

ALASKA LEGISLATURE

2552

HOUSE and SENATE FINANCE COMMITTEE FILES, 2003-2004

Failed

AMENDMENT # 1

OFFERED IN HOUSE FINANCE COMMITTEE
BY REPRESENTATIVE KERTTULA

TO: CS FOR HOUSE BILL NO. 269(L&C)

Page 1, after line 6:

Delete "nine"

Insert: "eleven"

Page 2, line 3:

Delete "and"

Page 2, line 4:

Delete: "."

Insert: ";

Page 2, after line 4:

ok
Insert: "(G) a *local* municipal building *inspector* official; and *set*

local (H) a municipal fire *code* prevention official." *set*

Page 2 lines 18 & 19:

Delete all text

Renumber accordingly.

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 3
Bill Version: CSHB 269(L&C)
(H) Publish Date: 5/2/03

Revision Date/Time (Note if correction): _____ Dept. Affected: Dept of Public Safety
Title: Safety Code Task Force BRU: Fire Prevention
Sponsor: Representative Dahlstrom Component: Fire Prevention Operations
Requester: House Finance Component No: 494

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel	2.5	0.0	0.0	0.0	0.0	0.0
Contractual	0.0	0.0	0.0	0.0	0.0	0.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	2.5	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES ()	2.5	0.0	0.0	0.0	0.0	0.0

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	2.5	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0
Other (Specify Type--Do not abbreviate)	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	2.5	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0
Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time	0	0	0	0	0	0
Part-time	0	0	0	0	0	0
Temporary	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

HB 269 determines no meeting schedule, frequency or location. It is our assumption that at least 3 meetings will take place where committee members will want to meet in person. This could take place in Anchorage, Juneau, or any other location in the state. This fiscal note only addresses the cost of travel and per diem. All other meetings could be teleconferenced. If additional meetings are required, the fiscal note could increase and if fewer meetings are required, the fiscal note could decrease.

Prepared by: Kelly Nicoletto Phone 269-5491
Division: Fire Prevention Date/Time 5/1/03 9:27 AM
Approved by: Commissioner William Tandeske Date 5/1/2003
Agency: Department of Public Safety

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: CSHB 269(L&C)
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Dept of Public Safety
 Title Safety Code Task Force BR/J Fire Prevention
 Component Fire Prevention Operations
 Sponsor Representative Dahlstrom
 Requester House Finance Component No. 494

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel	2.5	0.0	0.0	0.0	0.0	0.0
Contractual	0.0	0.0	0.0	0.0	0.0	0.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	2.5	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ()	2.5	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	2.5	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0
Other (Specify Type--Do not abbreviate)	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	2.5	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time	0	0	0	0	0	0
Part-time	0	0	0	0	0	0
Temporary	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

HB 269 determines no meeting schedule, frequency or location. It is our assumption that at least 3 meetings will take place where committee members will want to meet in person. This could take place in Anchorage, Juneau, or any other location in the state. This fiscal note only addresses the cost of travel and per diem. All other meetings could be teleconferenced. If additional meetings are required, the fiscal note could increase and if fewer meetings are required, the fiscal note could decrease.

Prepared by: Kelly Nicoletto
 Division: Fire Prevention
 Approved by: Commissioner William Tandeske
 Agency: Department of Public Safety

Phone 269-5491
 Date/Time 5/1/03 9:27 AM
 Date 5/1/2003

THE
FOLLOWING
DOCUMENT(S)
ARE
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ORIGINAL
COPIES



MECHANICAL CONTRACTORS
of Alaska, Inc.



May 9, 2003

Co-Chair Representative Harris
Co-Chair Representative Williams
Finance Committee Members

Re: HB 269

The Mechanical Contractors of Alaska is an association of over 50 firms across Alaska who perform construction work on projects of all sizes.

The Mechanical Contractors of Alaska support the passage of HB 269 in it's present form.

The current process of safety code adoption by regulation is flawed and needs reformation. This taskforce, with the makeup as called for in this bill, will find solutions for safety code adoption that have the broad support of the construction community. The people who use these daily in the course of their careers, and are familiar with what does and does not work in Alaska, will be making recommendations about which codes to adopt and how to adopt them to allow all affected groups to have an effective voice.

Thank You
Eugene R. Rutland
Eugene R. Rutland
Executive Director

Introduced by: Mayor Thompson
Date: May 5, 2003

RESOLUTION NO. 4069

A RESOLUTION OF OBJECTION TO THE CURRENT LANGUAGE OF SENATE BILL 180 AND HOUSE BILL 269 REGARDING THE COMPOSITION OF THE SAFETY CODE TASK FORCE.

WHEREAS, the purpose of Senate Bill 180 and House Bill 269 is to establish a task force for the purpose of evaluating model construction codes for adoption by the State of Alaska, and

WHEREAS, such recommendation will affect all home rule jurisdictions, and

WHEREAS, Senate Bill 180 and House Bill 269 excludes municipal participation of building and fire officials on the task force, and

WHEREAS, the exclusion of these municipal officials creates an unbalanced task force; and


WHEREAS, the City believes it is in the best interest of the State and its municipalities to include the expertise of municipal code officials so that all aspects of code enforcement can be equitably evaluated; and

WHEREAS, the City of Fairbanks recognizes that constructions codes must be established to benefit and protect all citizens and consumers and not special interest groups; and

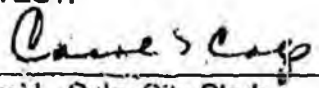
WHEREAS, the City of Fairbanks urges reconsideration of the present Senate and House bills to include voting participation on the task force by municipal building and fire officials.

NOW, THEREFORE BE IT RESOLVED that the City of Fairbanks objects to the current language of Senate Bill 180 and House Bill 269 and requests wording be included which ensures voting representation of municipal building and fire officials on the safety task force.

Passed and Approved this 5 day of May 2003.


STEVE M. THOMPSON, MAYOR

AYES: 6
NAYS: 0
ABSTAIN:
ABSENT:
ADOPTED: May 5, 2003

ATTEST:

Carol L. Colp, City Clerk

Post-it* Fax Note	7671	Date	05/09/03	# of pages	1
To	Bill Williams	From	City of Fairbanks		
Co./Dept.		Co.			
Phone #		Phone #			
Fax #	(907) 465-3793	Fax #	(907) 459-6110		



217 Second Street, Suite 200 • Juneau, Alaska 99801
Tel (907) 586-1325 • Fax (907) 463-5480 • www.akml.org

April 28, 2003

Representative Tom Anderson
State Capitol
Room 432
Juneau, AK 99801

Re: H.B. 269 – Safety Code Task Force

Dear Representative Anderson,

I am writing on behalf of the Alaska Municipal League (AML). AML members believe that the representation on this task force ought to be expanded to include municipal building officials.

Thank you for the opportunity to comment on this important legislation.

Sincerely,

Sarah A. Gilbertson
Policy and Program Coordinator

CITY OF SEWARD
PO. BOX 167
SEWARD, ALASKA 99664-0167



- Main Office (907) 224-4050
- Police (907) 224-3338
- Harbor (907) 224-3138
- Fire (907) 224-3445
- Fax (907) 224-4038

April 24, 2003

The Honorable Tom Anderson, Chair
House Labor & Commerce Committee

re: House Bill No. 269

Honorable Chairman Anderson & Members of the House Labor & Commerce Committee,

The City of Seward appreciates Representative Dahlstrom's efforts to examine safety codes adopted by the State of Alaska as these safety codes are also adopted by some municipalities. However, there is concern over the lack of representation on the proposed Safety Code Task Force by those who review and enforce the adopted safety codes for the State of Alaska and the municipalities. Inclusion of this group of people on the task force would provide significant insight into the implementation of the codes at the local level.

Specifically, we recommend the inclusion of a Building Official, the State Fire Marshal, and an Inspector qualified as a "Combination Inspector" by the ICBO. Excluding this group from representation on the committee detracts from the credibility of the committee.

The City of Seward supports the adoption of safety codes that reference with each other, making it easier for enforcement officials to coordinate a project and ensure the safety of the public.

Thank you for the opportunity to comment on House Bill 269.

Sincerely,

A handwritten signature in cursive script, appearing to read "Kris Erchinger".

Kris Erchinger
Acting City Manager

**CITY OF FAIRBANKS***Steve M. Thompson, Mayor*800 OUSHMAN STREET
FAIRBANKS, ALASKA 99701-4616

OFFICE: 907-459-6793

FAX: 907-459-6787

smtompson@ci.fairbanks.ak.us

April 24, 2003

VIA FACSIMILE: (907) 455-3871Senator Con Bunde
Chairman Senate Labor and Commerce Committee
State Capital Room 506
Juneau, Alaska 99801-1182

Re: SB 180 Safety Code Task Force

Dear Senator Bunde:

The City of Fairbanks has reviewed Senate Bill 180 wherein the purpose of said bill is to establish a task force for the purpose of reviewing and reevaluating available published safety codes. While we concur with the spirit and purpose of the Senate Bill, we respectfully disagree with its composition. More accurately we believe that municipal participation should be included on the task force. A representative from a full service building or fire department should be a standing member of the task force. If the task force is to reach an equitable solution and provide a meaningful recommendation to the legislature it is essential that personnel who provide daily plan review and inspections for municipal code compliance be provided an opportunity to engage in this important decision. To do otherwise, would exclude valuable expertise and insight.

We also request that any appointment to the task force not result in duplicate representation. Please feel free to contact me if you have any questions. We look forward to hearing from you and the committee.

Sincerely,

CITY OF FAIRBANKS

A handwritten signature in cursive script that reads "Steve M. Thompson".
Steve M. Thompson, MayorCC: City Council
Interior Delegation
Steve Shuttleworth
Code Review commission
File



MECHANICAL CONTRACTORS

of Alaska, Inc.



April 24, 2003

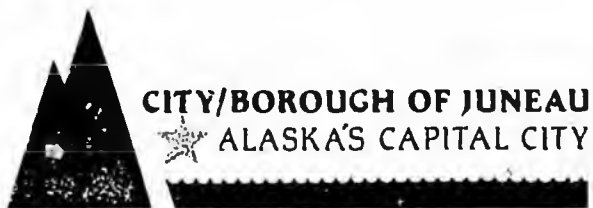
Chairman Anderson & House Labor and Commerce Committee Members:

Our Association supports HB 269.

The current process of safety code adoption by regulation is flawed and needs reformation. This taskforce, with the makeup as called for in this bill, will find solutions for safety code adoption that have the broad support of the construction community. The people who use these codes daily in the course of their careers, and are familiar with what does and does not work in Alaska, will be making recommendations about which codes to adopt and how to adopt them to allow all affected groups to have a equal voice.

Thank You

Eugene R. Rutland
Executive Director



CITY/BOROUGH OF JUNEAU
ALASKA'S CAPITAL CITY

HB 269

OFFICE OF THE MANAGER

Telephone: (907) 586-5240; Fax: (907) 586-5385
Rod_Swope@ci.juneau.ak.us

April 23, 2003

The Honorable Con Bunde, Chair
Senate Labor and Commerce Committee
State Capitol, Room 107
Juneau, Alaska 99801-1192

RE: Senate Bill 180

Dear Senator Bunde:

The City and Borough of Juneau (CBJ) offers the following comments on Senate Bill 180, sponsored by Senator Therriault.

The CBJ appreciates Senator Therriault's interest in building safety, and supports establishing a taskforce to review the complicated issues associated with adopting and implementing safety codes for the State of Alaska.

We have two suggestions that we believe will significantly improve the bill.

A building code official/inspector should be included on the taskforce as a voting member, or at least as a member of the advisory panel. The codes used in Alaska will be enforced and implemented by local building officials/inspectors and it is very important that their perspective be represented prominently in the taskforce process.

The taskforce recommendation should not result in selection of a "family" of codes. The taskforce should have the flexibility to select portions of one code family and portions of the other if that will best serve the state.

Thank you for the opportunity to comment on Senate Bill 180.

Sincerely,

Rod Swope
City & Borough Manager

cc: Senator Gene Therriault
Members of Senate Labor and Commerce Committee
Senator Kim Elton
Representative Beth Kerttula
Representative Bruce Weyhrauch
Mayor Sally Smith



CITY OF FAIRBANKS

Steve M. Thompson, Mayor

800 CUSHMAN STREET

FAIRBANKS, ALASKA 99701-4615

OFFICE: 907-459-6793

FAX: 907-459-6787

smthompson@ci.fairbanks.ak.us

April 24, 2003

VIA FACSIMILE: (907) 465-3871

Senator Con Bunde
 Chairman Senate Labor and Commerce Committee
 State Capital Room 506
 Juneau, Alaska 99801-1182

Post-it Fax Note	7871	Date	# of pages
To	Chairman	From	City Fairbanks
Co./Dept.	Tom Anderson	Co.	
Phone #	Labor/Comm	Phone #	
Fax #	907 465-2418	Fax #	

Re: SB 180 Safety Code Task Force

Dear Senator Bunde:

The City of Fairbanks has reviewed Senate Bill 180 wherein the purpose of said bill is to establish a task force for the purpose of reviewing and reevaluating available published safety codes. While we concur with the spirit and purpose of the Senate Bill, we respectfully disagree with its composition. More accurately we believe that municipal participation should be included on the task force. A representative from a full service building or fire department should be a standing member of the task force. If the task force is to reach an equitable solution and provide a meaningful recommendation to the legislature it is essential that personnel who provide daily plan review and inspections for municipal code compliance be provided an opportunity to engage in this important decision. To do otherwise, would exclude valuable expertise and insight.

We also request that any appointment to the task force not result in duplicate representation. Please feel free to contact me if you have any questions. We look forward to hearing from you and the committee.

Sincerely,

CITY OF FAIRBANKS

Steve M. Thompson
 Steve M. Thompson, Mayor

CC: City Council
 Interior Delegation
 Steve Shuttleworth
 Code Review Commission
 File

HB

271

HFIN

FILE

HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: April 24, 2003

FURTHER REFERRALS:

Date of Committee Action: 5/7/03

The FINANCE Committee considered:

HB 271

HOUSE BILL NO. 271

PASSENGER VEHICLE RENTAL TAX

"An Act levying and providing for the collection and administration of an excise tax on passenger vehicle rentals; and providing for an effective date."

Recommends it be replaced with [] ICS or [] CS for HB 271 (FIN)
 For Senate Bills with new title: [] Technical Title [] New Title: HCR _____ [] Same Title [] New Title

- [] attach amendments
- [] add new referral to _____ Committee
- [] Letter of Intent _____ Committee

List of Abbrev for Depts.:

- ADM
- CED
- COR
- CRT
- EED
- DEC
- DFG
- GOV
- HSS
- LEG
- LAW
- LWF
- MVA
- DNR
- DPS
- REV
- DOT
- UA

<u>NEW FISCAL NOTES</u>				
*Assigned by Chief Clerk's Office				
List by Dept(s):	*FN#	Fiscal	Indet.	Zero
REV		✓		

<u>PREVIOUS FISCAL NOTES</u>				
List by Dept(s):	FN#	Fiscal	Indet.	Zero

<u>Signing with recommendations</u>	Printed Last Name	DP	DNP	NR	AM
<i>K. Meyer</i>	Meyer	✓			
<i>M. D. Hawk</i>	Hawken	✓			
<i>Bill Stalter</i>	Stalter	✓			
<i>Will Moses</i>	MOSES		✓		
<i>Paul E. Moses</i>	MOSES				✓
<i>Mike Chenault</i>	Chenault			✓	
<i>Whitaker</i>	Whitaker			✓	
<i>Foster</i>	FOSTER			X	
Chair: <i>Will Morris</i>	MORRIS	✓			
Chair: <i>William</i>	Williams	✓			

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: CSHB271(FIN)
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
 Title Passenger Vehicle Rental Tax BRU Revenue Operations
 Component Tax Division
 Sponsor Representative Kott
 Requester House Finance Committee Component No. 2476

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services	55.0	55.0	55.0	55.0	55.0	55.0
Travel	5.0	2.0	2.0	2.0	2.0	2.0
Contractual	25.0	12.0	12.0	12.0	12.0	12.0
Supplies	3.0	1.0	1.0	1.0	1.0	1.0
Equipment	8.5					
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	96.5	70.0	70.0	70.0	70.0	70.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()	4,000.0	6,000.0	6,000.0	6,000.0	6,000.0	6,000.0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	96.5	70.0	70.0	70.0	70.0	70.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	96.5	70.0	70.0	70.0	70.0	70.0

Estimate of any current year (FY2003) cost: 0.0
 Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time	1	1	1	1	1	1
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation would impose a 10% state tax on the rental or lease of passenger vehicles, and a 3% state tax on the lease or rental of recreational vehicles. The new taxes would take effect July 1, 2003. Commercial vehicles and farm equipment would be exempt, as would emergency and firefighting vehicles and all rentals by state, federal and local government employees on official business. Vehicles leased for more than 90 consecutive days also would be exempt from the tax.

