

**ALASKA LEGISLATURE**

**2273**

**HOUSE and SENATE FINANCE COMMITTEE FILES,**

**2001 - 2002**

**Northrim Bank**

Customer First Service

January 28, 2002

Representative Eldon Mulder  
State Capitol  
Juneau, Alaska 99801-2282

Dear Representative Mulder:

I am writing this letter to voice our support for the Alaska Tourism Industry Association's request to the State of Alaska for emergency marketing funds as outlined in the "Crisis Recovery Plan". We believe this plan to be integral to a successful re-emergence of the tourism industry in Alaska.

Following the tragedy of September eleventh, Northrim Bank became very concerned for our customers who might be affected financially. Our attentions quickly focused on tourist service businesses, as these appeared to be the most intensely vulnerable. Northrim Bank interviewed our customers in an effort to quantify the impending damage to the industry. The tourist services industry often requires significant investment in high valued assets employing a large number of Alaskans. The survivability of these large investments is often dependent on a consistent tourist count. Any significant disruption, even temporary, can require many years to recover.

Rumors and speculations abound regarding the projections for the 2002 tourism season. As each day goes by and season bookings continue to lag, the quantifiable problem becomes more acute. We are simply facing a poor tourist season in 2002. The full ramifications are still unknown, but by the time we fully quantify the effects, it will be much too late to do anything about it. The ATIA has taken a very positive and proactive approach to the problem, and need your help.

I believe that we need a "common thread" marketing campaign as proposed by an industry wide group. The ATIA with the State's help can promote Alaska as a safe and secure domestic destination. I believe that the Crisis Recovery Plan is the only proposal ready to confront this formidable task.

There are few investments you can make today that will have such a strong and positive effect on our future economy. Please support the funding of the ATIA "Crisis Recovery Plan". It's good for all Alaskans.

Sincerely,



Gary Roderick

Gary Roderick

01/29/02 03:31

TX/RX NO.3382

P.002

Subject: Urgent - Tourism Marketing

Importance: High

Diane Mayer Pearson  
4541 Sawa Circle  
Juneau, AK 99801

January 22, 2002

Dear Representative Elton,  
Alaska State Legislature:

I am writing to urge your immediate support for a supplemental appropriation of \$12.5 million dollars to finance the Alaska Tourism Industry Crisis Recovery Plan.

Like many Alaska businesses, we are heavily impacted by tourism spending. We are a small-business which sells lodging and tours primarily to out of state individuals. Most of our revenue is then re-circulated throughout the state as payment for commissions, tours, goods, and services necessary to operate our businesses. Though small, we have a good impact on the Alaska economy.

The September 11 terrorist attacks significantly affected our sales. Many of our pending and confirmed reservations for lodging and tours were immediately cancelled - not just for September, but for winter and summer as well because of the uncertainty of travel safety and disposable income.

Worse yet is the continuing lack future bookings. In the past, Pearson's Pond Luxury Inn and Adventure Spa, Alaska Suites Juneau Corporate and Vacation Rentals, and Pearson's Pond Travel Service pre-sold 80% of its room capacity and tours at least 5 months in advance in summer and 70% capacity at least 2 months in advance in winter. Right now, we have advance sales averaging 15% occupancy in off-season, and 25% in peak season. This is a significant drop in current and advance sales.

We will survive; however, this will have a very serious effect on our business and throughout Alaska due to the economic multiplier effect. This significant downturn in business also affects our ability to market. It is disappointing to see all the ads for other competing destinations in the USA, while Alaska is losing more and more ground as a destination. Alaska

has spent time and money to build an infrastructure and support businesses to make tourism a significant part of Alaska's economy. Lest we lose our investment, we must shore it up now in this time of crisis.

Travelers respond to frequent marketing. When times get tough, that is the BEST time to finance marketing plans. Please, please help the Alaska economy. If you don't do something to turn the tide quickly, the detriment to Alaska's economy will be exponential.

It is imperative that the legislature act now to protect Alaska's tourism industry. By supporting the emergency marketing plan our state can maintain a competitive presence in the national media and marketplace. This awareness could make a difference in recovering lost ground for the 2002 bookings season.

By funding the recovery plan you will show your support for an industry that:

- Is Alaska's second largest private sector employer
- Provides nearly one and one-half billion dollars in annual spending within Alaska
- Injects \$125 million into state and local treasuries

Thank you for taking the time to understand how my business has been impacted and how the emergency crisis plan could make a difference for a number of tourism businesses across the state, including my own.

Sincerely,

Diane Mayer Pearson  
Innkeeper and Travel Consultant  
Pearson's Pond Luxury Suites and Adventure Spa, Alaska Suites Juneau,  
Pearson's Pond Travel Service, Juneau Alaska Adventure and Lodging Guide.  
4541 Sawa Circle, Juneau, Alaska, USA 99801  
907.789.3772; 888.658.6328; fax 907.789.6722  
mailto:book@pearsonspnd.com; <http://www.pearsonspnd.com>

## Tammy Bruce

---

Dawn Gerety  
Generating Designs  
P.O. Box 222  
Girdwood, Alaska 99567

January 22, 2002

Dear John Cowdery and Cor. Bunde,

I am writing to urge your immediate support for a supplemental appropriation of \$12.5 million dollars to finance the Alaska Tourism Industry Crisis Recovery Plan.

It is imperative that the legislature act now to protect Alaska's tourism industry. By supporting the emergency marketing plan our state can maintain a competitive presence in the national media and marketplace. This awareness could make a difference in recovering lost ground for the 2002 bookings season.

By funding the recovery plan you will show your support for an industry that:

- \* Is Alaska's second largest private sector employer
- \* Provides nearly one and one-half billion dollars in annual spending within Alaska
- \* Injects \$125 million into state and local treasuries

Thank you for taking the time to understand how my business has been impacted and how the emergency crisis plan could make a difference for a number of tourism businesses across the state, including my own.

Sincerely,

Dawn Gerety

## Tammy Bruce

---

From: Cella Baker  
Sent: Tuesday, January 22, 2002 4:26 PM  
To: 'Representative\_Con\_Bunde@legis.state.ak.us'; 'Senator\_John\_Cowdery@legis.state.ak.us'  
Subject: Tourism Industry Crisis Recovery Plan Funding

Gentlemen;

I am your constituent from Girdwood. I have lived in Alaska for nearly 25 years and I am writing to urge your immediate support for a supplemental appropriation of \$12.5 million dollars to finance the Alaska Tourism Industry Crisis Recovery Plan.

In the quarter of a century that I have lived in this Great Land, I have been employed in many of the state's key industries including oil and tourism. I am writing to you as an Alaskan concerned for our state's economic well-being, as well as being a staff member at ATIA. I am keenly aware of tourism's impact on the state and I urge you to support the request for emergency funding.

The statewide tourism industry is requesting a supplemental appropriation from you to help mitigate the effects of what still looks to be a significant decline in leisure visitation during the coming year. The damage of a 10% drop in visitors translates to a loss of \$101.6 million in visitor spending and 1,564 jobs. A 20% drop in visitors equals a loss \$203.3 million in economic impact and 3,127 jobs. We are hearing that some tourism-oriented businesses are seeing a decline of 30 to 40% in bookings for this coming season.

It is imperative that the legislature act now to protect Alaska's tourism industry. By supporting the emergency marketing plan our state can maintain a competitive presence in the national media and marketplace. This awareness could make a difference in recovering lost ground for the 2002 bookings season. Please vote YES now before our window of opportunity closes!

By funding the recovery plan you will show your support for an industry that:

- Is Alaska's second largest private sector employer
- Provides nearly one and one-half billion dollars in annual spending within Alaska
- Injects \$125 million into state and local treasuries

Thank you for taking the time to understand how the emergency crisis plan could make a difference for a number of tourism businesses across the state. I sincerely hope you will vote in support of this very important funding request.

Sincerely,

Cella Baker  
International Trade Manager  
Alaska Travel Industry Association  
907-646-3308 phone  
907-561-5727 fax  
2600 Cordova St, Suite 201  
Anchorage, AK 99503  
[www.alaskatia.org](http://www.alaskatia.org)  
[www.travelalaska.com](http://www.travelalaska.com)

## Tammy Bruce

---

From: AuroraLimousines@aol.com  
Sent: Tuesday, January 22, 2002 10:11 PM  
To: Senator\_Ben\_Stevens@legis.state.ak.us; Senator\_LorenLeman@legis.state.ak.us;  
Senator\_Randy\_Phillips@legis.state.ak.us; Senator\_Betty\_Davis@legis.state.ak.us;  
Senator\_Rick\_Halford@legis.state.ak.us; Senator\_Johnny\_Ellis@legis.state.ak.us;  
Senator\_Jerry\_Ward@legis.state.ak.us  
Subject: Emergency Appropriations of funds for Tourism Industry

Dear Senator:

The Alaska Travel Industry Assoc., (A. T. I. A. ), has requested an emergency funds allocation, for placing Alaska, as a travel destination of choice. With the recent WTC, 911, we in Alaska are at a great despair of losing tourist for the 2002 and 2003 season. If we do not make a positive assertion in Advertising Immediately !!!

Alaska would lose Millions of dollars in lost revenues. Not only in the Major travel industry players, but as well, your fellow Alaskans, whom voted for you, and still support you, as our representative. The 12.2 million allocation seems like a substantial amount of money to release to the advertising media, but look at the flip side.

Lose of jobs for the season, for college students, going to UAA or Alaska Pacific University. Lose of jobs for the small businesses, taxi cabs, limousines, shuttles, and small tour & guide operators. We cannot afford to pass up the opportunity to act NOW!! Without this substantial tourism trade for Alaska, you will find yourself in a larger budget reform, to allocate MILLIONS more to Public assistance for Food Stamps, medical, unemployment, recession, enjoyment of individual accomplishments, depression, increased theft is a strong possibility. Look at the BIG Picture. Not just 12.2 million, the A. T. I. A. is asking for, but the millions in access in lost income for Alaska and Alaskans. Many people have returned to Alaska, time and time again.

Most folks are ready to vacation!!! Yet they are Leary of the pre-reservation, in lieu of something else occurring. Most are scheduling, 30 days in Advance to travel. We NEED to ADVERTISE ALASKA as the premier choice of there destination for this summer and 2003. The time to ACT is NOW. If we don't get appropriation of funds, and get in the market by the 2nd week in February, we could be out the tourism business totally for 2002 and 2003. I ask of you !! and my fellow Alaskan Senators and legislators. Strike now, while the iron is hot, or forever hang your heads. Sincerely Howard Shanks Owner/ lifetime Alaskan, Aurora Limousines & Tours Anchorage

-----Original Message-----

From: Stephanie Thill [mailto:sthill@intlinnanchorage.com]  
Sent: Wednesday, January 23, 2002 10:52 AM  
To: senator\_randy\_phillips@legis.state.ak.us  
Subject: Supporting Tourism Supports Alaska's Economy

Dear Senator Phillips,

I urge you to support the emergency funding for marketing tourism. My job is in jeopardy. The company I work for is experiencing a serious lag in bookings, and we desperately need help to get our phones ringing.

1. Travel is depressed as a result of the September 11 crisis.
2. We are facing serious competition from other destinations that have millions in additional funds to spend.
3. Cruiseship have increase their departures to Alaska and they are aggressively discounting their trips, taking people away from ours. The impact of sharply decreased tourism spending will be felt throughout Alaska's economy. Shopping centers, restaurants, hotels, gas stations, transportation providers, a wide variety of small to very small businesses, banks, food stores, to name just a few, will all feel the results.

Please, we urge you to support our cause.

Thank You,

Stephanie Thill, Director of Sales, WestCoast International Inn



Best Western  
Golden Lion Hotel

January 23, 2002

Best Western Golden Lion  
1000 East 36<sup>th</sup> Avenue  
Anchorage, Alaska 99508

Dear Representative,

I am personally writing you on behalf of the entire staff of the Best Western Golden Lion Hotel. In order to survive these very turbulent times that face the Travel Industry, it is imperative that we have the lawmakers immediate support for the supplemental appropriation of \$12.5 million dollars to finance the Alaska Tourism Industry Crisis Recovery Plan.

We feel the need to keep our employees informed in regards to the devastating effects of the event of 9-11 and the economic down turn that is impacting the Travel Industry. To be very honest many of their jobs might have to be eliminated if we do not see some immediate recovery to the Travel Industry. The negative effect to the industry is real. If a Recovery Plan is not put into place now the second largest private employer in Alaska could very well be brought to our knees with many business forced out of business.

The Travel and Tourism Industry is a major engine that runs Alaska. If this industry falters it will have a tremendous negative impact on the entire Alaskan economy.

Our lawmakers have an opportunity by funding the Crisis Recovery Plan to ensure a competitive presence in the national market place.

Thank you for taking the time to better understand how this industry has been affected.

Best Regards,

A handwritten signature in cursive script that reads "Terry Latham".

