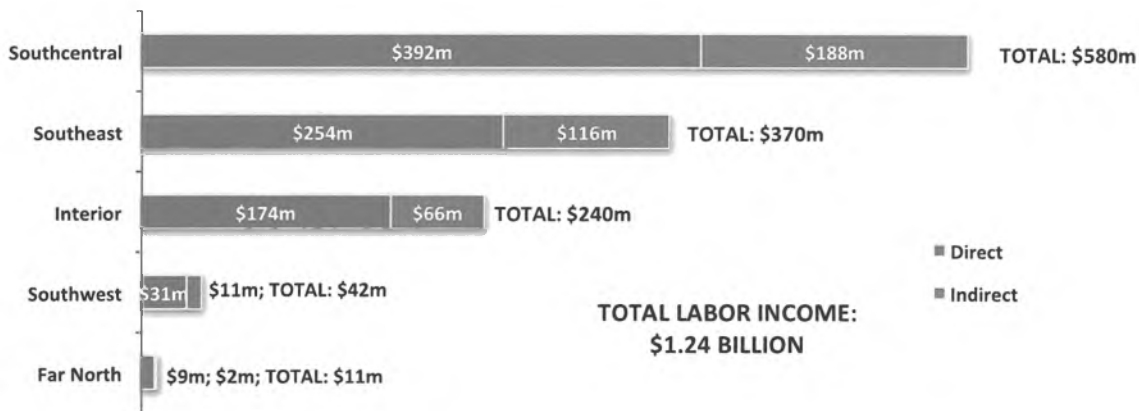
	Employment	Labor Income	Spending
Southcentral	18,900	\$580 million	\$1,966 million
Southeast	10,200	370 million	1,003 million
Interior	7,000	240 million	605 million
Southwest	1,400	42 million	116 million
Far North	300	11 million	29 million
Total	37,800	\$1.24 billion	\$3.72 billion

Chart 11. Direct, Indirect, and Total Visitor Industry Employment in Alaska, by Region 2011-12



Note: The figures for Far North show 200 direct jobs and 100 indirect jobs.

Chart 12. Direct, Indirect, and Total Visitor Industry Labor Income in Alaska, by Region 2011-12



Note: The figures for Far North show \$9 million in direct labor income and \$2 million in indirect labor income.

Though non-resident travel to Alaska occurs year-round, the visitor industry is strongly seasonal, with the vast majority of visitation occurring between May and September. Because of the seasonal nature of the industry, estimates of annual average employment understate the total number of people directly employed in the industry during the peak of the visitor season. For example, in the accommodations sector, wage and salary employment averaged about 7,800 jobs in 2011. Peak employment that year, in July, totaled 11,000 jobs. Alaska's "scenic & sightseeing transportation" sector is even more seasonal, with annual average employment of about 1,500 and peak employment of about 3,000, according to Alaska Department of Labor and Workforce Development data. While this study measured 37,800 full- and part-time jobs related to Alaska's visitor industry, because of the seasonal nature of the industry, the total number of workers whose jobs are directly or indirectly connected to the industry was likely around 45,000 in 2011-12.

Importance in Regional and Statewide Economies

Statewide, visitor industry-related employment of 37,800 accounted for 8 percent of all employment. Total statewide visitor industry-related labor income of \$1.24 billion represented 5 percent of all labor income in Alaska. In 2011, the Alaska economy included 454,000 jobs and \$27 billion in labor income, according to U.S. Bureau of Economic Analysis data.

In terms of relative contribution to the regional economy, visitor industry employment is most important in Southeast Alaska. Visitor industry-related employment of approximately 10,200 represented 21 percent of the region's 49,000 full- and part-time jobs. Total visitor industry-related labor income of \$370 million was 15 percent of total Southeast region labor income of approximately \$2.4 billion.¹

Southcentral visitor-related employment of 18,900 represented approximately 7 percent of total employment in the region (about 274,000 full- and part-time jobs) and 4 percent of total labor income (approximately \$16.8 billion).