The definition of recreation vehicles in this legislation includes traditional RVs plus campers, camper trailers, and pickup trucks with camper units mounted on the bed.

See attached page for the revenue estimate and operating costs.

Prepared by: Larry Persily, Deputy Commissioner Phone 465-5469
 Division: Department of Revenue Date/Time 5/6/03 5:19 PM
 Approved by: Larry Persily, Deputy Commissioner Date 5/6/2003
 Agency: Department of Revenue

**CSHB271(FIN) - Passenger Vehicle Rental Tax
Department of Revenue – May 6, 2003**

Page 2 of 2

OPERATING EXPENDITURES

The Department of Revenue anticipates additional costs for administering the provisions of this bill. There are more than 100 businesses that rent out cars and RV's across Alaska. We envision that this tax would be paid quarterly, which would mean between 400 and 500 tax returns during the year, of which several might involve questions, audits or additional work, and perhaps enforcement and collection efforts.

The Department expects it will need the equivalent of one full-time employee to handle the accounting and collections, taxpayer service and compliance work associated with this tax. In addition, we would expect to conduct taxpayer outreach and education efforts to help start this new program.

In addition to the outreach and education effort, the Department would need to move quickly to set up this new tax for July 1, 2003, and would use the additional contractual funds requested in Fiscal 2004 to pay for a computer program for tracking payments.

REVENUE ESTIMATE

The Department estimates the combination of a 10% passenger vehicle tax and a 3% RV tax would raise approximately \$6 million a year in additional revenue to the state. The revenue in the first year of the program, Fiscal 2004, is estimated at \$4 million because the state would receive just three quarterly tax payments in the first year, and would miss out on the start of the tourism season in May and June 2003.

adopted 5/7/03

23-LS0936X
Kurtz
5/6/03

CS FOR HOUSE BILL NO. 271(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): REPRESENTATIVE KOTT

A BILL

FOR AN ACT ENTITLED

1 "An Act levying and providing for the collection and administration of excise taxes on
2 the rental of passenger and recreational vehicles usable on highways and vehicular
3 ways; and providing for an effective date."

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

5 * Section 1. AS 43 is amended by adding a new chapter to read:

6 **Chapter 52. Vehicle Rental Taxes.**

7 **Sec. 43.52.010. Levy of passenger vehicle rental tax.** There is imposed an
8 excise tax on the charge for the lease or rental of a passenger vehicle in this state if the
9 lease or rental of the passenger vehicle does not exceed a period of 90 consecutive
10 days.

11 **Sec. 43.52.020. Rate of passenger vehicle rental tax.** The rate of the tax
12 levied in AS 43.52.010 is 10 percent of the total fees and costs charged for the lease or
13 rental of the passenger vehicle.

14 **Sec. 43.52.030. Levy of recreational vehicle rental tax.** There is imposed an

1 excise tax on the charge for the lease or rental of a recreational vehicle in this state if
2 the lease or rental of the recreational vehicle does not exceed a period of 90
3 consecutive days.

4 **Sec. 43.52.040. Rate of recreational vehicle rental tax.** The rate of the tax
5 levied in AS 43.52.030 is three percent of the total fees and costs charged for the lease
6 or rental of the recreational vehicle.

7 **Sec. 43.52.050. Liability for payment of vehicle rental taxes.** (a) The taxes
8 imposed by this chapter shall be collected and paid to the department

9 (1) by the person who provides the leased or rented vehicle; and

10 (2) in the manner and at the times required by the department by
11 regulation.

12 (b) The tax shall be stated as a separate item on the lease or rental contract or
13 other document invoicing payment.

14 **Sec. 43.52.060. Applicability of the tax.** The provisions of this chapter apply
15 to a passenger or recreational vehicle whether or not the vehicle is registered and
16 licensed in this state.

17 **Sec. 43.52.070. Relationship to municipal levies.** The taxes imposed by this
18 chapter are in addition to taxes that may be imposed on vehicle rentals by a
19 municipality under AS 29.45.

20 **Sec. 43.52.080. Administration of tax.** (a) The department shall administer
21 the taxes imposed by this chapter and may adopt necessary regulations.

22 (b) The proceeds of the vehicle rental taxes imposed by this chapter shall be
23 deposited into a special vehicle rental tax account in the general fund.

24 (c) The legislature may appropriate the actual balance of the vehicle rental tax
25 account for tourism development and marketing. This section is not intended to create
26 a dedicated fund.

27 **Sec. 43.52.090. Exemption.** The tax imposed in this chapter does not apply
28 to leases or rentals for official use to federal, state, or local government agencies or
29 employees.

30 **Sec. 43.52.099. Definitions.** In this chapter,

31 (1) "fees and costs" means all charges incurred by the renter before the

1 tax imposed under this chapter except

2 (A) fees from the sale of automobile liability insurance, loss
3 damage waiver insurance, and personal accident insurance;

4 (B) parking tickets;

5 (C) sales or excise taxes;

6 (D) payment for damages to the vehicle during the rental
7 period; and

8 (E) concession fees paid to an airport;

9 (2) "passenger vehicle" means a motor vehicle as defined in
10 AS 28.40.100 that is driven or moved on a highway or other public right-of-way in the
11 state, but does not include

12 (A) a commercial motor vehicle as that term is defined in
13 AS 28.40.100;

14 (B) emergency or fire equipment that is necessary to the
15 preservation of life or property;

16 (C) a farm vehicle that is controlled and operated by a farmer,
17 used to transport agricultural products, farm machinery, or farm supplies to or
18 from that farmer's farm, not used in the operations of a common or contract
19 motor carrier, and used within 150 miles of the farmer's farm; or

20 (D) a recreational vehicle;

21 (3) "recreational vehicle" means

22 (A) a motor vehicle or trailer for recreational dwelling
23 purposes;

24 (B) a motor home or other vehicle with a motor home body
25 style;

26 (C) a one-piece camper vehicle; and

27 (D) any other self-propelled vehicle with living quarters;

28 (4) "tax" means the excise tax levied under this chapter on the charge
29 made for the rental of a passenger or recreational vehicle;

30 (5) "vehicle" means a device in, upon, or by which a person or
31 property may be transported or drawn upon or immediately over a highway or

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vehicular way or area; "vehicle" does not include

- (A) devices used exclusively upon stationary rails or tracks;
- (B) mobile homes; or
- (C) watercraft.

* Sec. 2. TRANSITIONAL PROVISIONS: REGULATIONS. Notwithstanding sec. 4 of this Act, the Department of Revenue may proceed to adopt regulations necessary to implement this Act. The regulations take effect under AS 44.62 (Administrative Procedure Act), but not before the effective date set out in sec. 4 of this Act.

* Sec. 3. Section 2 of this Act takes effect immediately under AS 01.10.070(c).

* Sec. 4. Except as provided in sec. 3 of this Act, this Act takes effect July 1, 2003.

Failed 2-8

AMENDMENT |

OFFERED IN THE HOUSE

BY REPRESENTATIVE CROFT

TO: CSHB 271(W&M)

1 Page 1, line 10:

2 Delete "The"

3 Insert "Except in a municipality that imposes a specific vehicle rental tax on passenger
4 vehicle rentals under AS 29.45, the"

5

6 Page 1, line 12, following "passenger vehicle.":

7 Insert "In a municipality that imposes a specific vehicle rental tax on passenger
8 vehicle rentals under AS 29.45, the rate of the state passenger vehicle rental tax levied under
9 AS 43.52.020 is 10 percent less the amount of the municipal tax. If the municipal tax is
10 greater than 10 percent, then the rate of the state tax is zero."

11

12 Page 2, line 3:

13 Delete "The"

14 Insert "Except in a municipality that imposes a specific vehicle rental tax on
15 recreational vehicle rentals under AS 29.45, the"

16

17 Page 2, line 5, following "recreational vehicle.":

18 Insert "In a municipality that imposes a specific vehicle rental tax on recreational
19 vehicle rentals under AS 29.45, the rate of the state recreational vehicle rental tax levied under
20 AS 43.52.030 is three percent less the amount of the municipal tax. If the municipal tax is
21 greater than three percent, then the rate of the state tax is zero."

22

23 Page 2, lines 17 - 19:

1 Delete all material.

2

3 Page 2, line 20:

4 Delete "Sec. 43.52.080"

5 Insert "Sec. 43.52.070"

Failed 1-9

AMENDMENT

2

OFFERED IN THE HOUSE

BY REPRESENTATIVE CROFT

TO: CSHB 271(W&M)

1 Page 1, line 12, following "passenger vehicle.":

2 Insert "However, if in the preceding fiscal year the legislature appropriated less
3 than \$10,000,000 for tourism marketing, then the rate of the tax levied in
4 AS 43.52.010 for the fiscal year is zero."

5

6 Page 2, line 5, following "recreational vehicle.":

7 Insert "However, if in the preceding fiscal year the legislature appropriated less
8 than \$10,000,000 for tourism marketing, then the rate of the tax levied in
9 AS 43.52.030 for the fiscal year is zero."

Alaska State Legislature

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Pete Kott **Speaker of the House**

Sponsor Statement **for** **House Bill 271**

“An Act levying and providing for the collection and administration of an excise tax on passenger vehicle rentals; and providing for an effective date.”

The travel industry is the second largest private-sector industry in Alaska. There were 1.6 million visitors to the state in 2002 -- two visitors for every resident. More Americans are choosing to spend their vacations in the United States since September 11, 2001, when international travel became more uncertain. Alaska's distance from the lower 48 states makes it an interesting destination and adventure; Alaska's geographic size, small population, and natural attractions contribute to a feeling of security for tourists.

The majority of visitors to Alaska come by cruise ship or domestic flight, and many of these visitors rent passenger or recreational vehicles to view our scenery and wildlife. Extra vehicles exacerbate the need for road maintenance and repair and conduces interest in construction of roads into other potential tourist destinations.

House Bill 271 is a way for the State to raise revenues that could be used for road and highway maintenance, repair, and construction as well as contributed to the tourism industry for promotion and marketing. This bill would levy a 15 percent tax on the amount charged for the lease or rental of a passenger vehicle, exempting government employees, and would put us on a par with other states' taxes on rentals. House Bill 271 has the potential of bringing \$7.5 million annually to the State.

At a time when State government spending must be decreased in order to balance the budget, those who benefit from State services must, concurrently, contribute to the support of those services.

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DOCUMENT(S)
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Table 2
Rental Car Tax
State-by-State Comparison¹

State	State Rental Tax	State Sales Tax		Local Rental Tax	Local Sales Tax		Effective Tax	
	Tax Rate ²	Applicable	Tax Rate	Maximum Local Rate ^{2,3}	Applicable	Local Rate	Maximum Effective Tax	Rank
Illinois ⁴	5.000%	No	6.250%	18.500%	Yes	up to 2%	31.750%	1
Arizona ³	5.000%	Yes	5.000%	17.300%	Yes	up to 2.5%	29.800%	2
Massachusetts ⁵	0.000%	Yes	5.000%	20.600%	N.A.	N.A.	25.600%	3
Texas ³	10.000%	No	6.250%	13.000%	No	up to 2%	23.000%	4
Louisiana ³	3.000%	Yes	4.000%	10.250%	Yes	up to 5%	22.250%	5
Washington ²	5.900%	Yes	6.500%	7.000%	Yes	up to 2.1%	21.500%	6
Nevada ³	6.000%	Yes	6.500%	8.000%	Yes	up to 0.5%	21.000%	7
North Carolina ³	8.000%	No	4.000%	10.000%	Yes	up to 2.5%	20.500%	8
Colorado ³	0.000%	Yes	2.900%	11.460%	Yes	up to 5%	19.360%	9
North Dakota ³	3.000%	Yes	5.000%	10.000%	No	up to 1.75%	18.000%	10
Indiana ³	0.000%	Yes	5.000%	13.000%	N.A.	N.A.	18.000%	11
Oregon ³	0.000%	N.A.	N.A.	18.000%	N.A.	N.A.	18.000%	11
Utah	6.500%	Yes	4.750%	3.000%	Yes	up to 3.35%	17.600%	13
California ³	0.000%	Yes	7.000%	8.000%	Yes	up to 2.5%	17.500%	14
Minnesota ³	6.200%	Yes	6.500%	3.500%	Yes	up to 1%	17.200%	15
Georgia ²	0.000%	Yes	4.000%	11.000%	Yes	up to 2%	17.000%	16
Virginia ³	8.000%	No	4.500%	7.000%	Yes	up to 2%	17.000%	16
New Jersey ³	0.000%	Yes	6.000%	10.000%	N.A.	N.A.	16.000%	18
New Mexico	9.000%	Yes	5.000%	N.A.	Yes	up to 1.9375%	15.938%	19
Nebraska	4.500%	Yes	5.000%	4.000%	Yes	up to 1.5%	15.000%	20
Oklahoma	6.100%	Yes	4.500%	N.A.	Yes	up to 4%	14.600%	21
Arkansas	5.500%	No	5.125%	5.000%	Yes	up to 4%	14.500%	22
Dist. of Columbia ³	10.000%	No	5.750%	4.000%	N.A.	N.A.	14.000%	23
New York	5.000%	Yes	4.000%	N.A.	Yes	up to 4.25%	13.250%	24
Ohio	0.000%	Yes	5.000%	6.000%	Yes	up to 2%	13.000%	25
Pennsylvania	6.000%	Yes	6.000%	N.A.	Yes	1%	13.000%	25
Rhode Island	6.000%	Yes	7.000%	N.A.	N.A.	N.A.	13.000%	25
Wisconsin	3.000%	Yes	5.000%	4.000%	Yes	up to 0.6%	12.600%	28
Alabama	8.000%	No	4.000%	N.A.	Yes	up to 4%	12.000%	29
Florida	4.100%	Yes	6.000%	0.000%	Yes	up to 1.5%	11.600%	30
Maryland	11.500%	No	5.000%	N.A.	N.A.	N.A.	11.500%	31
South Dakota	5.500%	Yes	4.000%	N.A.	Yes	up to 2%	11.500%	32
Connecticut	5.000%	Yes	6.000%	N.A.	N.A.	N.A.	11.000%	33
South Carolina	5.000%	Yes	5.000%	N.A.	Yes	up to 1%	11.000%	33
Tennessee	2.000%	Yes	6.000%	N.A.	Yes	up to 2.75%	10.750%	35
Kansas	3.500%	Yes	4.900%	0.000%	Yes	up to 2%	10.400%	36
Wyoming	4.000%	Yes	4.000%	N.A.	Yes	up to 2%	10.000%	37
Hawaii	6.000%	Yes	4.000%	N.A.	N.A.	N.A.	10.000%	37
Maine	10.000%	No	5.000%	N.A.	N.A.	N.A.	10.000%	37
Kentucky	0.000%	Yes	6.000%	3.000%	N.A.	N.A.	9.000%	40
Mississippi	6.000%	Yes	3.000%	N.A.	N.A.	N.A.	9.000%	40
Michigan	0.000%	Yes	6.000%	2.000%	N.A.	N.A.	8.000%	42
New Hampshire	8.000%	N.A.	N.A.	N.A.	N.A.	N.A.	8.000%	42
Missouri	0.000%	Yes	4.225%	N.A.	Yes	up to 3.75%	7.975%	44
Idaho	0.000%	Yes	5.000%	N.A.	Yes	up to 2%	7.000%	45
Iowa	0.000%	Yes	5.000%	0.000%	Yes	up to 1%	6.000%	46
Alaska	0.000%	N.A.	N.A.	N.A.	Yes	up to 6%	6.000%	47
Vermont	0.000%	Yes	5.000%	N.A.	Yes	1%	6.000%	47
West Virginia	0.000%	Yes	6.000%	N.A.	N.A.	N.A.	6.000%	47
Montana ⁶	0.000%	N.A.	N.A.	N.A.	Yes	up to 3%	3.000%	50
Delaware	1.920%	N.A.	N.A.	N.A.	N.A.	N.A.	1.920%	51

Mean
Median
Maximum
Minimum

13.674%

Mean
Median
Maximum
Minimum

13.674%

¹Sources: The National Conference of State Legislatures July 1995, "Travel and Tourism a Legislator's Guide"; Federal Tax Administrators, and National Car Rental for select states. Sources do not coincide for every state.