Terry Latham  
General Manager  
Best Western Golden Lion



1000 East 36th Avenue  
Anchorage, Alaska 99508  
(907) 561-1622



UNIVERSITY OF  
**ALASKA**  
MUSEUM

«Title» «First\_Name» «Last\_Name»  
Alaska State Capitol  
Room «Room»  
Juneau AK 99801-1182  
(907) «Phone»  
Fax: (907) «Fax»

14 January 2002

Dear «Title» «Last\_Name»,

I urge your support for the \$12.5 million to finance the Alaska Tourism Industry Crisis Recovery Plan. The University of Alaska Museum is one of many attractions that will be hurt by a large drop in visitor numbers. We have already felt the impact of lower numbers in the fall and over the holiday season. If the numbers were to drop dramatically this summer there would be a ripple effect throughout our organization. The University of Alaska Museum relies heavily on tourism revenue. Approximately one third of our budget is derived from tourism dollars. This money is spent on educational programs, exhibitions, research and a variety of other things integral to our mission. A loss in visitation to our Museum means that people will lose their jobs, programs will lose their funding and financial support for research will be decreased.

Through the emergency marketing plan our state can maintain a foothold in the national media and marketplace. This plan will make a difference in recovering lost ground for the 2002 summer season.

Thank you for taking the time to understand how the University of Alaska Museum has been and will be impacted, and how the emergency crisis plan could make a difference for a number of tourism businesses across the state, including the University of Alaska Museum.

Sincerely,

A handwritten signature in black ink, appearing to read 'Aldona Jonaitis'. The signature is fluid and cursive, written over a light-colored background.

Aldona Jonaitis  
Director, University of Alaska Museum

## Tammy Bruce

---

Hello, Mr. Mulder,

On behalf of the 1319 business members of the Anchorage Convention and Visitors Bureau, I am asking for your support of additional tourism marketing funds to be appropriated as quickly as possible. Through the crisis relief plan proposed by ATIA, we can turn the summer tourism season around and save jobs in the Anchorage area.

The proposed plan outlines an estimated \$26 return on investment for \$1 contributed to promoting Alaska as a destination. But time is running out and to maximize the ROI, we need to invest now. Please support the request for additional marketing funds that will in turn save many Alaskan jobs. Thank you,

Bruce Eustamante  
President/CEO  
Anchorage Convention and Visitors Bureau

In a recent editorial published in the Anchorage Daily News it was stated that the tourism industry was asking for 12 million dollars and it was intimated that tourism puts nothing back into the state coffers.

It would appear that some tourism nay sayers just don't get it! Based on that premise, one must suppose that the state should support nothing since virtually no one pays a state tax. In that editorial, the writer sounded much the "Queen of Hearts" who simply went around shouting "off with their heads"! The cost is high when people lose jobs, regardless of what industry we work in. I have lived in Alaska for 20 years and have spent most of that time working in the industry he was so critical of. Many work in small businesses that are able to stay open year round because of tourism. Would you rather pay me unemployment? Unemployment would amount to more than the industry is asking for.

Tourism supports LOCAL economies! Tourism supports local govt. through local sales taxes, fuel taxes, bed taxes and, even cruise ship head taxes. Taxes keep our local governments working and ... employed! Most of us make every effort to employ locally and mostly succeed in doing so. The writer enjoyed a meal in a restaurant that was empty in the off season. My best guess is that the restaurant that he enjoyed going to was probably open in the off season because of the summer visitors. Get a grip!! Alaska needs the Visitor Industry whether you know it or not!

I would urge you to think of the devastating effect unemployment would have on the economy of the state. 12 million is a small price to pay to save an industry, jobs state wide, and local economies of communities all over Alaska.

Sincerely,

Bea Findlay  
Juneau, Alaska

## LETTER TO LEGISLATOR

Tia Froehle  
3933 Sycamore Loop  
Anchorage, AK 99504

January 23, 2002

Dear Representative Harry Crawford:

I am writing to urge your immediate support for a supplemental appropriation of \$12.5 million dollars to finance the Alaska Tourism Industry Crisis Recovery Plan.

I work in the Sales and Marketing Department at the Alyeska Prince Hotel and Resort in Girdwood, Alaska. I have worked in the travel and tourism industry for the past 15 years and have seen the positive impact that tourism has on the Alaska economy. This upcoming summer is the time we need additional support from you. People want to travel again and are looking for a destination in the United States. With your support we could have a banner summer season or without it, we will all struggle.

September 11 has had a large impact on us as a company and a personal effect on myself. Due to our business being down by 25% right now, we have had to down size our staffing and no salary increases were approved. Times are tough.

It is imperative that the legislature act now to protect Alaska's tourism industry. By supporting the emergency marketing plan our state can maintain a competitive presence in the national media and marketplace. This awareness could make a difference in recovering lost ground for the 2002 bookings season.

By funding the recovery plan you will show your support for an industry that:

- Is Alaska's second largest private sector employer
- Provides nearly one and one-half billion dollars in annual spending within Alaska
- Injects \$125 million into state and local treasuries

Thank you for taking the time to understand how my business has been impacted and how the emergency crisis plan could make a difference for a number of tourism businesses across the state, including my own.

Sincerely,

Tia Froehle  
Senior Sales Manager  
(907) 337-9055



January 23, 2002

Dear Representative Albert Kookesh:

I am writing on behalf of White Pass & Yukon Route railroad to support the Alaska Tourism Industry Association's request for supplemental funding in the amount of \$12.5 million dollars to support tourist destination marketing for Alaska.

As you are undoubtedly aware, the industry has suffered an immediate and long-lasting impact from the World Trade Center incident. The City of Skagway is uniquely dependant on the tourist industry and the economic stability of the community and our Company's 173 employees, is threatened by the probability of a severe downturn in tourism this coming summer.

Also, I feel the Governor's proposal to levy punitive, industry specific taxes on the cruise ship industry is the wrong tax policy implemented at the wrong time. Why would one "go after" the only remaining growth industry in Southeast Alaska? A broad based, equitable income tax affecting everyone, including those who come from out-of-state, would be a better and fairer tax policy.

We would appreciate your support on both of these above-mentioned matters.

Sincerely,

A handwritten signature in black ink, appearing to read 'Fred C. McCorriston'. The signature is fluid and cursive, with a long horizontal stroke at the end.

Frederick C. McCorriston  
President

Christy Cleer  
6711 Weimer Drive, #4  
Anchorage, AK 99502

January 23, 2002

Subject: Letter to Legislator Concerning Tourism Appropriation

Dear Representative Halcro:

I am writing to urge your immediate support for a supplemental appropriation of \$12.5 million dollars to finance the Alaska Tourism Industry Crisis Recovery Plan.

I am employed as a Program Manager by Logistics, LLC a Conference Servicing and Destination Management Company in Anchorage, AK. This is my second year working in the travel industry and this is the best job I have ever had. My job involves working directly with people visiting the state of Alaska, many of them for the first time. The people I work with are here to either attend a conference or because their company is sponsoring a trip to Alaska as an award for their hard work. I have the pleasure of working with them throughout their trip to our beautiful state.

At this time, bookings throughout Alaska are down nearly 40% for the summer season. Most of the companies that we promote are small business owners working hard to make ends meet and without the support of this supplemental appropriation to help promote our state, they may not make it through another season. Logistics has been personally affected by the change in the economy by the decline in the incentive market for the 2002 summer season. This affects us as well as the vendors we support by booking their tours, lodging and venues.

It is imperative that the legislature act now to protect Alaska's tourism industry. By supporting the emergency marketing plan our state can maintain a competitive presence in the national media and marketplace. This awareness could make a difference in recovering lost ground for the 2002 bookings season.

By funding the recovery plan you will show your support for an industry that:

- Is Alaska's second largest private sector employer
- Provides nearly one and one-half billion dollars in annual spending within Alaska
- Injects \$125 million into state and local treasuries

Thank you for taking the time to understand how my business has been impacted and how the emergency crisis plan could make a difference for a number of tourism businesses across the state, including my own.

Sincerely,

Christy Cleer

# ALASKA TOURISM INDUSTRY EXAMPLES OF LAYOFFS (2-6-02)

<u>REGION</u>	<u>COMPANY/CONTACT</u>	<u>POSITION</u>	<u>SALARY RANGE</u>
Southcentral	Hotel	1-Housekeeper 1-Front Desk	\$8-9/hour \$9-10/hour
Southcentral	Small Regional Airline	2 Pilots	\$55/hour    \$66,000/year
Southcentral	Wilderness Lodge	1 Guide	\$2,000/mo    \$24,000/year
Southcentral	Package Tour Company - Cruises	1 Manager/Mechanic	\$80,000/year
Southcentral	Visitor Information	4 employees <i>Closed the company!</i>	Range from \$35-60,000/year
Southcentral	Wilderness Lodge	1-Ranch Mgr 1-Ranch Foreman	\$3,400/month \$2,800/month
Southcentral	Motorhome Rentals	1-Reservations	\$13.73/hour

Southcentral	Hotel/Motel	Cut staff by 24 employees	\$240,000/yearly salaries
Southcentral	Travel Agent	1 Agent	\$25,000/yr
Inside Passage	Salon and Spa	1 Designer/Massage Therapist	\$63,000/year
Inside Passage	Hotel	1-Van Driver/Bellman 1-Laundry Attendent 1-Head Housekeeper	\$9/hour \$8/hour \$12/hour
Inside Passage	Railroad	1-Payroll Clerk	\$14/hour
Inside Passage	Tour Company	1-Guide/Naturalist	\$8.50-15/hour
Inside Passage	Alaska Adventure Travel Company	1-Mechanic 1-Reservations 2-Tour Managers 1-Guide/Asst. Mng	\$40-45,000/year \$30-36,000/year \$45-50,000/year \$32-36,000/year
Inside Passage	Alaska Cultural Tour Company	10-Sales Clerks, Tour Guides, Van Drivers	\$8-15/hour
Inside Passage	Day Cruises	1-Sales Mgr	\$30,000/year

Inside Passage	Taxi/Tours	3 Driver/Guides	\$17.5-20/hr \$36-41,000/year
----------------	------------	-----------------	-------------------------------

---

Interior	Hotel	10-Housekeepers	\$8/hour
----------	-------	-----------------	----------

Interior Southcentral	Wilderness Lodge and Guided Hikes	1-Lodge Manager 1-Sales Mgr 1-Office Asst 1-Reservations	\$3,100/month \$3,250/month \$10/hour \$10/hour
--------------------------	--------------------------------------	---	--

Interior Southcentral	Hotels	2-Managers 20-Staff	\$15-20/hour \$8-10 hour
--------------------------	--------	------------------------	-----------------------------

Interior	Hotel/Lodging	8 employees	\$16-20,800/year
----------	---------------	-------------	------------------

---

Far North	Hotel/Motel	Closed for 5 weeks as a cost saving measure	
-----------	-------------	---	--

The analysis also indicates that the \$811 million in vacation/pleasure-related has a full impact of approximately \$2.2 billion, including direct, indirect and induced spending.

Direct and indirect spending occurs in nearly every sector of the Alaska economy. As indicated in this study and the AVSP, visitor spending occurs in the transportation, retail and service sectors. Spending by businesses serving visitors (airlines, hotels, restaurants, gift shops, etc.) occurs in the construction industry, segments of the manufacturing sector, with wholesalers, with financial institutions, professional and business services, as well as the sectors that are affected by direct visitor spending. Local and state tax revenues generated by visitor and visitor-related business spending also creates employment and spending opportunities in the government sector.

## Secondary Employment and Earnings Impacts

To calculate employment and earnings multipliers, BEA provides "direct-effect multipliers" for visitor-affected sectors of the Alaska economy. Table 3.2 provides these multipliers and presents total direct and indirect employment and earnings in Alaska's visitor industry, based on these multipliers. The analysis indicates that, in addition to the 20,300 direct jobs in Alaska's visitor industry, another 10,400 jobs are generated in the state's support sector. Further, in addition to the \$390 million in wage and salary payroll and proprietor's income (earnings), the visitor industry generates another \$250 million in payroll in the support sector. As with indirect spending, this additional employment and earnings are created in nearly every sector of the state's economy.

Table 3.2

### Total Visitor Industry Employment in Alaska Including Secondary Employment, 1997

	Direct Employment	Direct Earnings (millions)	Direct-Effect Multipliers		Total Direct and Indirect	
			Employment	Earnings	Employment	Earnings (millions)
Total Transportation	4,971	\$163.1	2.0317	1.8459	10,100	282.6
Total Retail	3,288	61.5	1.3591	1.4287	4,467	73.6
Service Sector						
Lodging	5,969	95.9	1.3264	1.5705	7,916	150.6
Food/Drink	4,120	63.0	1.3111	1.4978	5,402	94.3
All Other Service	1,974	28.9	1.4072	1.5006	2,778	40.3
<b>Total</b>	<b>20,311</b>	<b>\$390.4</b>			<b>30,662</b>	<b>\$641.5</b>

Source: Direct visitor industry employment and earnings are McDowell Group estimates. Direct-effect multipliers are taken from the BEA publication *Regional Multipliers: A User Handbook for the Regional Input-Output Modeling System (RIMS II)*, May 1992.

In summary, Alaska's visitor industry directly and indirectly accounts for \$2.6 billion in spending activity, approximately 30,700 jobs and \$640 million in personal income. The relative importance of the visitor industry in the Alaska economy is discussed in the Chapter 4.