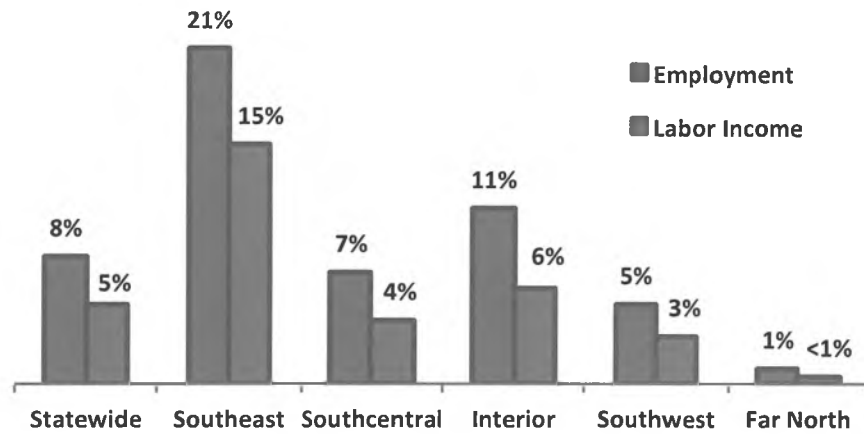
¹ Based on U.S. Bureau of Economic Analysis employment and labor income data for the Southeast region in 2011.

² "Adjusted gross income" refers to gross income, minus prizes awarded and federal and municipal taxes paid on the gaming income.

In the Interior region the visitor industry accounted for about 11 percent of employment (7,000 out of a regional total of 65,000 jobs) and 6 percent of labor income (\$240 million out of a regional total of \$4.0 billion).

The visitor industry accounted for 5 percent of employment in Southwest, and 3 percent of payroll. The percentages are lowest for the Far North at 1 and less than 1 percent, respectively.

Chart 13. Visitor Industry-Related Employment as Percent of Total, 2011-12



Employment and Labor Income by Sector

Jobs created as a direct result of visitor spending are concentrated in five sectors of Alaska's economy. In the accommodations sector, visitor spending directly accounted for 4,800 jobs in 2011-12. Direct spending accounted for 3,700 jobs in firms providing tours and other visitor activity services. Approximately 4,000 retail jobs were created by visitor spending. Visitor spending also directly generated 5,200 jobs in restaurants/bars and 3,200 jobs with transportation providers. Another 2,700 jobs in a variety of other sectors of the Alaska economy are a direct result of visitor spending.

Spending by cruise lines is also broadly distributed throughout the Alaska economy, creating jobs in the same sectors as those affected by visitor spending, plus jobs in professional and business services, wholesale businesses, and construction, among others, and in the government sector as a result of tax payments to state and local governments.

Indirect and induced jobs linked with the visitor industry are the most broadly distributed throughout the Alaska economy and includes all of the sectors that provide goods and services to Alaska businesses and households – virtually the entire service and support sector.

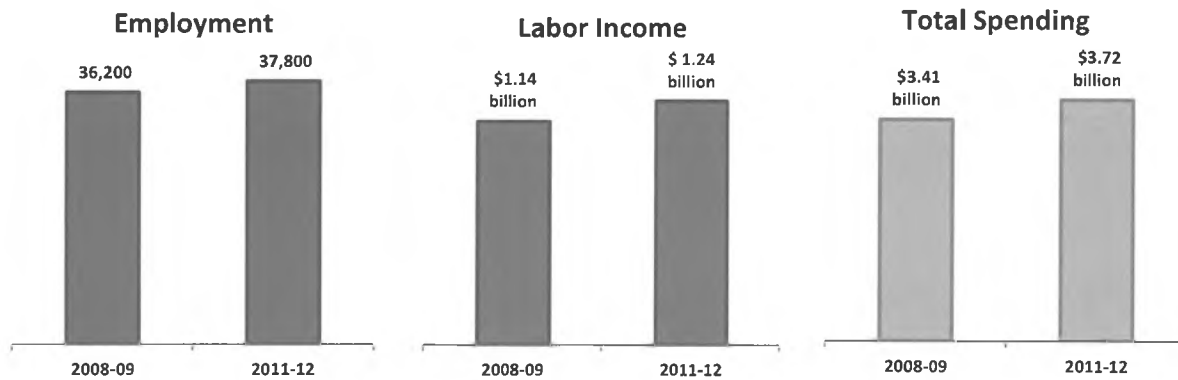
Table 5. Visitor Industry Employment and Labor Income, with Sector Detail, 2011-12

