

ALASKA LEGISLATURE

1833

HOUSE and SENATE FINANCE COMMITTEE FILES, 1997-1998

"The New Millennium Plan"

A Concept for Shaping the Future of Tourism Promotion in Alaska

March 9, 1998

INTRODUCTION

Presented in this document is an industry-led initiative to regain Alaska's competitive position as a visitor destination and to consolidate Alaska's statewide tourism organizations – the Alaska Tourism Marketing Council, Alaska Division of Tourism and the Alaska Visitors Association – into one new, non-profit organization.

These changes are being proposed because Alaska is losing ground compared to other destinations worldwide. The State of Alaska's budget for tourism marketing has declined by 60 percent since 1990 and the growth rate for tourism has declined from 13 percent to 3 percent. At the same time many more Alaskans are looking to the visitor industry for their livelihood. Without a renewed effort to regain our position in the marketplace, the downward trends will continue.

Rather than continue to watch Alaska's marketing decline, the tourism industry has taken a proactive approach in dealing with the problem. Under this proposal, the industry would greatly increase its marketing contribution and the State would continue to provide a core level of funding through an accountable fee-for-services contract with the new non-profit organization. After a phase-in period, the goal is to raise a minimum of \$10 million, with \$6 million coming from the private sector and \$4 million coming from the state. This represents a 25 percent reduction in state general funds and a more than 300 percent increase in private sector funds.

If adopted, this plan would:

- Shift marketing efforts to a private entity that combines the activities of the Alaska Tourism Marketing Council, Alaska Visitors Association and the marketing functions of the Division of Tourism.
- Decrease confusion and eliminate any duplication of efforts among agencies.
- Return Alaska's marketing efforts to a more competitive position.
- Increase private sector funding while decreasing state funding.
- Allow communities the ability to leverage their own marketing dollars with a statewide marketing program.
- Place greater emphasis on funding from cruise companies while reducing the cost of participation for Alaska's smallest businesses.

If the state joins the industry in support of this plan, a transition team with representatives of each existing organization would work to finalize details of the new organization and conduct the election of the first board of directors during FY99. This would begin a three-year funding phase-in period as outlined on page 14 of the plan. If there are questions regarding this plan, please contact the Alaska Visitors Association at 907-561-5733.

SECTIONAL ANALYSIS
CS FOR SENATE BILL 350 (FIN)

Section 1

provides for an exemption from the procurement code for the tourism marketing contracts entered into with a single qualified trade association under AS 44.33.125(a) and (b), enacted in Section 5.

Section 2

amends the statute that lists those public officials who must file conflict of interest statements by deleting the reference to the executive director of the Alaska Tourism Marketing Council ("ATMC").

Section 3

amends the statute that currently lists the purposes of the Division of Tourism and the Alaska Tourism Marketing Council in two ways. First, the statutory references to the ATMC are deleted. Second, the word "generic" in subsection (4) is deleted to meet the Department of Commerce and Economic Development's concern that the term "generic" might preclude regional or seasonal tourism promotions as well as promotions that target specific segments of the tourism industry such as highway marketing, ecotourism, cultural tourism and rural tourism.

Section 4

repeals and reenacts the statute that lists the duties of the Division of Tourism. All references to the ATMC have been deleted, as well as references to a number of the Division's current promotion and marketing functions. Three new duties have been added -- tourism planning and advocacy in cooperation with the private sector, municipalities, and state and federal agencies; evaluating the tourism marketing contract program enacted in Section 5 of the bill; and conducting research about Alaska's visitor industry.

Section 5

adds AS 44.33.125 to the statutes governing the Division of Tourism. Subsection (a) would require the Division to contract each year with a single qualified trade association for the purpose of planning and executing the State's primary destination tourism marketing campaign. The contract would be subject to a legislative appropriation for

that purpose, and the single qualified trade association would be required to provide matching funds of at least 30 percent of the costs of the marketing campaign. Subsection (a) also makes it clear that the marketing campaign can promote seasonal and regional tourism as well as other segments of tourism marketing.

Subsection (b) is designed to allow the Division of Tourism to enter into contracts for relatively small marketing or promotional programs that are not currently being addressed under the primary marketing contract, but the qualified trade association has a right of first refusal to undertake the program itself as part of the primary marketing contract entered into under subsection (a), provided it contributes the required percentage of matching funds.

Subsection (c) requires that the marketing campaign be conducted by a group within the qualified trade association that is composed of people who either have tourism marketing experience or are currently state or local government officials or senior staff members of state or local governments or nonprofit corporations that promote the visitor industry.

Subsection (d) is designed to address issues that have arisen in the past concerning the cooperative marketing program. This subsection makes it clear that all of the advertising materials and tourism information and data produced as part of the marketing campaign are the joint property of the qualified trade association and the Division of Tourism and that any funds generated by the association under the contract are retained by the association. The association, therefore, will be able to sell or lease materials, information or data (with appropriate legal restrictions as to its use) that are generated under the contract. This subsection also requires the trade association to make mailing lists available to non-members as well as members, but allows the association to charge an additional amount to a non-member to ensure that a non-member pays roughly the same amount for the lists that members will pay. Finally, it expressly provides that the association may restrict the right of a person to sell or give the mailing lists to other persons.

Subsection (e) requires the trade association to share the materials, information or data produced under the contract with the Division, and provides that the materials and information, which may have commercial value, are not public records. Subsection (f) would prohibit the trade association from using contract funds for lobbying. Subsection (g) defines "qualified trade association" as a

nonprofit organization whose purposes are to promote tourism to and within the state and whose membership is broadly representative of the visitor industry throughout the state.

Sections 6 and 7

increase the amount of matching funds that must be provided by the qualified trade association from 30 percent to 60 percent, beginning July 1, 2001 (Fiscal Year 2002), for both the tourism marketing contract under AS 44.33.125(a) and for other contracts that the association might enter into with the Division under AS 44.33.125(b).

Section 8

repeals all existing statutes dealing with the powers, duties, and responsibilities of the Alaska Tourism Marketing Council. AS 44.33.135, a statute that establishes a matching grant program for tourism promotion or development, is also repealed. This program has not been funded for many years. A list describing all of the repealed sections is attached.

Section 9

provides for a July 1, 1999 effective date for the all sections of the bill except sections 6 and 7. The one year delay will provide time for transition to the new program.

Section 10

provides that sections 6 and 7 take effect July 1, 2001.

CS SB 350 (FIN) Sectional Analysis

Section 1. Exempts contract to a qualified trade association awarded under AS 44.33.125(a) and .125(b) (section 5).

Section 2. Removes the executive director of the Alaska Tourism Marketing Council from the definition of public official.

Section 3. Amends the purposes of the state's tourism promotion statutes to remove "generic". This allows more flexibility for marketing of specific niche markets.

Section 4. Amends the authority of the Division of Tourism to promote the visitor industry in Alaska by removing specific examples of promotional activities.

Section 5. (a) Provides authority for the Division of Tourism to contract with a qualified trade association for the purpose of planning and executing a destination marketing campaign. The contract can only be awarded if the qualified trade association provides 30 percent of the total costs of the contract marketing campaign.

(b) Provides the qualified trade association under contract in AS 44.33.125(a) with the first right of refusal on all contracts offered by the Division of Tourism subject to meeting the match requirement.

(c) Requires that the qualified trade association conducting the contract under (a) must be broadly representative of the various sectors of the Alaska visitor industry.

(d) Materials produced and marketing information and tourism data generated under the tourism marketing contract awarded under (a) is the joint property of the qualified trade association and the Alaska Division of Tourism. The qualified trade association can retain revenue generated under the contract. The sale of mailing lists can be restricted and an additional fee can be charged to non-members for the sale of the list.

(e) The qualified trade association must provide any information requested to the Alaska Division of Tourism but the information and materials generated under the contract are not public information.

(f) The qualified trade association can not use money from the contract for lobbying.

(g) Defines qualified trade association as a group whose primary purpose is the promotion of tourism within the state and has statewide membership consisting of all major sectors of the visitor industry.

Section 6. Increases the industry contribution for AS 44.33.125(a) contracts from 30 percent of the marketing contract to 60 percent of the marketing contract on July 1, 2001.

Section 7. Increases the industry contribution for AS 44.33.125(b) first-right-of-refusal contracts from 30 percent to 60 percent on July 1, 2001.

Section 8. Repeals statutes pertaining to the Alaska Tourism Marketing Council abolished by the bill.

Sections 9 and 10. Effective dates—all sections on July 1, 1999 except for the increased percentage that takes effect in three years on July 1, 2001.

Prepared by Alaska Department of Commerce and Economic Development, May 6, 1998

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

130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

May 7, 1998

SUBJECT: Tourism marketing (HCS CSSB 350(FIN))

TO: Representative Gene Therriault, Co-chair
House Finance Committee
Attn: Shar Smith

FROM: Tamara Brandt Cook
Director

*This is
the 1st
R/O
do NOT transmit.*

TBC

Here is the final bill you requested incorporating an amendment that has the effect of permitting the state to implement its marketing plan through more than one contract. With the permission of Louanne Christian, I have made the following conforming changes:

(1) Page 3, line 10 and page 5, line 9 I deleted the word "single" because under the amendment more than one trade association may be awarded a tourism marketing contract;

(2) Page 3, line 22 and page 5, line 22 I changed the reference to "A qualified trade association" to "Each qualified trade association" to reflect the fact that more than one trade association may be involved;

(3) Page 3, line 24 and page 5, line 24 I changed "the right of first refusal" to "a right of first refusal" to reflect the fact that more than one trade association with more than one right of first refusal may be involved.

The result of these changes is a little curious. Under AS 44.33.125(b) possibly more than one trade association will be granted a right of first refusal on other tourism related contracts, but how that right will apply as between the various trade associations is not clear. It may be that the division of tourism will be able to come up with a method of selecting between them.

TBC:glc
98-269.glc

Enclosure

HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: May 5, 1998

FURTHER REFERRALS:

Date of Committee Action: 5/6/98

The FINANCE Committee considered:

CSSB 350(FIN)

CS FOR SENATE BILL NO. 350(FIN)

ABOLISH TOURISM MARKETING COUNCIL

“An Act relating to tourism and tourism marketing; eliminating the Alaska Tourism Marketing Council; and providing for an effective date.”

recommends it be replaced with the following committee substitute HCS CS SB 350(FIN) the same title a new title

additional referral to _____ Committee
 attached amendment()

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) _____ APPROVES PREVIOUS: (Dept/Date) DCED 5/2/98
 fiscal note(s) _____ fiscal note(s) _____

zero fiscal note(s) _____ zero fiscal note(s) _____

SIGNING WITH RECOMMENDATIONS		DP	DNP	NR	AM
<i>Gene Therriault</i>	Therriault	X			
<i>Gordon Field</i>	Field	X			
<i>Cherry Martin</i>	Martin			X	
<i>John A. Davis</i>	J. DAVIS	X			
<i>W. R. Kelly</i>	Kelly				X
<i>Ben S. ...</i>	quessendat			X	
<i>Paul G. Moses</i>	Moses			X	
<i>George L. ...</i>	G. DAVIS	X			
<i>John Kelly</i>	Kelly	✓			

CO-CHAIR'S SIGNATURE *Gene Therriault*
 Therriault

0-LS1695VP
Cook
5/6/98

adopted (6-2) 5/6/98

HOUSE CS FOR CS FOR SENATE BILL NO. 350(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

**Offered:
Referred:**

Sponsor(s): SENATE FINANCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to tourism and tourism marketing; eliminating the Alaska**
2 **Tourism Marketing Council; and providing for an effective date."**

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

4 *** Section 1.** AS 36.30.850(b) is amended by adding a new paragraph to read:

5 (38) a tourism marketing contract awarded under AS 44.33.125(a) or
6 a tourism related contract awarded under AS 44.33.125(b) to a qualified trade
7 association with a right of first refusal.

8 *** Sec. 2.** AS 39.50.200(a)(8) is amended to read:

9 (8) "public official" means a judicial officer, the governor, the
10 lieutenant governor, a person hired or appointed as the head or deputy head of, or
11 director of a division, a department in the executive branch, an assistant to the
12 governor, chair or member of a state commission or board, state investment officers
13 and the state comptroller in the Department of Revenue, [THE EXECUTIVE
14 DIRECTOR OF THE ALASKA TOURISM MARKETING COUNCIL,] and each

1 appointed or elected municipal officer;

2 * Sec. 3. AS 44.33.119 is amended to read:

3 **Sec. 44.33.119. Purposes.** The purposes of AS 44.33.119 - 44.33.125
4 [AS 44.33.119 - 44.33.135 AND AS 44.33.700 - 44.33.735] are to

5 (1) encourage the expansion and growth of the state's visitor industry
6 for the benefit of the citizens of the state;

7 (2) ensure that the economic benefits to be derived from tourism in the
8 state are retained in the state, to the greatest extent possible;

9 (3) ensure that a maximum number of residents of the state are
10 employed in the tourism industry;

11 (4) promote cooperation between the state and private sector in the
12 planning and execution of a [GENERIC] visitor marketing campaign in the public
13 interest;

14 (5) promote the development of visitor industry facilities, both in the
15 public sector and the private sector, through the use of state resources, as appropriate;

16 (6) ensure that the visitors' experience in the state is and continues to
17 be satisfactory and leads to word-of-mouth advertising and return visits to the state;

18 (7) ensure that consideration is given in the development and
19 implementation of the tourism program to local community goals and objectives, to
20 impacts on existing private enterprises, and to impacts on recreational and subsistence
21 opportunities for the residents of the state;

22 (8) promote the development of tourism opportunities along the
23 highway system of the state, including the marine highway, and in rural areas of the
24 state.