²Per day charges are converted to percentages using \$50.00 as a base price before surcharges and taxes

³Maximum local tax include additional off-airport car rental fees;

AZ-7%, CA-8%, CO-5.98%, DC-4%, GA-8%, IN-7%, LA-5%, MN-3.5%, NV-8%, NJ-10%, NC-5%, ND-10%, OR-4%, TX-8%, VA-7%, WA-4%

⁴Maximum local tax includes transit taxes (18.5% in Chicago)

⁵Maximum local tax includes 20.6% surcharge that is only assessed in Boston

⁶Resort tax

LEGISLATIVE RESEARCH REPORT

MARCH 28, 2003



REPORT NUMBER 03.178

VEHICLE RENTAL INCOME IN ANCHORAGE

PREPARED BY CHERIE NIENHUIS, LEGISLATIVE ANALYST

You asked about rental car income for the cities of Anchorage, Fairbanks, and Juneau. Specifically, you wished to know how much revenue the rental car industry generates on a monthly basis in each of these cities.

Contacts in Juneau and in Fairbanks could not provide us with this information. Fairbanks does not collect a sales tax, and therefore, would have no official access to this information. Although the City and Borough of Juneau does levy a sales tax on car rentals, they are unable to disaggregate the tax paid on rentals from the tax paid by those same agencies for other services they provide.

The Municipality of Anchorage does not have a sales tax, but in 2000, it authorized a tax of 8% on the fees and costs charged to persons renting vehicles in the municipality.¹ The city's Finance Department provided information about gross "fees and costs" reported by rental car agencies since the tax began in 2000. Anchorage Municipal code defines "fees and costs" as the following:

Fees and costs means the value of all charges incurred by the renter, other than the tax prescribed by this chapter, for the use of a motor vehicle, regardless of whether paid in the form of money, property, or services, except for only the following items if separately stated on the rental contract or other document invoicing payment:

1. Fees from the sale of automobile liability insurance, loss damage waiver insurance, and personal accident insurance;
2. Parking tickets;

¹ Anchorage Municipal Code Chapter 12 Section 45 authorizes the vehicle rental tax; the code provides for some tax ceilings and exceptions.

3. The amount of any sales tax, so-called "luxury tax", consumer excise tax, gross receipts tax, or other similar tax imposed by the United States, the State of Alaska, or the Municipality;

4. Payments received by the rental agency from the renter or the renter's insurance provided for damage to a motor vehicle when the damage was incurred during the rental period;

5. Personal property other than items that are permanently affixed to the motor vehicle. Personal property does not include pickup truck shells or campers mounted on the motor vehicle, or trailers designed, constructed, or used primarily for dwelling;

6. The amount of the concession fee paid to the Ted Stevens Anchorage International Airport; and

7. Fueling charges.²

The Anchorage Department of Finance records gross fees and costs for rental car agencies on a quarterly basis. The vehicle rental tax is approximately 8% of these fees and costs, as shown in Table 1 below.³

Table 1: Total Fee and Costs, and Vehicle Rental Taxes Paid, Municipality of Anchorage, Since Tax Inception, 2000 (in thousands)

	2000		2001		2002	
	Total Fees and Costs	Vehicle Rental Taxes Collected	Total Fees and Costs	Vehicle Rental Taxes Collected	Total Fees and Costs	Vehicle Rental Taxes Collected
1st Quarter	n/a	n/a	\$ 6,370.5	\$ 476.9	\$ 6,266.7	\$ 468.4
2nd Quarter	n/a	n/a	\$ 13,896.9	\$ 1,092.4	\$ 14,530.5	\$ 1,123.5
3rd Quarter	n/a	n/a	\$ 29,792.1	\$ 2,300.6	\$ 29,961.9	\$ 2,319.8
4th Quarter	\$ 6,326.7	\$ 460.4	\$ 5,637.2	\$ 500.3	\$ 6,796.3	\$ 488.1
Totals	\$ 6,326.7	\$ 460.4	\$ 56,696.7	\$ 4,370.2	\$ 57,555.4	\$ 4,399.8
Source: Municipality of Anchorage, Department of Finance, (907) 343-6686.						

We also include, as Attachment A, a brief summary of the potential revenue and impacts of a state tax on vehicle rentals, as prepared by the Alaska Department of Revenue in February of this year.

I hope you find this information useful. Please do not hesitate to contact us if you have questions or need additional information.

² Anchorage Municipal Code Chap 45 Section 12.010.

³ Neva Hamish of the Municipality of Anchorage Department of Finance explained that there are items included in the gross fees and costs that are not taxed; therefore, tax computations will not exactly equal 8 percent.

Attachment A

"Proposed Revenues," Prepared by
the Alaska Department of Revenue,
February, 2003

Proposed Revenues

BRIEF DESCRIPTION: Tax on vehicle rentals.

DEPARTMENT AND PROGRAM NAME: Department of Revenue.

SUMMARY: The state could impose a tax on vehicle rentals, either a flat per-rental fee or a percentage tax (much like a sales tax). Anchorage already imposes an 8% tax, with Cordova at 6% and Yakutat at 4%.

WHO WILL PAY? Anyone who rents a vehicle, although the state would need to decide if the tax also applies to RVs, trailers and commercial rentals, too, such as heavy equipment. And would the tax apply to leases, or only short-term rentals of less than (for example) 30 days?

ESTIMATED REVENUE EXPECTED: Each 1% tax on rentals would raise approximately \$500,000 to \$600,000 per year. This assumes the vehicle rental business in Alaska is a \$50 million to \$60 million a year industry, and it also assumes that long-term vehicle and commercial leases would be exempt from the tax. The revenue could start flowing to the state by January 1 of the year after passage, to allow time to set up a tax collection program, forms and software.

ESTIMATED COST TO COLLECT: The department estimates the cost of running a vehicle rental tax program at approximately \$125,000 to \$150,000 per year.

WHAT OTHER DEPARTMENTS WILL BE AFFECTED BY THIS PROPOSAL? Department of Community and Economic Development.

WHO WILL SUPPORT THIS BILL? No one specific, unless the state shared the revenue with the airports or communities.

WHO WILL OPPOSE THIS BILL? Probably car rental agencies and perhaps Bush Alaskans who travel frequently to Anchorage or Fairbanks for shopping, business, medical needs or leisure, and who rent vehicles.

CONTACT FOR MORE INFORMATION:

Name: Commissioner Bill Corbus or Deputy Commissioner Larry Persily

Phone: 465-2301

Email: bill_corbus@revenue.state.ak.us, larry_persily@revenue.state.ak.us



Fact Sheet—Benefits of tourism to Alaska

- Tourism employs over 30,700 Alaskans. That's one in eight private-sector jobs, and is the second-largest private-sector industry in the state.
- The tourism industry has a **78 percent resident-hire rate**, the highest of all key Alaska industries.
- Tourism is the leading industry in Southeast, Southcentral and Interior Alaska.
- Small business is the backbone of the industry. Nearly 90 percent of Alaska Travel Industry Association member businesses have fewer than 50 employees.
- ATIA is a membership organization that represents approximately 1,000 tourism industry businesses in Alaska.
- The cruise industry spent \$605 million for goods and services provided by Alaskan businesses in 2001. The \$605 million in direct spending by the industry and its passengers generated \$1.7 billion in total output and 14,562 jobs throughout the state, providing \$470 million in wages and salary. *Source: International Council of Cruise Lines, Alaska Economic Impact Study, Sept. 2002 by Business Research & Economic Advisers, at pg.5*
- With a state investment of just \$6.9 million in 2001, the visitor industry returned approximately \$1.8 billion in visitor expenditures in Alaska. The average visitor spent an estimated \$1260 per person, per trip in 2001.
- The state of Alaska's support for tourism, at \$4.6 million in 2002, comes in 38th out of 50 states. Here's what some other states spent: Hawaii \$56 million, Illinois at \$50 million, New York \$48 million, Pennsylvania \$35 million, Texas \$32 million and Florida \$29 million. The average per state expenditure on tourism marketing is \$13.5 million.
- General fund allocations to tourism marketing by the state of Alaska have steadily declined since the early 1990s.
- As state funding has declined, private industry has shouldered an increasing share of the generic Alaska marketing burden. In FY02:
 1. Cruise contributions will be \$1,950,000
 2. Convention and visitors bureaus contributions will be \$620,000
 3. Pay-to-play programs will be \$1,884,000
 4. This comes to \$4.45 million – nearly 50 percent of ATIA's FY03 marketing budget.
- In order for ATIA to be competitive with its marketing program, a dramatic increase in funding is necessary. Investment in the tourism industry is smart: tourism is a renewable resource that provides jobs and income to Alaskans statewide.



2002 Tourism Study Overview

New research conducted by the McDowell Group, Inc. confirms what businesses around the state already knew: last September's terrorist attacks deeply impacted Alaska's travel industry, threatening tourism's role as an economic engine for the state.

The study of 315 tourism-related businesses statewide revealed that tourism's growth over the past few years came to a decisive halt this summer. Nearly half of the businesses surveyed said they were impacted by the decline in tourists to the state.

The degree of impact varied from region to region and from sector to sector, but the survey confirmed that the country's economic slowdown, along with the post-September 11th change in travel patterns, substantially accelerated the decline in the number of people visiting Alaska.

Most severely affected by this downturn was Interior Alaska, where 87 percent of respondents reported a decline in business volume following the terrorist attacks.

Only one sector of the visitor industry reported an increase for the 2002 summer season. Cruise lines saw 30,000 more passengers board ships bound for Alaskan waters than they did in 2001. But even this increase masks an overall industry malaise: rates for cruises were aggressively discounted in 2002, and increased passenger numbers don't necessarily reflect a strong season for cruise lines.

Another outgrowth of an unstable cruise season is in the dramatic decline in cruise tours, or land-based extensions to cruises that bring thousands of visitors to places like the Copper River Valley, Denali National Park, and highway communities from Tok to Anchorage to Fairbanks. Businesses that are primarily dependent on cruise and cruise tour passengers reported a 61 percent decrease in volume this year.

Other tourism sectors reported even more substantial declines. Ninety-six percent of those businesses dependent on overseas travelers reported reduced business volume. Eighty-one percent of businesses primarily involved in adventure travel and 65 percent of the businesses primarily involved in sport fishing also experienced business volume declines.

Most Alaskan tourism industry businesses saw these impacts coming. One-third of those surveyed said they made changes to the way they do business in anticipation of a tough season, and the number one way they adjusted was to cut staff. This resulted in a three-percent decline in visitor industry employment - over 900 positions.

The summary section of the report further noted that the survey could not, by its nature, capture information from those tourism businesses that closed as a result of this summer's difficult season. Hardest hit among visitor-reliant Alaska businesses were restaurants and bars, rental vehicles and taxis and sportfishing businesses.

The McDowell Group survey concluded that the events of the past year accentuate long-term issues in Alaska tourism, including instability of the independent (non-cruise) market, slowing cruise market growth and insufficient marketing funds.

Only by investing in increased spending to attract new independent visitors can Alaska begin to reverse this dangerous trend in one of its most important industries.

TOURISM OVERVIEW AND POSITION STATEMENT

- Tourism is Alaska's second largest private-sector employer, accounting for one in eight private-sector jobs, 30,700 jobs (20,300 direct employment; 10,400 indirect).
- Travel and tourism has been Alaska's fastest-growing industry. More than 1.4 million visitors traveled to Alaska between Fall 2000 through Summer 2001. Total expenditures for this time period is estimated at \$1.8 billion (approximately \$1260 per person, per visit). *Source: 2001 AVSP*
- 1.46 million total visitors arrived in Alaska during the year period beginning in fall 2000 through summer 2001
 1. Of this number, approximately 255,000 visitors came during fall/winter 2000-01.
 2. Approximately 1.2 million visitors arrived in the summer of 2001
- A recent survey of tourism businesses completed in September 2002 by the McDowell Group indicates that tourism visitor volume did not grow this year. One of the most significant discoveries uncovered by this survey and other research indicates that:
 1. Cruise passenger numbers increased from 690,000 in the summer of 2001 to 720,000 in the summer of 2002 – a 4-percent increase.
 2. Non-cruise (independent travel) traffic decreased from 510,000 to 480,000 visitors – a 6-percent decrease.
- The visitor industry has a 78 percent resident hire rate – the highest percentage of all key Alaska industries.
- Each year, visitors and tourism businesses inject about \$124 million directly into state and local treasuries in the form of taxes, fees and other assessments. (*Taxes and Fees Paid by Alaska's Visitor Industry – April 1996, McDowell Group, Inc. pg. ii*) Breakdown:
 1. \$17.3 mill to general fund from corporate income, gasoline, aviation fuel, liquor excise & tour bus taxes
 2. \$32.9 mill comes from state park permits, fish & game licenses/tags, business license fees, etc
 3. \$18.2 mill in revenues to other state entities including Railroad and Internat'l airport
 4. \$53.9 mill revenues to local governments from sales, bed, property & moorage & lightering fees
- Tourism is the leading industry in Southcentral, Southeast and Interior Alaska, and continued to grow in the Southwest and Far North regions as well.

COMPARING ALASKA MARKETING EFFORTS TO OTHER DESTINATIONS

- The average state tourism budget for 2001 was \$13.7 million.
- Total state support for tourism marketing in FY02 was \$4.605 million
- Alaska ranks 39th out of the 50 states in terms of total state marketing contributions.
- Alaska is one of only a few states where a significant portion of its marketing revenues comes from private industry.
- This year, 60 percent of the ATIA's marketing budget comes from its membership; 40 percent is the maximum state match.

ATIA POSITION ON TAXATION

- The Alaska Travel Industry Association (ATIA) opposes targeted visitor industry taxes to support general government spending. Any taxation levied on the tourism industry must be broad-based, fair and equitable.
- If necessary, the ATIA would support a statewide sales tax that would evenly impact all sectors of our tourism industry. Because the ATIA derives most of its marketing revenues from its membership, imposition of any statewide sales tax should result in increased revenues from the state to support the association's generic marketing program.

OTHER ISSUES IMPACTING ALASKA'S VISITOR INDUSTRY

- Alaska's tourism marketing efforts must remain competitive with the rest of this country. The ATIA's highest priority remains a commitment from the state to increase its contribution for tourism marketing and to remain consistent to this commitment.

- Other issues of importance include: (1) expediting the permitting process for national forest lands; (2) implementing an insurance-pooling structure to reduce insurance rates for commercial operators; (3) ongoing maintenance of highway rest stops and facilities; (4) roadway development and maintenance; (5) instituting a two-year marine highway ferry schedule; and (5) enhancing state wildlife viewing facilities.

Change in Quarterly Tax Revenue, April-June, 1999 to 2000: Ranked by Total Revenue Growth					
		Total Tax Revenue	Personal Income Tax	Corporate Income Tax	Sales Tax
48	Indiana	1.0	-4.8	-3.1	9.5
49	Mississippi	0.6	4.7	-4.9	0.6
50	Nevada	-4.5	N/A	N/A	4.9
51	Missouri	ND	ND	ND	ND

Key: N/A = Not applicable; ND = No data

Note: Numbers in bold indicate legislation or processing/accounting changes decreased tax receipts by more than 1 percent. Numbers in *italics* indicate legislation or processing/accounting changes increased tax receipts by more than 1 percent.