## Regional Summaries

Tables 2.5 through 2.8 summarize the employment and earnings impacts of the visitor industry on the Southcentral, Southeast, Southwest and Interior/Northern regions of Alaska for 1998. Employment and earnings data for the visitor industry are presented by industrial sector, with regional totals only for the pleasure visitor component of the industry.

Table 2.5

### Southeast Region

#### Visitor Industry Employment and Earnings, By Sector, 1998

	Total Wage & Salary Employment	Total Employment Including Proprietor's	Total Wage & Salary Payroll (millions)	Total Earnings Including Proprietor's Income (millions)
<b>Transportation</b>				
Local & Interurban Passenger Transit	188	248	\$2.8	\$3.7
Water Transportation	329	393	9.9	11.7
Air Transportation	498	525	17.8	21.5
Transportation Services	93	124	2.2	2.8
<b>Retail</b>				
General Merchandise Stores	49	50	0.9	1.0
Food Stores	74	79	1.6	1.9
Apparel & Accessory Stores	32	40	0.4	0.6
Eating & Drinking Places	504	543	6.4	8.3
Miscellaneous Retail	416	948	7.8	12.5
<b>Services</b>				
Hotels & Other Lodging Places	837	1,105	14.7	17.8
Auto Rentals	17	18	0.3	0.4
Amusement & Recreation Services	188	334	2.8	4.1
<b>Visitor Industry Totals</b>	<b>3,219</b>	<b>4,407</b>	<b>\$67.4</b>	<b>\$86.1</b>
<b>Pleasure Visitor-Related Total</b>	<b>3,035</b>	<b>4,154</b>	<b>63.5</b>	<b>81.1</b>

Table 2.6

**Southcentral Region**  
 Visitor Industry Employment and Earnings, By Sector, 1998

	Total Wage & Salary Employment	Total Employment Including Proprietor's	Total Wage & Salary Payroll (millions)	Total Earnings Including Proprietor's Income (millions)
<b>Transportation</b>				
Local & Interurban Passenger Transit	256	341	\$3.9	\$5.1
Water Transportation	143	170	4.3	5.1
Air Transportation	1,600	1,698	57.5	69.4
Transportation Services	118	158	2.8	3.8
<b>Retail</b>				
General Merchandise Stores	384	394	6.8	7.6
Food Stores	170	183	3.7	4.3
Apparel & Accessory Stores	159	200	2.2	2.9
Eating & Drinking Places	2,292	2,471	29.1	37.8
Miscellaneous Retail	354	807	6.7	10.6
<b>Services</b>				
Hotels & Other Lodging Places	2,260	2,882	39.5	48.0
Auto Rentals	237	281	4.7	5.1
Amusement & Recreation Services	634	1,124	8.7	13.8
<b>Visitor Industry Totals</b>				
Visitor Industry Totals	8,607	10,788	\$169.7	\$213.2
Pleasure Visitor-Related Total	6,253	7,837	123.3	154.9

Table 2.7

**Interior/Northern Region**  
**Visitor Industry Employment and Earnings, By Sector, 1998**

	Total Wage & Salary Employment	Total Employment Including Proprietor's	Total Wage & Salary Payroll (millions)	Total Earnings Including Proprietor's Income (millions)
<b>Transportation</b>				
Local & Interurban Passenger Transit	586	781	\$8.8	\$11.7
Water Transportation	42	50	1.3	1.5
Air Transportation	217	230	7.8	9.4
Transportation Services	96	129	2.3	2.9
<b>Retail</b>				
General Merchandise Stores	171	175	3.0	3.4
Food Stores	42	45	0.9	1.1
Apparel & Accessory Stores	6	7	0.1	0.1
Eating & Drinking Places	910	981	11.6	15.0
Miscellaneous Retail	87	198	1.6	2.6
<b>Services</b>				
Hotels & Other Lodging Places	1,112	1,468	19.5	23.6
Auto Rentals	68	75	1.3	1.5
Amusement & Recreation Services	65	116	0.9	1.4
<b>Visitor Industry Totals</b>	<b>3,402</b>	<b>4,254</b>	<b>\$59.1</b>	<b>\$74.2</b>
<b>Pleasure Visitor-Related Totals</b>	<b>3,093</b>	<b>3,868</b>	<b>53.7</b>	<b>67.4</b>

Table 2.8

**Southwest Region**  
**Visitor Industry Employment and Earnings, By Sector, 1998**

	Total Wage & Salary Employment	Total Employment Including Proprietor's	Total Wage & Salary Payroll (millions)	Total Earnings Including Proprietor's Income (millions)
<b>Transportation</b>				
Local & Interurban Passenger Transit	11	14	\$0.2	\$0.2
Water Transportation	-	-	-	-
Air Transportation	100	106	3.6	4.4
Transportation Services	5	7	0.1	0.2
<b>Retail</b>				
General Merchandise Stores	50	51	0.9	1.0
Food Stores	66	71	1.4	1.7
Apparel & Accessory Stores	1	1	0.0	0.0
Eating & Drinking Places	116	126	1.5	1.9
Miscellaneous Retail	17	39	0.3	0.5
<b>Services</b>				
Hotels & Other Lodging Places	306	404	5.4	6.5
Auto Rentals	5	6	0.1	0.1
Amusement & Recreation Services	23	41	0.3	0.5
<b>Visitor Industry Totals</b>	<b>700</b>	<b>864</b>	<b>\$13.8</b>	<b>\$18.9</b>
<b>Pleasure Visitor-Related Totals</b>	<b>454</b>	<b>561</b>	<b>8.9</b>	<b>11.0</b>



HB 359

# Alaska State Legislature

Please enter into the record my testimony to the Senate Finance  
committee name

Committee on SB 272 Supplemental Approp: Tourism Mktg., dated February 6, 2002  
bill # / subject

Please do **NOT** support **SB 272**. Please do **NOT** give any more of **OUR** money to private business. Instead, make sure money is made available for funding present and future essential government services such as education, roads, public health & safety. Some will call this piece of special interest legislation "economic development", or "disaster relief"; while others will more accurately call it "corporate welfare"!

This industry should have assumed full financial responsibility for tourism marketing years ago. It appears that no effort has been made by the association, or individual members of the association, to provide any extra emergency marketing money to promote their businesses! Instead they want you to give them our school money!

According to press releases issued by everybody from the Governor on down, we are in a serious budget crisis. If these statements are accurate, doesn't that mean we no longer have excess funds available to support the tourism association or any other special interest group? Life is full of risk, and so is business. We can not expect the public to insure everyone against these risks. If you approve this legislation, you are telling everyone in the state, "it's business as usual folks, and there really is no budget problem". That will make implementing any new taxes a really hard sell!

Given the Governor's proposed budget, and fiscal notes attached to bills currently pending before the Alaska Legislature, this year's spending could easily exceed \$7,500,000,000. If you divide \$7,500,000,000 by the number of people who applied for a PFD in 2000 (607,596), it comes out to a whopping \$12,344.00 being spent for every man, woman, and child in the state! **For a family of four that equals \$49,375.00!** We all need to think about that number for a minute, and ask ourselves, are we really getting our money's worth? The majority of Alaskan voters will say, "**NO!**" The cost of funding SB 272 or HB 359 will only put an unnecessary burden on an already swollen budget.

Please think about the future of All Alaskans; then vote **NO** on this, and **ALL** non-essential spending bills that come before you this session. Thank you.

Signed: Mike McBride  
Testifier

Self  
Representing (optional)

PO Box 6 Kenai, Alaska 99611-0006  
Address

(907) 776-5444  
Phone number

HB 359-SUPPLEMENTAL APPROP TOURISM MARKETING  
SENATE FINANCE COMMITTEE

SIGN-IN

✓ NAME: JEFF BUSH *Supports* Subject/Bill No: \_\_\_\_\_  
Co./Dept./Title: DCED / Deputy Commissioner Phone: 465-2500  
Address: POB 110 P00, Juneau Zip: 99811  
Do you wish to testify?  Yes  No  Respond To Questions

✓ NAME: TINA LINDGREN *Support* Subject/Bill No: HB 359  
Co./Dept./Title: ATIA President Phone: 907-929-2842  
Address: 2100 CORDOVA #201 Zip: 99503  
Do you wish to testify?  Yes  No  Respond To Questions

✓ NAME: Stevie Bowhwy *Support* Subject/Bill No: HB 359  
Co./Dept./Title: Glacier Gardens (Pres) Phone: 907-190-8311  
Address: 7600 Glacier Hwy Zip: 99801  
Do you wish to testify?  Yes  No  Respond To Questions

✓ NAME: STEVE FRANK Subject/Bill No: HB 359  
Co./Dept./Title: RIVERS EDGE RESORT Phone: 474-0284  
Address: 3145 RIVERVIEW DR. FBKS Zip: 99709  
Do you wish to testify?  Yes  No  Respond To Questions

NAME: ROD AARO Subject/Bill No: HB 359  
Co./Dept./Title: ALASKA PRO. HUNTER ASS. Phone: 376-2913  
Address: WASILLA AK. Zip: 99687

Do you wish to testify?  Yes  No  Respond To Questions

NAME: \_\_\_\_\_ Subject/Bill No: \_\_\_\_\_  
Co./Dept./Title: \_\_\_\_\_ Phone: \_\_\_\_\_  
Address: \_\_\_\_\_ Zip: \_\_\_\_\_

Do you wish to testify?  Yes  No  Respond To Questions

NAME: \_\_\_\_\_ Subject/Bill No: \_\_\_\_\_  
Co./Dept./Title: \_\_\_\_\_ Phone: \_\_\_\_\_  
Address: \_\_\_\_\_ Zip: \_\_\_\_\_

Do you wish to testify?  Yes  No  Respond To Questions

NAME: \_\_\_\_\_ Subject/Bill No: \_\_\_\_\_  
Co./Dept./Title: \_\_\_\_\_ Phone: \_\_\_\_\_  
Address: \_\_\_\_\_ Zip: \_\_\_\_\_

Do you wish to testify?  Yes  No  Respond To Questions

NAME: \_\_\_\_\_ Subject/Bill No: \_\_\_\_\_  
Co./Dept./Title: \_\_\_\_\_ Phone: \_\_\_\_\_  
Address: \_\_\_\_\_ Zip: \_\_\_\_\_

Do you wish to testify?  Yes  No  Respond To Questions



SITE: ANCHORAGE LIO

COMMITTEE: Senate Finance

DATE: 2-19-02

SUBJECT OF MEETING:

SB 272

UPDATE #: 2



DO YOU WANT

P R I N T YOUR NAME

ADDRESS (MAILING & ZIP)

REPRESENTING

TO TESTIFY?

Y or N

<u>P R I N T</u> YOUR NAME	ADDRESS (MAILING & ZIP)	REPRESENTING	TO TESTIFY? Y or N
<b>Alan LeMarter</b>		Copper River Salmon Charters	<b>Y- SB 272</b>
Email address:			
<b>Suzanne Rust</b>			<b>Y-SB 272</b>
Email address:			
<b>Eric Downey</b>			<b>Y-SB 272</b>
Email address:			
Email address:			
Email address:			
Email address:			
Email address:			



SITE: MATSU LIO

SUBJECT OF MEETING:

HB359

SB272

COMMITTEE: SFIN

DATE: 02/19/02

UPDATE #:

## PLEASE SIGN IN

P R I N T YOUR NAME

ADDRESS (MAILING & ZIP)

REPRESENTING

DO YOU WANT  
TO TESTIFY?  
Y or N

P R I N T YOUR NAME	ADDRESS (MAILING & ZIP)	REPRESENTING	DO YOU WANT TO TESTIFY? Y or N
<b>Katrina King</b>	SB 272		Y (?)
Email address:			
<b>Julie Saupe</b>	SB 272		Y
Email address:			
<b>Bonnie Quill</b>	SB 272		Y (?)
Email address:			
<b>Stu Graham</b>	SB 272		Y (?)
Email address:			
<b>Randi Perlman</b>	SB 272		Y (?)
Email address:			
Email address:			



# Bill History/Action Display



BILL: HB 359                      SHORT TITLE: SUPPLEMENTAL APPROP TOURISM MARKETING  
 BILL VERSION:  
 SPONSOR(S): FINANCE  
 CURRENT STATUS: (S) FIN STATUS DATE: 02/06/02

TITLE: "An Act making a supplemental appropriation for tourism marketing efforts; and providing for an effective date."