	Employment	Labor Income
Direct jobs from visitor spending	23,600	\$702 million
Accommodations	4,800	\$122 million
Tours & Activities	3,700	157 million
Retail	4,000	95 million
Food/Drink Services	5,200	115 million
Transportation	3,200	137 million
Other	2,700	76 million
All other direct jobs	4,700	\$158 million
All indirect and induced jobs	9,500	\$383 million
Total visitor industry-related employment and labor income	37,800	\$1.24 billion

Trends in Total Impacts

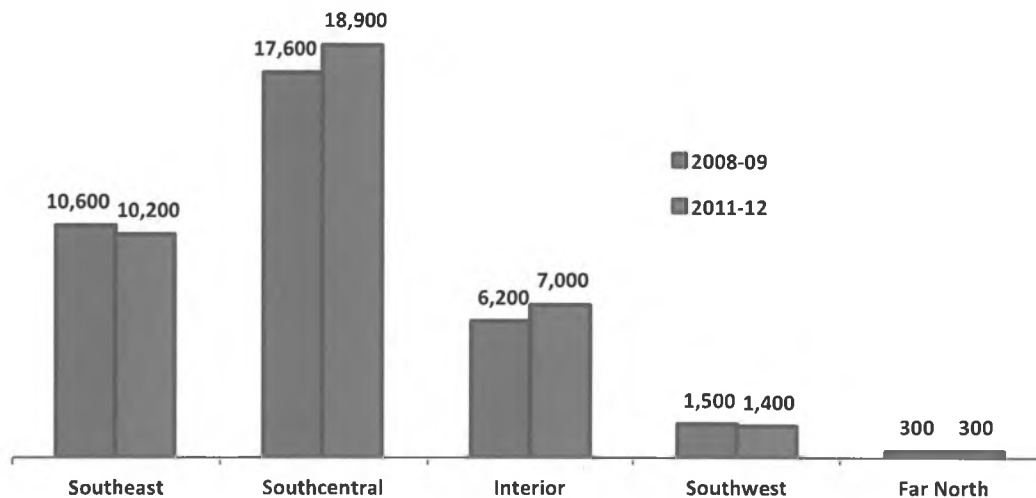
The economic impact of the visitor industry in Alaska has increased since the date of McDowell Group's previous study, which examined the 2008-09 period. Statewide, visitor industry employment increased by approximately 4 percent, an increase of about 1,600 jobs. Labor income and total spending both increased 9 percent (approximately \$100 million and \$310 million, respectively, in nominal dollars). After adjusting labor income and spending totals to account for the effects of inflation, the real-dollar increase between the 2008-09 and 2011-12 period is approximately 4 percent.

Chart 14. Visitor Industry Employment, Labor Income, and Total Spending, 2008-09 and 2011-12



Growth in Alaska's visitor industry was not uniform throughout Alaska. Visitor-related employment in Southeast actually declined slightly (by about 4 percent), losing approximately 400 jobs. Southeast Alaska is particularly dependent on cruise traffic, which in 2011 remained well below summer of 2009. Among other regions, Southcentral added 1,300 visitor industry jobs, a 7 percent increase. Interior gained 800 jobs, a 13 percent increase. Visitor industry-related employment in the Southwest declined by about 100 jobs while the best available data suggests that Far North employment related to the visitor industry was flat between the 2008-09 and 2011-12 periods.