25 * Sec. 4. AS 44.33.120(b) is repealed and reenacted to read:

26 (b) The Alaska division of tourism shall

27 (1) cooperate with organizations in the private sector for the promotion
28 and development of tourism into and within the state;

29 (2) coordinate with municipal, state, and federal agencies for the
30 development of tourism resources in the state;

31 (3) promote and develop the state's tourist industry;

1 (4) plan and advocate for tourism and tourism development in
2 coordination with the private sector, municipalities, state, and federal agencies;

3 (5) administer and evaluate the tourism marketing contract program
4 under AS 44.33.125;

5 (6) administer visitor information centers; and

6 (7) conduct research about the state's visitor industry.

7 * **Sec. 5.** AS 44.33 is amended by adding a new section to read:

8 **Sec. 44.33.125. Tourism marketing contracts and other tourism related**
9 **contracts.** (a) Subject to appropriations for the purpose, the Alaska division of
10 tourism shall, on or before August 1 of each year, contract with a single qualified trade
11 association for the purpose of planning and executing a destination tourism marketing
12 campaign. The contract may be awarded only if the qualified trade association
13 provides matching funds equal to at least 30 percent of the costs of the marketing
14 campaign described in the contract. The marketing campaign may include media
15 advertising, establishing and operating a system for responding to visitor inquiries,
16 publishing and distributing information regarding vacation planning, establishing and
17 maintaining Internet sites that provide tourist information, and other activities related
18 to tourism that the division may designate in the contract. The marketing campaign
19 may promote distinct segments of tourism, such as highway tourism, seasonal tourism,
20 ecotourism, cultural tourism, regional tourism, and rural tourism.

21 (b) A qualified trade association that has been awarded a tourism marketing
22 contract under (a) of this section has, while the contract is in effect, the right of first
23 refusal for every other tourism related contract offered by the Alaska division of
24 tourism if the trade association provides matching funds equal to at least 30 percent
25 of the amount of the other tourism related contract.

26 (c) The marketing campaign conducted under a tourism marketing contract
27 awarded under (a) of this section must be directed by a group within the qualified
28 trade association that is broadly representative of the various sectors of the visitor
29 industry in the state and whose members are

30 (1) involved in a visitor industry business and have training in tourism
31 marketing; or

1 (2) officers or senior staff members of a state agency, a local
2 government, or a nonprofit enterprise established to promote the visitor industry.

3 (d) Materials produced and marketing information and tourism related data
4 generated by the qualified trade association under a contract awarded under (a) or (b)
5 of this section are the joint property of the qualified trade association and the Alaska
6 division of tourism. However, the qualified trade association may only use or permit
7 the use of the materials, information, or data to promote Alaska tourism. The qualified
8 trade association retains all revenue generated by the association under the contract.
9 If a qualified trade association provides the right to use a mailing list generated under
10 the contract, the list must be made available to every person at the same price except
11 that a person who is not a participant in the qualified trade association's marketing
12 program may be charged an additional amount based on the amount of the qualified
13 trade association's participation fee attributable to a participant's right of access to
14 mailing lists. The qualified trade association may restrict the right of a person to sell,
15 lease, or give the mailing list to other persons.

16 (e) A qualified trade association shall provide, on request, to the Alaska
17 division of tourism materials produced and marketing information and tourism related
18 data generated by the qualified trade association under a contract awarded under (a)
19 or (b) of this section, but the materials, information, and data provided to the division
20 are not public records under AS 09.25.100 - 09.25.220.

21 (f) A qualified trade association may not use money from a contract awarded
22 under (a) or (b) of this section

23 (1) to lobby a municipality or an agency of a municipality or to lobby
24 the state or an agency of the state as defined in AS 44.99.030(b);

25 (2) to raise funds that will be used to lobby a municipality or an agency
26 of a municipality or to lobby the state or an agency of the state as defined in
27 AS 44.99.030(b); or

28 (3) for administrative or overhead costs associated with any effort to
29 lobby a municipality or an agency of a municipality or to lobby the state or an agency
30 of the state as defined in AS 44.99.030(b).

31 (g) In this section, "qualified trade association" means a private, nonprofit

1 organization whose primary purposes include the promotion of tourism within the state
2 and encouraging tourists to visit the state and that has a statewide membership
3 consisting of representatives of all major sectors of the visitor industry, including
4 hotels, airlines, cruise lines, wholesale and retail travel agencies, visitor attractions, and
5 convention and visitors bureaus.

6 * Sec. 6. AS 44.33.125(a) is amended to read:

7 (a) Subject to appropriations for the purpose, the Alaska division of tourism
8 shall [MAY], on or before August 1 of each year, contract with a single qualified trade
9 association for the purpose of planning and executing a destination tourism marketing
10 campaign. The contract may be awarded only if the qualified trade association
11 provides matching funds equal to at least 60 [30] percent of the costs of the marketing
12 campaign described in the contract. The marketing campaign may include media
13 advertising, establishing and operating a system for responding to visitor inquiries,
14 publishing and distributing information regarding vacation planning, establishing and
15 maintaining Internet sites that provide tourist information, and other activities related
16 to tourism that the division may designate in the contract. The marketing campaign
17 may promote distinct segments of tourism, such as highway tourism, seasonal tourism,
18 ecotourism, cultural tourism, regional tourism, and rural tourism.

19 * Sec. 7. AS 44.33.125(b) is amended to read:

20 (b) A qualified trade association that has been awarded a tourism marketing
21 contract under (a) of this section has, while the contract is in effect, the right of first
22 refusal for every [ANY] other tourism related contract offered by the Alaska division
23 of tourism if the trade association provides matching funds equal to at least 60 [30]
24 percent of the amount of the other tourism related contract.

25 * Sec. 8. AS 39.25.110(27); AS 39.50.200(b)(49); AS 44.33.135, 44.33.700, 44.33.705,
26 44.33.710, 44.33.715, 44.33.720, 44.33.723, 44.33.725, 44.33.727, 44.33.730, 44.33.733,
27 44.33.735; AS 44.66.010(a)(15); and AS 44.99.030(a)(14) are repealed.

28 * Sec. 9. Sections 1 - 5 and 8 of this Act take effect July 1, 1999.

29 * Sec. 10. Sections 6 and 7 of this Act take effect July 1, 2001.

5-6-98

adopted
John Daves #1

P. 3 l 2. after (b)

Notwithstanding (c) of this section, the state may implement its marketing plan via

~~two or more than one contracts, provided that each contract be matched by 30%~~

~~by the successful applicant.~~

SB

350

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 3/31/98

FURTHER: 5/02/98

Date of 5-Day Notice: _____
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: 5/02/98

Finance Committee considered SENATE BILL NO. 350

"An Act relating to tourism; relating to grants for tourism marketing; eliminating the division of tourism and the Alaska Tourism Marketing Council; and providing for an effective date."

and recommends:

- be replaced with _____ CS SB 350 (FIN)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to th _____ Committee

Senate Bill:

- same title
- new title
- House Bill:
- same title
- technical title
- new: SCR# _____

SIGNING DO-PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
_____	_____	_____			
<u>Deane Jordey</u>	<input checked="" type="checkbox"/>	<u>_____</u>	<input checked="" type="checkbox"/>		
		<u>_____</u>	<input checked="" type="checkbox"/>		
		<u>_____</u>	<input checked="" type="checkbox"/>		
Co-Chair: <u>Deane</u>	<input checked="" type="checkbox"/>	Co-Chair: _____			
Co-Chair: <u>Bob Wynn</u>	<input checked="" type="checkbox"/>	Co-Chair: _____			

NEW FISCAL NOTE(S):

Department Date Zero Fiscal

Commerce/Tourism	5/1/98	0	

PREVIOUS FISCAL NOTE(S):*

Department Date Zero Fiscal

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

FISCAL NOTE

5/02/98

**STATE OF ALASKA
1998 LEGISLATIVE SESSION**

BILL NO. CSSB350

Revision Date (Note if correction) <u>5/1/98</u>	Dept. Affected <u>Commerce</u>
Title <u>An Act relating to tourism and tourism marketing;</u>	BRU <u>Tourism</u>
<u>eliminating the ATMC</u>	Component <u>Tourism Development #2278</u>
Sponsor <u>Senate Finance</u>	<u>AK Tourism Market Coun #1026</u>
Requester <u>Senate Finance</u>	Component Serial No. _____

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
Personal Services		(206.4)	(206.4)	(206.4)		
Travel		(53.4)	(53.4)	(53.4)		
Contractual		(1,707.6)	(2,207.6)	(2,707.6)		
Supplies						
Equipment						
Land & Structures						
Grants & Claims		(60.0)	(60.0)	(60.0)		
Miscellaneous						
TOTAL OPERATING	0.0	(2,027.4)	(2,527.4)	(3,027.4)	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()		1,000.0				
-------------------------------	--	---------	--	--	--	--

FUND SOURCE

(Thousands of Dollars)

FUND SOURCE	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
1002 Federal Receipts						
1003 GF Match						
1004 GF		(299.3)	(799.3)	(1,299.3)		
1005 GF/Program Receipts		(355.3)	(355.3)	(355.3)		
1037 GF/Mental Health						
Other (Specify Type)		(1,372.8)	(1,372.8)	(1,372.8)		
TOTAL	0.0	(2,027.4)	(2,527.4)	(3,027.4)	0.0	0.0

Estimate of any current year (FY98) cost: _____

POSITIONS

POSITIONS	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
Full-time		(3)	(3)	(3)		
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Assumes General Fund reduction as outlined in the Alaska Visitor's Association "New Millenium Plan".

Changes in FY 2000 revenue is as a result of the cancellation of the current AVA contract with the Department of Commerce and Economic Development.

Prepared by Tom Garrett, Director
 Division Tourism Development
 Approved by Commissioner [Signature]
 Agency [Signature]

Phone 465-5472
 Date 5/1/98
 Date 5/1/98

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE

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"The New Millennium Plan"

A Concept for Shaping the Future of Tourism Promotion in Alaska

March 9, 1998

INTRODUCTION

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Rather than continue to watch Alaska's marketing decline, the tourism industry has taken a proactive approach in dealing with the problem. Under this proposal, the industry would greatly increase its marketing contribution and the State would continue to provide a core level of funding through an accountable fee-for-services contract with the new non-profit organization. After a phase-in period, the goal is to raise a minimum of \$10 million, with \$6 million coming from the private sector and \$4 million coming from the state. This represents a 25 percent reduction in state general funds and a more than 300 percent increase in private sector funds.

If adopted, this plan would:

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- Allow communities the ability to leverage their own marketing dollars with a statewide marketing program.
- Place greater emphasis on funding from cruise companies while reducing the cost of participation for Alaska's smallest businesses.

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SENATE FINANCE
COMMITTEE

Amendment Number: #1

Bill Number: SB 350

Sponsor: Donley Date: 4/16/98

Logged In By: Mindy

4/22/98
moved 1(A) to all "version"
w/o objection, adopted

Proposed amendment to proposed CS for SB350

Amend 1A
Sen Donley move
adopt w/out
objec

Amend AS 44.33.125 by changing "grant" to "contract" throughout the section and amend the procurement code by exempting the tourism marketing contract under AS 44.33.125 from the requirements of the procurement code.

Amend 1B
Sen Donley
move
adopt no
objection

Amend AS 44.33.120 (duties of the Division of Tourism) by adding a new subsection to read:

(c) In the event there is no tourism marketing contract currently in effect between the Department of Commerce and Economic Development and a qualified trade association under AS 44.33.125, the Alaska division of tourism may plan and execute destination tourism marketing campaigns and programs for the promotion of travel to and within the state.