Full Text     No Fiscal Notes Available     Amendments

**Committee Action with Bill History**

Jrn-Date	Jrn-Page	Action
01/25/02	<u>2067</u>	(H) READ THE FIRST TIME - REFERRALS
01/25/02	<u>2067</u>	(H) FIN
02/01/02	<u>2112</u>	(H) FIN RPT 6DP 1DNP 4NR
02/01/02	<u>2112</u>	(H) DP: WIHTAKER, DAVIES, FOSTER, CROFT,
02/01/02	<u>2112</u>	(H) MULDER, WILLIAMS; DNP: BUNDE;
02/01/02	<u>2112</u>	(H) NR: HARRIS, LANCASTER, HUDSON, MOSES
02/01/02	<u>2112</u>	(H) LETTER OF INTENT WITH FIN REPORT
02/04/02	<u>2145</u>	(H) RULES TO CALENDAR 2/4/02
02/04/02	<u>2145</u>	(H) READ THE SECOND TIME
02/04/02	<u>2145</u>	(H) AM NO 1 FAILED Y7 N28 E5
02/04/02	<u>2146</u>	(H) AM NO 2 FAILED Y9 N23 E5 A3
02/04/02	<u>2148</u>	(H) ADVANCED TO THIRD READING UNAN CONSENT
02/04/02	<u>2148</u>	(H) READ THE THIRD TIME HB 359
02/04/02	<u>2148</u>	(H) PASSED Y25 N10 E5
02/04/02	<u>2149</u>	(H) EFFECTIVE DATE(S) ADOPTED Y31 N4 E5
02/04/02	<u>2149</u>	(H) ADOPTED FINANCE LETTER OF INTENT
02/04/02	<u>2153</u>	(H) TRANSMITTED TO (S)
02/04/02	<u>2153</u>	(H) VERSION: HB 359
02/06/02		(S) READ THE FIRST TIME - REFERRALS
02/06/02		(S) FIN
02/06/02		(S) REFERRED TO FINANCE

Similar Subject Match or Exact Subject Match  
SUPPLEMENTAL APPROPRIATIONS  
TOURISM

Bill Root:  Display Bill Root

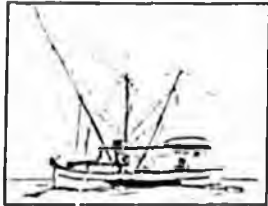
**HB**

**360**

HFIN

FILE

2-13-02



**Alaska Trollers  
Association**

130 Seward St., No. 505  
Juneau, Alaska 99801  
(907) 586-9400  
(907) 586-4473 Fax

Ms Kelly

February 13, 2002

Representative Eldon Mulder, Co-Chair  
Representative Bill Williams, Co-Chair  
House Finance Committee  
Alaska State Legislature  
Juneau, AK 99811

Dear Representatives:

The Alaska Trollers Association (ATA) strongly supports state funding for the Alaska Seafood Marketing Institute (ASMI). By phasing in that support over a period of years, HB 360 offers the state an avenue to support seafood marketing in a manner sensitive to state's current budgeting needs. We encourage you to support HB 360.

Recent years have brought a series of challenges for those who harvest and market Alaska seafood. For instance, fishermen have seen their bottom line ravaged by the rapid rise of cheap subsidized farm salmon in the marketplace, combined with numerous regulatory policies restricting their access to salmon. Processors have struggled to maintain old markets, and develop new, in the face of increased production costs and the glut of farmed salmon.

In year 2000, Chile increased its export of farmed salmon by 57%. Canada's new government has just lifted its moratorium on new salmon farms. A look to Norway, Scotland, Ireland, New Zealand, Iceland, and even the US, makes the future painfully clear - salmon farming is here to stay and we must find a way to compete. More farmed species and product forms are in development and will further test our marketing skills. Now more than ever the seafood industry needs to identify its wholesome array of wild-caught fish as uniquely different in the marketplace.

September 11 has proved a fateful day for nearly every business across the globe and brought with it unexpected trials and tribulations for the seafood community. If your firm specializes in security, you're racing to accommodate an unanticipated demand. If you sell trips to far away places, you're dealing with consumer angst and inconvenience. If you sell seafood, you're coping with increased security measures as you transport your fish and try to sell them to people tightening their belts in the face of tremendous economic uncertainty. Food safety concerns are heightened. In sum, people just aren't spending as much or eating out as often these days, and that will likely continue in the near term. We must find a way to increase consumer confidence in US harvested seafood and educate them about the advantages of all that Alaska has to offer. This is why precisely why we need ASMI and why they need a financial boost from the state. ASMI has the infrastructure and level of expertise necessary to leap to action and increase Alaska's profile in the marketplace. No other organization is so well situated to rise to present day challenges.

Obviously, the old methods of selling seafood don't work in the face of new-age market threats. We don't expect that to change, which necessitates new strategies to reposition and expand our place in the market. Well-crafted marketing programs are essential if we are to make buyers aware of the many fine seafood choices available from Alaska. Sound generic marketing

campaigns are essential to underpin any niche marketing that individual fleets may choose to pursue. Both generic and niche marketing programs have proven highly successful for other producers of protein - and let's not forget Nike.

Seafood is Alaska's first industry. It is the business that has directly and indirectly provided more jobs and income than any other to Alaskans and the state for well over 100 years. When the fishing industry loses market share the entire state feels the pain of reduced employment and income for our communities and the general fund. We harvest more fish in this state than most countries and are competing head to head with entire nations that invest millions and millions of dollars to market fisheries product. This year the Norwegian fish farm industry estimates it will need \$100 million to market in the face of some of the problems it faces. Norway is already known to invest \$40 million plus each year to help their industry move fish. Obviously they recognize a strong reliance on seafood. I can't imagine that you don't see a similar link between Alaska seafood and the economic success of this state.

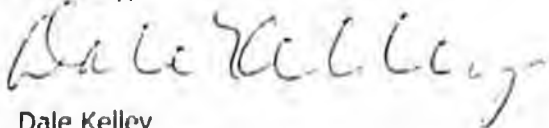
In the face of significant market challenges, the seafood industry still contributed \$52 million dollars to the general fund in FY01. Our industry has tremendous potential to do better with increased support and investment. You see we're really very fortunate. We have a tremendously healthy resource available for harvest. We have a working fleet of thousands, and most of them are residents of this state, whose earnings are distributed widely within the state. Even Anchorage, who is not immediately identified as a fishing port, has over 900 permit holders and nearly 40 processing plants. Alaska relies on the seafood industry, and we rely on Alaska.

Alaska fishermen are digging deep into their pockets during this very lean time and choosing to support ASMI through reauthorization of the marketing tax. Their 1% contribution makes up a significant portion of ASMI's budget. Still, the expectations we have for ASMI are not proportional to its level of funding - they are expected to do too much for too little. Considering the good things ASMI does now, just think what they could do with the state's help and backing. And I think the best part for you as a policy-maker, is that adding money to the ASMI budget doesn't just help one constituent group - **it directly pays ALASKA to successfully promote the sale of Alaska seafood.** Just review the history of general fund contributions from seafood, or ask the City of Homer, or First National Bank, Petro Marine, AML, Alaska Airlines and Ruth Ann's in Craig.

Let's work in partnership to ensure the long-term health of this industry that has been, and can continue to be, a cornerstone of Alaska's economy.

Thanks in advance for your consideration of ATA's request to support HB 360. If I can be of assistance on this or other issues, please don't hesitate to contact me.

Sincerely,



Dale Kelley  
Executive Director

# Alaska State Legislature



SESSION ADDRESS:  
Alaska State Capitol  
Juneau, Alaska 99801-1182  
(907) 465-4925  
Fax: (907) 465-3517  
Toll Free: 1-800-821-4925

INTERIM ADDRESS:  
112 Mill Bay Road  
Kodiak, Alaska 99615  
(907) 486-4925  
Fax: (907) 486-5264

## Representative Gary Stevens

### SPONSOR STATEMENT – HB 360

HB 360, "An act making appropriations to the Alaska Seafood Marketing Institute (ASMI) for generic salmon marketing", appropriates \$12 million over the next five years to boost the marketing of Alaska's salmon.

The Alaska salmon industry touches thousands of Alaska families, both along our coastline and in our major cities. It is the state's largest private employer and the lifeblood of our coastal communities.

The salmon industry was severely impacted by the September 11<sup>th</sup> attack. The pipeline for fresh halibut froze. Prices plummeted. Restaurant patrons disappeared. Demand for seafood fell and ASMI's budget fell along with it.

In addition, the increase in fish farms around the world has flooded the U.S. markets and driven down the price of salmon to levels that are jeopardizing Alaska's industry. Currently, ASMI is in the second year of a federally funded program specifically geared to combat the impact of farmed salmon on Alaska wild salmon. This program will end in June 2003, just when it is gaining momentum.

This appropriation for ASMI, while not the only answer, can help to stop the erosion of markets and help turn the tide against a worldwide glut of cheap imported salmon in both our domestic and overseas markets.

I'm writing this in support of House Bill 360, legislation to provide funds for Alaska Seafood Marketing Institute. I believe that the Alaska Seafood Marketing Institute provides an invaluable service to all of the different gear groups. At this point in time our fishermen need all the help they can get. With the rise of farmed fish and the reluctance of our federal government to protect our fishermen for foreign competition, we as Alaskans need to step up and do all we can to keep our fishing industry viable. The only way that will happen is if we can improve market share and value. The Alaska Seafood Marketing Institute is the only agency that has this as their goal. If they are continually under funded our fisheries will be the ones who suffer. The legislature must come to the aid of our fishermen at this time or be prepared to see our fishing industry collapse and take with it both jobs and communities. Along the way you will also see a corresponding drop in badly needed tax revenues. The time has come for us to invest in our future.

Cingel Hain  
 Ty Greening  
 [Signature]  
 Kim Rette  
 Greg  
 [Signature]  
 Sue Waller

Robert P. [Signature]  
 James J. [Signature]  
 [Signature]  
 [Signature]  
 D. GARRETT PARKER  
 [Signature]  
 [Signature]  
 [Signature]  
 [Signature]  
 [Signature]  
 [Signature]

Via Facsimile

February 4, 2002

Joe Faith  
PO Box 1316  
Dillingham, AK 99576  
Phone: (907) 842-1200,  
Fax: (907) 842-1201

Representative Gary Stevens  
State Capitol, Room 428  
Juneau, AK 99801-1182

**RE: Funding For Salmon Promotion For ASMI**

Dear Representative Stevens:

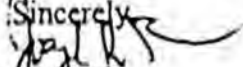
I am writing in support of funding for salmon promotion for ASMI through the State. I am a commercial fisherman who lives and works in Dillingham year-round. As you are aware, the salmon seafood industry generally has not been very profitable for a number of years now. The causes to the problem and suggested solutions are many and varied.

However, it is sufficiently clear that two important objectives are increasing the price for salmon, and the share of salmon in the protein marketplace. One way of accomplishing these goals is through marketing. Marketing will benefit everybody dealing with salmon with a positive approach for now and the future. It could reap a tremendous return on investment. Just compare the recent reported dramatic sales increase by Dell Computer with its pre-Christmas advertisement campaign with the kid selling computers in an elf suit.

The salmon industry has been a part of the state's economy for well over a hundred years and literally produced billions in revenue. Asking for an added \$12 million dollars over five years is a small request.

Positive changes must be made now. During the last hundred years plus, the government and salmon industry have responded with necessary and reasonable changes. Today, marketing is a reasonable, necessary, and productive response to the current situation. It also does not seem to matter what other solutions are eventually adopted because marketing salmon will help them as well. It makes sense to have as much marketing in place as possible for whatever other solutions may be adopted.

Please contact me if you wish. I thank you for your time and consideration.

Sincerely  
  
Joe Faith



# UNITED FISHERMEN OF ALASKA

## Resolution 2002-2

211 Fourth Street, Suite 110  
Juneau, Alaska 99801-1172  
(907) 586-2820  
(907) 463-2545 Fax  
E-Mail: [ufa@ufa-fish.org](mailto:ufa@ufa-fish.org)  
[www.ufa-fish.org](http://www.ufa-fish.org)

### SUPPORTING STATE FUNDING FOR ASMI

WHEREAS, Alaska relies heavily on its ability to sustain a vibrant seafood industry;

WHEREAS, the seafood industry is Alaska's largest employer and provides 47% of the state's private sector jobs;

WHEREAS, 79% of active commercial fishery permit holders are Alaska residents, and about half of those 11,118 people reside in rural communities;

WHEREAS, Anchorage is home to 903 commercial fishing permit holders and 36 processors who pump about \$250 million a year into the Anchorage economy;

WHEREAS, seafood is Alaska's number one export;

WHEREAS, more seafood is landed in Dutch Harbor/Unalaska than anywhere in the nation, and the Kodiak harvest is number two in terms of value;

WHEREAS, Alaska produces 90-95% of the US commercial harvest of wild salmon;

WHEREAS, the seafood industry ranks second only to oil in revenue generated for the state and in FY01 alone contributed more than \$52 million to the general fund;

WHEREAS, the Alaska seafood industry faces significant market challenges, due in large part to a decline in foreign monetary values and a glut of farmed salmon from countries such as Chile, Norway and Canada;

WHEREAS, lost market share results in reduced income and jobs for fishermen and coastal communities and impacts state and local tax revenues;

WHEREAS, other nations contribute heavily to the development and marketing of farmed finfish, which places Alaska's seafood industry at a competitive disadvantage;

WHEREAS, ASMI is largely supported by taxes paid by Alaska harvesters and processors;


WHEREAS, market development is crucial to the success of Alaska's seafood industry, which in turn is key to the health and well-being of our communities and state;

#### MEMBER ORGANIZATIONS

Alaska Longline Fishermen's Association • Alaska Trollers Association • Alaska Processors Association • Bristol Bay Fishermen's  
Coastal Regional Aquaculture Association • Concerned Area TMI Fishermen • Cook Inlet Aquaculture Association  
Copper River Salmon Producers Association • Gambaya District Fishermen United • Douglas Island Fish and Clam  
Kodiak Regional Aquaculture Association • Kodiak Regional Aquaculture Association • Kodiak Seiners Association • North Pacific Fishermen's Association  
Northern Southeast Regional Aquaculture Association • Old Harbor Fishermen's Association • Petersburg Vessel Owners Association  
Pitkin-Wilcox Sound Aquaculture Corporation • Purse Seine Vessel Owners Association • Seafood Producers Cooperative  
Southeast Alaska Regional Dive Fishermen's Association • Southeast Alaska Seiners Association • Southern Southeast Regional Aquaculture Association  
Unalaska Inlet Dredge Association • United Salmon Association • United Southeast Alaska Harvesters

NOW THEREFORE BE IT RESOLVED, that UFA supports state funding for ASMI, and believes such investment and partnership with industry to be an essential element of a long-term fiscal strategy to help ensure Alaska's economic stability.