Chart 15. Visitor Industry Employment, By Region, 2008-09 and 2011-12



**Table 6. Total Visitor Industry Labor Income, and Spending, By Region, 2008-09 and 2011-12
(including direct, indirect, and induced effects)**

	2008-09 Labor Income	2008-09 Spending	2011-12 Labor Income	2011-12 Spending
Southcentral	\$514 million	\$1,751 million	\$580 million	\$1,966 million
Interior	205 million	519 million	240 million	605 million
Southeast	373 million	1,004 million	370 million	1,003 million
Southwest	41 million	115 million	42 million	116 million
Far North	10 million	25 million	11 million	29 million
Total	\$1.14 billion	\$3.41 billion	\$1.24 billion	\$3.72 billion

Revenues to Municipal and State Governments

The visitor industry generates significant revenues for state and local governments in Alaska. User fees, sales taxes, lodging taxes, property taxes, income taxes and other payments all flow to state and local governments in Alaska directly or indirectly from the visitor industry. This chapter details, to the extent possible, state and local government revenues that can be attributed to out-of-state visitors.

Summary

Visitor-related tax revenues to municipalities in 2011-12 totaled \$71.1 million in sales and lodging tax revenues and cruise line payments. Sales tax revenues are estimated at \$29.2 million, and lodging tax revenues are estimated at \$26.7 million. In addition, cruise lines paid \$15.2 million in dockage, moorage, and municipal passenger fees in 2011.

Visitor-related revenues to state government during the 2011-12 study period included \$107.8 million in cruise line fees, fishing/hunting licenses, vehicle rental taxes, corporate income taxes, and revenues to the Alaska Marine Highway System and the Alaska Railroad Corporation. Cruise lines alone paid \$42 million in commercial passenger vessel fees, gambling taxes, Ocean Ranger Program fees, and Environmental Compliance Program fees. Additional revenues to the State of Alaska from the visitor industry not included in this total are airport fees, State Parks user fees, and State Museum revenues, among others.

**Table 7. Selected Revenues to Municipal and State Governments
2008-09 and 2011-12**

	2008-09	2011-12
Municipal Revenues	\$69.8 million	\$71.1 million
Sales tax revenues	\$28.9 million	\$29.2 million
Lodging tax revenues	\$23.5 million	\$26.7 million
Dockage/moorage revenues	\$17.4 million	\$15.2 million
State of Alaska Revenues	\$136.6 million	\$107.8 million
Commercial Passenger Vessel Tax	\$46.4 million	\$32.0 million
Passenger Gambling Tax	\$6.3 million	\$5.8 million
Ocean Ranger Program	\$4.0 million	\$3.6 million
Commercial Passenger Vessel Environmental Compliance Program	\$1.0 million	\$0.8 million
Fish & Game licenses/tags	\$17.1 million	\$17.8 million
Alaska Marine Highway System revenues	\$15.4 million ¹	\$18.4 million
Alaska Railroad Corporation revenues	\$19.4 million	\$20.2 million
Vehicle rental tax	\$5.6 million	\$5.7 million
Corporate income tax	\$21.4 million	\$3.5 million
Total Selected Revenues	\$206.4 million²	\$178.9 million

¹ Alaska Marine Highway System revised their previous estimate of 2009 out-of-state passenger revenues from \$17.6 million to \$15.4 million.

² The figure of \$206.4 million is different from the total in the 2009 report due to revised figures from the Alaska Marine Highway System.