Source: State Revenue Report: No. 41, Fiscal Studies Program, The Nelson A. Rockefeller Institute of Government.

State tax revenue continued a pattern of strong April-June growth. Once again the personal income tax provided the boost. But it is worth mentioning that in many states the tax is progressive—higher incomes are subject to higher tax rates—so that income gains beget larger revenue gains. Of course the corollary is also true—revenue growth can turn quickly when income gains slow.

STATE FUNDING FOR TOURISM

Tourism, increasingly viewed as one of the world's most important industries, is the leading service export in the United States. Legislatures, recognizing the potential of tourism as an economic development tool, have steadily increased the level of state tourism funding. State governments budgeted \$644 million for travel and tourism development and promotion in fiscal year (FY) 2000, 12.7 percent above FY 1999 levels. The top spenders are:

State	Amount in Millions
Hawaii	\$60.0
Illinois	\$55.5
Florida	\$54.3
Pennsylvania	\$34.4
Texas	\$30.9
New York	\$20.8
Virginia	\$19.2
Iowa	\$17.6
Louisiana	\$16.8
Wisconsin	\$15.5
Source: Travel Industry Association	

Most state tourism offices are funded with general fund appropriations. In recent years, however, states have become more creative. For example, Missouri adopted a performance-based tourism funding formula, which has been viewed as a funding model by other states.

Missouri's investment in tourism promotion could top \$30 million by the year 2004 as a result of this funding mechanism created in 1993. After years of searching for a dependable revenue source to fund the Division of Tourism's efforts, Missouri's travel industry united behind legislation to create the Division of Tourism Supplemental Revenue Fund. This performance-based budgeting process sets aside a percentage of tourism-generated tax revenue for additional tourism promotion (no new tax levies are required). The state tourism office worked with the Missouri Department of Revenue to identify tourism industries and the amount of tax revenue that was generated by specific businesses that serve travelers. Businesses in 17 different categories were chosen, identified by SIC (standard industry classification) codes. Targeted businesses included hotels, motels, public golf courses and swimming pools, boat and canoe rentals, tourist attractions, and other obvious businesses.

A small percentage of tax revenue from these businesses is earmarked for tourism marketing. The plan was based on the conservative assumption that tax revenue generated by traveler-serving businesses will grow by at least 3 percent per year. The Division of Tourism receives half of any increase in tax revenue above that 3 percent level. As the revenue grows, so does the amount going to the division (hence the term performance-based funding). However, growth is capped at \$3 million per year over the previous year's level.

The measure also called for the division's existing funding from general revenue to be eliminated gradually, at a rate of 10 percent per year. At the end of 10 years, the tourism office will be funded entirely from this new tax revenue source. In FY 1999, the total budget for the Division of Tourism was approximately \$15 million.

Following in Missouri's footsteps, Washington adopted performance-based funding during its 1998 legislative session. Increases in the biennial budget for the Division of Tourism are based on a percentage of the growth in state sales tax generated by the industry.

Sales tax receipts for certain tourism-related industries are tracked. These industries include lodging, eating and drinking establishments, recreation, and auto rentals. The increase in the amount of sales tax receipts from four years prior to the biennium is compared to two years prior to the biennium. If there is no increase, performance-based funds are not computed. But if the biennial growth exceeds 8 percent, one-half of the tax receipts of the growth above 8 percent becomes additional funding for the division. Growth-related funding is capped at \$2 million per year, or \$4 million per biennium (subject to appropriation).

In addition to seeking a stable revenue stream, Colorado is taking steps to revamp its tourism efforts. After seven years of ranking at the bottom for state tourism funding, the state created the Colorado Tourism Office (CTO) on July 1, 2000. The CTO replaces the Colorado Tourism Board and the Colorado Travel and Tourism Authority (the latter was created after residents voted not to renew the state tourism tax in 1993). Without state funding, financial support for tourism had been based on voluntary contributions by businesses. The new office received \$6 million in state appropriations and is governed by a 13-member board of directors that includes two legislators and 11 governor-appointed members who represent various tourism and travel industries.

Other Sources of State Tourism Funding

States use a number of sources in addition to general fund revenues to support tourism offices. As shown in the following table, state lodging taxes top the list as the most frequent supplemental funding source. States also earmark revenues for tourism promotion from restaurant sales, car rentals, admissions, recreation sales and lotteries, among others.

State Funding for Tourism Offices						
State/ Jurisdiction	General Fund Only	Lodging Tax*	Other Tourism Taxes* (rental car, restaurant, admissions, recreation)	General Sales Tax*	Lottery / Gaming*	Other*
Alabama		✓				
Alaska						✓
Arizona		✓				
Arkansas			✓			
California						✓
Colorado	✓					
Connecticut			✓			
District of Columbia		✓				
Delaware	✓					
Florida			✓			✓
Georgia	✓					
Hawaii		✓				
Idaho		✓				
Illinois		✓				
Indiana	✓					
Iowa	✓					
Kansas					✓	
Kentucky	✓					
Louisiana				✓		
Maine	✓					
Maryland	✓					
Massachusetts		✓				
Michigan	✓					
Minnesota						✓
Mississippi	✓					
Missouri	✓					
Montana		✓				

State Funding for Tourism Offices						
State/ Jurisdiction	General Fund Only	Lodging Tax*	Other Tourism Taxes* (rental car, restaurant, admissions, recreation)	General Sales Tax*	Lottery / Gaming*	Other*
Nebraska		✓				
Nevada		✓				
New Hampshire	✓					
New Jersey	✓					
New Mexico						✓
New York						✓
North Carolina	✓					
North Dakota						✓
Ohio						✓
Oklahoma			✓			
Oregon					✓	
Pennsylvania	✓					
Puerto Rico					✓	
Rhode Island	✓					
South Carolina			✓			
South Dakota		✓	✓		✓	
Tennessee	✓					
Texas		✓				✓
Utah						✓
Vermont	✓					
Virginia						✓
Washington	✓					
West Virginia					✓	
Wisconsin	✓					
Wyoming	✓					
TOTAL						
* May also include general fund revenues.						
Source: National Conference of State Legislatures, 2000.						

Many states have been active in enhancing their tourism efforts and bolstering state funding. Some examples of tourism funding strategies follow.

Arizona imposes a 5.5 percent state lodging tax on hotel rooms. By statute, 3 percent of the total collection goes into an established tourism fund to be used only for marketing programs. That currently generates about \$2.7 million of the \$8.8 million total budget.

Arkansas levies a 2 percent tourism tax on camping fees, tourist attraction admissions, guest rooms furnished by hotels, motels, lodging houses and condominiums, and rentals of watercraft and related items. The Department of Parks and Tourism uses the proceeds to promote tourism.

When the Florida Legislature created its new state tourism office, VISIT FLORIDA, in 1996, it provided capital via a Tourism Promotional Trust Fund. A percentage (15.75 percent) of revenues from a \$2 per day rental car surcharge generates approximately \$20

million per year in tourism operating funds. VISIT FLORIDA is required to match this revenue one-to-one.

When the Hawaii Legislature restructured its tourism office in 1998, it also established a new dedicated funding source for tourism effective Jan. 1, 1999. The funding source was established by raising the transient accommodations tax from 6 percent to 7.25 percent and broadening it to include time-share units. A portion of the revenue (2.75 percent) is earmarked to create a tourism special fund (approximately \$55 million for 1999) for tourism-related activities.

Idaho permits local resort communities to levy a 2 percent general sales tax in addition to the statewide local option lodging tax. The additional sales tax revenue provides funds for small-town resort communities where infrastructure is being encumbered by the large number of visitors.

State tourism funding in Illinois is directly tied to lodging tax receipts. As a result of legislation passed in 1997 by the Illinois General Assembly, 29 percent of hotel and motel tax receipts are dedicated to Illinois Bureau of Tourism programs. The law eliminated a decade-old statute that provided fixed dollar amounts for certain tourism programs. The state now has the mechanism in place to ensure additional funding, provided the state's tourism industry grows and lodging receipts increase. As a result, Illinois consistently has one of the largest tourism budgets.

Louisiana dedicates .03 percent of the state sales tax to tourism funding.

Minnesota allows municipalities in which a sport facility is located to impose a supplemental sales tax on retail liquor sales and hotel/motel gross receipts at a rate necessary for facility maintenance.

The Montana Resort Tax authorizes designated communities—communities of fewer than 2,500 people that derive major revenue from tourists—to impose a resort tax of up to 3 percent. The tax applies to sales by hotels, motels and other lodging establishments, restaurants, taverns, bars, night clubs and other public establishments that serve alcoholic beverages by the drink as well as establishments that sell luxuries.

Oklahoma levies a .01 percent gross receipts tax on lodging, food/drink, tourist attractions, motor vehicle rentals and tour bus tickets. Money collected from this tax goes toward tourism promotion.

South Carolina levies a 5 percent tax on entertainment and recreation, including golf course green fees. The majority of this revenue goes to the state tourism office.

Another way to fund tourist-related activities is an income tax check-off. Several states have a check-off box on their income tax forms that allows taxpayers the option of donating funds for tourism-related purposes. Alabama has a tax check-off for the arts, Kentucky allows a check-off for an Olympic type event called the Bluegrass State Games,

Ohio has a check-off option for nature preserves and scenic rivers, and Rhode Island has one for arts and tourism.

Experience suggests that overuse of check-offs can present problems. As the number of check-off options has increased on state income tax forms, the amount of revenue any single one generates has declined. For example, Oregon used a tax check-off to provide supplemental funding for the arts from 1982 to 1992. After raising as much as \$167,000 in 1986, the program gradually received less money as the number of check-off options grew. Legislation stipulates that tax check-off programs must generate at least \$50,000 for two consecutive years. The program failed to generate the minimum amount in 1991 and 1992, and was therefore removed from Oregon's tax form in 1993.

Another revenue raiser for tourism-related activities—one used in five states—is earmarking state lottery revenues. Colorado allocates lottery revenues to parks. Maryland and Washington earmark some for new sports stadiums. Kansas, Oregon and West Virginia earmark lottery revenues for tourism development and advertising.

Tourism Development Incentives

Legislatures, together with tourism offices, are taking the lead in several states to ensure that travel and tourism infrastructure is viewed as part of an overall economic development strategy. Tourism infrastructure projects (i.e., hotels, attractions, golf resorts, etc.) currently qualify for state grants, loans, or other incentives in several states. A few examples are highlighted below.

In 1996, the Kentucky General Assembly passed the Kentucky Tourism Development Act, the first of its kind in the nation. The law established a financial incentive program to attract major new tourism businesses and investment by providing a state sales tax refund for tourism development projects. Under the act, developers may recover 25 percent of their initial capital investment through this credit over a 10-year period. They receive a refund of the state sales tax they collect from visitors on admissions, food and gift sales and lodging expenses. To qualify, the project must meet the definition of a tourism project, cost at least \$1 million, attract at least 25 percent of visitors from out-of-state by the fourth year, and be open to the public at least 100 days a year. Developers must pay for an economic impact study by a private consultant selected by the Tourism Development Cabinet. An expanding attraction receives the incentive based on increased sales tax due to the expansion.

Since its inception, the credit has caught the attention of developers of several projects including: a \$40 million aquarium, an urban entertainment center, a \$90 million car racetrack, a resort hotel with conference and golf center, and a major commercial museum. The Newport Aquarium, which opened in May 1999, was the first development to take advantage of Kentucky's tourism incentives. The \$40 million aquarium was built as the

centerpiece of a 10-acre urban tourist complex built around aquatic themes. During its first year, it far exceeded expectations, with 1.25 million visitors and 55,000 memberships sold. Tourists spent five times as much money in northern Kentucky in 1999 as they did in 1998, and state tourism officials say the year-old Newport Aquarium was responsible for most of that increase.

Arkansas adopted two tourism development measures in 1997. The Arkansas Tourism Development Credit is similar to Kentucky's in that it provides sales tax credits for investments in tourist attractions. An approved company that spends between \$500,000 and \$1 million is entitled to a sales tax credit equal to 10 percent of the approved costs. A company that spends more than \$1 million is eligible for a 25 percent credit. In addition, unused credit may be carried over to a subsequent year. The credit applies only if the tourist facility attracts at least 25 percent of its visitors from outside the state. So far, it has provided the impetus for two tourism developments that probably wouldn't have happened without it. The most notable is the redevelopment of Magic Springs, an old, dilapidated amusement park in Hot Springs that had not functioned in nearly 10 years. The credit attracted a new developer and the revitalized park opened on Memorial Day 2000. It exceeded sales projections by 600 percent.

The second measure provides eligible motor coach carriers an incentive payment equal to 1 cent per mile driven in Arkansas while transporting tourists on trips that involve an overnight stay.

The Illinois Bureau of Tourism awards approximately \$2 million in Tourism Attraction Grants to nonprofit companies as a 50/50 grant, and to for-profit companies as a loan. The project aims to develop heritage tourism sites and attractions in specific communities. It includes additional technical and financial resources from six state agencies. The bureau also has compiled a national database of other potential private and public sector funding resources to develop these sites.

Iowa's Community Attraction and Tourism Development program was passed by the legislature and endorsed by Governor Tom Vilsack (D) in 1999. The bulk of the \$12.5 million program provides statewide funding for the enhancement or construction of tourism attractions.

In Kansas, the Department of Commerce and Housing's Tourism Division provides 40 percent matching funds for certain attraction development projects. The projects selected to receive matching funds are judged on a competitive basis.

Louisiana offers international visitors tax-free shopping. Since 1989, visitors who buy products from merchants in the nonprofit Louisiana tax-free shopping group receive vouchers that they later submit for rebates. After the program's first decade, over 1,100 merchants were participating and more than \$21 million had been distributed in rebates.

Minnesota has a loan program that provides low-interest loans for existing tourism businesses.

The Tourism Infrastructure Investment Program in Montana provides grant funding for development of new tourism-related products and to enhance existing products to encourage visitors to stay longer in the state. Money for the program is provided annually by the state tourism office, which is funded through the accommodation tax.

Conclusion

The strength of the U.S. economy, record levels of consumer confidence and major international peace initiatives all combined to create a favorable climate for travel in the 1990s. Industry indicators suggest that the economic importance of travel and tourism will continue to grow in the new millennium. Tourism is currently the world's largest industry. By 2010, the World Tourism Organization expects 1 billion people to spend \$1.5 trillion annually on travel—nearly four times the current figure.

States, hoping to capitalize on the economic benefits, are paying more attention to state tourism offices and have beefed up tourism funding. In addition, legislatures in a number of states have moved beyond the traditional role of funder and are leading efforts to integrate tourism into overall state economic development strategies.

STATS & BRIEFS

Feds Release Money to Assist Low-Income Households with Home Heating Costs

The federal government has released \$400 million in emergency funds from the Low-Income Home Energy Assistance Program (LIHEAP) in anticipation of high fuel costs this winter. The money will be directed to state agencies and tribal governments to assist qualified households meet their energy needs over the course of the winter. The \$400 million release is the largest ever.

In a press release, the Department of Health and Human Services indicated that the funds were released early to allow states to expand programs to reach more families and to allow consumers to prepare in advance for high energy prices this winter. The allocations were based on states' reliance on heating oil, natural gas and propane, as well as population and winter energy demands.

Fall-Winter 2001-02 Secondary Arrival Report

Prepared for the

**State of Alaska, Department of
Community and Economic Development**

February 2003

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3 Visitor Arrivals

3.1 Statistical Weights and Visitor Percentages

Visitor arrivals are based on tallies conducted by surveyors at all AVSP survey locations throughout Fall-Winter 2000-01. When conducting tallies, surveyors ask travelers at the border stations, as they deplane, as they disembark a ship, and in certain locations where they embark, whether they are a resident of Alaska returning home or a visitor to the State. These tallies are then weighted to reflect the amount of sampling that was conducted in each location, the total number of arrivals at the different points of entry, the number of people traveling by different modes, and other factors.

Statistical weights are calculated for each mode of arrival based on the number of tallies conducted, the relative number of people traveling by that mode at different times of the season, and other factors. Additional information about the methodology can be found in the AVSP IV reports.