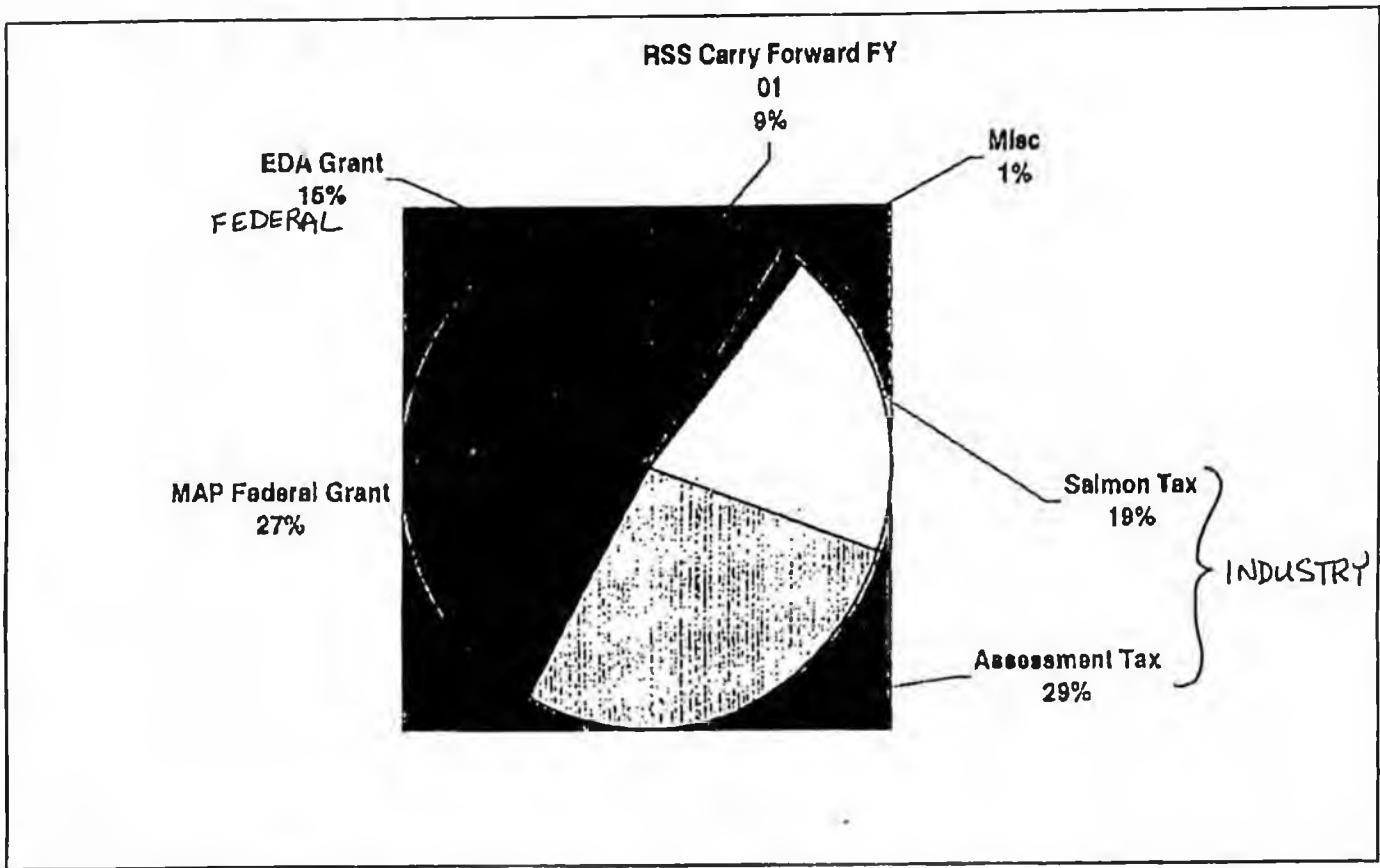
ADOPTED by United Fishermen of Alaska Board of Directors on February 2, 2002.  
In Witness thereto:

By:   
Robert Thorstenson Jr., UFA President

Attest:   
Richard Davis, UFA Secretary / Treasurer

ASMI FY 02 Revenue (projected)

RSS Carry Forward FY 01	\$	972
Misc	\$	150
Salmon Tax	\$	2,001
Assessment Tax	\$	2,860
MAP Federal Grant	\$	2,737
EDA Grant	\$	1,578
Total	\$	10,289



# Alaska Seafood Marketing Institute

## \$1:\$12 Bang for the Buck

For every Receipt Supported Services (RSS) dollar that ASMI expended in FY01 under its Export Program it leveraged another \$12.00

- \$3.00 from Federal USDA Funds\*

- \$9.00 from Alaska Seafood Industry and Foreign Promotional Partners

WORLDWIDE CONTRIBUTION TABLE

State Fiscal Year FY01						
Participant >	U.S. (ASMI)	U.S. (ASMI)	U.S. Industry	MAP/FAS	Foreign Partners	Total
Code >	Contributions (RSS dollars)	Contributions (POS, posters, etc materials)	(RSS dollars & Industry Contributions	Contributions (MAP Dollars)	(Third Party in- kind)	
Trade Promotional Shows	34,938	29,678		801,846	5,844,716	6,511,176
Consumer Promotional	13,247		64,055	241,931		309,233
Tech. Assistance	20,477	29,578	0	867,739	1,300,112	2,217,905
International Travel			0	67,229		67,229
STRE	21,980		20,000	68,485		108,465
Contractor Fees	0		0	0		0
Rents & Supplies, etc.	48,169		0	355,000		403,169
Compensation & Allowances	153,092		0	0		153,092
	448,043		55,926			503,969
<b>Total:</b>	<b>739,943</b>	<b>59,155</b>	<b>129,981</b>	<b>2,400,329</b>	<b>6,944,830</b>	<b>10,274,238</b>
Percentage to MAP/FAS Dollars	31%	2%	5%			
Percentage To Overall Total	7%	1%	1%	23%	68%	

Total Actual Dollars Expended FY01 by ASMI Export Program. (RSS dollars)	793,998
Total Actual Dollars Expended FY01 by ASMI Export Program. (MAP dollars)	2,400,329
<b>Grand Total</b>	<b>3,194,327</b>

\* USDA Market Access Program administered by Foreign Agricultural Service

**Alaska Seafood Marketing Institute**  
**Draft Marketing Plan in the event of additional revenue**  
**Prepared November 2001 at the request of the Bristol Bay Fisheries Committee**

Currently, ASMI works with thousands of grocery stores, restaurants and distributors in the United States and overseas. The primary marketing activities consist of special promotions that catch consumers while they are in the grocery store and while they are dining out. Since distributors and wholesalers are the primary seafood suppliers to retailers and restaurants, ASMI works with them to ensure that Alaska Seafood is a part of their inventory and that it gets sufficient attention out of the thousands of items they sell. Over the past 20 years, ASMI has built relationships with these buyers, known as "the trade", and positioned ourselves as a resource for them to sell Alaska Seafood to their customers. Fluctuating budgets are dealt with by expanding or contracting the marketing programs we can offer and the trade advertising that we do.

Note: While Alaska sockeye salmon is not specifically dealt with in this marketing plan, it is and will continue to be a goal of ASMI to continue encouraging the use of fresh and frozen sockeye salmon in the US and overseas retail and foodservice markets. ASMI rarely singles out a specific species, but has done so with sockeye since 1994.

**The Domestic Market:**

**Push versus pull strategy.** With additional funding, ASMI can engage in *pull* advertising in order to develop product awareness and knowledge that is imperative in creating consumer demand for our products. A *pull* strategy involves promoting heavily towards final consumers to induce them to ask retailers for the product, primarily by advertising, consumer sales promotion, and direct marketing. This strategy is more common in consumer markets. For example, companies such as Coca-Cola, or Toyota would use a pull strategy.

A *push* strategy involves promoting the product through the channel, from producer to wholesaler to retailer to consumers, primarily by personal selling and trade promotion. This strategy is more common in industrial markets. For example, a company like ICI Chemicals would use a push strategy in distributing its industrial chemical line.

ASMI currently employs a *push* strategy due to budget restraints and the high media cost typically associated with consumer directed *pull* campaigns. In order to create consumer demand that in turn applies pressure on both retail and foodservice operations to carry Wild & Natural Alaska Seafood on their menus, in their seafood case and on their shelves, ASMI must now begin to educate the consumer as to the advantages of Alaska Seafood and the current market condition/impact that farmed salmon has on market prices.

**Objective:** Build visibility and increase demand for Alaska Seafood in meals prepared at home and away from home.

**Target Audience:**

- Consumers who make the decision on where and what to eat at mealtime.
- Decision makers who determine what goes on the menu at restaurants, retail or any venue where prepared food is offered (i.e., deli).
- Decision makers in the channels that sell to retail and foodservice (distributors, brokers, manufacturers, processors).

### **Tactics/Elements:**

**Advertising:** A large share of the budget will be spent on advertising to effect a "pull strategy." The overall objective is to build awareness for Alaska Seafood and its unique benefits.

- Consumer radio and print
- Trade to a limited extent

### **Promotions:**

- Create strategic alliances with key promotional partners that will create awareness and high visibility for Alaska Seafood (i.e., NASCAR).
- Influence key target accounts in both the retail and foodservice sectors to expand the usage and menu branding of Alaska Seafood.
- Capitalize on special event and public relations opportunities.

### **Education:**

- Further position ASMI as an information resource for the retail and foodservice trade, building on our reputation as the experts on Alaska Seafood.
- Channel programs to educate the trade and build awareness via educational materials, seminars, menu ideas, promotion opportunities.

All of the above would be in addition to existing ASMI domestic programs at foodservice and retail, currently funded at \$4 million. The Strategic Salmon Initiative, now in its second year, is funded at \$753,000 for FY02. This 3-year program is 100% dedicated to marketing salmon in the United States. This is an overall strategy. Tactics would be laid out citing details and budgets for each promotional activity.

### **The Export Market**

The ASMI Export program is funded by the USDA Foreign Agricultural Service through the Market Access Program. Funding for FY01 is \$3 million and includes \$2 million from USDA, two new grants, a match from the processor tax, and industry contributions. Like the domestic program, the export program has focused mainly on "push" strategies throughout the past few years, due to the consistent reductions in the budget, as well as the high media cost of conducting "pull" strategies. A pull strategy is also difficult to measure and activity measurements are a requirement of the USDA program and part of the formula which determines the amount of money each applicant receives.

If the program were to obtain \$5 million from the General Fund for one fiscal year, the strategy would be to utilize the funding to enhance existing trade (importers, distributors, retailers, foodservice operators, etc.) and consumer promotional programs. Funding would be targeted towards developed maintenance markets, like Japan, the United Kingdom and France, but would also be utilized to enhance developing markets such as China, Taiwan, and Southern Europe.

This increased financial support would also be used for re-establishing branded canned salmon programs in the United Kingdom and Australia. (Branded promotions are those that utilize a store's own brand, i.e., Prince's Alaska Canned Salmon, Sainsbury's Alaska Canned Salmon,

etc.) Branded promotions, which were very successful for many years, were prohibited by the Market Access Program three years ago.

Specific breakdowns of promotions by country and region are:

Australia:

Australia is the second largest canned salmon market in the world. ASMI would utilize additional monies from the General Fund to halt erosion of Alaska's share of the canned salmon market by the re-introduction of branded promotions at the retail level. Canned salmon importers/distributors have indicated that they would be committed to a branded campaign that would utilize elements of the Marine Stewardship Council (MSC) logo on new labeling. As well, they have indicated that they would match branded promotion funding with their own money with a ratio up to 4:1.

ASMI has letters from the major buyers in Australia strongly requesting the return of a branded campaign. They believe that this strategy, more than anything else, could help them significantly increase sales of Alaska canned salmon.

China:

High tariffs and import taxes on Alaska seafood products have hampered Alaska's access to this enormous market. Entry into the World Trade Organization will mean a gradual reduction on tariffs and duties over a 5 year period. Currently, there are high volumes of Alaska seafood being reprocessed (tax and duty-free) in China and exported to countries around the world. ASMI would use additional funding to build on existing activities and relationships to expand trade and consumer awareness and usage. Activities to accomplish this goal would be retail merchandising, foodservice promotions, consumer advertising, trade shows and trade missions in the key cities with the most potential.