SENATE FINANCE
COMMITTEE
Amendment Number: ?
Bill Number: SB 350
Sponsor: Torgerson Date: 4/27/98
Logged In By: Mindy

0-127GDFETSFA.1
Torgerson
4/22/98

moved by Sen. Torgerson.
Sen. Parnell objected, withdrawn
w/o objection, ADOPTED

A M E N D M E N T

Page 5, LINE 2

CSSB 350 (FIN) \#

BY SENATOR TORGERSON

INSERT (d) Tourism mailing lists sold or leased by the qualified trade association under this section shall be sold or leased ~~without discrimination~~ to any individual or business for the purpose of promoting an Alaskan tourism product or service. The qualified trade association may restrict the subsequent sale or lease of the tourism mailing list by purchasers or lessees.

- #2B Sen Donley move to Amend Amendment ^{delete} without discrimination
Sen. Jagers objection
Adopted 4-3 (Adams, Jagers, Sharp key)
- #2C Sen Parnell move to Amend the Amended #2 (separate sheet)

moved Amend #2C

SENATE AMENDMENT

Sen Parnell
Sen. Ferguson objection
withdrewn
w/o objection,
ADOPTED

By Sen Parnell

To: _____ SENATE BILL No. SB 350

To: _____ HOUSE BILL No. _____

PAGE:

LINE:

The purchase or lease price to an individual or business that is not a paid participant in the qualified trade association's marketing program may include an amount that takes into account the

AMOUNT OF THE QUALIFIED TRADE ASSOCIATION'S PARTICIPATION FEE ATTRIBUTABLE TO A MEMBER'S RIGHT OF ACCESS TO THE LISTS.

SENATE FINANCE
COMMITTEE

Amendment Number: 3
Bill Number: SB 350(FIN)-H
Sponsor: _____ Date: 4/28/98
Logged In By: J. Gallant

0-LS1695VH.1
Cook
4/26/98

A M E N D M E N T

OFFERED IN THE SENATE BY SENATOR
TO: CSSB 350(FIN), Draft Version "H"

1 Page 1, lines 13 - 14:

- 2 Delete "AS 44.33.119 - 44.33.125 [AS 44.33.119 - 44.33.135"
- 3 Insert "AS 44.33.119 - 44.33.135 ["

4 Page 2, line 22, through page 6, line 6:

5 Delete all material and insert:

6 "(b) The Alaska division of tourism shall

7 (1) cooperate with [THE TOURISM MARKETING COUNCIL AND]
8 organizations in the private sector for the promotion and development of tourism
9 [AND CONVENTIONS] into and within the state;

10 (2) coordinate with municipal, state, and federal agencies for the
11 development and promotion of tourism resources and conventions in the state;

12 (3) review and approve the procurement documents and procedures of
13 the tourism marketing council to ensure compliance with applicable laws and
14 regulations;

15 (4) promote and develop the state's tourist and convention industry by
16 any of the following:

17 (A) publicizing state attractions through such means as display
18 advertising in magazines and newspapers, advertising on radio and television
19 or other advertising media, publishing pamphlets, brochures, and other graphic
20 and pictorial materials, or by aiding and assisting representatives of the media
21 [,] to ensure greater coverage of the visitor attractions in the state;

22 (B) participation in travel shows;

23 (C) increasing the awareness of the citizens of the state at the
24 statewide, regional, and community level of the economic importance of the

1 visitor industry;

2 (D) assisting potential investors in creating new visitor
3 facilities;

4 (E) administering programs of the state in which the state
5 provides matching funds for municipalities of the state or nonprofit
6 organizations that undertake the promotion of visitor travel to and the
7 development of visitor amenities in the state;

8 (F) administering visitor information centers;

9 (G) conducting research to evaluate the effectiveness of the
10 tourism marketing [COUNCIL'S MARKETING] programs;

11 (H) analyzing the effect on the state's visitor industry of state
12 land and resource development projects;

13 (I) organizing, administering, and evaluating demonstration
14 projects for the promotion of the state's visitor industry and the development
15 of new tourism destination markets; and

16 (J) administering contracts [GRANTS] under AS 44.33.135.

17 * Sec. 4. AS 44.33.135 is amended to read:

18 **Sec. 44.33.135. Tourism marketing contracts [GRANTS FOR**
19 **PROMOTION OR DEVELOPMENT OF VISITOR TRAVEL].** (a) A
20 municipality, a nonprofit corporation formed under AS 10.20, or a bona fide nonprofit
21 civic, fraternal, [OR] service, or trade organization may **contract with the division**
22 **of tourism and** receive [, AS A GRANT,] matching money from the state for up to
23 **70** [50] percent of the costs of a program or project that the director of tourism
24 determines is consistent with the purposes of AS 44.33.119 and is likely to promote
25 or develop visitor travel, including **publicizing state attractions through such means**
26 **as display advertising in magazines and newspapers, advertising on radio and**
27 **television or other advertising media, publishing pamphlets, brochures, and other**
28 **graphic and pictorial materials, and aiding and assisting representatives of the**
29 **media to ensure greater coverage of the visitor attractions in the state**

30 [(1) THE PROMOTION OF CONVENTIONS;

31 (2) THE CONSTRUCTION, IMPROVEMENT, OR OPERATION OF
32 VISITOR DESTINATION FACILITIES AND TOURIST ATTRACTIONS; AND

1 (3) THE DEVELOPMENT AND PRESERVATION OF
2 ATTRACTIONS OF HISTORICAL, CONTEMPORARY, RECREATIONAL, OR
3 CULTURAL INTEREST].

4 (b) Money from a tourism marketing contract may not be used

5 (1) to lobby a municipality or an agency of a municipality or to
6 lobby the state or an agency of the state as defined in AS 44.99.030(b);

7 (2) to raise funds that will be used to lobby a municipality or an
8 agency of a municipality or to lobby the state or an agency of the state as defined
9 in AS 44.99.030(b); or

10 (3) for administrative or overhead costs associated with any effort
11 to lobby a municipality or an agency of a municipality or to lobby the state or
12 an agency of the state as defined in AS 44.99.030(b).

13 (c) The commissioner of commerce and economic development shall adopt
14 regulations to carry out the provisions of this section.

15 * Sec. 5. AS 44.33.135(a) is amended to read:

16 (a) A municipality, a nonprofit corporation formed under AS 10.20, or a bona
17 fide nonprofit civic, fraternal, service, or trade organization may contract with the
18 division of tourism and receive matching money from the state for up to 60 [70]
19 percent of the costs of a program or project that the director of tourism determines is
20 consistent with the purposes of AS 44.33.119 and is likely to promote or develop
21 visitor travel, including publicizing state attractions through such means as display
22 advertising in magazines and newspapers, advertising on radio and television or other
23 advertising media, publishing pamphlets, brochures, and other graphic and pictorial
24 materials, and aiding and assisting representatives of the media to ensure greater
25 coverage of the visitor attractions in the state."

26 Renumber the following bill sections accordingly.

27 Page 6, line 7:

28 Delete "AS 44.33.135, 44.33.700"

29 Insert "AS 44.33.700"

1 Page 6, line 10:

2 Delete "1 - 5 and 7"

3 Insert "1 - 4 and 6"

4 Page 6, line 11:

5 Delete "6"

6 Insert "5"

JAN 10 1960

SENATE FINANCE
COMMITTEE

Amendment Number: 4
Bill Number: SB 350 (FIN) "H"
Sponsor: _____ Date: 4/24/98
Logged In By: J.oltaru

CS for SENATE BILL NO. 350 (FIN)

An Act relating to tourism and tourism marketing;
eliminating the Alaska Tourism Marketing Council; and
providing for an effective date.

AMENDMENT TO WORK DRAFT VERSION "H" (4/24/98)

Page 1, line 4, insert the following:

* Section 1. AS 36.30.850(b) is amended by adding
a new subparagraph to read:

(38) a contract with a qualified trade
association for tourism marketing under AS
44.33.125.

Renumber remaining sections accordingly.

The purpose of this amendment is to allow the
Department to contract with the qualified trade association
for the new marketing program without going through the
steps required for a sole source contract, as is presently
done for the contract with AVA for the management of the
Alaska Tourism Marketing Council.

SENATE FINANCE
COMMITTEE

Amendment Number: 5
Bill Number: SB 350(FIN) H
Sponsor: _____ Date: 4/28/98
Logged In By: J. Clari

AMENDMENT

OFFERED IN THE SENATE

BY SENATOR

To: CSSB 350(FIN), Draft Version "H"

Page 5, lines 1 through 3:

delete:

[SOLE]

insert:

joint property of the qualified trade association and the division of tourism

(d) A qualified trade association shall provide, on request and at no cost

ORIGINAL

SENATE FINANCE
COMMITTEE

0-LS1695\F:1

Amendment Number: 6 Cook

Bill Number: SB 350 (FIN) H 4/18/98

Sponsor: Torgerson Date: 4/28/98

Logged In By: J. Soltau

A M E N D M E N T

OFFERED IN THE SENATE

BY SENATOR TORGERSON

TO: CSSB 350(FIN), Draft Version "H" ~~350~~ H

1 Page 4, line 31, through page 5, line 3:

2 Delete all material and insert:

3 "(c) A qualified trade association may sell the right to use advertising,
4 photographs, film footage, video footage or other materials, or consumer mailing lists,
5 marketing information, or other data produced in connection with a tourism marketing
6 contract. However, the right to use the materials or data must terminate before the
7 date the tourism marketing campaign ends under the terms of the contract. The
8 qualified trade association retains all the revenue it generates in connection with the
9 tourism marketing campaign during the period of performance under the contract.
10 Upon the termination or expiration of the contract, all materials produced and data
11 generated under the contract are the sole property of the state.

12 (d) Upon the termination or expiration of a tourism marketing contract and
13 at other times as requested by the Alaska division of tourism, a qualified trade
14 association shall provide to the Alaska"

0-LS1695H

Cook

4/24/98

CS FOR SENATE BILL NO. 350(FIN)**IN THE LEGISLATURE OF THE STATE OF ALASKA****TWENTIETH LEGISLATURE - SECOND SESSION****BY THE SENATE FINANCE COMMITTEE****Offered:****Referred:****Sponsor(s): SENATE FINANCE COMMITTEE****A BILL****FOR AN ACT ENTITLED**

1 "An Act relating to tourism and tourism marketing; eliminating the Alaska
2 Tourism Marketing Council; and providing for an effective date."

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

4 * Section 1. AS 39.50.200(a)(8) is amended to read:

5 (8) "public official" means a judicial officer, the governor, the
6 lieutenant governor, a person hired or appointed as the head or deputy head of, or
7 director of a division, a department in the executive branch, an assistant to the
8 governor, chair or member of a state commission or board, state investment officers
9 and the state comptroller in the Department of Revenue, [THE EXECUTIVE
10 DIRECTOR OF THE ALASKA TOURISM MARKETING COUNCIL,] and each
11 appointed or elected municipal officer;

12 * Sec. 2. AS 44.33.119 is amended to read:

13 **Sec. 44.33.119. Purposes.** The purposes of AS 44.33.119 - 44.33.125
14 [AS 44.33.119 - 44.33.135 AND AS 44.33.700 - 44.33.735] are to

1 (1) encourage the expansion and growth of the state's visitor industry
2 for the benefit of the citizens of the state;

3 (2) ensure that the economic benefits to be derived from tourism in the
4 state are retained in the state, to the greatest extent possible;

5 (3) ensure that a maximum number of residents of the state are
6 employed in the tourism industry;

7 (4) promote cooperation between the state and private sector in the
8 planning and execution of a [GENERIC] visitor marketing campaign in the public
9 interest;

10 (5) promote the development of visitor industry facilities, both in the
11 public sector and the private sector, through the use of state resources, as appropriate;

12 (6) ensure that the visitors' experience in the state is and continues to
13 be satisfactory and leads to word-of-mouth advertising and return visits to the state;

14 (7) ensure that consideration is given in the development and
15 implementation of the tour program to local community goals and objectives, to
16 impacts on existing private enterprises, and to impacts on recreational and subsistence
17 opportunities for the residents of the state;

18 (8) promote the development of tourism opportunities along the
19 highway system of the state, including the marine highway, and in rural areas of the
20 state.