3.2 Visitor Percentages

Figure 3-1 shows the ratios between residents and visitors by mode of entry as determined in AVSP IV. The visitor percentages derived from the survey and tallies conducted as part of AVSP IV are used to estimate the number of visitors in Fall-Winter 2001-02.

**Figure 3-1. Visitor/Resident Arrival Composition
Percent by Mode of Entry
AVSP IV, Fall-Winter 2000-01**

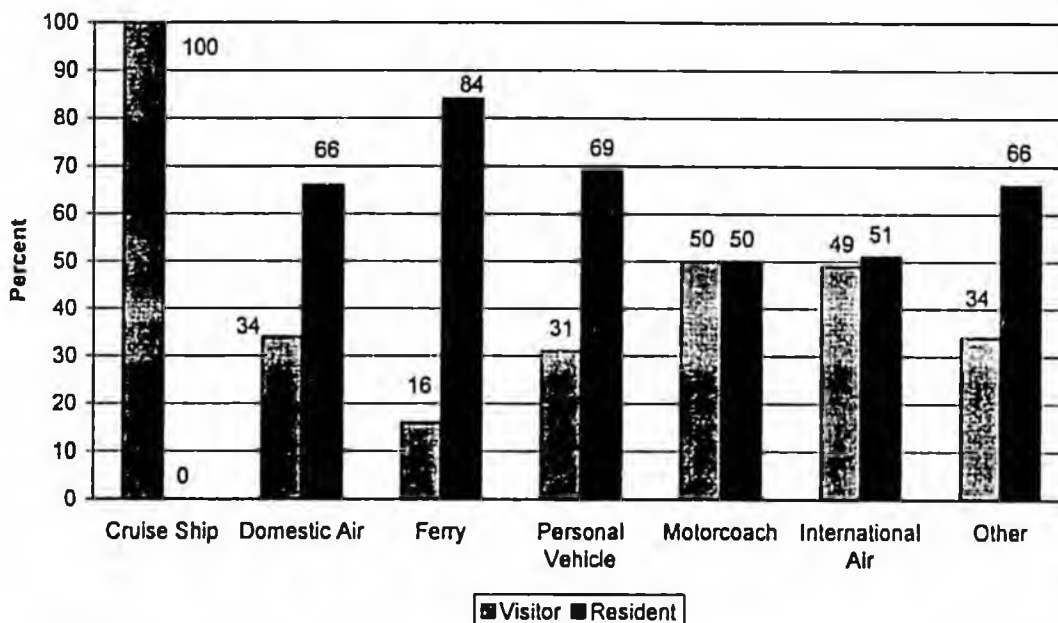
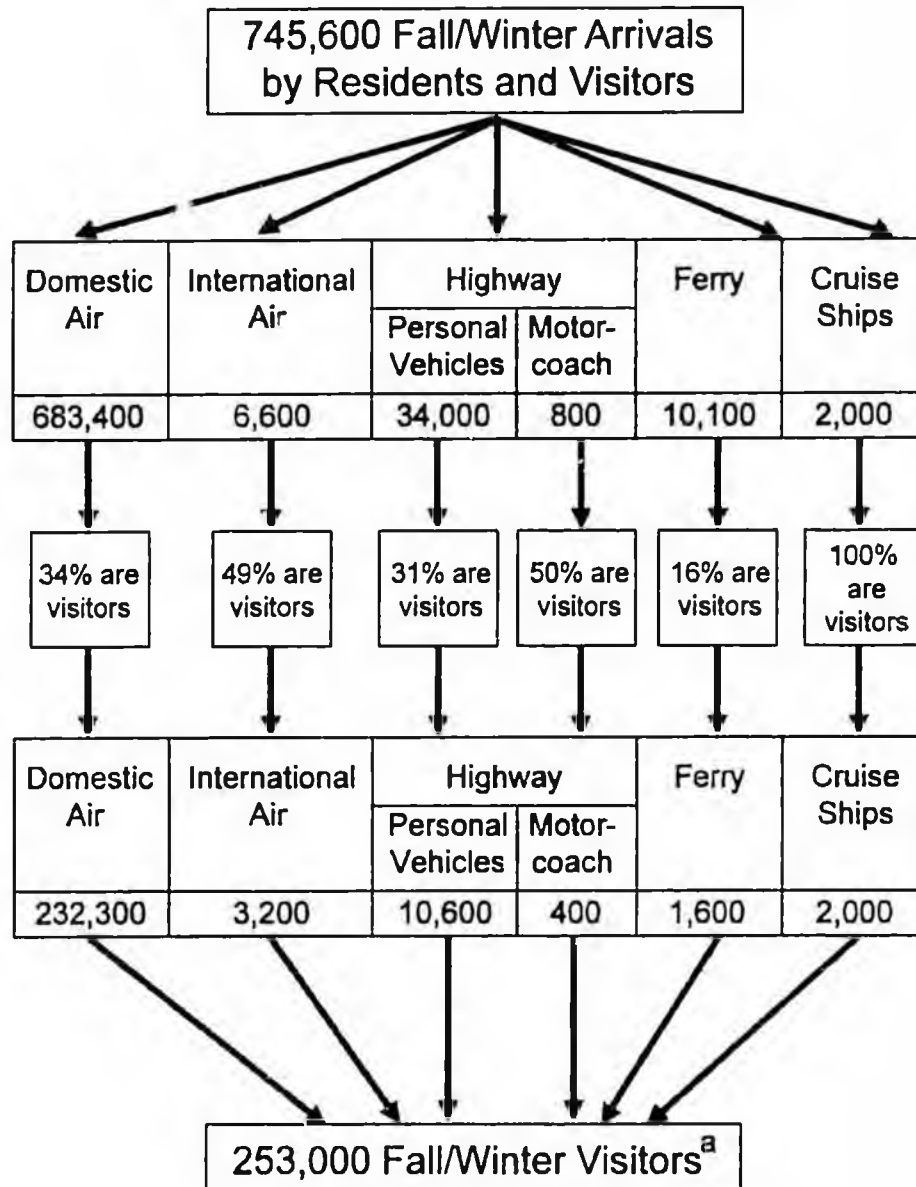


Figure 3-2 provides a graphical representation of the process for estimating visitor arrivals from total arrival data and the visitor percentages derived in AVSP survey years.

Figure 3-2. Total Arrivals, Visitor Percentages, and Visitor Arrivals
Fall-Winter 2001-02



^a Total for visitor arrivals includes 2,800 arrivals from "Other" category (drivers and passengers of commercial vehicles, pedestrians, and snowmobilers).

3.3 Trends in Visitor Arrivals

Table 3-1 shows trends in visitor arrivals by mode of arrival for Fall-Winter 1993-94 through Fall-Winter 2001-02. Table 3-2 shows the change in visitor arrivals by arrival mode between Fall-Winter

Fall-Winter 2001-02 Secondary Arrival Report

2000-01 reported in AVSP IV and Fall-Winter 2001-02 reported in this SAR. Domestic air visitor arrivals decreased about one percent between Fall-Winter 2000-01 and Fall-Winter 2001-02.

Visitor arrivals by international air experienced a 32 percent decline between Fall-Winter 2000-01 and Fall-Winter 2001-02. Part of this decline can be attributed to stricter security measures resulting from the terrorist attacks of September 11, 2001. New rules required airlines inbound from a foreign destination to have all luggage offloaded and rechecked before proceeding to their next destination. Several international airlines decided to overfly Anchorage rather than comply with these regulations because of the additional time and costs involved with compliance. These restrictions were lifted by March 2002.

International air visitor arrivals were also affected by a decrease in the number of Japanese visitors to view the aurora borealis. Telephone interviews were conducted by Northern Economics in April 2002 with three Japanese tour operators who market package trips for visitors from Japan to Fairbanks, Alaska. These tour operators reported major declines in the number of clients in Fall-Winter 2001-02 as compared to Fall-Winter 2000-01. The estimated number of clients for these three tour operators dropped from around 5,300 in Fall-Winter 2000-01 to approximately 2,950 in Fall-Winter 2001-02.

**Table 3-1. Trends in Total Visitor Arrivals
by Mode of Arrival
1993-94 to 2001-02**

Mode	AVSP III	Secondary Arrival Reports (SAR)					AVSP IV	SAR
	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99 ^a	2000-01	2001-02
Cruise Ship	0	0	0	150	100	200	200	2,000 ^b
Domestic Air	167,100	172,100	177,600	202,900	181,500	189,600	234,000	232,300
Ferry	4,100	3,400	3,600	3,200	2,500	3,100	1,500	1,600
Highway – personal vehicle	8,600	10,600	11,300	10,100	12,400	11,300	10,800	10,600
Highway – Motorcoach	na	na	na	na	na	na	700	400
International Air	3,610	4,500	5,900	5,200	4,400	5,300	4,700	3,200
Other ^c	7,000	Na	9,700	7,600	8,700	6,800	2,500	2,800
Total	190,500	190,600	208,100	230,500	209,600	216,300	254,500	253,000

na = category not used in that survey year

Column totals may not equal row totals due to rounding.

^a No secondary arrival study was conducted in 1999-00.

^b The substantial increase in cruise arrivals is due to one ship with over 2,000 passengers that called at Juneau in April 2002.

^c "Other" category includes domestic air arrivals in 1995-1999, but for 2000-01 and 2001-02 includes only drivers and passengers of commercial vehicles, pedestrians, and snowmobilers.

**Table 3-2. Number and Percent Change in Visitor Arrivals
by Mode of Entry
Fall-Winter 2001-02**

Entry Mode	Number for Fall-Winter 2000-01	Number for Fall-Winter 2001-02	Number Change	Percent Change
Cruise Ship	200	2,000	1,800	900 ^a
Domestic Air	234,000	232,300	-1,700	-1
Ferry	1,500	1,600	100	7
Highway – Personal Vehicle	10,800	10,600	-200	-2
Highway – Motorcoach	700	400	-300	-43
International Air	4,700	3,200	-1,500	-32
Other	2,500	2,800	300	12
Total	254,500	253,000	-1,500	-1

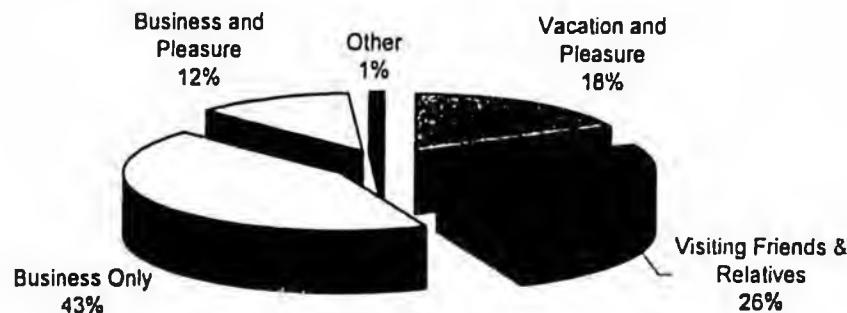
^a The substantial increase in cruise arrivals is due to one ship with over 2,000 passengers that called at Juneau in April 2002.

According to the U.S. Department of Commerce, travel to the U.S. from Japan dropped off more than 50 percent after the terrorist attacks on September 11, 2001. On April 19, 2002, the United States and Japan signed a bilateral agreement calling for the creation of a tourism expansion council to increase the number of tourists to both countries by 20 percent over the next five years.³

3.4 Arrivals by Trip Purpose

Figure 3-3 presents the percent of Fall-Winter 2001-02 visitor arrivals by trip purpose as determined in AVSP IV. According to the survey information collected in AVSP IV, "Business Only" travel accounts for 43 percent of all visitors in the Fall-Winter season. The "Business and Pleasure" category accounts for another 12 percent of visitor arrivals. "Visiting Friends and Relatives" accounts for 26 percent of visitor arrivals in the Fall-Winter season, followed by "Vacation and Pleasure" visitors at 18 percent.

**Figure 3-3. Percent of Visitors Arrivals by Trip Purpose
Fall-Winter 2001-02**



³ Bonnie Harris and Mark Magnier. "U.S., Japan Sign Accord to Boost Travel Industries." *Los Angeles Times*, April 22, 2002.

Business travel is a significant portion of the Fall-Winter season in Alaska. Business travel was experiencing a noticeable downturn in the United States before the terrorism attacks on the World Trade Center and the Pentagon on September 11, 2001; however, this downturn was exacerbated by the attacks. Several factors affected business travel especially in the first weeks and months after the terrorism attacks:

- Overall economy downturn and corporate cutbacks
- Inconvenience and uncertainty caused by increased security measures
- Drop in consumer confidence

Figure 3-4 and Table 3-3 show the same information in different formats—trends in visitor arrivals by trip purpose. The decrease in the number of “Business Only” travelers in Alaska between Fall-Winter 2000-01 and Fall-Winter 2001-02 was approximately 700 individuals.

Figure 3-4. Trends in Visitor Arrivals by Trip Purpose, Fall-Winter 1993-94 to 2001-02

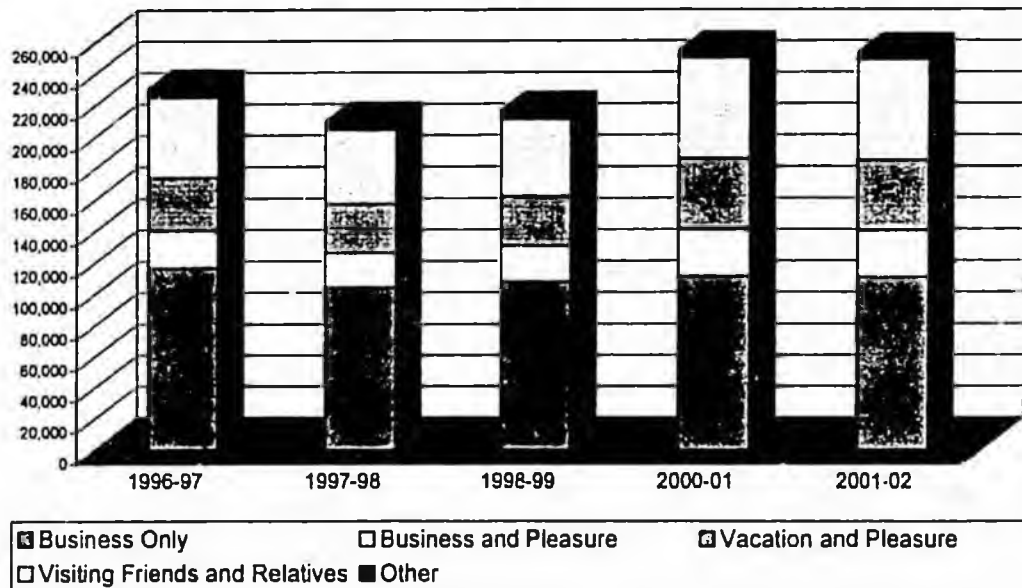


Table 3-3. Trends in Visitor Arrivals by Trip Purpose, Fall-Winter 1993-94 to 2001-02

Trip Purpose	Secondary Arrival Count Reports (SAR)			AVSP IV	(SAR)
	1996-97	1997-98	1998-99 ^a	2000-01	2001-02
Business Only	116,500	104,200	107,700	111,000	110,300
Business and Pleasure	23,900	22,000	22,700	30,000	29,800
Vacation and Pleasure	33,700	31,100	31,500	45,000	44,700
Visiting Friends and Relatives	51,000	47,300	49,200	64,000	64,000
Other ^b	5,400	5,000	5,200	4,500	4,300
Total	230,500	209,600	216,300	254,500	253,000

^a No secondary arrival study was conducted in 1999-00.

^b “Other” category for 1996-1999 included arrivals at minor points of entry and seasonal workers. “Other” category for 2000-2002 includes drivers and passengers of commercial vehicles, pedestrians, and snowmobilers.



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3 Visitor Arrivals

3.1 Statistical Weights and Visitor Percentages

"Visitor Arrivals" include all nonresidents traveling to Alaska. Visitor Arrivals are based on tallies conducted by surveyors at AVSP survey locations during Summer 2001. When conducting tallies, surveyors ask travelers at the border stations, as they deplane, as they disembark a ship, and in certain locations where they embark, whether they are a resident of Alaska returning home or a visitor to the State. These tallies are then weighted to reflect the amount of sampling that was conducted in each location, the total number of arrivals at the different points of entry, the number of people traveling by different modes, and other factors.