Trends

Municipal revenues increased slightly from \$69.8 million in 2008-09 to \$71.1 million in 2011-12. Sales tax revenues were about flat. Lodging tax revenues increased from \$23.5 to \$27.0 million, reflecting the higher number of air passengers between the two time periods. Some of the increase may also be attributable to higher room rates. Dockage/moorage revenues were down from \$17.4 million to \$15.2 million, attributable to the decrease in cruise ship traffic.

Revenues to the State of Alaska decreased significantly between the two study periods, from \$136.6 million to \$107.8 million. The decrease is largely due to lower corporate income taxes and lower cruise line payments (resulting from fewer passengers as well as a decrease in the statewide Commercial Passenger Vessel Tax).

Further details on these revenues are provided below.

Municipal Tax Revenues

The visitor industry contributes to municipalities in a variety of ways, primarily in the form of sales tax revenues, lodging tax revenues, and cruise line payments for dockage and moorage. (Although property taxes are also paid by visitor industry businesses, it is not possible within the scope of this study to estimate those taxes.)

Sales Tax Revenues

Total sales tax revenues associated with visitor industry spending are estimated at \$29.2 million for the May 2011 to April 2012 study period. Visitor-related sales tax revenues are particularly important in communities such as Juneau, Ketchikan, and Skagway, where visitor spending provides a significant portion of total (resident and non-resident) spending in each community.

Visitor-related sales tax revenues were higher in 2011-12 (\$29.2 million) compared with 2008-09 (\$28.9 million). Revenues in Southeast were about flat – although cruise visitor traffic dropped by 14 percent between the two time periods, the improved economy in 2011 led to higher per-passenger spending. Revenues in Southcentral stayed the same at \$9.8 million. This is not necessarily reflective of visitor spending in Southcentral, as the most popular destination in the region (Anchorage) charges no sales tax. Revenues in all other regions combined increased slightly (from \$0.8 million to \$0.9 million). A number of visitor destinations outside of Southcentral and Southeast (such as Fairbanks and Denali) do not charge sales taxes.

Regional sales tax totals were calculated based on visitor industry spending and visitor volume at the community and regional level. Tax rates and total taxes collected by community were taken into account in the analysis (total calendar year 2011 taxes were assumed as a proxy for the study period of May 2011 through April 2012).

See table, next page

**Table 8. Sales Tax Revenues from Out-of-State Visitors
By Region, 2008-09 and 2011-12**

Region	2008-09	2011-12
Southeast	\$18.3 million	\$18.5 million
Southcentral	\$9.8 million	\$9.8 million
Other regions combined	\$0.8 million	\$0.9 million
Total	\$28.9 million	\$29.2 million

Sources: McDowell Group estimates based on sales tax rates and revenues from Alaska Taxable 2009 and 2011 (DCCED); and AVSP visitor survey and volume data.

Lodging Tax Revenues

Out-of-state visitors paid an estimated \$26.7 million in lodging tax revenues over the 12-month study period. Southcentral received two-thirds of the revenues (\$18.4 million); Anchorage has the highest lodging tax rate in the state (12 percent) and is the most-visited community in the state in terms of overnight stays. The Interior received \$6.0 million in lodging tax revenues, largely attributable to Fairbanks and Denali. Southeast received \$2.0 million; Southwest received \$0.5 million; and Far North received \$0.1 million. Readers are reminded that these tax figures represent only a portion of total lodging taxes collected; Alaska residents account for significant lodging tax revenues as well.

Estimated lodging tax revenues related to the visitor industry increased between the two study periods, from \$23.5 million for 2008-09 to \$26.7 million for 2011-12. While roughly the same number of out-of-state visitors came to Alaska during the period, cruise passengers (the majority of whom overnight onboard only) fell by 14 percent. Over the same period, air visitors increased by roughly the same amount, leading to increased lodging tax revenues for many locations.

Over 30 different communities with lodging taxes were considered in this analysis. Total calendar year 2011 taxes were assumed as a proxy for the study period of May 2011 through April 2012. Each community's tax revenues were assigned a different percentage to represent the proportion attributable to out-of-state visitors, based on rates calculated for the previous (2009) economic impact study, which were derived from a 2009 business survey and previous visitor research.