21 * Sec. 3. AS 44.33.120(b) is amended to read:

22 (b) The Alaska division of tourism shall

23 (1) cooperate with [THE TOURISM MARKETING COUNCIL AND]
24 organizations in the private sector for the [PROMOTION AND] development of
25 tourism [AND CONVENTIONS] into and within the state;

26 (2) coordinate with municipal, state, and federal agencies for the
27 development [AND PROMOTION] of tourism resources [AND CONVENTIONS] in
28 the state;

29 (3) [REVIEW AND APPROVE THE PROCUREMENT DOCUMENTS
30 AND PROCEDURES OF THE TOURISM MARKETING COUNCIL TO ENSURE
31 COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS;

1 (4) PROMOTE AND] develop the state's tourist [AND
2 CONVENTION] industry by any of the following:

3 (A) planning and advocacy for tourism and tourism
4 development in coordination with the private sector, municipalities, state,
5 and federal agencies [PUBLICIZING STATE ATTRACTIONS THROUGH
6 SUCH MEANS AS DISPLAY ADVERTISING IN MAGAZINES AND
7 NEWSPAPERS, ADVERTISING ON RADIO AND TELEVISION OR
8 OTHER ADVERTISING MEDIA, PUBLISHING PAMPHLETS,
9 BROCHURES AND OTHER GRAPHIC AND PICTORIAL MATERIALS, OR
10 BY AIDING AND ASSISTING REPRESENTATIVES OF THE MEDIA, TO
11 ENSURE GREATER COVERAGE OF THE VISITOR ATTRACTIONS IN
12 THE STATE];

13 (B) [PARTICIPATION IN TRAVEL SHOWS;

14 (C)] increasing the awareness of the citizens of the state at the
15 statewide, regional, and community level of the economic importance of the
16 visitor industry;

17 (C) [(D)] assisting potential investors in creating new visitor
18 facilities;

19 (D) [(E)] administering and evaluating the tourism marketing
20 contract program under AS 44.33.125 [PROGRAMS OF THE STATE IN
21 WHICH THE STATE PROVIDES MATCHING FUNDS FOR
22 MUNICIPALITIES OF THE STATE OR NONPROFIT ORGANIZATIONS
23 THAT UNDERTAKE THE PROMOTION OF VISITOR TRAVEL TO AND
24 THE DEVELOPMENT OF VISITOR AMENITIES IN THE STATE;

25 (F) ADMINISTERING VISITOR INFORMATION CENTERS;

26 (G) CONDUCTING RESEARCH TO EVALUATE THE
27 EFFECTIVENESS OF THE TOURISM MARKETING COUNCIL'S
28 MARKETING PROGRAMS]; and

29 (E) [(H)] analyzing the effect on the state's visitor industry of
30 state land and resource development projects [;

31 (I) ORGANIZING, ADMINISTERING, AND EVALUATING

1 DEMONSTRATION PROJECTS FOR THE PROMOTION OF THE STATE'S
2 VISITOR INDUSTRY AND THE DEVELOPMENT OF NEW TOURISM
3 DESTINATION MARKETS; AND

4 (J) ADMINISTERING GRANTS UNDER AS 44.33.135].

5 * Sec. 4. AS 44.33.120 is amended by adding a new subsection to read:

6 (d) If there is no tourism marketing contract awarded under AS 44.33.125 in
7 effect, the Alaska division of tourism may plan and execute destination tourism
8 marketing campaigns and programs for the promotion of travel to and within the state.

9 * Sec. 5. AS 44.33 is amended by adding a new section to read:

10 **Sec. 44.33.125. Tourism marketing contracts.** (a) Subject to appropriations
11 for the purpose, the Alaska division of tourism shall, on or before August 1 of each
12 year, contract with a single qualified trade association for the purpose of planning and
13 executing a destination tourism marketing campaign. The contract may be awarded
14 only if the qualified trade association provides matching funds equal to at least 30
15 percent of the costs of the marketing campaign described in the contract. The
16 marketing campaign may include media advertising, establishing and operating a
17 system for responding to visitor inquiries, publishing and distributing information
18 regarding vacation planning, establishing and maintaining Internet sites that provide
19 tourist information, and other marketing activities related to tourism that the division
20 may designate in the contract. The marketing campaign may promote distinct
21 segments of tourism, such as highway tourism, seasonal tourism, ecotourism, cultural
22 tourism, regional tourism, and rural tourism.

23 (b) The marketing campaign conducted under a tourism marketing contract
24 must be directed by a group within the qualified trade association that is broadly
25 representative of the various sectors of the visitor industry in the state and whose
26 members are

27 (1) involved in a visitor industry business and have training in tourism
28 marketing; or

29 (2) officers or senior staff members of a state agency, a local
30 government, or a nonprofit enterprise established to promote the visitor industry.

31 (c) Materials produced and marketing information and tourism related data

1 generated under a tourism marketing contract are the sole property of the qualified
2 trade association.

3 (d) A qualified trade association shall provide, on request, to the Alaska
4 division of tourism materials produced and marketing information and tourism related
5 data generated by the qualified trade association under a tourism marketing contract,
6 but the materials, information, and data provided to the division are not public records
7 under AS 09.25.100 - 09.25.220.

8 (e) A qualified trade association may not use money from a tourism marketing
9 contract

10 (1) to lobby a municipality or an agency of a municipality or to lobby
11 the state or an agency of the state as defined in AS 44.99.030(b);

12 (2) to raise funds that will be used to lobby a municipality or an agency
13 of a municipality or to lobby the state or an agency of the state as defined in
14 AS 44.99.030(b); or

15 (3) for administrative or overhead costs associated with any effort to
16 lobby a municipality or an agency of a municipality or to lobby the state or an agency
17 of the state as defined in AS 44.99.030(b).

18 (f) In this section, "qualified trade association" means a private, nonprofit
19 organization whose primary purposes include the promotion of tourism within the state
20 and encouraging tourists to visit the state and that has a statewide membership
21 consisting of representatives of all major sectors of the visitor industry, including
22 hotels, airlines, cruise lines, wholesale and retail travel agencies, visitor attractions, and
23 convention and visitors bureaus.

24 * **Sec. 6.** AS 44.33.125(a) is amended to read:

25 (a) Subject to appropriations for the purpose, the Alaska division of tourism
26 ^{shall} may, on or before August 1 of each year, contract with a single qualified trade
27 association for the purpose of planning and executing a destination tourism marketing
28 campaign. The contract may be awarded only if the qualified trade association
29 provides matching funds equal to at least 40 [30] percent of the costs of the marketing
30 campaign described in the contract. The marketing campaign may include media
31 advertising, establishing and operating a system for responding to visitor inquiries,

1 publishing and distributing information regarding vacation planning, establishing and
2 maintaining Internet sites that provide tourist information, and other marketing
3 activities related to tourism that the division may designate in the contract. The
4 marketing campaign may promote distinct segments of tourism, such as highway
5 tourism, seasonal tourism, ecotourism, cultural tourism, regional tourism, and rural
6 tourism.

7 * Sec. 7. AS 39.25.110(27); AS 39.50.200(b)(49); AS 44.33.135, 44.33.700, 44.33.705,
8 44.33.710, 44.33.715, 44.33.720, 44.33.723, 44.33.725, 44.33.727, 44.33.730, 44.33.733,
9 44.33.735; AS 44.66.010(a)(15); and AS 44.99.030(a)(14) are repealed.

10 * Sec. 8. Sections 1 - 5 and 7 of this Act take effect July 1, 1999.

11 * Sec. 9. Section 6 of this Act takes effect July 1, 2001.

0-LS1695VF

Cook

4/16/98

CS FOR SENATE BILL NO. 350(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:

Referred:

Sponsor(s): SENATE FINANCE COMMITTEE

A BILL**FOR AN ACT ENTITLED**

1 "An Act relating to tourism; relating to tourism marketing contracts; eliminating
2 the Alaska Tourism Marketing Council; and providing for an effective date."

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

4 * Section 1. AS 39.50.200(a)(8) is amended to read:

5 (8) "public official" means a judicial officer, the governor, the
6 lieutenant governor, a person hired or appointed as the head or deputy head of, or
7 director of a division, a department in the executive branch, an assistant to the
8 governor, chair or member of a state commission or board, state investment officers
9 and the state comptroller in the Department of Revenue, [THE EXECUTIVE
10 DIRECTOR OF THE ALASKA TOURISM MARKETING COUNCIL,] and each
11 appointed or elected municipal officer;

12 * Sec. 2. AS 44.33.119 is amended to read:

13 Sec. 44.33.119. Purposes. The purposes of AS 44.33.119 - 44.33.125
14 [AS 44.33.119 - 44.33.135 AND AS 44.33.700 - 44.33.735] are to

1 (1) encourage the expansion and growth of the state's visitor industry
2 for the benefit of the citizens of the state;

3 (2) ensure that the economic benefits to be derived from tourism in the
4 state are retained in the state, to the greatest extent possible;

5 (3) ensure that a maximum number of residents of the state are
6 employed in the tourism industry;

7 (4) promote cooperation between the state and private sector in the
8 planning and execution of a [GENERIC] visitor marketing campaign in the public
9 interest;

10 (5) promote the development of visitor industry facilities, both in the
11 public sector and the private sector, through the use of state resources, as appropriate;

12 (6) ensure that the visitors' experience in the state is and continues to
13 be satisfactory and leads to word-of-mouth advertising and return visits to the state;

14 (7) ensure that consideration is given in the development and
15 implementation of the tourism program to local community goals and objectives, to
16 impacts on existing private enterprises, and to impacts on recreational and subsistence
17 opportunities for the residents of the state;

18 (8) promote the development of tourism opportunities along the
19 highway system of the state, including the marine highway, and in rural areas of the
20 state.

21 * Sec. 3. AS 44.33.120(b) is amended to read:

22 (b) The Alaska division of tourism shall

23 (1) cooperate with [THE TOURISM MARKETING COUNCIL AND]
24 organizations in the private sector for the [PROMOTION AND] development of
25 tourism [AND CONVENTIONS] into and within the state;

26 (2) coordinate with municipal, state, and federal agencies for the
27 development [AND PROMOTION] of tourism resources [AND CONVENTIONS] in
28 the state;

29 (3) [REVIEW AND APPROVE THE PROCUREMENT DOCUMENTS
30 AND PROCEDURES OF THE TOURISM MARKETING COUNCIL TO ENSURE
31 COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS;

1 (4) PROMOTE AND] develop the state's tourist [AND
2 CONVENTION] industry by any of the following:

3 (A) planning and advocacy for tourism and tourism
4 development in coordination with the private sector, municipalities, state,
5 and federal agencies [PUBLICIZING STATE ATTRACTIONS THROUGH
6 SUCH MEANS AS DISPLAY ADVERTISING IN MAGAZINES AND
7 NEWSPAPERS, ADVERTISING ON RADIO AND TELEVISION OR
8 OTHER ADVERTISING MEDIA, PUBLISHING PAMPHLETS,
9 BROCHURES AND OTHER GRAPHIC AND PICTORIAL MATERIALS, OR
10 BY AIDING AND ASSISTING REPRESENTATIVES OF THE MEDIA, TO
11 ENSURE GREATER COVERAGE OF THE VISITOR ATTRACTIONS IN
12 THE STATE];

13 (B) [PARTICIPATION IN TRAVEL SHOWS;

14 (C)] increasing the awareness of the citizens of the state at the
15 statewide, regional, and community level of the economic importance of the
16 visitor industry;

17 (C) [(D)] assisting potential investors in creating new visitor
18 facilities;

19 (D) [(E)] administering and evaluating the tourism marketing
20 contract program under AS 44.33.125 [PROGRAMS OF THE STATE IN
21 WHICH THE STATE PROVIDES MATCHING FUNDS FOR
22 MUNICIPALITIES OF THE STATE OR NONPROFIT ORGANIZATIONS
23 THAT UNDERTAKE THE PROMOTION OF VISITOR TRAVEL TO AND
24 THE DEVELOPMENT OF VISITOR AMENITIES IN THE STATE;

25 (F) ADMINISTERING VISITOR INFORMATION CENTERS;

26 (G) CONDUCTING RESEARCH TO EVALUATE THE
27 EFFECTIVENESS OF THE TOURISM MARKETING COUNCIL'S
28 MARKETING PROGRAMS]; and

29 (E) [(H)] analyzing the effect on the state's visitor industry of
30 state land and resource development projects [;

31 (I) ORGANIZING, ADMINISTERING, AND EVALUATING

1 DEMONSTRATION PROJECTS FOR THE PROMOTION OF THE STATE'S
2 VISITOR INDUSTRY AND THE DEVELOPMENT OF NEW TOURISM
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4 (J) ADMINISTERING GRANTS UNDER AS 44.33.135].

5 * Sec. 4. AS 44.33.120 is amended by adding a new subsection to read:

6 (d) If there is no tourism marketing contract awarded under AS 44.33.125 in
7 effect, the Alaska division of tourism may plan and execute destination tourism
8 marketing campaigns and programs for the promotion of travel to and within the state.

9 * Sec. 5. AS 44.33 is amended by adding a new section to read:

10 **Sec. 44.33.125. Tourism marketing contracts.** (a) Subject to appropriations
11 for the purpose, the Alaska division of tourism may, on or before August 1 of each
12 year, contract with a single qualified trade association for the purpose of planning and
13 executing a destination tourism marketing campaign. The contract may be awarded
14 only if the qualified trade association provides matching funds equal to at least 30
15 percent of the costs of the marketing campaign described in the contract. The
16 marketing campaign may include media advertising, establishing and operating a
17 system for responding to visitor inquiries, publishing and distributing information
18 regarding vacation planning, establishing and maintaining Internet sites that provide
19 tourist information, and other marketing activities related to tourism that the division
20 may designate in the contract. The marketing campaign may promote distinct
21 segments of tourism, such as highway tourism, seasonal tourism, ecotourism, cultural
22 tourism, regional tourism, and rural tourism.