Statistical weights are calculated for each mode of arrival based on the number of tallies conducted, the relative number of people traveling by that mode at different times of the season, and other factors. Additional information about the methodology can be found in the AVSP IV reports.

3.2 Visitor Percentages

Figure 3 shows the ratios between residents and visitors by mode of entry. The visitor percentages derived from the surveys and tallies conducted as part of AVSP IV (2000-01) are used to estimate the number of visitors for Summer 2002. In Summer, 59 percent of domestic air arrivals, 100 percent of cruise ship arrivals, 71 percent of ferry arrivals, 62 percent of international air arrivals, 85 percent of motorcoach arrivals, and 56 percent of highway arrivals are estimated to be visitors to the State.

**Figure 3. Visitor/Resident Arrival Composition
Percent by Mode of Arrival
Summer 2002**

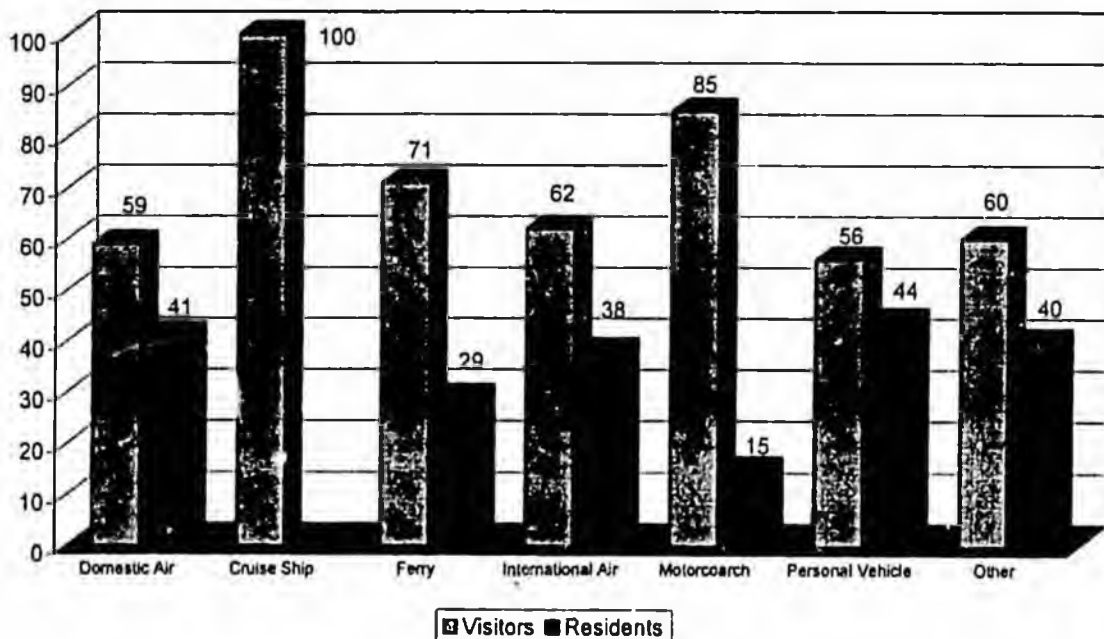
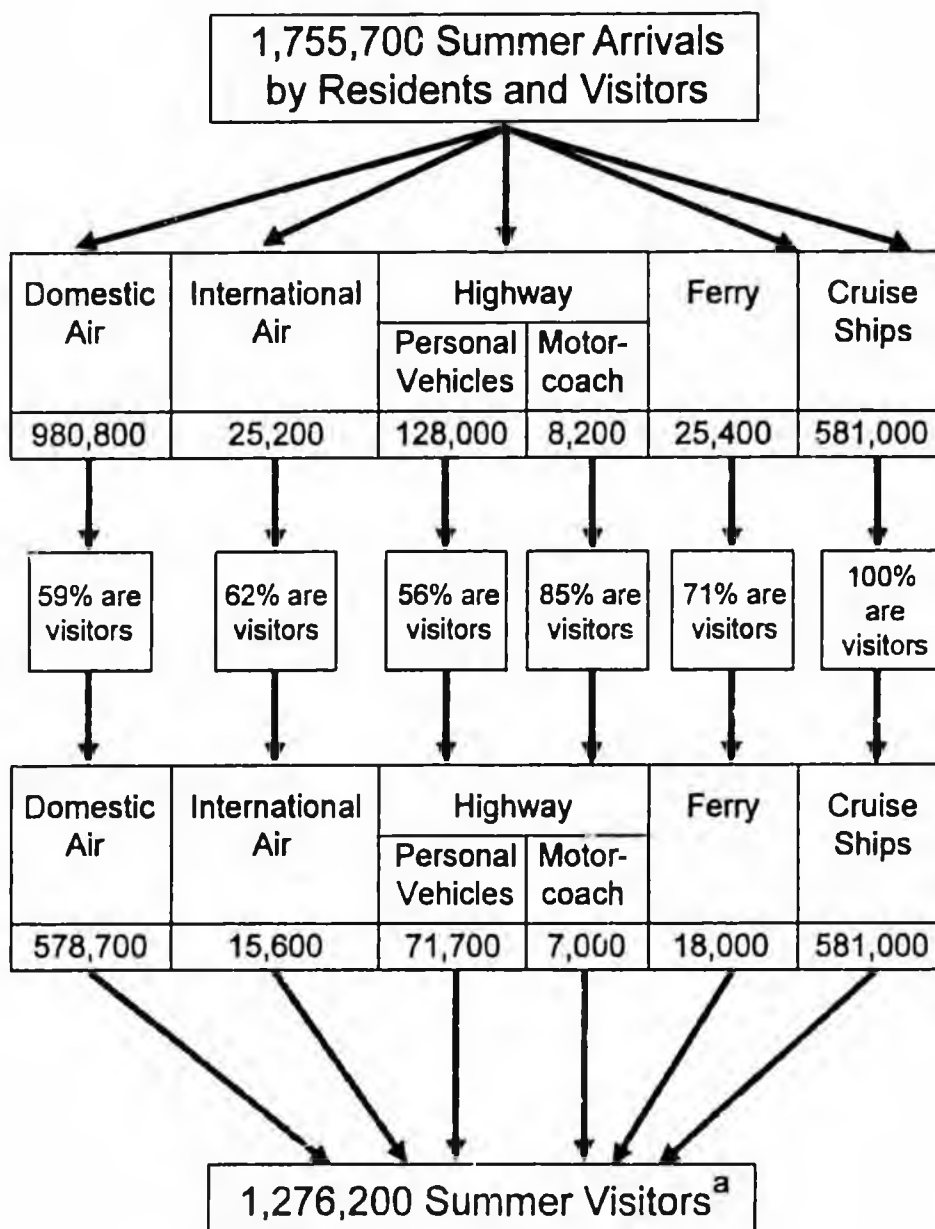


Figure 4 provides a graphical representation of the process for estimating visitor arrivals from total arrival data and the visitor percentages derived in AVSP survey years.

**Figure 4. Total Arrivals, Visitor Percentages, and Visitor Arrivals
Summer 2002**



^a Totals include arrivals from the "Other" category, which includes drivers and passengers of commercial vehicles and pedestrians.

3.3 Trends in Visitor Arrivals

The U.S. Small Business Association has provided 22 businesses in Alaska with \$2,107,900 in disaster relief loans for economic injury suffered because of the September 11, 2001 terrorist attacks.⁵ Many of these small businesses are in the tourism industry.

According to the Travel Industry Association of America (TIA) the travel industry struggled on the national level in 2002. International inbound travel to the U.S., business travel, air travel, hotel performance, travel expenditures, and travel employment did not return to their pre-September 11, 2001 levels.⁶ Domestic business travel declined 4 percent during 2002 and international air arrivals to the United States were down 17 percent during the first half of 2002. Domestic air business travel declined 20 percent, while leisure air travel declined about 11 percent. However, TIA reported that there was a two percent increase in domestic leisure travel in 2002 relative to 2001.

Visitor arrivals to Alaska were the reverse of national travel trends with visitor arrivals to Alaska in Summer 2002 showing a 6 percent increase over 2001 and a 5 percent increase for the full year. However, these increases are due in part to a 14 percent increase in the number of cruise ship arrivals. For the first time, cruise ship arrivals were the dominant mode of entry for visitors into the State during the Summer season.

Because the cruise industry is of such importance to the Alaska visitor industry, we would like to take a moment to give particular clarification to some numbers used in this report. The purpose of secondary arrival reports is to count arrivals into the state by a particular mode of arrival. Approximately 581,000 visitors arrived in Alaska in Summer 2002 by cruise ships. Another 154,700 visitors arrived in Alaska by domestic or international air, ferry, motorcoach, or auto, and then cruised south out of Seward. Although they are cruise passengers, these visitors are not counted in the cruise arrival numbers, given the strict criteria of counting *only* arrivals for any given mode. In addition, another several thousand visitors to Alaska take cruises within Alaska after they arrive by various modes other than a cruise ship, and then depart by other means than a cruise ship. Again, these visitors do not appear in our counts of cruise arrivals. As a result, the cruise industry arrivals presented in this report are not necessarily comparable to cruise passenger numbers reported by other sources.

Another important point to stress is the potential for misinterpretation of changes in cruise arrival numbers. Cruise arrivals for 2002 increased from 510,000 in 2001, to 581,000—a 14 percent increase. However, the number of visitors who arrived by other means and then cruised out of Alaska actually declined slightly (from 170,000 people in 2001 to 154,700 in 2002). Further, the third category—visitors who arrived in Alaska by various means and cruised within the state before leaving by other means—are not quantified in secondary arrival reports. Therefore, it is important to note that although the net total of all cruise passengers has increased, the increase is not as dramatic as might be inferred from looking only at arrivals in secondary arrival reports.

Visitor arrivals in Summer 2002 increased approximately 6 percent over Summer 2001—an additional 73,400 visitors (see Table 4 and Table 5). The 14 percent increase (71,000) in visitor cruise arrivals accounts for almost all of this increase. In Summer 2002, more visitors arrived by cruise ship than by domestic air, 46 percent and 45 percent, respectively (see Figure 5). In addition, another 154,700 visitors arrived in the State by other modes, primarily domestic or international air, then cruised south out of Seward. The increase in cruise ship arrivals in Summer 2002 is attributed in part

⁵ U.S. Small Business Administration, Office of Disaster Assistance, Disaster Area 4, Sacramento.

⁶ Norma P. Nickerson. "2003 Outlook Travel Industry Indicators and Economics." *Montana Vision*. The Institute for Tourism and Recreation Research. February 2003.

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to heavy marketing and discounted fares offered by the cruise industry in response to the downturn in travel resulting from the terrorist attacks of September 11, 2001.

**Table 4. Trends in Visitor Arrivals
by Mode of Entry
Summer 1993 to 2002**

Mode	AVSP III	Secondary Arrival Reports (SAR)						AVSP IV	SAR
	1993	1994	1995	1996	1997	1998	1999 ^a	2001	2002
Cruise Ship	247,000	285,100	283,500	336,500	392,100	431,200	457,100	510,000 ^b	581,000 ^b
Domestic Air	443,600	488,000	508,300	547,900	560,800	551,600	565,600	573,000	578,700
Ferry	29,100	28,400	27,000	24,000	18,900	21,600	20,800	17,200	18,000
Highway	91,900	95,300	108,100	103,400	100,200	111,700	110,000	82,100	78,700
International Air	14,500	14,200	13,300	22,500	21,000	20,000	21,700	15,900 ^c	15,600
Other ^c	20,100	20,400	26,900	30,000	27,500	27,600	23,800	4,600	4,200
Total	846,200	931,400	967,100	1,064,300	1,120,500	1,163,700	1,199,000	1,202,800	1,276,200

^a No secondary arrival report was conducted in 1999-00.

^b Includes only cruise passengers who first arrive in Alaska by cruise ship. In 2001 an additional 170,000 cruise passenger arrived by other modes and cruised south from Seward. In 2002, an additional 154,700 passengers cruised south from Seward.

^c "Other" category includes some domestic air arrivals in 1995-1999, but for 2000-01 and 2001-02 includes only drivers and passengers of commercial vehicles, and pedestrians.

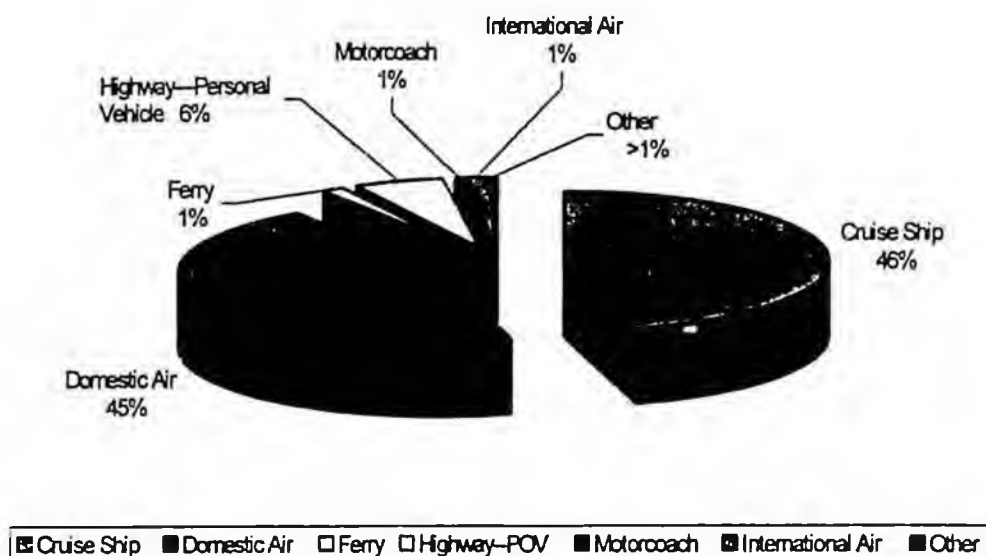
**Table 5. Number and Percent Change in Visitors Arrivals
Summer 2001 and 2002**

Entry Mode	Number for Summer 2001	Number for Summer 2002	Percent Change	Number Change
Cruise Ship	510,000	581,000	14	71,000
Domestic Air	573,000	578,700	1	5,700
Ferry	17,200	18,000	5	800
Highway	82,100	78,700	-4	-3,400
International Air	15,900	15,600	-2	-300
Other	4,600	4,200	-9	-400
Total	1,202,800	1,276,200	6	73,400

Notes: Column and row totals may not equal total due to rounding.

Numbers rounded to the nearest 100.

Figure 5. Percent of Visitor Arrivals by Mode of Arrival Summer 2002



Domestic air visitor arrivals increased approximately one percent while ferry visitor arrivals increased around five percent. International air visitor arrivals decreased two percent, but the decrease could have been more severe if Alaska businesses had not acted proactively to counter the effects of September 11, 2001. In Fairbanks, Alaska, a consortium of 15 businesses, organizations, and individuals led by the Fairbanks Convention and Visitors Bureau pledged \$100,000 to the German-based vacation airline, Condor Airlines as a financial incentive to the airline.⁷ The Letter of Credit was intended to offset a portion of Condor's commercial risk in developing the Fairbanks international air market. Under the terms of the agreement, Condor Airlines would have been reimbursed when the average number of paying passengers boarding in Fairbanks dropped below 50 passengers per return flight. Condor also flies to Anchorage.

However, businesses in Alaska have felt the effects of changing travel patterns. For example, 58 Alaska businesses applied for disaster relief loans from the Small Business Administration (SBA) for economic injury suffered as a result of the terrorist attacks of September 11, 2001. As of early February 2003, SBA had awarded 22 businesses in Alaska \$2,107,900 in disaster relief loans. Most of these small businesses are in the tourism industry.⁸

Highway arrivals decreased by four percent. Some of the decline in highway travel to Alaska has been attributed to a national trend towards shorter vacations taken closer to home. While highway arrivals were down overall, highway arrivals at Poker Creek (Taylor Highway) were up by more than 6,000 over the previous year for the same period. Conversations with customs official did not identify the reason for this increase.