Northern Europe (United Kingdom, Netherlands, Belgium):

ASMI would use additional funding to accomplish two purposes: Halt erosion of Alaska canned salmon's market share, and build new opportunities for fresh and frozen product forms. Fresh sockeye fillets were sold at retail in the United Kingdom during the summers of 2000 and 2001. ASMI would provide marketing support for these types of innovative promotions, as well as support the budding market for Alaska halibut. The bulk of the new funding would be used for re-introduction of branded promotions for canned sockeye and pink salmon at the retail level, utilizing elements of the Marine Stewardship Council's logo on new labeling. The remaining funding would be used towards such activities as consumer advertorials (advertisements that are full page articles produced by ASMI), consumer promotions, media seminars, foodservice advertorials, as well as participation in the BBC Good Food Show.

Central Europe (France, Germany, Switzerland):

ASMI would use additional funding to increase its presence in this region. The program would expand existing retail promotions, foodservice activities, and utilize point of sale materials to get more exposure for Alaska Seafood at regional new product seminars and trade shows. Trade advertising would be increased substantially. Public relations activities would also be expanded, which would include increased circulation of press kits, increased frequency of product tastings, as well as media tours to Alaska. ASMI would also utilize these funds to increase trade show activities, both by increasing impact at existing shows, and by expanding reach to include additional venues.

Southern Europe (Spain, Portugal, Italy, Greece):

Southern Europe is a new market for Alaska Salmon in the sense that farmed salmon has dominated for 10 years and a whole new generation of buyers must be educated about the benefits of Alaska wild salmon. This is also a big market for cod. (Portugal is the world's largest importer of cod.) ASMI would utilize additional funding to expand awareness and usage in the trade sector. Monies would be used for creation of an interactive information video program that would be utilized at trade shows. The program would also expand the number of trade show venues in the region, expanding focus on Hotel, Restaurants, Institutions (HRI) based shows. ASMI would also utilize this funding to augment existing HRI public relations activities, concentrating on chef presentations and product tastings.

Japan:

In spite of tremendous inroads by farmed salmon, Japan continues to be the biggest and most loyal customer for Alaska Seafood. ASMI would use additional funding to increase both consumer and trade awareness and usage through three high profile promotional activities. One activity would be to utilize TV infomercials about the Alaska seafood industry and its products. The second activity would be to expand on the existing consumer seminar activities (which would include partnerships with retailers) that have been highly successful in the Japanese market. The third activity would be to develop calendars featuring photos of Alaska fishermen and fishing communities that would be distributed to consumers.

Taiwan:

Taiwan is a developing market for Alaska Seafood. Import tariffs and duties and a lack of good distribution systems for Alaska seafood products have impeded progress. However, if market demand increased, the potential for Alaska seafood is high. ASMI would use the funding to increase trade awareness through increasing HRI activities, including foodservice promotions and chef contests. The program would also be expanded to focus on new promotional activities targeting retail health stores and high-end organic food markets.

Submitted by:  
Barbara Belknap  
Executive Director  
Alaska Seafood Marketing Institute  
200 N. Franklin Street, #200  
Juneau, AK 99801  
907-465-5560

**HB**

**362**

HFIN

FILE



# FISCAL NOTE

STATE OF ALASKA  
2002 LEGISLATIVE SESSION

Fiscal Note Number: 1  
Bill Version: HB 362  
(H) Publish Date: 2/8/02

Revision Date/Time (Note if correction) \_\_\_\_\_ Dept. Affected \_\_\_\_\_  
Title Extend Board of Governors of Ak. Bar BR:J Alaska Court System  
Component Trial Courts  
Sponsor Representative Murkowski  
Requester House Judiciary Component No. 768

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>						
-------------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOT/ L</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2002) cost: 0.0

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)  
The Alaska Court System does not anticipate any fiscal impact from the passage of HB 362.

Prepared by: Douglas Wooliver Phone 463-4750  
Division: Alaska Court System Date/Time 1/30/02 2:00 PM  
Approved by: Stephanie Cole Date 1/30/02  
Agency: Alaska Court System

For distribution information, call the Governor's Legislative Office

# ALASKA STATE LEGISLATURE

*Chair:*  
LABOR AND COMMERCE

*Member:*  
MILITARY AND VETERANS AFFAIRS  
COMMUNITY AND REGIONAL AFFAIRS  
LEGISLATIVE COUNCIL  
JOINT ARMED SERVICES



**REPRESENTATIVE LISA MURKOWSKI**  
Government Hill • Elmendorf • East Anchorage

*Session:*  
ALASKA STATE CAPITOL  
JUNEAU, AK 99801-1182  
PHONE: (907) 465-3783  
FAX: (907) 465-2293  
Representative\_Lisa\_Murkowski@legis.state.ak.us

*Interim:*  
716 WEST 4TH AVENUE  
ANCHORAGE, AK 99501-2133  
PHONE: (907) 269-0174  
FAX: (907) 269-0177

## Sponsor Statement HB 362

### Extend Board of Governors of Alaska Bar Association

The Board of Governors of the Alaska Bar Association was established in 1955 to ensure that only qualified members of the legal profession of good moral character are allowed to practice law in the state. The Bar Association's primary functions are to screen applicants for admission to ensure that all successful applicants are fit to practice law, and to provide discipline by investigating grievances against members of the Bar. The Bar Association also performs a wide variety of miscellaneous functions including classes for continuing legal education, lawyer referral services, and fee arbitration.

The board consists of twelve members, nine attorneys elected by the active membership of the Alaska Bar Association, and three non-attorney public members appointed by the governor and confirmed by a joint session of the legislature. The Bar Association currently regulates 2,719 licensed attorneys.

The Division of Legislative Audit, in its 2001 report, found that the Bar Association meets the public need in an effective and economical manner. It not only ensures that persons licensed to practice law are qualified, but provides for investigations of complaints and has established a disciplinary process designed to ensure that licensed individuals act in a competent and professional manner.

The Board of Governors of the Alaska Bar Association is scheduled to terminate June 30, 2002, and will have one year to conclude its administrative operations unless the legislature acts this session. House Bill 362 reflects the recommendation of the Division of Legislative Audit and extends the termination date for the Bar Association for another four years.

November 30, 2001

Members of the Legislative Budget  
and Audit Committee:

In accordance with the provisions of Title 24 of the Alaska Statutes, the attached report is submitted for your review.

BOARD OF GOVERNORS OF THE  
ALASKA BAR ASSOCIATION  
SUNSET REVIEW

November 30, 2001

Audit Control Number

41-20008-02

This audit was conducted as required by AS 44.66.050 and under the authority of AS 24.20.271(1). Alaska Statute 44.66.050(c) lists criteria to be used to assess the demonstrated public need for a given board, commission, agency, or program subject to the sunset review process. Currently, under AS 08.03.010(c)(2), the Board of Governors of the Alaska Bar Association is scheduled to terminate on June 30, 2002.

In our opinion, the termination date for this board should be extended. The regulation and licensure of attorneys contributes to the protection of the public's welfare. We recommend the legislature extend the termination date to June 30, 2006.

The audit was conducted in accordance with generally accepted government auditing standards. Fieldwork procedures utilized in the course of developing the findings and discussion presented in this report are discussed in the Objectives, Scope, and Methodology section.

Pat Davidson, CPA  
Legislative Auditor

## TABLE OF CONTENTS

	<u>Page</u>
Objectives, Scope, and Methodology .....	1
Organization and Function .....	3
Report Conclusions .....	5
Findings and Recommendations .....	7
Analysis of Public Need .....	11
Appendices:	
A. Revenues Compared with Expenditures .....	15
B. Discipline Statistics .....	17
C. Bar Examination and Admission Statistics .....	19
D. Attorney Referrals .....	21
Agency Response:	
Alaska Bar Association .....	23

## OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Title 24 and Title 44 of the Alaska Statutes (sunset legislation), we have reviewed the activities of the Board of Governors of the Alaska Bar Association. The purpose of this audit was to determine if there is a demonstrated public need for the continued existence of this board and if it has been operating in an efficient and effective manner.

Legislative intent requires consideration of this report during the legislative oversight hearings to determine whether the Board of Governors of the Alaska Bar Association should be reestablished. The law currently specifies that the board will terminate on June 30, 2002.

### Objectives

The Alaska Bar Association was established in 1955 as an instrumentality of the State to ensure that only qualified members of the legal profession of good moral character are allowed to practice law in this State. A primary objective of this audit, therefore, was to determine whether the need for protection of the public continues to exist.

A secondary objective was to review the major processes instituted by the Alaska Bar Association, namely the examination of prospective members, admission, and discipline procedures, for effectiveness in meeting the public need. A tertiary objective was to evaluate those processes in particular, and Alaska Bar operations in general, for economy and efficiency of operation.

Our analysis of public need, findings and recommendations, and our conclusions have been summarized in the appropriate sections of this report.

### Scope and Methodology

Under the direction and supervision of the Division of Legislative Audit, another auditor conducted the majority of this review. We followed professional standards to determine that the other auditor was independent and that their work was competent and sufficient.

The major areas of our review were the licensing, examination, and discipline functions provided by the Alaska Bar Association, as well as board proceedings. Our audit reviewed the operations and activities of the association from January 1998 through October 2001.

Our review included the following:

- Compliance with statutes and regulations, Alaska Bar Rules, and bylaws
- Minutes of board meetings and correspondence files
- Annual reports issued by the Alaska Bar Association

- Complaints filed with the Office of the Ombudsman, Department of Labor, Department of Human Rights, and Equal Employment Opportunity Commission
- Attorney discipline files
- Attorney applications for examination and licensure
- Complaint files
- Interviews with employees of the Alaska Bar Association

## ORGANIZATION AND FUNCTION

The practice of law in the State of Alaska is regulated by the Board of Governors of the Alaska Bar Association. The board consists of twelve members, including nine attorneys elected by the active membership of the Alaska Bar Association and three non-attorney public members that are appointed by the governor and confirmed by a joint session of the legislature.

The powers and duties of the board are conferred by the Alaska Integrated Bar Act,<sup>1</sup> the Alaska Bar Rules, and the Rules of Professional Conduct, which are promulgated by the Alaska Supreme Court. Under AS 08.08.080(a), the board may approve and recommend to the state Supreme Court rules (1) concerning the admission, discipline, licensing, continuing legal education, and defining the practice of law; (2) providing for continuing legal education and for certification of a continuing legal education program; and (3) establishing a program for the certification of attorneys as specialists.

The Alaska Bar Association has two primary functions, admission and discipline of its members. To accomplish these and other functions, the Alaska Bar Association operated with a 2001 budget of approximately \$1.9 million. A schedule of revenues and expenses is included at Appendix A. Funding is provided primarily by membership dues, admission fees, lawyer referral fees, continuing legal education charges, interest income, and administrative discipline fees. The Alaska Bar Association did not receive any state funding in the period under audit.

- **Admission Function:** The board is responsible for screening applicants for admission to the Alaska Bar Association. The board certifies to the Alaska Supreme Court that all successful applicants are fit to practice law. The board appoints an executive director who is responsible for directing all staff functions, including the oversight of the admissions function.
- **Discipline Function:** The board is responsible for investigating grievances against all members of the Bar Association. The board appoints the discipline counsel. This counsel is responsible for oversight of all disciplinary actions

The Board of Governors of the Alaska Bar Association
Mauri Long, President Third Judicial District Term Expires 2004
Lori Bodwell, President-elect Fourth Judicial District Term Expires 2002
Jonathan Katcher, Vice-president Third Judicial District Term Expires 2003
Lawrence Ostrovsky, Treasurer Third Judicial District Term Expires 2004
Anastacia Cooke Hoffman, Secretary Public Member Term Expires 2003
William 'Bill' Granger Public Member Term Expires 2003
Brian Hanson First Judicial District Term Expires 2003
Robert Johnson Third Judicial District Term Expires 2004
Barbara Miklos Public Member Term Expires 2001
Kirsten Tinglum Third Judicial District Term Expires 2002
Bruce Weyhrauch First Judicial District Term Expires 2002
Daniel Winfree Fourth Judicial District Term Expires 2003

<sup>1</sup> AS 08.08.

taken against the Bar Association's membership and provides an ethics course that is required for all applicants. The Chief Justice of the Supreme Court appoints hearing committees from each judicial district. The board is responsible for issuing reprimands when warranted, and for recommending that the Supreme Court impose disbarment, suspension, probation, or public censure when appropriate.

- Miscellaneous Functions: The Alaska Bar Association also performs a wide variety of miscellaneous functions that includes providing classes for continuing legal education, a lawyer referral service, and fee arbitration. In conjunction with Alaska Legal Services Corporation, the Alaska Bar Association sponsors the Alaska Pro Bono Program. The Alaska Bar Association provides a number of other member services including attorney liability protection, group insurance, the *Alaska Bar Rag*, and ethics opinions.

The Alaska Bar Association's office is located in Anchorage and is currently staffed by 15 full-time and job-share employees.