23 (b) The marketing campaign conducted under a tourism marketing contract
24 must be directed by a group within the qualified trade association that is broadly
25 representative of the various sectors of the visitor industry in the state and whose
26 members are

27 (1) involved in a visitor industry business and have training in tourism
28 marketing; or

29 (2) officers or senior staff members of a state agency, a local
30 government, or a nonprofit enterprise established to promote the visitor industry.

31 (c) Materials produced and marketing information and tourism related data

1 generated under a tourism marketing contract are the sole property of the qualified
2 trade association.

3 (d) A qualified trade association shall provide, on request, to the Alaska
4 division of tourism materials produced and marketing information and tourism related
5 data generated by the qualified trade association under a tourism marketing contract,
6 but the materials, information, and data provided to the division are not public records
7 under AS 09.25.100 - 09.25.220.

8 (e) A qualified trade association may not use money from a tourism marketing
9 contract

10 (i) to lobby a municipality or an agency of a municipality or to lobby
11 the state or an agency of the state as defined in AS 44.99.030(b);

12 (2) to raise funds that will be used to lobby a municipality or an agency
13 of a municipality or to lobby the state or an agency of the state as defined in
14 AS 44.99.030(b); or

15 (3) for administrative or overhead costs associated with any effort to
16 lobby a municipality or an agency of a municipality or to lobby the state or an agency
17 of the state as defined in AS 44.99.030(b).

18 (f) In this section, "qualified trade association" means a private, nonprofit
19 organization whose primary purposes include the promotion of tourism within the state
20 and encouraging tourists to visit the state and that has a statewide membership
21 consisting of representatives of all major sectors of the visitor industry, including
22 hotels, airlines, cruise lines, wholesale and retail travel agencies, visitor attractions, and
23 convention and visitors bureaus.

24 * Sec. 6. AS 44.33.125(a) is amended to read:

25 (a) Subject to appropriations for the purpose, the Alaska division of tourism
26 may, on or before August 1 of each year, contract with a single qualified trade
27 association for the purpose of planning and executing a destination tourism marketing
28 campaign. The contract may be awarded only if the qualified trade association
29 provides matching funds equal to at least 40 [30] percent of the costs of the marketing
30 campaign described in the contract. The marketing campaign may include media
31 advertising, establishing and operating a system for responding to visitor inquiries,

1 publishing and distributing information regarding vacation planning, establishing and
2 maintaining Internet sites that provide tourist information, and other marketing
3 activities related to tourism that the division may designate in the contract. The
4 marketing campaign may promote distinct segments of tourism, such as highway
5 tourism, seasonal tourism, ecotourism, cultural tourism, regional tourism, and rural
6 tourism.

7 * **Sec. 7.** AS 39.25.110(27); AS 39.50.200(b)(49); AS 44.33.135, 44.33.700, 44.33.705,
8 44.33.710, 44.33.715, 44.33.720, 44.33.723, 44.33.725, 44.33.727, 44.33.730, 44.33.733,
9 44.33.735; AS 44.66.010(a)(15); and AS 44.99.030(a)(14) are repealed.

10 * **Sec. 8.** Sections 1 - 5 and 7 of this Act take effect July 1, 1999.

11 * **Sec. 9.** Section 6 of this Act takes effect July 1, 2001.

SB

352

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 4/29/98

FURTHER: REPORTED OUT OF
SFC 5/02/98
 DATE TURNED
 IN TO OFFICE: 5/04/98

Finance Committee considered SENATE BILL NO. 352

"An Act relating to international airports revenue bonds; and providing for an effective date."

and recommends:

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

- Senate Bill:**
- same title
 - new title
- House Bill:**
- same title
 - technical title
 - new: SCR# _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
<i>[Signature]</i>	✓	<i>[Signature]</i>	✓		
		<i>[Signature]</i>	✓		
Co-Chair: <i>[Signature]</i>	✓	Co-Chair: <i>[Signature]</i>			
Co-Chair: <i>[Signature]</i>		Co-Chair: <i>[Signature]</i>	✓		

NEW FISCAL NOTE(S):

Department	Date	Zero	Fiscal

PREVIOUS FISCAL NOTE(S):*

Department	Date	Zero	Fiscal
Rev/Treasury	4/13/98	Ø	

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

FISCAL NOTE

No. 1
Bill Version: SB352
(S) Publish Date: 4/29/98

Revision Date: _____ Dept. Affected: Revenue
Title: Airport Revenue Bonds BRU: Revenue Operations
Component: Treasury 5/02/98
Sponsor: (S) TRA
Requestor: (S) TRA COMPONENT SERIAL NO. 121

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
DEBT SERVICE			6,183.2	15,689.4	15,687.5	15,689.7
TOTAL OPERATING	0.0	0.0	6,183.2	15,689.4	15,687.5	15,689.7
CAPITAL EXPENDITURES						
CHANGE IN REVENUES ()						

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1001 CBRF						
International Airports Revenue Fund			6,183.2	15,689.4	15,687.5	15,689.7
Other						
TOTAL	0.0	0.0	6,183.2	15,689.4	15,687.5	15,689.7

Estimate of any current year cost \$ _____

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

The bill authorizes the State Bond Committee to issue an additional \$179.0 million of revenue bonds to expand the Anchorage International Airport. The debt service on these bonds will be funded from the International Airport Revenue Fund.

See attached debt service analysis for low, mid, and high rates. This fiscal note utilizes the high interest rate of 7% with a 25 year term. Using the high interest rate estimated debt service is approximately \$15.7 million.

annual

Prepared by: Deven Mitchell
Division: Treasury
Approved by Commissioner: Wilson L. Condon *Ross A. Kunney*
Agency: Revenue

Phone: 465-3409
Date: April 13, 1998
Date: April 13, 1998

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BOND DEBT SERVICE

Anchorage International Airport
 Fiscal Note Scenario for Department of Revenue
 February 6, 1998 Insured Rates
 \$179 MM Bond Issue Principal Amount Assumption

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
10/01/1998					
04/01/1999			4,353,876.50	4,353,876.50	
06/30/1999					4,353,876.50
10/01/1999			4,353,876.50	4,353,876.50	
04/01/2000			4,353,876.50	4,353,876.50	
06/30/2000					8,707,753.00
10/01/2000			4,353,876.50	4,353,876.50	
04/01/2001			4,353,876.50	4,353,876.50	
06/30/2001					8,707,753.00
10/01/2001	4,490,000	3.950%	4,353,876.50	8,843,876.50	
04/01/2002			4,265,199.00	4,265,199.00	
06/30/2002					13,109,075.50
10/01/2002	4,670,000	4.040%	4,265,199.00	8,935,199.00	
04/01/2003			4,170,865.00	4,170,865.00	
06/30/2003					13,106,064.00
10/01/2003	4,865,000	4.100%	4,170,865.00	9,035,865.00	
04/01/2004			4,071,132.50	4,071,132.50	
06/30/2004					13,106,997.50
10/01/2004	5,070,000	4.150%	4,071,132.50	9,141,132.50	
04/01/2005			3,965,930.00	3,965,930.00	
06/30/2005					13,107,062.50
10/01/2005	5,285,000	4.200%	3,965,930.00	9,250,930.00	
04/01/2006			3,854,945.00	3,854,945.00	
06/30/2006					13,105,875.00
10/01/2006	5,515,000	4.250%	3,854,945.00	9,369,945.00	
04/01/2007			3,737,751.25	3,737,751.25	
06/30/2007					13,107,696.25
10/01/2007	5,755,000	4.300%	3,737,751.25	9,492,751.25	
04/01/2008			3,614,018.75	3,614,018.75	
06/30/2008					13,106,770.00
10/01/2008	6,010,000	4.400%	3,614,018.75	9,624,018.75	
04/01/2009			3,481,798.75	3,481,798.75	
06/30/2009					13,105,817.50
10/01/2009	6,300,000	4.900%	3,481,798.75	9,781,798.75	
04/01/2010			3,327,448.75	3,327,448.75	
06/30/2010					13,109,247.50
10/01/2010	6,615,000	4.900%	3,327,448.75	9,942,448.75	
04/01/2011			3,165,381.25	3,165,381.25	
06/30/2011					13,107,830.00
10/01/2011	6,945,000	4.900%	3,165,381.25	10,110,381.25	
04/01/2012			2,995,228.75	2,995,228.75	
06/30/2012					13,105,610.00
10/01/2012	7,295,000	4.900%	2,995,228.75	10,290,228.75	
04/01/2013			2,816,501.25	2,816,501.25	
06/30/2013					13,106,730.00
10/01/2013	7,665,000	4.900%	2,816,501.25	10,481,501.25	
04/01/2014			2,628,708.75	2,628,708.75	
06/30/2014					13,110,210.00
10/01/2014	8,055,000	5.100%	2,628,708.75	10,683,708.75	
04/01/2015			2,423,306.25	2,423,306.25	

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BOND DEBT SERVICE

Anchorage International Airport
 Fiscal Note Scenario for Department of Revenue
 February 6, 1998 Insured Rates
 \$179 MM Bond Issue Principal Amount Assumption

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/30/2015					13,107,015.00
10/01/2015	8,480,000	5.100%	2,423,306.25	10,903,306.25	
04/01/2016			2,207,066.25	2,207,066.25	
06/30/2016					13,110,372.50
10/01/2016	8,920,000	5.100%	2,207,066.25	11,127,066.25	
04/01/2017			1,979,606.25	1,979,606.25	
06/30/2017					13,106,672.50
10/01/2017	9,390,000	5.100%	1,979,606.25	11,369,606.25	
04/01/2018			1,740,161.25	1,740,161.25	
06/30/2018					13,109,767.50
10/01/2018	9,880,000	5.100%	1,740,161.25	11,620,161.25	
04/01/2019			1,488,221.25	1,488,221.25	
06/30/2019					13,108,382.50
10/01/2019	10,400,000	5.150%	1,488,221.25	11,888,221.25	
04/01/2020			1,220,421.25	1,220,421.25	
06/30/2020					13,108,642.50
10/01/2020	10,950,000	5.150%	1,220,421.25	12,170,421.25	
04/01/2021			938,458.75	938,458.75	
06/30/2021					13,108,880.00
10/01/2021	11,530,000	5.150%	938,458.75	12,468,458.75	
04/01/2022			641,561.25	641,561.25	
06/30/2022					13,110,020.00
10/01/2022	12,135,000	5.150%	641,561.25	12,776,561.25	
04/01/2023			329,085.00	329,085.00	
06/30/2023					13,105,646.25
10/01/2023	12,780,000	5.150%	329,085.00	13,109,085.00	
06/30/2024					13,109,085.00
	179,000,000		144,248,852.00	323,248,852.00	323,248,852.00

NET DEBT SERVICE

Anchorage International Airport
 Fiscal Note Scenario for Department of Revenue
 February 6, 1998 Insured Rates
 \$179 MM Bond Issue Principal Amount Assumption

Period Ending	Total Debt Service	Capitalized Interest Fund	Net Debt Service
06/30/1999	4,353,876.50	4,353,876.50	
06/30/2000	8,707,753.00	8,707,753.00	
06/30/2001	8,707,753.00	4,353,876.50	4,353,876.50
06/30/2002	13,109,075.50		13,109,075.50
06/30/2003	13,106,064.00		13,106,064.00
06/30/2004	13,106,997.50		13,106,997.50
06/30/2005	13,107,062.50		13,107,062.50
06/30/2006	13,105,875.00		13,105,875.00
06/30/2007	13,107,696.25		13,107,696.25
06/30/2008	13,106,770.00		13,106,770.00
06/30/2009	13,105,817.50		13,105,817.50
06/30/2010	13,109,247.50		13,109,247.50
06/30/2011	13,107,830.00		13,107,830.00
06/30/2012	13,105,610.00		13,105,610.00
06/30/2013	13,106,730.00		13,106,730.00
06/30/2014	13,110,210.00		13,110,210.00
06/30/2015	13,107,015.00		13,107,015.00
06/30/2016	13,110,372.50		13,110,372.50
06/30/2017	13,106,672.50		13,106,672.50
06/30/2018	13,109,767.50		13,109,767.50
06/30/2019	13,108,382.50		13,108,382.50
06/30/2020	13,108,642.50		13,108,642.50
06/30/2021	13,108,880.00		13,108,880.00
06/30/2022	13,110,020.00		13,110,020.00
06/30/2023	13,105,646.25		13,105,646.25
06/30/2024	13,109,085.00		13,109,085.00
	323,248,852.00	17,415,506.00	305,833,346.00