⁷ Fairbanks Convention & Visitors Bureau. "The FCVB presents refund checks to Condor sponsors." November 4, 2002.

⁸ U.S. Small Business Administration, Office of Disaster Assistance, Disaster Area 4, Sacramento.

In terms of total and visitor arrivals to Alaska, it is difficult to sort out the after effects of the terrorism attacks from other factors affecting domestic and international travel prior to September 11, 2001. For example, the downturn in business travel continues.

3.4 Trip Purpose

Visitors to Alaska are categorized by five trip purposes: "Business Only," "Business and Pleasure," "Vacation and Pleasure," "Visiting Friends and Relatives," and "Other." In the Summer season, 75 percent of visitors to Alaska were traveling for "Vacation and Pleasure;" this amounts to almost 1,000,000 visitors (see Table 6). Travel for "Business Only" is the second largest category and accounted for approximately 15 percent of visitors in the summer. Estimates of arrivals by trip purpose for Summer 2002 are based on summer survey data from the most recent AVSP survey year (2000-01). No surveys were conducted during Summer 2002. Table 7 shows trends in visitor arrivals by trip purpose for 1993 through 2002.

**Table 6. Percent and Number of Visitor Arrivals by Trip Purpose
Summer 2002**

Purpose of Trip	Percent	Number
Vacation and Pleasure	75	947,700
Visiting Friends and Relatives	6	75,100
Business and Pleasure	5	61,000
Business Only	15	188,200
Other	n/a	4,200
Total	100	1,276,200

Notes: "Other" category includes drivers and passengers of commercial vehicles and pedestrians and is not a sampled mode of arrival.

The percentages used to estimate arrivals by trip purpose are derived from information collected during AVSP survey years—in this case AVSP IV in 2000-01.

**Table 7. Trends in Purpose of Trip
Summer 1993-2002**

Purpose of Trip	1993	1994	1995	1996	1997	1998	1999	2001	2002
Vacation and Pleasure	524,300	586,200	609,800	682,500	725,800	735,200	785,700	892,700	947,700
Visiting Friends and Relatives	80,900	85,700	88,500	91,900	91,600	92,800	92,800	70,700	75,100
Business and Pleasure	50,500	53,500	54,900	58,100	58,100	58,900	59,400	57,500	61,000
Business Only	78,100	79,700	81,300	84,600	84,900	86,000	85,800	177,300	188,200
Other ^a	11,600	11,800	12,000	12,000	12,000	12,000	12,300	4,600	4,200
Total	745,400	816,900	846,500	929,100	972,400	985,100	1,036,000	1,202,800	1,276,200

No secondary arrival study conducted in 1999-00.

^a From 1993-1999 "Other" category included seasonal workers. For 2001 and 2002 includes drivers and passengers of commercial vehicles and pedestrians.

3.5 Mode Use

Visitors to Alaska can arrive and depart by a variety of modes and many people in the tour and travel industry are interested in the combined mode use (entry and exit) of visitors. It is important to remember that the AVSP is designed to give accurate information about the characteristics of visitors. This information can be divided to show differences by mode of entry, trip purpose, and traveler type. The AVSP sample plan does not include any monitoring or adjustments based on visitors' "intended" mode of exit.

Visitors that agree to participate in the AVSP are asked, among other things, "how they intend" to depart the State. No effort is made to ensure that a certain number of visitors are interviewed who are departing by different modes. The sample plan includes several adjustments to account for the fact that a relatively small number of visitors arrive by international air and ferry. No similar adjustments are made to account for differences in the way visitors depart the State. As a result, a random sample of arriving visitors might yield either a very low or a very high number of visitors departing by a given mode.

As a result, information about overall mode use can be corroborated with, but should not be based solely on, AVSP survey data. For example, arrival data from airlines and Cruise Line Agencies of Alaska (CLAA) give a very good indication of the number of people who arrive by air and depart by cruise ship, or who arrive by cruise ship and depart by air. These data are a better source of information regarding the air-cruise mode market or total cruise and total air mode markets than the RAS survey data alone and are used in estimating one-way and round-trip mode used in the table below.

The table shows estimates of one-way and round-trip mode use for various modes. The estimates of one-way and round-trip mode use for domestic air and cruise ship are derived from airline arrival data and data provided by the cruise industry. The estimates for one-way and round trip mode use for ferry, international air, and highway visitors are taken from survey data for AVSP IV.

The one-way users in the cruise ship category include approximately 154,700 people who are assumed (for this table) to have flown into the State on domestic air and cruised south across the Gulf out of Seward. Another 156,000 cruised into the State and left via an alternate mode of transportation (assumed for this table to be domestic air). Most of the 425,000 people who fall into the round-trip cruise ship users category sailed from Seattle, San Francisco, Vancouver, or Prince Rupert through Southeast Alaska.

Summer 2002 Secondary Arrival Report

Number of Visitors Who Travel One Way or Round Trip by Selected Modes
Summer 2002

Mode of Entry	Number of Visitors by Mode Use	
	One-Way Users	Round-Trip Users
Domestic Air ^a	310,700	268,000
International Air	9,700	5,900
Cruise Ship ^a	310,700 ^b	425,000
Ferry	12,200	5,800
Highway ^c	11,700	60,000
Other ^c	-	4,200

Notes: Includes percentages of individuals who refused to respond or did not know their method of exit. Percentages for one-way users of international air, ferry, and highway are estimated from survey information in AVSP IV.

^a Based on arrival data from airlines and data from Cruise Line Agencies of Alaska.

^b Approximately 154,700 people flew into the State and cruised south across the Gulf out of Seward. Another 156,000 cruised into the State and left via an alternate mode of transportation.

^c In past AVSP reports, mode of exit for highway referred to personal vehicles. Motorcoach arrivals are not a sampled mode in the AVSP. However, since visitors are surveyed as they arrive, the potential exists that some of those interviewed may be departing via motorcoach.

2 Total Arrivals (Residents and Visitors Combined)

Table 2 and Figure 1 show trends in total arrivals for residents and visitors combined by mode of entry. Table 3 shows the number and percent change in arrivals between 2001 and 2002. Total arrivals in Summer 2002 (residents and visitors combined) increased by approximately 5 percent over Summer 2001. This increase was driven by a 14 percent increase in cruise ship arrivals going from 510,000 arrivals in Summer 2001 to 581,000 in Summer 2002. Domestic air arrivals increased about 1 percent, accounting for an additional 12,800 arrivals. Highway-personal vehicle traffic was down approximately 2 percent and motorcoach arrivals were down 25 percent. International air arrivals showed a small increase of 2 percent.

**Table 2. Trends in Total Arrivals (Residents and Visitors)
by Mode of Entry
Summer 1993 to 2002**

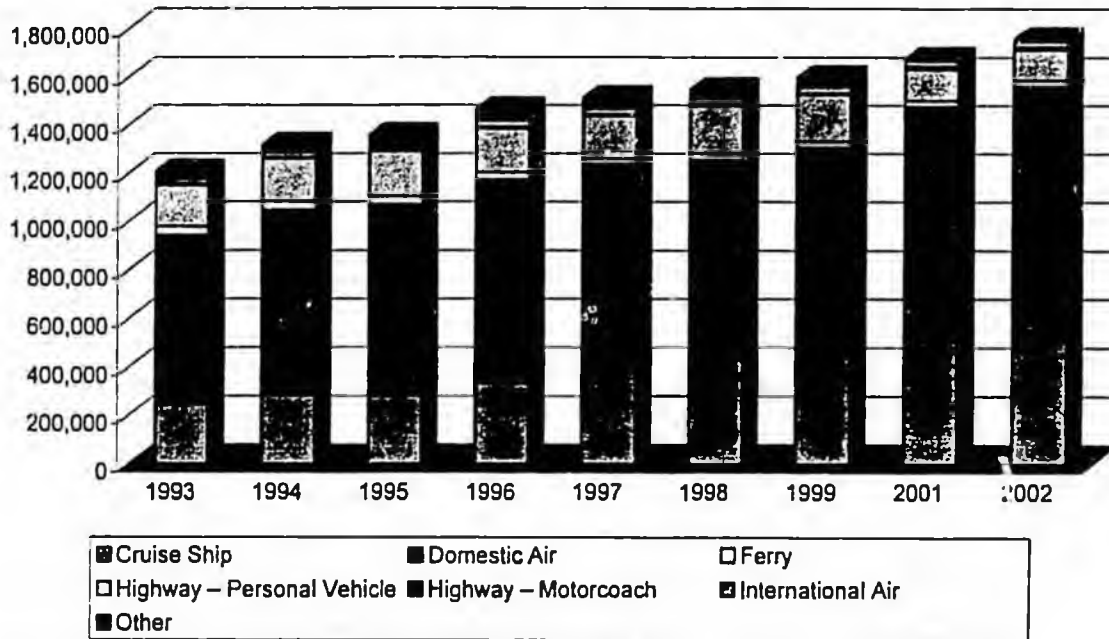
Mode	AVSP III	Secondary Arrival Reports (SAR)						AVSP IV	SAR
	1993	1994	1995	1996	1997	1998	1999 ^a	2001	2002
Cruise Ship	247,000	285,100	283,500	336,500	392,100	431,200	457,100	510,000 ^b	581,000 ^b
Domestic Air	697,500	763,600	788,100	837,000	845,500	824,500	850,100	968,000	980,800
Ferry	35,900	35,100	33,000	30,100	23,500	26,400	25,800	24,100	25,400
Highway— Personal Vehicle	171,100	178,300	188,100	183,100	178,500	199,000	195,900	130,400	128,000
Highway— Motorcoach	4,100	3,900	3,900	4,200	3,700	4,100	3,700	10,900	8,200
International Air	19,500	20,600	19,300	28,600	26,500	25,100	27,500	24,700	25,200
Other ^c	31,500	31,900	42,200	47,100	43,800	37,700	38,000	7,700	7,100
Total	1,206,500	1,318,500	1,357,900	1,466,500	1,513,500	1,548,000	1,598,200	1,675,800	1,755,700

^a No secondary arrival report was conducted in 1999-00.

^b Includes only cruise passengers who first arrive in Alaska by cruise ship. In 2001 an additional 170,000 cruise passenger arrived by other modes and cruised south from Seward. In 2002, an additional 154,700 passengers cruised south from Seward.

^c "Other" category includes some domestic air arrivals in 1995-1999, but for 2000-01 and 2001-02 includes only drivers and passengers of commercial vehicles, and pedestrians.

**Figure 1. Trends in Total Arrivals (Residents and Visitors)
by Mode of Arrival
1993 through 2003**



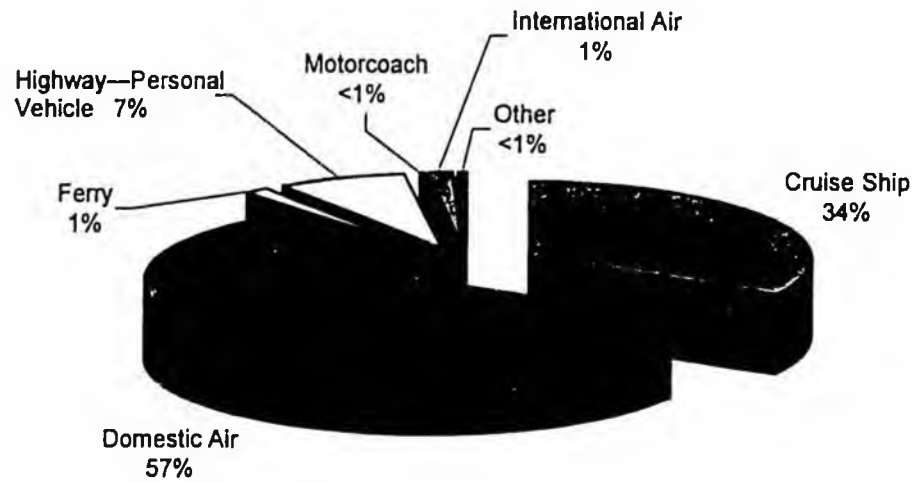
Note: No secondary arrival report was conducted in 1999-00.

**Table 3. Number and Percent Change in Total Arrivals (Residents and Visitors Combined)
by Mode of Arrival
Summer 2001 and Summer 2002**

Entry Mode	Number for Summer 2001	Number for Summer 2002	Number Change	Percent Change
Cruise Ship	510,000	581,000	71,000	14
Domestic Air	968,000	980,800	12,800	1
Ferry	24,100	25,400	1,300	5
Highway - Personal Vehicle	130,400	128,000	-2,400	-2
Highway - Motorcoach	10,900	8,200	-2,700	-25
International Air	24,700	25,200	500	2
Other	7,700	7,100	-600	-8
Total	1,675,800	1,755,700	79,900	5

In Summer 2002 domestic air arrivals accounted for approximately 57 percent of total arrivals, while cruise ship arrivals accounted for 34 percent (see Figure 2). Highway personal vehicles accounted for 7 percent of arrivals while international air, ferry, and motorcoach arrivals accounted for 1 percent or less respectively.

**Figure 2. Percent of Total Arrivals (Residents and Visitors Combined)
by Mode of Arrival
Summer 2002**



■ Cruise Ship ■ Domestic Air □ Ferry □ Highway—POV ■ Motorcoach □ International Air ■ Other

Alaska State Legislature

Session: (Jan-May)
State Capitol, Room 208
Juneau, AK 99801-1182
(907) 465-3777
Fax (907) 465-2819

Interim: (June-Dec)
716 West 4th Avenue, Suite 600
Anchorage, AK 99501-2133
(907) 269-0155
(907) 269-0154 Fax



Pete Kott

Speaker of the House

Sponsor Statement for

CS for House Bill 271 (FIN)

“An Act levying and providing for the collection and administration of an excise tax on rental of passenger and recreational vehicles usable on highways and vehicular ways; and providing for an effective date.”

The travel industry is the second largest private-sector industry in Alaska. There were 1.6 million visitors to the state in 2002 -- two visitors for every resident. More Americans are choosing to spend their vacations in the United States since September 11, 2001, when international travel became more uncertain. Alaska's distance from the lower 48 states makes it an interesting destination and adventure; Alaska's geographic size, small population, and natural attractions contribute to a feeling of security for tourists.

The majority of visitors to Alaska come by cruise ship or domestic flight, and many of these visitors rent passenger or recreational vehicles to view our scenery and wildlife. Extra vehicles exacerbate the need for road maintenance and repair and conduces interest in construction of roads into other potential tourist destinations.

House Bill 271 is a way for the State to raise revenues that could be used for road and highway maintenance, repair, and construction as well as contributed to the tourism industry for promotion and marketing. This bill would levy a 10 percent tax on the amount charged for the lease or rental of a passenger vehicle, exempting government employees, and would put us on a par with other states' taxes on rentals. House Bill 271 has the potential of bringing \$6.0 million annually to the State.

At a time when State government spending must be decreased in order to balance the budget, those who benefit from State services must, concurrently, contribute to the support of those services.

HB

271

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

REPORTED OUT

MAY 20 2003

SENATE FINANCE COMMITTEE

DATE: 5/19/03

FURTHER:

DATE TURNED IN TO OFFICE: 5/20/03

Finance Committee considered CS FOR HOUSE BILL NO. 271(FIN)(efd am)

HB 271 PASSENGER/RECREATIONAL VEHICLE RENTAL TAX

"An Act levying and providing for the collection and administration of excise taxes on the rental of passenger and recreational vehicles usable on highways and vehicular ways; and providing for an effective date."

and recommends:

[] be replaced with _____ CS _____ (_____)

[] adopt previous _____ CS _____ (_____)

[] attached amendment(s)

[] adopt Letter of Intent by _____ Committee

[] further referral to _____ Committee

Senate Bill:

[] same title

[] new title

House Bill:

[] same title

[] technical title

[] new: SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#
Rev.	5/20/03	96.5		

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Zero	FN#

[] APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>Adrian Taylor</i>			✓	
<i>Ben Sturges</i>	X			
<i>Lydia Green</i>		✓	✓	
COCHAIR: <i>Lydia Green</i>	✓			
COCHAIR: <i>Tommy Weber</i>				

MAY 20 2003

SENATE FINANCE
COMMITTEE

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: _____

Bill Version: _____

CSHB271(FIN)(efd am)

() Publish Date: _____

Revision Date/Time (Note if correction): _____

Dept. Affected: _____

Revenue

Title Passenger Vehicle Rental Tax

BRU

Revenue Operations

Component

Tax DivisionSponsor Representative KottRequester Senate Finance Committee

Component No.