**Table 9. Lodging Tax Revenues from Out-of-State Visitors
By Region, 2008-09 and 2011-12**

Region	2008-09	2011-12
Southcentral	\$15.6 million	\$18.4 million
Interior	\$5.6 million	\$5.8 million
Southeast	\$1.7 million	\$1.9 million
Southwest	\$0.5 million	\$0.5 million
Far North	\$0.1 million	\$0.1 million
Total	\$23.5 million	\$26.7 million

Sources: McDowell Group estimates based on lodging tax rates and revenues from Alaska Taxable 2009 and 2011 (DCCED); and AVSP visitor survey and volume data.

Cruise Ship Revenues

Some municipal governments in Alaska's cruise port communities receive revenues from cruise lines in the form of moorage and docking fees, primarily Juneau, Ketchikan, Sitka, and Haines. (The docks in Skagway, Whittier, and Icy Strait Point are privately owned. Seward's dock is owned by the Alaska Railroad Corporation.) Juneau has both private and public docks. Sitka has a deep-water dock, but it is privately owned. A majority of large cruise ships lighter in Sitka, for which the city charges fees.

Each community has its own system of charging cruise lines for using port facilities. Dock charges are generally assessed on a per foot/per day basis. Additional charges may include tonnage fees, passenger fees, lightering fees, and water supply fees, depending on the community.

Total revenues for 2011 were \$15.2 million, most of it collected in Southeast. This figure is down slightly from 2009, when municipalities collected \$17.4 million. The lower figure reflects fewer cruise passengers in 2011.

Table 10. Cruise Ship Dockage/Moorage Revenues to Municipalities, Summer 2011

Port	Revenues
Juneau	\$7,507,000
Ketchikan	\$7,561,000
Sitka	\$65,000
Haines	\$42,000
All other ports	\$50,000
Total	\$15,225,000

Sources: City and Borough of Juneau; City of Ketchikan; City and Borough of Sitka; City and Borough of Haines.

Note: Docks in Skagway, Whittier, and Icy Strait Point are privately owned. Seward's dock is owned by Alaska Railroad Corporation.

State of Alaska Revenues

Direct Payments from Cruise Lines

The State of Alaska receives several forms of direct payments from cruise lines: the Commercial Passenger Vessel Tax (Departments of Revenue and Environmental Conservation), the gambling tax (Department of Revenue), the Commercial Passenger Vessel Environmental Compliance Program (Department of Environmental Conservation) and state corporate income tax (Department of Revenue).

COMMERCIAL PASSENGER VESSEL TAX

At the end of December 2006, a Commercial Passenger Vessel Tax (CPV) was established for passengers on large vessels that operate in Alaska waters. As of FY 2011, the tax was \$34.50 per passenger per voyage (down from the original amount of \$50 per passenger). According to the Alaska Department of Revenue, the department received \$32.0 million in FY 2011 from this tax, down from \$46.4 million in 2009. The decrease is attributable to the lower tax rate and fewer passengers.

The Department of Revenue deposits all the money into the Commercial Passenger Vessel Tax Account in the General Fund. For each voyage of a commercial passenger vessel providing overnight accommodations, the Commissioner of the Department of Revenue must identify the first seven ports of call and the number of passengers on board the vessel at each port of call. Subject to appropriation by the legislature, the commissioner distributes \$5 per passenger of the tax revenue to each port of call.

CPV revenue for the Department of Environmental Conservation is estimated to be \$3.6 million for FY 2011, down from \$4.0 million in 2009. This revenue is used to operate the Ocean Ranger program, which requires U.S. Coast Guard licensed marine engineers on board vessels to act as independent observers monitoring State environmental and marine discharge requirements, and to ensure that passengers and crew are protected from improper sanitation, health, and safety practices.