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BOND SUMMARY STATISTICS

Anchorage International Airport
 Fiscal Note Scenario for Department of Revenue
 February 6, 1998 Insured Rates
 \$179 MM Bond Issue Principal Amount Assumption

Dated Date	10/01/1998
Delivery Date	10/01/1998
Last Maturity	10/01/2023
Arbitrage Yield	5.106200%
True Interest Cost (TIC)	5.106200%
Net Interest Cost (NIC)	5.007224%
All-In TIC	5.252774%
Average Coupon	5.007224%
Average Life (years)	16.094
Duration of Issue (years)	10.613
Par Amount	179,000,000.00
Bond Proceeds	179,000,000.00
Total Interest	144,248,852.00
Net Interest	144,248,852.00
Total Debt Service	323,248,852.00
Maximum Annual Debt Service	13,110,372.50
Average Annual Debt Service	12,929,954.08
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
Total Underwriter's Discount	
Bid Price	100.000000

Bond Component	Par Value	Price	Average Coupon	Average Life
Serial Bonds	41,660,000.00	100.000	4.232%	6.719
Term Bonds	34,820,000.00	100.000	4.900%	13.098
Term 2	44,725,000.00	100.000	5.100%	18.102
Term3	57,795,000.00	100.000	5.150%	23.103
	179,000,000.00			16.094

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BOND DEBT SERVICE

Anchorage International Airport
 Fiscal Note Scenario for Department of Revenue
 February 6, 1998 Insured Rates plus 100 basis point cushion
 \$179 MM Bond Issue Principal Amount Assumption

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
10/01/1998					
04/01/1999			5,269,088.75	5,269,088.75	
06/30/1999					5,269,088.75
10/01/1999			5,269,088.75	5,269,088.75	
04/01/2000			5,269,088.75	5,269,088.75	
06/30/2000					10,538,177.50
10/01/2000			5,269,088.75	5,269,088.75	
04/01/2001			5,269,088.75	5,269,088.75	
06/30/2001					10,538,177.50
10/01/2001	3,930,000	4.950%	5,269,088.75	9,199,088.75	
04/01/2002			5,171,821.25	5,171,821.25	
06/30/2002					14,370,910.00
10/01/2002	4,130,000	5.050%	5,171,821.25	9,301,821.25	
04/01/2003			5,067,538.75	5,067,538.75	
06/30/2003					14,369,360.00
10/01/2003	4,345,000	5.100%	5,067,538.75	9,412,538.75	
04/01/2004			4,956,741.25	4,956,741.25	
06/30/2004					14,369,280.00
10/01/2004	4,575,000	5.150%	4,956,741.25	9,531,741.25	
04/01/2005			4,838,935.00	4,838,935.00	
06/30/2005					14,370,676.25
10/01/2005	4,820,000	5.200%	4,838,935.00	9,658,935.00	
04/01/2006			4,713,615.00	4,713,615.00	
06/30/2006					14,372,550.00
10/01/2006	5,075,000	5.250%	4,713,615.00	9,788,615.00	
04/01/2007			4,580,396.25	4,580,396.25	
06/30/2007					14,369,011.25
10/01/2007	5,350,000	5.300%	4,580,396.25	9,930,396.25	
04/01/2008			4,438,621.25	4,438,621.25	
06/30/2008					14,369,017.50
10/01/2008	5,645,000	5.400%	4,438,621.25	10,083,621.25	
04/01/2009			4,286,206.25	4,286,206.25	
06/30/2009					14,369,827.50
10/01/2009	5,975,000	5.900%	4,286,206.25	10,261,206.25	
04/01/2010			4,109,943.75	4,109,943.75	
06/30/2010					14,371,150.00
10/01/2010	6,335,000	5.900%	4,109,943.75	10,444,943.75	
04/01/2011			3,923,061.25	3,923,061.25	
06/30/2011					14,368,005.00
10/01/2011	6,720,000	5.900%	3,923,061.25	10,643,061.25	
04/01/2012			3,724,821.25	3,724,821.25	
06/30/2012					14,367,882.50
10/01/2012	7,130,000	5.900%	3,724,821.25	10,854,821.25	
04/01/2013			3,514,486.25	3,514,486.25	
06/30/2013					14,369,307.50
10/01/2013	7,565,000	5.900%	3,514,486.25	11,079,486.25	
04/01/2014			3,291,318.75	3,291,318.75	
06/30/2014					14,370,805.00
10/01/2014	8,030,000	6.100%	3,291,318.75	11,321,318.75	
04/01/2015			3,046,403.75	3,046,403.75	

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BOND DEBT SERVICE

Anchorage International Airport
 Fiscal Note Scenario for Department of Revenue
 February 6, 1998 Insured Rates plus 100 basis point cushion
 \$179 MM Bond Issue Principal Amount Assumption

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/30/2015					14,367,722.50
10/01/2015	8,540,000	6.100%	3,046,403.75	11,586,403.75	
04/01/2016			2,785,933.75	2,785,933.75	
06/30/2016					14,372,337.50
10/01/2016	9,075,000	6.100%	2,785,933.75	11,860,933.75	
04/01/2017			2,509,146.25	2,509,146.25	
06/30/2017					14,370,080.00
10/01/2017	9,645,000	6.100%	2,509,146.25	12,154,146.25	
04/01/2018			2,214,973.75	2,214,973.75	
06/30/2018					14,369,120.00
10/01/2018	10,250,000	6.100%	2,214,973.75	12,464,973.75	
04/01/2019			1,902,348.75	1,902,348.75	
06/30/2019					14,367,322.50
10/01/2019	10,900,000	6.150%	1,902,348.75	12,802,348.75	
04/01/2020			1,567,173.75	1,567,173.75	
06/30/2020					14,369,522.50
10/01/2020	11,590,000	6.150%	1,567,173.75	13,157,173.75	
04/01/2021			1,210,781.25	1,210,781.25	
06/30/2021					14,367,955.00
10/01/2021	12,325,000	6.150%	1,210,781.25	13,535,781.25	
04/01/2022			831,787.50	831,787.50	
06/30/2022					14,367,568.75
10/01/2022	13,110,000	6.150%	831,787.50	13,941,787.50	
04/01/2023			428,655.00	428,655.00	
06/30/2023					14,370,442.50
10/01/2023	13,940,000	6.150%	428,655.00	14,368,655.00	
06/30/2024					14,368,655.00
	179,000,000		177,843,952.50	356,843,952.50	356,843,952.50

Prepared by Hudson AIPF, LLC

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NET DEBT SERVICE

Anchorage International Airport
 Fiscal Note Scenario for Department of Revenue
 February 6, 1998 Insured Rates plus 100 basis point cushion
 \$179 MM Bond Issue Principal Amount Assumption

Period Ending	Total Debt Service	Capitalized Interest Fund	Net Debt Service
06/30/1999	5,269,088.75	5,269,088.75	
06/30/2000	10,538,177.50	10,538,177.50	
06/30/2001	10,538,177.50	5,269,088.75	5,269,088.75
06/30/2002	14,370,910.00		14,370,910.00
06/30/2003	14,369,360.00		14,369,360.00
06/30/2004	14,369,280.00		14,369,280.00
06/30/2005	14,370,676.25		14,370,676.25
06/30/2006	14,372,550.00		14,372,550.00
06/30/2007	14,369,011.25		14,369,011.25
06/30/2008	14,369,017.50		14,369,017.50
06/30/2009	14,369,827.50		14,369,827.50
06/30/2010	14,371,150.00		14,371,150.00
06/30/2011	14,368,005.00		14,368,005.00
06/30/2012	14,368,882.50		14,368,882.50
06/30/2013	14,369,307.50		14,369,307.50
06/30/2014	14,370,805.00		14,370,805.00
06/30/2015	14,367,722.50		14,367,722.50
06/30/2016	14,372,337.50		14,372,337.50
06/30/2017	14,370,080.00		14,370,080.00
06/30/2018	14,369,120.00		14,369,120.00
06/30/2019	14,367,322.50		14,367,322.50
06/30/2020	14,369,522.50		14,369,522.50
06/30/2021	14,367,955.00		14,367,955.00
06/30/2022	14,367,568.75		14,367,568.75
06/30/2023	14,370,442.50		14,370,442.50
06/30/2024	14,368,655.00		14,368,655.00
	356,842,062.50	21,076,355.00	335,767,597.50

BOND SUMMARY STATISTICS

Anchorage International Airport
 Fiscal Note Scenario for Department of Revenue
 February 6, 1998 Insured Rates plus 100 basis point cushion
 \$179 MM Bond Issue Principal Amount Assumption

Dated Date	10/01/1998
Delivery Date	10/01/1998
Last Maturity	10/01/2023
Arbitrage Yield	6.137115%
True Interest Cost (TIC)	6.137115%
Net Interest Cost (NIC)	6.019253%
All-In TIC	6.292908%
Average Coupon	6.019253%
Average Life (years)	16.506
Duration of Issue (years)	10.038
Par Amount	179,000,000.00
Bond Proceeds	179,000,000.00
Total Interest	177,843,952.50
Net Interest	177,843,952.50
Total Debt Service	356,843,952.50
Maximum Annual Debt Service	14,372,550.00
Average Annual Debt Service	14,273,758.10
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
Total Underwriter's Discount	
Bid Price	100.000000

Bond Component	Par Value	Price	Average Coupon	Average Life
Serial Bonds	37,870,000.00	100.000	5.236%	6.771
Term Bonds	33,725,000.00	100.000	5.900%	13.118
Term 2	45,540,000.00	100.000	6.100%	18.122
Term3	61,865,000.00	100.000	6.150%	23.123
	179,000,000.00			16.506

BOND DEBT SERVICE

Anchorage International Airport
 Fiscal Note Scenario for Department of Revenue
 February 6, 1998 Insured Rates plus 200 basis point cushion
 \$179 MM Bond Issue Principal Amount Assumption

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
10/01/1998					
04/01/1999			6,183,107.50	6,183,107.50	
06/30/1999					6,183,107.50
10/01/1999			6,183,107.50	6,183,107.50	
04/01/2000			6,183,107.50	6,183,107.50	
06/30/2000					12,366,215.00
10/01/2000			6,183,107.50	6,183,107.50	
04/01/2001			6,183,107.50	6,183,107.50	
06/30/2001					12,366,215.00
10/01/2001	3,425,000	5.950%	6,183,107.50	9,608,107.50	
04/01/2002			6,081,213.75	6,081,213.75	
06/30/2002					15,689,321.25
10/01/2002	3,635,000	6.050%	6,081,213.75	9,716,213.75	
04/01/2003			5,971,255.00	5,971,255.00	
06/30/2003					15,687,468.75
10/01/2003	3,865,000	6.100%	5,971,255.00	9,836,255.00	
04/01/2004			5,853,372.50	5,853,372.50	
06/30/2004					15,689,627.50
10/01/2004	4,110,000	6.150%	5,853,372.50	9,963,372.50	
04/01/2005			5,726,990.00	5,726,990.00	
06/30/2005					15,690,362.50
10/01/2005	4,370,000	6.200%	5,726,990.00	10,096,990.00	
04/01/2006			5,591,520.00	5,591,520.00	
06/30/2006					15,688,510.00
10/01/2006	4,650,000	6.250%	5,591,520.00	10,241,520.00	
04/01/2007			5,446,207.50	5,446,207.50	
06/30/2007					15,687,727.50
10/01/2007	4,955,000	6.300%	5,446,207.50	10,401,207.50	
04/01/2008			5,290,125.00	5,290,125.00	
06/30/2008					15,691,332.50
10/01/2008	5,280,000	6.400%	5,290,125.00	10,570,125.00	
04/01/2009			5,121,165.00	5,121,165.00	
06/30/2009					15,691,290.00
10/01/2009	5,640,000	6.900%	5,121,165.00	10,761,165.00	
04/01/2010			4,926,585.00	4,926,585.00	
06/30/2010					15,687,750.00
10/01/2010	6,045,000	6.900%	4,926,585.00	10,971,585.00	
04/01/2011			4,718,032.50	4,718,032.50	
06/30/2011					15,689,617.50
10/01/2011	6,475,000	6.900%	4,718,032.50	11,193,032.50	
04/01/2012			4,494,645.00	4,494,645.00	
06/30/2012					15,687,677.50
10/01/2012	6,940,000	6.900%	4,494,645.00	11,434,645.00	
04/01/2013			4,255,215.00	4,255,215.00	
06/30/2013					15,689,860.00
10/01/2013	7,435,000	6.900%	4,255,215.00	11,690,215.00	
04/01/2014			3,998,707.50	3,998,707.50	
06/30/2014					15,688,922.50
10/01/2014	7,975,000	7.100%	3,998,707.50	11,973,707.50	
04/01/2015			3,715,595.00	3,715,595.00	