## REPORT CONCLUSIONS

In our opinion, the Board of Governors of the Alaska Bar Association should be reestablished. Since the first three attorneys were admitted to the practice of law in Alaska in 1884, membership has grown to its current level of 2,719 active members practicing in the State. The regulation and licensing of qualified attorneys contributes greatly to the protection of the public's welfare. A license to practice law in the State is a continuing proclamation by the Alaska Supreme Court that an attorney is fit to be entrusted with professional and judicial matters, to aid in the administration of justice as an attorney and counselor, and to act as an officer of the courts.

The Bar Association, through the Supreme Court, protects the public by ensuring that persons licensed to practice law are qualified. It also provides for the investigation of complaints and has established a disciplinary process designed to ensure licensed individuals act in a competent and professional manner. As such, we recommend that the legislature extend the termination date of the board to June 30, 2006.

In general, it is our opinion that the board meets the public need in an effective and economical manner. However, we have made recommendations that, if implemented, will improve the efficiency and effectiveness of the board's operations. See the Findings and Recommendations section of this report.

## FINDINGS AND RECOMMENDATIONS

In our report *Board of Governors of the Alaska Bar Association, January 2, 1998* we made recommendations in the areas of lawyer referral services, continuing legal education, and attorney disclosure. Concerns regarding attorney disclosure have been adequately addressed.

Our recommendation on lawyer referral services has not been fully implemented and is restated in this report as Recommendation No. 1.

We also suggested that the board recommend to the Supreme Court that mandatory continuing legal education (CLE) requirements for attorneys be adopted. In response, the Supreme Court adopted a voluntary, rather than mandatory, CLE program. It adopted a three-year pilot program to determine if modest reductions in licensing fees would satisfactorily encourage attorneys to earn 12 credit hours of CLE each year. This pilot program is set to end in 2002. We will review the program's results and the 12-hour guideline during the next sunset audit.

### Recommendation No. 1

The Board of Governors of the Alaska Bar Association should establish screening and oversight procedures for attorneys wishing to participate in the Lawyer Referral Service.

Alaska's Lawyer Referral Service provides an in-state, toll-free telephone number available to members of the public seeking an attorney. Persons calling the number are given the names of three attorneys who practice in the caller's area and who have expressed an interest in the field of law the person requests. A referral summary is included as Appendix D.

Attorneys are charged a \$50 annual enrollment fee for each section they want their name listed in. They are also charged a minimal fee for each referral made to them. All active Alaska Bar members in good standing are eligible and are encouraged to use the service. Participating attorneys are required to maintain errors and omissions (malpractice) insurance of at least \$50,000. However, there are no other eligibility requirements for enrollment in the service, and no screening and oversight to ensure that the attorney is qualified in any particular field of law.

This contrasts sharply with the American Bar Association's recommendation for such programs. According to the American Bar's *Model Supreme Court Rules Governing Lawyer Referral and Information Services*, "the overriding concern of the model rules is consumer protection." These rules further provide that

*requirements for eligibility should include sufficient experience to ensure that the lawyer is qualified in the field of practice. The [lawyer referral] service should require proof of compliance with the requirements so established, which may include certification in affidavit or affirmation form.*

In commentary discussion, the model states:

*The importance of establishing meaningful experience requirements cannot be underestimated. It is inappropriate for the service to simply refer callers to the next lawyer on the list without determining that the lawyer is qualified in the field of practice in which legal services are needed. Since the public relies on services to provide qualified legal representation which improves on what the consumer can obtain by lot, it is incumbent upon these services to ensure that their attorneys have substantially more qualifications than mere bar membership. [Emphasis added.]*

The model concludes that "the service must establish procedures for the admission, suspension, or removal of a lawyer from any panel."<sup>2</sup>

Alaska's referral service has no such oversight procedures. As long as members are in good standing and maintain malpractice insurance they are eligible to enroll in the service. No consideration is given to past disciplinary actions or competence in the specific field.

By providing a referral, the Alaska Bar creates the appearance that it considers the attorneys referred to be competent to practice in a particular field of law. Members of the public who call the Alaska Bar Association for a referral may erroneously assume that the Alaska Bar has taken some measures to reasonably ensure the attorney has some level of expertise in that field. However, the referral service provides members of the public with little more assurance they will receive competent legal representation than they get seeking an attorney from the telephone yellow pages.

The Alaska Bar Association has added a disclaimer as to its prerecorded Lawyer Referral message. However, this approach does not meet the standard suggested by the American Bar Association.

We believe the people of Alaska would benefit from the board taking a proactive role in screening and overseeing attorneys participating in the Lawyer Referral Service. Adopting aspects of the American Bar's recommended model rules on such services would contribute greatly to consumer protection.

#### Recommendation No. 2

The Alaska Bar Association's executive director should ensure that the public is appropriately notified of board meetings.

Under AS 08.08.075, the Bar Association is subject to the Open Meetings Act.<sup>3</sup> Improved meeting notification in two areas would benefit the public.

---

<sup>2</sup> The American Bar Association is a voluntary organization of attorneys. The organization's model rules, while not mandatory, provide a suggested framework for individual states' Bar Rules.

<sup>3</sup> AS 44.62.310 - 44.62.312.

First, AS 08.08.075 states that "*the public shall be given 30 days' notice of meetings of the board . . .*" The Bar Association generally does so. However, we did note that for 3 of the 23 board meetings held since 1998, the notice period was somewhat shorter, i.e., 6 days, 21 days, and 28 days.

Second, AS 44.62.310(e) requires these meeting notices to be posted on the Alaska Online Public Notice System. The Bar Association has not yet begun to utilize this system.

## ANALYSIS OF PUBLIC NEED

The following analysis of board activities relates to the public need factors defined in the "sunset" law, Alaska Statute 44.66.050. This analysis was not intended to be comprehensive, but address those areas we were able to cover within the scope of our review.

### ***The extent to which the board, commission, or program has operated in the public interest.***

The Alaska Bar Association admits applicants to practice law through an examination process that was designed in consultation with a national expert. Admission is contingent on the passage of the Bar Examination, the Multi-state Professional Responsibility Examination, and a character investigation to determine if the applicant is of good moral character. The Alaska Bar Association also admits members by motion for reciprocity. This option is limited to attorneys in the active practice of law for five of the last seven years in states with which Alaska has a reciprocal agreement. Examination and admission statistics are shown in Appendix C.

The Alaska Bar Association has a lawyer discipline process for the investigation of complaints alleging attorney misconduct. Sanctions are imposed on those found to be in violation of the Rules of Professional Conduct. All public disciplinary action is subject to Supreme Court review; the Court follows the board's recommendations in most disciplinary actions. This process was developed through a cooperative effort of the Alaska Supreme Court, the Board of Governors, Alaska Bar Association staff, and a review team from the American Bar Association's Standing Committee on Professional Discipline. Discipline statistics are shown in Appendix B.

The American Bar Association's *Model Rules for Lawyer Disciplinary Enforcement* recommends that discipline be administered through an entity other than the Alaska Bar Association. In response to this recommendation, as well as to help alleviate public concern that discipline is not taken seriously by the Alaska Bar Association, disciplinary rules provide that once a petition for formal hearing is filed, the disciplinary proceedings become open to the public.

Analysis of the complaints filed during our audit period shows that all of the grievances were reviewed, but relatively few were pursued beyond initial investigation. On its face, this may appear troubling, but further scrutiny shows it to be reasonable. Some grievances were referred to the fee arbitration committee or to a mediation panel whose services are discussed below. If a grievance involved pending litigation, it was not accepted; however, the complainant was advised that it may be resubmitted and considered once the litigation is concluded. In some instances, grievances were dismissed because action had already been taken against the attorney. Grievances are often filed that do not have merit or are not based on tangible evidence. These types of grievances are very common in some fields of legal practice. We understand that approximately half of all grievances are filed against criminal law and family practice attorneys, both areas that lend themselves to high emotion. The

potential arises that such a grievance is based on the outcome of a case, rather than attorney misconduct.

Board procedures provide for public notice of all attorneys who have been disbarred, suspended, put on probation, publicly censured, or reprimanded. The names of these attorneys are published in four major newspapers throughout the State, the local newspaper where the attorney practiced, the *Alaska Bar Rag*, and in the board's annual report.

The Alaska Bar Association offers fee arbitration as a dispute resolution process. This process provides for a single arbitrator to address disputes of \$5,000 and less. Disputes over \$5,000 are addressed by a three-member panel that consists of two attorneys and one public member. Failure by an attorney to participate in good faith in this process may result in a civil judgment being entered against the attorney and administrative suspension of the attorney's license until the judgment is paid.

Similarly, the Alaska Bar Association offers a mediation process that attempts to resolve disputes between attorneys and their clients, when the dispute is neither fee nor misconduct related. An attorney must participate in good faith if the attorney agrees to mediation.

The Alaska Bar Association maintains the Lawyers' Fund for Client Protection. The purpose of this fund is to reimburse clients who have suffered uninsured losses of money, property, or other things of value as a result of a dishonest act by an attorney. Ten dollars of each Alaska Bar Association member's annual dues is deposited in this fund.

The Alaska Bar Association jointly sponsors the Alaska Pro Bono Program with the Alaska Legal Services Corporation in which attorneys provide free legal services to low-income Alaskans.

The Alaska Bar operates a Lawyer Referral Service, which is funded by subscribing attorneys. Members of the public can call an in-state, toll-free number and receive the names of three attorneys who have listed themselves as practicing law in a certain field. However, as discussed in Recommendation No. 1, Alaska's Lawyer Referral Service does not meet the standards recommended by the American Bar Association.

*The extent to which the operation of the board, commission, or agency program has been impeded or enhanced by existing statutes, procedures, and practices which it has adopted, and any other matter, including budgetary, resource, and personnel matters.*

The operations of the board are funded entirely by the membership through annual dues, admission fees, continuing legal education, lawyer referral fees, convention revenue, and interest income. The 2001 budgeted revenue was approximately \$1.9 million.

*The extent to which the board, commission, or agency has recommended statutory changes which are generally of benefit to the public interest.*

The board has not recommended any statutory changes during this audit period. However, the board has been active in the process of evaluating and revising the Alaska Bar Rules that govern the Alaska Bar Association's policies and procedures.

The board has also addressed certain recommendations presented in our 1998 audit. Most notably, the Alaska Bar Association introduced changes to the Alaska Bar Rules, which require written fee agreements for legal representation contracts in excess of \$500. The board prepared a pamphlet which attorneys are encouraged to give their clients, that explains the client's rights and responsibilities. Along with the written fee agreements, attorneys are required to disclose certain items to their clients, such as the absence of professional liability insurance coverage or a reduction in coverage below required amounts.

*The extent to which the board, commission, or agency has encouraged interested persons to report to it concerning the effect of its regulations and decisions on the effectiveness of service, economy of service, and availability of service which it has provided.*

The Alaska Bar Association membership is involved in its operations. This involvement may include service on one of the six standing committees or five Alaska Bar Rules committees. It may also include participation in a section or group of members with interest in a particular field, e.g., bankruptcy law or criminal defense. Each section monitors developments in the field and produces periodic continuing education programs. It may also include participating in an adjunct organization such as the Alaska Pro Bono Program or special projects like the Lawyer Referral Service.

The Alaska Bar Association publishes all proposed changes to the Alaska Bar Rules in its semi-monthly publication, the *Alaska Bar Rag*, which is distributed to all members of the Alaska Bar Association and to interested members of the public. Members are asked to submit any and all comments on proposed rule changes for review by the board.

The board also advertises board meetings in four Alaska newspapers and in the *Alaska Bar Rag*. As discussed in Recommendation No. 2, postings to the Alaska Public Online Notice System would also be helpful to the public. Adequate time is allotted, and members of the general public are encouraged to make comments at all meetings.

*The extent to which the board, commission, or agency has encouraged public participation in the making of its regulations and decisions.*

In addition to the three public members who serve on the Board of Governors, non-attorneys serve on disciplinary hearing committees and fee arbitration panels throughout the State.

As mentioned above, the Alaska Bar Association publicly advertises meetings of the board. Time is allotted at all board meetings for public comments.

*The efficiency with which public inquiries or complaints regarding the activities of the board, commission, or agency filed with it, with the department to which a board or commission is administratively assigned, or with the Office of the Ombudsman have been processed and resolved.*

The Alaska Bar Association is an instrumentality of the State, but is not administratively assigned to any department. Four complaints have been filed against the Alaska Bar Association with the Office of the Ombudsman during the last four years. All four of the investigations were closed; full investigations were not considered necessary.

*The extent to which a board or commission which regulates entry into an occupation or profession has presented qualified applicants to serve the public.*

The Alaska Bar Association investigates complaints against its members. Since 1998, these activities have resulted in 65 sanctions against attorneys. Thirty of these sanctions were against nine attorneys. All nine were disbarred.

The Alaska Bar Association offers continuing legal education programs to its membership and it also maintains an educational library.

*The extent to which state personnel practices, including affirmative action requirements, have been complied with by the board, commission, or agency to its own activities and the area of activity of interest.*

We found no evidence that the board was not complying with applicable personnel practices.

Nothing came to our attention that showed the Board was in violation of any affirmative action or hiring requirements.

The Board has on occasion voiced concern over the low minority pass rate of the Alaska Bar Examination. In order to overcome this concern the Board has instituted a tutoring committee to review essay examinations and offer suggestions to the failing candidate or assistance in preparation for future examinations.