The large passenger vessel gambling tax was also introduced in December 2006. This tax applies to the use of playing cards, dice, roulette wheels, and coin-operated instruments or machines designed for gaming or gambling activities aboard cruise ships operating in Alaska waters. The tax is 33 percent of the adjusted gross income from these gambling activities.² Gambling taxes are payable to the Department of Revenue and deposited into the CVP Tax Account. The Department of Revenue reports gambling tax revenues of \$5.8 million in FY 2011, down from \$6.3 million in 2009.

COMMERCIAL PASSENGER VESSEL ENVIRONMENTAL COMPLIANCE PROGRAM

The Commercial Passenger Vessel Environmental Compliance (CPVEC) Program was established in July of 2001. This program requires all large passenger vessels to register and comply with quality control regulations. The program is operated with fees collected from large and small passenger vessels (\$1 per berth). In 2011, \$843,000 was collected for the Commercial Passenger Vessel Environmental Compliance Program.

Corporate Income Tax

Alaska's corporate income tax rates are graduated from 1 percent to 9.4 percent in increments of \$10,000 of taxable income. The 9.4 percent maximum rate applies to taxable income of \$90,000 and over. Multistate corporations apportion income using the standard apportionment formula of property, payroll, and sales.

Tax payments by individual corporations are confidential; however, the Department of Revenue reports total corporate income taxes in the "tourism" category, including payments by cruise lines and other visitor industry businesses, of \$3.5 million in FY 2011. This figure represents a significant decrease from the FY 2009 amount of \$21.4 million. Because the study team does not have access to tax returns for individual visitor industry businesses, it is not possible to identify specific causes for the large decrease. However, it should be noted that corporate taxation is based on a company's nationwide revenue (not just Alaska earnings).

Vehicle Rental Tax

Alaska levies a 10 percent passenger vehicle tax as well as a 3 percent recreational vehicle tax. In FY 2011, the Department of Revenue collected a total of \$8.3 million in vehicle tax revenues. Survey results indicate that approximately 70 percent of rental vehicle revenues are attributable to out-of-state visitors. Visitor-related tax

² "Adjusted gross income" refers to gross income, minus prizes awarded and federal and municipal taxes paid on the gaming income.

revenues from vehicle rental are therefore estimated at \$5.7 million. This figure is up slightly from \$5.6 million estimated for 2009.

Fishing License and Tag Revenues

Non-residents are required to purchase fishing, hunting, and trapping licenses as well as various species-specific tags. According to Alaska Department of Fish and Game (ADF&G) data, non-residents spent \$17.8 million on licenses and tags in calendar year 2011. This figure is up slightly from 2009, when non-residents spent \$17.1 million. For the purposes of this report, these figures are assumed to represent the study periods of May 2011 through April 2012, and October 2008 through September 2009.

Revenues to Alaska Marine Highway System and Alaska Railroad Corporation

While not in the category of fees or taxes, out-of-state visitors account for significant revenues to two transportation providers operated by the State of Alaska: the Alaska Marine Highway System (AMHS) and the Alaska Railroad Corporation.

AMHS reports that in calendar year 2011, out-of-state residents accounted for \$20.2 million in revenues to AMHS. For purposes of this report, this figure is assumed to represent the study period of May 2011 through April 2012. (This figure is higher than the \$13 million reported in the Visitor Spending section because it is *total* spending, rather than spending only on passage to and from Alaska.) The reported total of \$18.4 million represents an increase from the 2009 total of \$15.5 million. (The \$15.4 million figure for 2009 is revised from the original estimate of \$17.6 million, provided in the previous economic impact report.)

The Alaska Railroad Corporation reports total passenger-related revenues of \$22.4 million in 2011. McDowell Group estimates that 90 percent of this revenue is related to out-of-state residents, resulting in an estimate of \$20.2 million in visitor-associated revenue.