Prepared by Hudson AIPF, LLC

Page 2

BOND DEBT SERVICE

Anchorage International Airport
 Fiscal Note Scenario for Department of Revenue
 February 6, 1998 Insured Rates plus 200 basis point cushion
 \$179 MM Bond Issue Principal Amount Assumption

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/30/2015					15,689,302.50
10/01/2015	8,560,000	7.100%	3,715,595.00	12,275,595.00	
04/01/2016			3,411,715.00	3,411,715.00	
06/30/2016					15,687,310.00
10/01/2016	9,195,000	7.100%	3,411,715.00	12,606,715.00	
04/01/2017			3,085,292.50	3,085,292.50	
06/30/2017					15,692,007.50
10/01/2017	9,870,000	7.100%	3,085,292.50	12,955,292.50	
04/01/2018			2,734,907.50	2,734,907.50	
06/30/2018					15,690,200.00
10/01/2018	10,595,000	7.100%	2,734,907.50	13,329,907.50	
04/01/2019			2,358,785.00	2,358,785.00	
06/30/2019					15,688,692.50
10/01/2019	11,380,000	7.150%	2,358,785.00	13,738,785.00	
04/01/2020			1,951,950.00	1,951,950.00	
06/30/2020					15,690,735.00
10/01/2020	12,220,000	7.150%	1,951,950.00	14,171,950.00	
04/01/2021			1,515,085.00	1,515,085.00	
06/30/2021					15,687,035.00
10/01/2021	13,130,000	7.150%	1,515,085.00	14,645,085.00	
04/01/2022			1,045,687.50	1,045,687.50	
06/30/2022					15,690,772.50
10/01/2022	14,100,000	7.150%	1,045,687.50	15,145,687.50	
04/01/2023			541,612.50	541,612.50	
06/30/2023					15,687,300.00
10/01/2023	15,150,000	7.150%	541,612.50	15,691,612.50	
06/30/2024					15,691,612.50
	179,000,000		212,769,972.50	391,769,972.50	391,769,972.50

NET DEBT SERVICE

Anchorage International Airport
 Fiscal Note Scenario for Department of Revenue
 February 6, 1998 Insured Rates plus 200 basis point cushion
 \$179 MM Bond Issue Principal Amount Assumption

Period Ending	Total Debt Service	Capitalized Interest Fund	Net Debt Service
06/30/1999	6,183,107.50	6,183,107.50	
06/30/2000	12,366,215.00	12,366,215.00	
06/30/2001	12,366,215.00	6,183,107.50	6,183,107.50
06/30/2002	15,689,321.25		15,689,321.25
06/30/2003	15,687,468.75		15,687,468.75
06/30/2004	15,689,627.50		15,689,627.50
06/30/2005	15,690,362.50		15,690,362.50
06/30/2006	15,688,510.00		15,688,510.00
06/30/2007	15,687,727.50		15,687,727.50
06/30/2008	15,691,332.50		15,691,332.50
06/30/2009	15,691,290.00		15,691,290.00
06/30/2010	15,687,750.00		15,687,750.00
06/30/2011	15,689,617.50		15,689,617.50
06/30/2012	15,687,677.50		15,687,677.50
06/30/2013	15,689,860.00		15,689,860.00
06/30/2014	15,688,922.50		15,688,922.50
06/30/2015	15,689,302.50		15,689,302.50
06/30/2016	15,687,310.00		15,687,310.00
06/30/2017	15,692,007.50		15,692,007.50
06/30/2018	15,690,200.00		15,690,200.00
06/30/2019	15,688,692.50		15,688,692.50
06/30/2020	15,690,735.00		15,690,735.00
06/30/2021	15,687,035.00		15,687,035.00
06/30/2022	15,690,772.50		15,690,772.50
06/30/2023	15,687,300.00		15,687,300.00
06/30/2024	15,691,612.50		15,691,612.50
	391,769,972.50	24,732,430.00	367,037,542.50

BOND SUMMARY STATISTICS

Anchorage International Airport
 Fiscal Note Scenario for Department of Revenue
 February 6, 1998 Insured Rates plus 200 basis point cushion
 \$179 MM Bond Issue Principal Amount Assumption

Dated Date	10/01/1998
Delivery Date	10/01/1998
Last Maturity	10/01/2023
Arbitrage Yield	7.170652%
True Interest Cost (TIC)	7.170652%
Net Interest Cost (NIC)	7.030360%
All-In TIC	7.336204%
Average Coupon	7.030360%
Average Life (years)	16.908
Duration of Issue (years)	9.497
Par Amount	179,000,000.00
Bond Proceeds	179,000,000.00
Total Interest	212,769,972.50
Net Interest	212,769,972.50
Total Debt Service	391,769,972.50
Maximum Annual Debt Service	15,692,007.50
Average Annual Debt Service	15,670,793.90
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
Total Underwriter's Discount	
Bid Price	100.000000

Bond Component	Par Value	Price	Average Coupon	Average Life
Serial Bonds	34,290,000.00	100.000	6.238%	6.824
Term Bonds	32,535,000.00	100.000	6.900%	13.138
Term 2	46,195,000.00	100.000	7.100%	18.142
Term 3	65,980,000.00	100.000	7.150%	23.143
	179,000,000.00			16.908

SB

356

HFIN

FILE

HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: May 2, 1998

FURTHER REFERRALS:

Date of Committee Action: 6/7/98

The FINANCE Committee considered:

SB 356 am

SENATE BILL NO. 356 am

CONTRIBUTIONS DURING SESSIONS

"An Act relating to regulation of candidates for state office; and providing for an effective date."

recommends it be replaced the same title
 with the following committee substitute _____ a new title

additional referral to _____ Committee
 attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) _____ APPROVES PREVIOUS: (Dept/Date) _____
 fiscal note(s) _____ fiscal note(s) _____

zero fiscal note(s) _____ zero fiscal note(s) Leg. Aff. Agency 4/27/98

SIGNING WITH RECOMMENDATIONS		DP	DNP	NR	AM
<i>Gene Thernault</i>	Thernault			X	
<i>Tommy Martin</i>	Martin			X	
<i>Eldon Mulder</i>	Mulder	X			
<i>Eric Kohring</i>	Kohring	X			
<i>J. Davis</i>	J. Davis			X	
<i>Ben Grussendorf</i>	Grussendorf			X	
<i>Carl E. Moses</i>	Moses			X	
<i>G. Davis</i>	G. Davis			X	
<i>Kelly</i>	Kelly	X			

CHAIR'S SIGNATURE *Gene Thernault*
 Thernault

STATE OF ALASKA
1998 LEGISLATIVE SESSION

No. 1
Bill Version: SB356
(S) Publish Date: 4/27/98

Revision Date: _____
Title: "An Act relating to treatment under
legislative standards of conduct of campaign.....
Sponsor: Senate Finance Committee
Requestor: Senator Sharp

Department Affected: Legislative Affairs Agency
BRU: All

Component: All

COMPONENT SERIAL NO:

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
---------	---	---	---	---	---	---

REVENUE FUND SOURCE	0	0	0	0	0	0
---------------------	---	---	---	---	---	---

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER FUND SOURCE						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary)

Zero fiscal impact to the Legislative Affairs Agency.

Prepared By: Karla Schofield, Deputy Director *Karla Schofield* Phone: 465-3852
 Division: Administrative Services Date: 4/24/98

Approved By: Pamela A. Varni, Executive Director *Pamela A. Varni*
 Agency: Legislative Affairs Agency Date: 4/24/98

Distribution (by preparer): Leg. Finance, Legislative Sponsor, Requestor, OMB, Gov., & Impacted Agency(ies).



Official Business

Alaska State Senate

Senate Finance Committee

Mail Stop 3100
State Capitol
Juneau, Alaska 99801-1182

SPONSOR STATEMENT

SB 356

Senate Bill 356 conforms Alaska's legislative ethics statutes to recently enacted legislation (SB 275) that amended Alaska statutes regulating campaign fundraising activities.

Senate Bill 275, as amended by the House, placed all candidates for a particular state office under the same campaign financing rules.

With the recent enactment of SB275, all candidates for legislative office are under the same campaign financing rules: prohibition on soliciting or accepting campaign contributions during regular and special legislative sessions. All candidates for governor or lieutenant governor may solicit and accept campaign contributions during sessions.

SB 356 makes corresponding changes to the legislative ethics statutes to mirror the changes made by SB 275.

In addition, SB 356 places additional fundraising restrictions on fundraising activities in the capital city during legislative sessions. All candidates for the office of governor or lieutenant governor may solicit and accept campaign funds during regular and special legislative sessions, providing it does not occur in the capital city.

As in SB 275, SB 356 contains an exemption from the fundraising restrictions during the 90 days immediately preceding an election in which the person is a candidate for the state legislature, except that in SB 356, the fundraising activity, solicitation or acceptance may not occur in the capital city.

S B

358

HFIN

FILE

HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: May 4, 1998

FURTHER REFERRALS:

Date of Committee Action: 5/7/98

The FINANCE Committee considered:

SB 358 am

SENATE BILL NO. 358 am

PERSONNEL RECORD DISCLOSURE: USE OF FUNDS

"An Act relating to the disclosure of certain personnel records that include information about the use of public resources."

recommends it be replaced with the following committee substitute HCS SB 358 (FIN) the same title a new title

additional referral to _____ Committee
 attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) _____ APPROVES PREVIOUS: (Dept/Date) _____
 fiscal note(s) _____ fiscal note(s) _____

zero fiscal note(s) _____ zero fiscal note(s) Senate Gov, 4/30/98

SIGNING WITH RECOMMENDATIONS		DP	DNP	NR	AM
<i>Eldon Hull</i>	Mulder	X			
<i>Gene Theriault</i>	Theriault			X	
<i>Timothy Martin</i>	Martin	X			
<i>Vic Kohring</i>	Kohring	X			
<i>Jim Davies</i>	J. Davies				X
<i>Bar. Grossendorf</i>	Grossendorf			X	
<i>W. O. P. Moses</i>	Moses			X	
<i>Greg L. Kelly</i>	G. Davis	X			
	Kelly				✓

CHAIR'S SIGNATURE *Eldon Hull*
mulder

FISCAL NOTE

No. 1
 Bill Version: SB35B
 (S) Publish Date: 4/30/98

STATE OF ALASKA
1998 LEGISLATIVE SESSION

Revision Date (Note if correction) _____ Dept. Affected All departments
 Title An Act relating to disclosure of the use of BRU _____
state funds related to personnel records. Component _____
 Sponsor Senate Finance Committee _____
 Requester Senate Finance Committee Component Serial No. _____

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE

(Thousands of Dollars)

FUND SOURCE	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY98) cost: _____

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill would not have a significant fiscal impact on any state agency.

Prepared by Jack Kreinheder *Jack Kreinheder* Phone 465-4676
 Division Office of Management and Budget Date 4/30/98
 Approved by Commissioner Jim Ayers, Chief of Staff *J. Ayers* Date _____
 Agency Office of the Governor

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SPONSOR STATEMENT

SB 358: An Act Relating to Disclosure of the Use of State Funds Related to Personnel Records

The amendment to the statute governing confidentiality of personnel records will continue to preserve privacy over state employee personnel and disciplinary matters, but will permit the disclosure of instances where misuse or abuse of state funds by a state employee caused a disciplinary action.

The Department of Law narrowly interprets AS 39.25.080 as currently written to prohibit the disclosure of the nature or purpose of expenditures determined inappropriate that is cause for a disciplinary action against the employee. Senate Bill 358 will still protect the private nature of discipline administered, but allows the disclosure of the cause of the disciplinary action taken. It will also allow for the disclosure of any internal investigative actions taken to review alleged abuse of state funds that are construed as a disciplinary matter.

FINDINGS AND RECOMMENDATIONS

Recommendation No. 1

The Department of Education (DOE), Division of Vocational Rehabilitation should coordinate with the Department of Administration to establish an equitable application of medical insurance benefits to all disabled employees or prospective employees of the State of Alaska.

The current state medical plan offered to employees of the State of Alaska contains a pre-existing medical condition limitation clause. This clause defines pre-existing condition as:

...conditions, excluding pregnancy, for which you received diagnosis, tests or treatment (including taking medication) during the three consecutive months before the most recent day you became covered under this plan.

Only the first \$1,000 of covered medical expenses are paid by the medical plan for pre-existing conditions. Once an employee has been covered for 12 consecutive months, the limitation is cancelled.

The director of the Division of Vocational Rehabilitation (DVR) has a significant disability.¹ Under the limitation clause within the medical plan, the director's disability is considered a pre-existing condition. Accordingly, any medical related expenses beyond the \$1,000 allowance for the first 12 months of employment would not be a covered expense under the plan. Apparently DOE believed the pre-existing condition limitation clause, combined with the high cost of obtaining medical insurance by the director was a barrier to his employment with the State.