*The extent to which statutory, regulatory, budgeting, or other changes are necessary to enable the agency, board, or commission to better serve the interests of the public and to comply with the factors enumerated in this subsection.*

Please refer to the Findings and Recommendations section of this report.

*APPENDIX A*

Board of Governors of the Alaska Bar Association  
Revenues Compared with Expenditures  
 Calendar Years 1998 through 2001  
 (unaudited)

<u>Revenues</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Membership Dues	\$ 1,314,795	\$ 1,318,629	\$ 1,308,794	\$ 1,283,575
Admission Fees	207,965	189,520	200,055	196,875
Continuing Legal Education	152,514	125,540	153,886	168,915
Lawyer Referral Fees	95,808	76,225	81,463	81,500
Annual Meeting	41,907	49,919	66,892	45,000
Interest on Investments	135,512	92,938	208,140	115,000
Other	<u>88,148</u>	<u>100,761</u>	<u>104,944</u>	<u>20,979</u>
<u>Total Revenues</u>	<u>2,036,649</u>	<u>1,953,532</u>	<u>2,124,174</u>	<u>1,911,844</u>
<u>Expenses</u>				
Admissions	172,470	169,401	177,650	176,002
Board of Governors	42,191	33,936	43,289	64,627
Discipline	558,765	586,576	584,688	603,628
Administration	397,609	419,461	413,117	469,912
Lawyer Referrals	52,775	52,326	49,236	47,573
Continuing Legal Education	288,665	290,962	338,087	404,302
Fee Arbitration	47,524	54,435	52,405	52,794
Annual Meeting	51,482	80,051	79,950	80,000
Other	<u>150,936</u>	<u>163,752</u>	<u>155,857</u>	<u>155,992</u>
<u>Total Expenses</u>	<u>1,762,417</u>	<u>1,850,900</u>	<u>1,894,279</u>	<u>1,994,830</u>
<u>Excess (deficit) of Revenues over Expenses</u>	<u>\$ 274,232</u>	<u>\$ 102,632</u>	<u>\$ 229,895</u>	<u>\$ (82,986)</u>

Source: The 1998 – 2000 data was obtained from the Alaska Bar Association’s annual reports. Budget amounts are shown for 2001.

**APPENDIX B**

Board of Governors of the Alaska Bar Association

Discipline Statistics

Calendar Years 1998 through 2001

(unaudited)

<u>Disposition of Closed Disciplinary Cases</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>Total</u>
Disbarment by Supreme Court	2	5	1	22	30
Suspension by Supreme Court	0	2	6	1	9
Public Censure by Supreme Court	0	0	0	1	1
Private Reprimand by Disciplinary Board	1	0	3	7	11
Private Admonition by Discipline Counsel	4	3	5	2	14
Dismissed	<u>28</u>	<u>25</u>	<u>27</u>	<u>12</u>	<u>92</u>
<b>Total Closed Cases</b>	<u>35</u>	<u>35</u>	<u>42</u>	<u>45</u>	<u>157</u>

<u>Status of Open Cases at Year End</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Attorney on Probation	1	1	1	1
Pending Supreme Court	2	2	1	18
Pending Disciplinary Board	2	0	18	0
Pending Hearing Committee	6	23	21	17
Pending Stipulation	3	4	11	6
Pending Approval to File Formal Hearing	0	15	0	1
Pending Approval to Issue Written Private Admonition	0	1	0	0
Pending Written Private Admonition	0	1	0	0
Abeyance due to Court Case	1	0	0	1
Pending Bar Counsel Investigation/Decision	82	60	50	51
Pending Complainant Reply	0	2	0	0
Pending Respondent Response	7	2	8	8
File Under Review	<u>0</u>	<u>0</u>	<u>0</u>	<u>37</u>
<b>Total Open Cases</b>	<u>104</u>	<u>111</u>	<u>110</u>	<u>140</u>

Source: Data for 1998 – 2000 was obtained from the Alaska Bar Association’s annual reports. 2001 data was compiled by the Alaska Bar Association’s staff. These numbers reflect individual complaints filed and not the number of attorneys under investigation.

APPENDIX C

Board of Governors of the Alaska Bar Association  
Bar Examination and Admission Statistics

1998 through 2001  
(unaudited)

<u>Bar Examinations</u>	<u>Number Taking Exam</u>	<u>Number Passing Exam</u>	<u>Percent Passing Exam</u>
February 1998	51	35	69%
July 1998	68	45	66%
February 1999	66	37	56%
July 1999	60	36	60%
February 2000	56	36	64%
July 2000	62	41	66%
February 2001	<u>50</u>	<u>37</u>	<u>74%</u>
Total	<u>413</u>	<u>267</u>	<u>65%</u>

Admission Under Motion for Reciprocity

<u>Calendar Year</u>	<u>Number Admitted</u>
1998	20
1999	13
2000	46
2001	<u>16</u>
Total	<u>95</u>

Source: Data for 1998 – 2000 was obtained from the Alaska Bar Association's annual reports. 2001 data was compiled by the Alaska Bar Association's staff. The 2001 reciprocity data is presented through August 9, 2001.

*APPENDIX D*

Board of Governors of the Alaska Bar Association  
Attorney Referrals  
 Calendar Years 1998 through 2001  
 (unaudited)

<u>Area of Discipline</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Administrative	244	267	290	234
Admiralty	46	35	34	11
Adoption	45	48	52	46
Alaska Native Law	15	20	17	19
Arts	5	5	1	3
Bankruptcy	203	143	118	116
Commercial	207	266	215	222
Construction	34	32	29	28
Consumer	568	532	700	414
Criminal: Felony	205	275	243	169
Criminal: Misdemeanor	452	334	285	218
Discrimination	62	64	38	38
Divorce/Dissolution/Custody	1,877	1,570	1,851	1,189
Eminent Domain	6	0	6	1
Environmental	3	11	2	4
Foreign Language	2	6	1	2
Guardian/Conservator	27	43	47	30
Insurance	117	73	115	80
Labor Relations	726	636	693	502
Landlord/Tenant	289	250	293	233
Malpractice	365	334	323	202
Military	39	29	35	21
Mining	6	5	1	0
Negligence	976	843	783	812
Patent/Copyright	31	0	0	40
Public Interest	0	0	6	1
Real Estate	272	234	273	187
Social Security Insurance Cases	154	3	12	0
Tax	31	31	34	0
Traffic	122	84	65	52
Trust/Will/Estate	204	187	230	161
Workers' Compensation	<u>263</u>	<u>294</u>	<u>337</u>	<u>320</u>
<b>Total</b>	<u>7,596</u>	<u>6,654</u>	<u>7,129</u>	<u>5,355</u>

Source: The 1998 - 2000 data was obtained from the Alaska Bar Association's annual reports. 2001 data was compiled by the Alaska Bar Association's staff and is reported through September 9, 2001.

January 3, 2002

Pat K. Davidson  
Legislative Auditor  
Division of Legislative Audit  
P.O. Box 113300  
Juneau, AK 99811-3300

RE: Management Letter No. 1  
Sunset Audit of the Alaska Bar Association

Dear Ms. Davidson:

Thank you for the prompt and thorough audit and the opportunity to respond to your preliminary assessment of the Alaska Bar Association.

We really appreciated the audit's conclusion that the Board of Governors meets its statutory responsibilities and public need in an effective and economical manner. We work very hard to maintain the highest level of professionalism in the Bar while remaining within our budget. It is always nice to hear that our efforts are recognized.

These comments will first address the sunset date and fiscal consequences; next we focus on the recommendations to the Board included in the audit. Steps have already been taken as to some recommendations. We have outlined our concerns about some of the proposed recommendations.

#### Sunset and Fiscal Note

The Board concurs with extending the sunset date of the Alaska Bar Association Board of Governors until June 30, 2006. Because you are preparing this audit so promptly, no bill has been filed with the legislature. However, when that occurs, there will be no fiscal note attached, as the Alaska Bar Association will not be seeking any state funding for its operational costs. The Bar Association has obtained state funding only during the limited time frame between 1981 and 1986, and only for the per diem and travel expenses of the three public members who sat on the Board. For the past 15 years, the Bar Association has paid those expenses without state funding.

Response to Legislative Audit  
January 3, 2002  
Page 2

Response to Recommendation No. 1: The Alaska Bar Association will review the Lawyer Referral Service to determine the extent it can comply with the American Bar Association Model Rules.

The audit recommends that the Board of Governors establish screening and oversight procedures for attorneys wishing to participate in the Lawyer Referral Service, consistent with the ABA Model Rules governing Lawyer Referral and Information Services.

Following the 1998 audit, the Bar Association added the following disclaimer to its prerecorded message which callers hear before they speak to the Lawyer Referral Service Assistant.

*Thank you for calling the Lawyer Referral Service. All lawyers listed with this service are members in good standing of the Alaska Bar Association.*

*However, the Alaska Bar Association does not have a program to certify lawyers as specialists, and therefore the Bar cannot vouch for the skill of any lawyer referred.*

\* \* \*

Lawyers on the Lawyer Referral Service are the only lawyers who are required to earn 12 hours of continuing legal education (CLE) credit each year, including at least one hour of ethics. Bar Rule 65, which establishes the Voluntary CLE pilot program, provides that "only members who complete the minimum recommended hours of approved CLE are eligible to participate in the Alaska Bar Association's Lawyer Referral Service."

The audit states that "no consideration is given to past disciplinary actions" in Bar members eligibility to remain on the Service. However, the Bar removes from the Lawyer Referral Service any lawyer who is subject to formal disciplinary proceedings, until the proceedings are concluded. This policy is stated in the participation agreement:

*In event that a petition is filed for removal to inactive status for disability and/or if formal disciplinary proceedings are initiated against me, or if a criminal complaint is filed or an indictment returned alleging a serious crime [as defined in Alaska Bar Rule 26(b)], I hereby agree to a suspension of referrals until final resolution of the matter.*

The Auditor quoted the ABA Model Rules' "overriding concern" as consumer protection. The Board believes that the above referenced protections, along with the requirement that practitioners using the service maintain an errors and omissions policy, meets our goals and obligation to provide a very high

level of protection to the public. Nevertheless, since the Auditor expressed these concerns, the Board will review the Lawyer Referral Service to determine the extent to which we could further comply with the ABA Model Rules. Presently a limited number of lawyers, 113, participate in the Service. Thus, we will also review the extent to which it would be feasible to continue the program given the costs of adjusting the Service to meet the ABA's Model Rules.

Recommendation No. 2: The Alaska Bar Association agrees with the importance of public notice.

The Bar Association agrees that timely public notification of its meetings is important and the Board has conscientiously complied with the statutory requirement to give public notice of its regularly scheduled meetings.

The Audit noted 3 instances in which the notice period was somewhat shorter than the required 30 days.

Notice of the August 27, 1998 Board meeting was published on July 22, 1998, more than the required 30 days. However, the Board decided to publish an additional notice that it would, at that meeting, be considering a proposed Mandatory CLE rule at that August 27, 1998 meeting. That additional notice of a specific agenda item was published on August 21, 1998. Notice of a specific agenda item was not required under A.S. 44.62.310, so the second notice was simply a courtesy.

Our files indicate that on July 19, 1999, the Bar faxed a notice to the newspapers with a request that the August 19, 1999 Board meeting notice be published no later than July 21, 1999 (30 days prior). It was published on July 22, 1999, one day late.

Notice of the August 9, 2001 meeting notice was published on July 18, 2001. There is a note in the file that due to an oversight the Bar staff neglected to get the notice to the newspapers timely.

Given the importance of this issue, the Executive Director and the Executive Assistant will calendar publication of Board notices with greater lead time.

To further increase public access, the Board will begin posting its meeting notices on the Alaska Online Public Notice System, beginning with its next meeting in January 2002. The Board understands that it is fulfilling its obligation under AS 08.08.075 to provide public notice and open meetings and that its participation in the Alaska Online Public Notice System does not

Response to Legislative Audit  
January 3, 2002  
Page 4

change its exemption under AS 08.08.100 for the adoption of bylaws and regulations. In addition, the Bar will continue publishing notices of its meetings on its website.

Concluding Comments: Lawyer self-regulation has been effective in Alaska.

The overall conclusion of the audit is that the Board effectively serves the public interest through its lawyer admission and discipline process. We also believe that lawyer self-regulation is working very effectively in Alaska. To its credit, the Alaska Bar Association has one of the most aggressive and effective discipline systems in the country.

It is also our belief that the present management system of the Bar provides a blend of private and governmental functions, insuring both accountability and good management. For example, the Bar is an instrumentality of the state and subject to legislative audits. Its meetings are open to the public. Members of the public sit on discipline hearings and fee arbitration panels as well as on the Board of Governors. Its discipline functions are overseen by the Supreme Court, which assures a sound investigative and judicial process of discipline. Finally, the statewide lawyer membership on the Board also ensures that the Bar Association is both responsive to the needs of its members and qualified to address such issues as admission standards and peer review.

Again, thank you for the opportunity to comment on the audit report. We trust that our response has been helpful, and that it demonstrates the Board's continuing commitments to improving the profession and service to the public.

Sincerely,  
Alaska Bar Association

Mauri Long  
President