With the approval of the commissioner of Administration, DOE reimbursed the director of DVR \$3,267 for medical insurance premium costs incurred by the director for insurance coverage during the 12-month "waiting period" required by the State's medical plan. After that 12-month period, the director qualified for full coverage. While we commend the department for its action in this regard, we also find the potential for disparate treatment of employees or prospective employees in the same situation. If it was financially difficult for the director, to personally obtain medical insurance during the "waiting period," with a beginning state salary of approximately \$71,000 annually, other employees or prospective employees in the same situation, at a much lower salary would find it even more difficult to personally obtain medical insurance so an offer of state employment could be accepted.

The merits of the actions taken by the administration aside, we do have concerns over its implications. Based upon our review which included discussions with the Department of Administration Labor Relations staff as well as the health plan administrators in the Division of Retirement and Benefits, we have found no other instances of this type of accommodation.

¹ Governor's press release #95-153 dated June 29, 1995.

There are no allowances in the budget, personnel rules, statute, policies and procedures, or employee benefit packages that permit the state employer to procure additional employee medical insurance coverage beyond that offered to all employees. This, in effect, resulted in an unauthorized pay increase for the director. Again, we find this benefit not expressly required by the federal American's with Disabilities Act (ADA), and its inconsistent application could potentially result in disparate treatment of state employees.

Recommendation No. 2

The Department of Education should (a) adopt new travel policies clearly establishing which travel related expenditures are reimbursable and (b) improve the pre-audit function of travel expense reimbursement claims.

As discussed in the Report Conclusions section, while we cannot comment on the specifics contained in the DOE internal report it is clear to us that DOE policies and procedures governing the review and approval of travel reimbursement claims were lacking as evidenced by the reimbursement to the State of previously paid expenses.

Travel policies are established to provide reimbursement for *actual* and *necessary* expenses incurred by employees while traveling on state business. The policies apply uniformly to all employees. All expenses claimed must be reviewed and subject to approval.

While there may have been some question as to the eligibility of certain expenses qualifying for reimbursement, it is apparent the review of those claims, which the director asserts he relied upon in determining their eligibility, was for whatever reasons not adequately performed.

We recommend that DOE clearly establish and disseminate to staff what are and are not eligible expenditures subject to reimbursement and also reinforce amongst staff the importance of reviewing, and questioning, expenditures submitted for reimbursement.

Recommendation No. 3

The Department of Education should establish travel policies that specifically address the issue of third party payment for travel related expenditures incurred by employees that require other parties to accompany the employee to provide personal assistance.

Because of the accommodations required by the director DOE reimburses the cost of personal care assistants (PCA) for work related assistance provided to the director. When the director travels, a PCA usually accompanies the director to provide personal care.

Occasionally the director travels to conferences or meetings, often out of state, at the expense of third parties, oftentimes the host of the particular event. However, generally the

Based upon our review, contrary to the statute cited above there is no evidence of additional services provided to DVR which warranted the amended RSA. Additionally, ESS cannot demonstrate the actual cost of the service envisioned to be provided nor is there an OMB approved cost allocation method for these funds.

The FY 97 ADA component within DVR had an authorized spending level of approximately \$135,000 and an actual expenditure balance of approximately \$99,000. The majority of those expenditures funded the amended RSA, in which \$65,700 was transferred via that RSA to ESS. The remaining approximately \$33,000 was expended within the DVR ADA component itself, mainly for personal services, travel, and contractual.

We recognize that the funds appropriated to DVR for ADA coordinator activity for the most part remained unspent because the two positions that were funded were not filled in a timely manner. However, we also recognize that there were ADA related activities undertaken by DVR.

It has been asserted that because the ADA coordinator positions within DVR remained vacant, that ESS performed ADA related duties on behalf of DVR. However, as stated above, ESS is unable to specifically identify the ADA (or other) activities it performed and at what cost. If the legislature had wanted ESS to fulfill the functions funded by the amended RSA, the legislature would have appropriated the funds to ESS rather than to DVR.

In the future, DOE should establish intra-agency RSAs only based upon (a) the authority for the servicing agency to provide the service, (b) a clearly defined scope of work, and (c) a clearly identified estimated cost of the servicing agency to provide the service to the requesting (and paying) agency. By doing so, DOE would be in compliance with AS 37.07.080(e), which governs provision of services via RSAs.

Audit says state funds misused

By MARK SABBATINI

THE JOURNAL NEWS

A top state education official improperly used travel funds and received extra money to cover his health insurance, according to a legislative audit released today.

The report comes after an arbitrator's ruling earlier this year that said the same official fired his top assistant in a political vendetta and used the money for raises and to refurbish his office.

Lawmakers, in response to the audit, quickly sent a bill to the Senate floor making public the purposes for which state employees use travel funds. Specifics were excluded from the audit, but at least some of the expenses are related to the employee's status as a quadriplegic.

Duane French, director of the Division of Vocational Rehabilitation, improperly claimed unnecessary expenses during state travel and sought reimbursement for a personal friend acting as a caretaker on unofficial trips, officials said.

The state Department of Education also gave French nearly \$3,300 to pay for health insurance during his first year as director — although other employees receive no such compensation, according to the audit. The department also cannot give an adequate explanation of why \$85,700 intended to hire employees in French's division was used instead for administrative purposes, auditors said.

French was required to reimburse nearly \$1,400 to the Department of Education after the audit was done of his travel expenses. Legislative Auditor Pat Davidson said the reimbursement is sufficient, but "the personnel action taken (against French by the department) was minimally acceptable" and the circumstances should be made public.

"In this situation, the benefits of public disclosure may outweigh the public policy rationale which provides for confidentiality of personnel actions," she wrote in her report.

French, in an interview today, said he was not comfortable having the circumstances of the trips known, since they were personnel matters. Still, he maintained nothing inappropriate occurred.

"In one instance it was regarding (a handicapped) accessible van and I felt I needed it, and they and I disagreed on that," he said. "I responded and lived up to my responsibility."

The state allows reimbursement for personal-care assistants during conferences and other trips not taken at state expense. French said his normal assistant was not available for the travel in question.

"Unfortunately there are times when assistants are supposed to work and they get sick and can't, and in that case I took whoever was available," he said. "It took them away from work. They provided whatever assistance was needed so it was appropriate."

Department of Education Commissioner Shiris Holloway, in a written response to the audit, said French was offered extra insurance compensation because he is in a unique situation.

Meet Jac



"Reflections"
21" tall x 17" long
\$6275

Am 1

5/2 (P) uc
~~5/2 Rescind~~
Adopted
HFC 5/7/98

0-LS1778A.6
Cramer
5/2/98

(P)

AMENDMENT

#2
Sen Pearce

OFFERED IN THE SENATE
TO: SB 358

- 1 Page 1, lines 1 - 2:
- 2 Delete "disclosure of the use of state funds related to personnel records"
- 3 Insert "the disclosure of certain personnel records that include information about
- 4 the use of public funds"

- 5 Page 1, lines 4 - 10:
- 6 Delete all material and insert:
- 7 ** Section 1. AS 39.25 is amended by adding a new section to read:
- 8 Sec. 39.25.085. Release of certain information in personnel records
- 9 concerning the use of public funds. (a) A state agency that is authorized by law
- 10 to audit the state's use of public funds may request the public release to the agency
- 11 of audit results contained in a confidential personnel record that relate to the improper
- 12 use of public funds. The agency holding the records shall release the audit results
- 13 relating to the improper use of public funds to the auditing agency unless disclosure
- 14 is prohibited under this section or other law that protects the records on a basis other
- 15 than that the records are personnel records.
- 16 (b) A state agency holding confidential personnel records that are the subject
- 17 of a request for public release under (a) of this section shall notify the employee who
- 18 is the subject of the record of the request for public release of audit results relating
- 19 to the improper use of public funds and of the procedures that the employee may use
- 20 to protest the public release of the audit results. The employee may, within 10 days
- 21 after receiving notice of the request to release the audit results, file with the
- 22 appropriate reviewing officer a written objection to the public release. The
- 23 appropriate reviewing officer or the officer's designee shall hold an informal
- 24 confidential hearing and review the record to determine if the findings and

#2

0-LS1778A.6

1 conclusions relating to the improper use of public funds are based on substantial
2 evidence and if the decision in the matter is reasonable. If the reviewing officer finds
3 that the audit results are not based on substantial evidence or that the decision is
4 unreasonable, the officer shall prohibit the public release of the audit results.

5 (c) The appropriate reviewing officer for employees of the executive branch,
6 including employees of the University of Alaska, is the officer appointed by the
7 director of the division of finance, Department of Administration, or the officer's
8 designee. The appropriate reviewing officer for employees of the judicial branch is
9 the administrative director of the court system. The appropriate reviewing officer for
10 employees of the legislative branch is the

11 (1) director of the Legislative Affairs Agency for employees of the
12 agency;

13 (2) legislative auditor for employees of the division of legislative audit;

14 (3) legislative fiscal analyst for employees of the division of legislative
15 finance;

16 (4) ombudsman for employees of the Office of the Ombudsman.

17 (d) This section does not apply to the personnel records of legislators or to
18 the records of employees of the legislative branch who are not specifically included
19 in (c) of this section.

20 (e) Notwithstanding AS 39.25 110, this section applies to personnel records
21 of employees in the classified, partially exempt, and exempt services except as
22 provided in (d) of this section.

23 (f) In this section, "division of finance" means that unit of the Department of
24 Administration that is responsible for the financial records of the state."

SB

360

HFIN

FILE

HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: May 7, 1998

FURTHER REFERRALS:

Date of Committee Action: 5/10/98

The FINANCE Committee considered:

CSSB 360(FIN) am

CS FOR SENATE BILL NO. 360(FIN) am

AHFC BONDS FOR CERTAIN CAPITAL PROJECTS

"An Act authorizing the issuance of bonds by the Alaska Housing Finance Corporation for certain capital projects; relating to those bonds and to the appropriation of revenue of the Alaska Housing Finance Corporation; and providing for an effective date."

recommends it be replaced with the following committee substitute HCS CSSB 360(FIN)] the same title a new title

[] additional referral to _____ Committee

[] attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): _____ (Dept)

APPROVES PREVIOUS: _____ (Dept/Date)

[] fiscal note(s) _____

fiscal note(s) Senate Rev. 5/5/98

[] zero fiscal note(s) _____

[] zero fiscal note(s) _____

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
<i>[Signature]</i>			X	
<i>[Signature]</i>	X			
<i>[Signature]</i>			✓	
<i>[Signature]</i>	X			
<i>[Signature]</i>			X	
<i>[Signature]</i>			X	
<i>[Signature]</i>	X			

CHAIR'S SIGNATURE

[Signature]

5/4/98

Revision Date: _____ Dept. Affected: Revenue
 Title: AHFC Bonds for Certain Capital Projects BRU: Alaska Housing Finance Corporation
 Component: Alaska Housing, Operations
 Sponsor: (S) FIN
 Requestor: (S) FIN COMPONENT SERIAL NO. 110

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
PERSONAL SERVICES	79.6	83.5	87.7	92.1	96.7	101.5
TRAVEL	2.5	2.5	2.5	2.5	2.5	2.5
CONTRACTUAL	0.2	0.2	0.2	0.2	0.2	0.3
SUPPLIES	0.8	0.8	0.8	0.9	0.9	1.0
EQUIPMENT	4.5					
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	87.6	87.0	91.2	95.7	100.3	105.3

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1103 AHFC Receipts	87.6	87.0	91.2	95.7	100.3	105.3
Other						
TOTAL	87.6	87.0	91.2	95.7	100.3	105.3

Estimate of any current year cost \$ 0.0

POSITIONS:

FULL-TIME	1	1	1	1	1	1
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

This action will require a new PCN and funding for a Finance Officer to track and monitor the specific activity relating to the projects funded under this bond deal. The grade level for this position would start at 22A. Other expenses include telephone charges and a new computer and printer along with standard office and computer supplies. We anticipate a small amount of travel and training. This position will be responsible for: 1) monitoring expenditures in order to assure compliance with authorization; 2) establishing a monitoring system for AHFC working with the state's accounting system; 3) preparing activity and expenditure reports for interested parties such as AHFC's Finance department, CEO, Board of Directors, the Bond holders, and the State; 4) tracking the expenditures necessary to comply with federal tax laws related to permitted arbitrage and eligible capital projects; 5) and the administration of the investment plan such that earnings from the investment of bond proceeds are maximized.

Prepared by: John Bitney
 Division: Alaska Housing Finance Corporation
 Approved by Commissioner: Wilson L. Condon
 Agency: Revenue

Phone: 330-8445
 Date: May 4, 1998
 Date: May 4, 1998

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