2476

Expenditures/Revenues

(Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services	55.0	55.0	55.0	55.0	55.0	55.0
Travel	5.0	2.0	2.0	2.0	2.0	2.0
Contractual	25.0	12.0	12.0	12.0	12.0	12.0
Supplies	3.0	1.0	1.0	1.0	1.0	1.0
Equipment	8.5					
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	96.5	70.0	70.0	70.0	70.0	70.0

CAPITAL EXPENDITURES						

CHANGE IN REVENUES ()	1,000.0	6,000.0	6,000.0	6,000.0	6,000.0	6,000.0

FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	96.5	70.0	70.0	70.0	70.0	70.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	96.5	70.0	70.0	70.0	70.0	70.0

Estimate of any current year (FY2003) cost: 0.0Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time	1	1	1	1	1	1
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation would impose a 10% state tax on the rental or lease of passenger vehicles, and a 3% state tax on the lease or rental of recreational vehicles. The new taxes would take effect January 1, 2004. Commercial vehicles and farm equipment would be exempt, as would emergency and firefighting vehicles and all rentals by state, federal and local government employees on official business. Vehicles leased for more than 90 consecutive days also would be exempt from the tax.

The definition of recreation vehicles in this legislation includes traditional RVs plus campers, camper trailers, and pickup trucks with camper units mounted on the bed.

See attached page for the revenue estimate and operating costs.

Prepared by: Larry ParsilyPhone 465-5469Division Department of RevenueDate/Time 5/20/03 9:04 AMApproved by: Larry ParsilyDate 5/20/2003Agency Department of Revenue

**CSHB271(FIN)(efd am) - Passenger Vehicle Rental Tax
Department of Revenue – May 20, 2003**

Page 2 of 2

OPERATING EXPENDITURES

The Department of Revenue anticipates additional costs for administering this new tax. There are more than 100 businesses that rent out cars and RV's across Alaska. We envision that this tax would be paid quarterly, which would mean between 400 and 500 tax returns during the year, of which several might involve questions, audits or additional work, and perhaps enforcement and collection efforts.

The Department expects it will need the equivalent of one full-time employee to handle the accounting and collections, taxpayer service and compliance work associated with this tax. In addition, we would expect to conduct taxpayer outreach and education efforts to help start this new program, and we also would use the additional contractual funds requested in Fiscal 2004 to pay for a computer program for tracking payments and taxpayer returns.

REVENUE ESTIMATE

The Department estimates the combination of a 10% passenger vehicle tax and a 3% RV tax would raise approximately \$6 million a year in additional revenue to the state.

The revenue in the first year of the program, Fiscal 2004, is estimated at \$1 million because the state would receive just one quarterly tax payment in the first year — the April 2004 payment for January through March rentals — and that payment would cover the slowest period of rental car business in the state.

CS FOR HOUSE BILL NO. 271(FIN)(efd am)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-THIRD LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Amended: 5/15/03

Offered: 5/7/03

Sponsor(s): REPRESENTATIVE KOTT

A BILL

FOR AN ACT ENTITLED

1 "An Act levying and providing for the collection and administration of excise taxes on
2 the rental of passenger and recreational vehicles usable on highways and vehicular
3 ways; and providing for an effective date."

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

5 * Section 1. AS 43 is amended by adding a new chapter to read:

6 Chapter 52. Vehicle Rental Taxes.

7 Sec. 43.52.010. Levy of passenger vehicle rental tax. There is imposed an
8 excise tax on the charge for the lease or rental of a passenger vehicle in this state if the
9 lease or rental of the passenger vehicle does not exceed a period of 90 consecutive
10 days.

11 Sec. 43.52.020. Rate of passenger vehicle rental tax. The rate of the tax
12 levied in AS 43.52.010 is 10 percent of the total fees and costs charged for the lease or
13 rental of the passenger vehicle.

14 ~~Sec. 43.52.030. Levy of recreational vehicle rental tax. There is imposed an~~

delete
→

~~excise tax on the charge for the lease or rental of a recreational vehicle in this state if the lease or rental of the recreational vehicle does not exceed a period of 90 consecutive days~~

delete

Sec. 43.52.040. Rate of recreational vehicle rental tax. The rate of the tax levied in AS 43.52.030 is three percent of the total fees and costs charged for the lease or rental of the recreational vehicle.

Sec. 43.52.050. Liability for payment of vehicle rental taxes. (a) The taxes imposed by this chapter shall be collected and paid to the department

(1) by the person who provides the leased or rented vehicle; and

(2) in the manner and at the times required by the department by regulation.

(b) The tax shall be stated as a separate item on the lease or rental contract or other document invoicing payment.

Sec. 43.52.060. Applicability of the tax. The provisions of this chapter apply to a passenger or recreational vehicle whether or not the vehicle is registered and licensed in this state.

Sec. 43.52.070. Relationship to municipal levies. The taxes imposed by this chapter are in addition to taxes that may be imposed on vehicle rentals by a municipality under AS 29.45.

Sec. 43.52.080. Administration of tax. (a) The department shall administer the taxes imposed by this chapter and may adopt necessary regulations.

(b) The proceeds of the vehicle rental taxes imposed by this chapter shall be deposited into a special vehicle rental tax account in the general fund.

(c) The legislature may appropriate the actual balance of the vehicle rental tax account for tourism development and marketing. This section is not intended to create a dedicated fund.

Sec. 43.52.090. Exemption. The tax imposed in this chapter does not apply to leases or rentals for official use to federal, state, or local government agencies or employees.

Sec. 43.52.099. Definitions. In this chapter,

(1) "fees and costs" means all charges incurred by the renter before the

SENATE FINANCE COMMITTEE
598 / 2003 COMMITTEE ACTION

Bill Number	HB 271		
Amendment	#1		
Motion	adopt		
<u>Motion by</u>	Bunde		
<u>Objection by</u>	Wilken		
<u>Removed</u>	✓		
<u>Second Objection by</u>	Green		
<u>Committee Member</u>	Y	Vote	N
Senator Hoffman			✓
Senator Olson			✓
Senator Stevens			✓
Senator Taylor	✓		
Senator Bunde	✓		
Co-Chair Green			✓
Co-Chair Wilken	✓		
<u>Tally</u>			
Yea	3		
Nay	4		
Absent			
<u>MOTION</u>	FAIL		

delete ~~fr~~ page 1 line 14 through
 page 2 line 3
 Sec. 43.52.030 all language

Amendment #2
FAILED

23-LS0936X.A

CS FOR HOUSE BILL NO. 271(FIN)(efd am)
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-THIRD LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Amended: 5/15/03

Offered: 5/7/03

Sponsor(s): REPRESENTATIVE KOTT

A BILL

FOR AN ACT ENTITLED

1 "An Act levying and providing for the collection and administration of excise taxes on
2 the rental of passenger and recreational vehicles usable on highways and vehicular
3 ways; and providing for an effective date."

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

5 * Section 1. AS 43 is amended by adding a new chapter to read:

6 Chapter 52. Vehicle Rental Taxes.

7 Sec. 43.52.010. Levy of passenger vehicle rental tax. There is imposed an
8 excise tax on the charge for the lease or rental of a passenger vehicle in this state if the
9 lease or rental of the passenger vehicle does not exceed a period of 90 consecutive
10 days.

11 Sec. 43.52.020. Rate of passenger vehicle rental tax. The rate of the tax
12 levied in AS 43.52.010 is ~~10~~ percent of the total fees and costs charged for the lease or
13 rental of the passenger vehicle. ←

14 Sec. 43.52.030. Levy of recreational vehicle rental tax. There is imposed an

1 excise tax on the charge for the lease or rental of a recreational vehicle in this state if
2 the lease or rental of the recreational vehicle does not exceed a period of 90
3 consecutive days.

4 **Sec. 43.52.040. Rate of recreational vehicle rental tax.** The rate of the tax
5 levied in AS 43.52.030 is three percent of the total fees and costs charged for the lease
6 or rental of the recreational vehicle.

7 **Sec. 43.52.050. Liability for payment of vehicle rental taxes.** (a) The taxes
8 imposed by this chapter shall be collected and paid to the department

9 (1) by the person who provides the leased or rented vehicle; and

10 (2) in the manner and at the times required by the department by
11 regulation.

12 (b) The tax shall be stated as a separate item on the lease or rental contract or
13 other document invoicing payment.

14 **Sec. 43.52.060. Applicability of the tax.** The provisions of this chapter apply
15 to a passenger or recreational vehicle whether or not the vehicle is registered and
16 licensed in this state.

17 **Sec. 43.52.070. Relationship to municipal levies.** The taxes imposed by this
18 chapter are in addition to taxes that may be imposed on vehicle rentals by a
19 municipality under AS 29.45.

20 **Sec. 43.52.080. Administration of tax.** (a) The department shall administer
21 the taxes imposed by this chapter and may adopt necessary regulations.

22 (b) The proceeds of the vehicle rental taxes imposed by this chapter shall be
23 deposited into a special vehicle rental tax account in the general fund.

24 (c) The legislature may appropriate the actual balance of the vehicle rental tax
25 account for tourism development and marketing. This section is not intended to create
26 a dedicated fund.

27 **Sec. 43.52.090. Exemption.** The tax imposed in this chapter does not apply
28 to leases or rentals for official use to federal, state, or local government agencies or
29 employees.

30 **Sec. 43.52.099. Definitions.** In this chapter,

31 (1) "fees and costs" means all charges incurred by the renter before the

SENATE FINANCE COMMITTEE
5/20/2003 COMMITTEE ACTION

Bill Number	HB 271		
Amendment	#2		
Motion	adopt		
<u>Motion by</u>	Bunde		
<u>Objection by</u>	Wilken		
<u>Removed</u>			
<u>Second Objection by</u>			
<u>Committee Member</u>	<u>Y</u>	<u>Vote</u>	<u>N</u>
Senator Olson	✓		
Senator Stevens			✓
Senator Taylor			✓
Senator Bunde	✓		
Senator Hoffman	✓		
Co-Chair Green			✓
Co-Chair Wilken			✓
<u>Tally</u>			
Yea	3		
Nay	4		
Absent			
<u>MOTION</u>	FAIL		

Amendment #3

SENATE FINANCE COMMITTEE
5/29 2003 COMMITTEE ACTION

Bill Number	HB 271		
Amendment	#3		
Motion	adopt		
<u>Motion by</u>	Taylor		
<u>Objection by</u>	Wilken		
<u>Removed</u>			
<u>Second Objection by</u>			
<u>Committee Member</u>	<u>Y</u>	<u>Vote</u>	<u>N</u>
Senator Stevens			✓
Senator Taylor	✓		
Senator Bunde			✓
Senator Hoffman	✓		
Senator Olson			✓
Co-Chair Green			✓
Co-Chair Wilken			✓
<u>Tally</u>			
Yea	2		
Nay	5		
Absent			
<u>MOTION</u>	FAIL		

ability to
~~State~~ Tax on Rental Car
exclusive to the State

Alaska State Legislature

Session: (Jan-May)
State Capitol, Room 208
Juneau, AK 99801-1182
(907) 465-3777
Fax (907) 465-2819

Interim: (June-Dec)
716 West 4th Avenue, Suite 600
Anchorage, AK 99501-2133
(907) 269-0155
(907) 269-0154 Fax

Pete Kott **Speaker of the House**

Sponsor Statement **for** **CS for House Bill 271 (FIN)**

“An Act levying and providing for the collection and administration of an excise tax on rental of passenger and recreational vehicles usable on highways and vehicular ways; and providing for an effective date.”

The travel industry is the second largest private-sector industry in Alaska. There were 1.6 million visitors to the state in 2002 -- two visitors for every resident. More Americans are choosing to spend their vacations in the United States since September 11, 2001, when international travel became more uncertain. Alaska's distance from the lower 48 states makes it an interesting destination and adventure; Alaska's geographic size, small population, and natural attractions contribute to a feeling of security for tourists.

The majority of visitors to Alaska come by cruise ship or domestic flight, and many of these visitors rent passenger or recreational vehicles to view our scenery and wildlife. Extra vehicles exacerbate the need for road maintenance and repair and conduces interest in construction of roads into other potential tourist destinations.

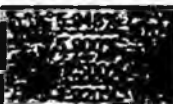
House Bill 271 is a way for the State to raise revenues that could be used for road and highway maintenance, repair, and construction as well as contributed to the tourism industry for promotion and marketing. This bill would levy a 10 percent tax on the amount charged for the lease or rental of a passenger vehicle, exempting government employees, and would put us on a par with other states' taxes on rentals. House Bill 271 has the potential of bringing \$6.0 million annually to the State.

At a time when State government spending must be decreased in order to balance the budget, those who benefit from State services must, concurrently, contribute to the support of those services.

THE
FOLLOWING
DOCUMENT(S)
ARE
POOR
ORIGINAL
COPIES

Table 2
Rental Car Tax
State-by-State Comparison¹

State	State Rental Tax		State Sales Tax		Local Rental Tax		Local Sales Tax		Effective Tax	
	Tax Rate ²	Applicable	Tax Rate	Applicable	Maximum Local Rate ^{2,3}	Applicable	Local Rate	Maximum Effective Tax	Rank	
Illinois ⁴	5.000%	No	6.250%		18.500%	Yes	up to 2%	31.750%	1	
Arizona ³	5.000%	Yes	5.000%		17.300%	Yes	up to 2.5%	29.800%	2	
Massachusetts ⁵	0.000%	Yes	5.000%		20.600%	N.A.	N.A.	25.600%	3	
Texas ³	10.000%	No	6.250%		13.000%	No	up to 2%	23.000%	4	
Louisiana ³	3.000%	Yes	4.000%		10.250%	Yes	up to 5%	22.250%	5	
Washington ³	5.900%	Yes	6.500%		7.000%	Yes	up to 2.1%	21.500%	6	
Nevada ³	6.000%	Yes	8.500%		8.000%	Yes	up to 0.5%	21.000%	7	
North Carolina ³	8.000%	No	4.000%		10.000%	Yes	up to 2.5%	20.500%	8	
Colorado ³	0.000%	Yes	2.900%		11.460%	Yes	up to 5%	19.360%	9	
North Dakota ³	3.000%	Yes	5.000%		10.000%	No	up to 1.75%	18.000%	10	
Indiana ³	0.000%	Yes	5.000%		13.000%	N.A.	N.A.	18.000%	11	
Oregon ³	0.000%	N.A.	N.A.		18.000%	N.A.	N.A.	18.000%	11	
Utah	6.500%	Yes	4.750%		3.000%	Yes	up to 3.35%	17.600%	13	
California ³	0.000%	Yes	7.000%		8.000%	Yes	up to 2.5%	17.500%	14	
Minnesota ³	6.200%	Yes	6.500%		3.500%	Yes	up to 1%	17.200%	15	
Georgia ³	0.000%	Yes	4.000%		11.000%	Yes	up to 2%	17.000%	16	
Virginia ³	8.000%	No	4.500%		7.000%	Yes	up to 2%	17.000%	16	
New Jersey ³	0.000%	Yes	6.000%		10.000%	N.A.	N.A.	16.000%	18	
New Mexico	9.000%	Yes	5.000%		N.A.	Yes	up to 1.9375%	15.938%	19	
Nebraska	4.500%	Yes	5.000%		4.000%	Yes	up to 1.5%	15.000%	20	
Oklahoma	6.100%	Yes	4.500%		N.A.	Yes	up to 4%	14.600%	21	
Arkansas	5.500%	No	5.125%		5.000%	Yes	up to 4%	14.500%	22	
Dist. of Columbia ³	10.000%	No	5.750%		4.000%	N.A.	N.A.	14.000%	23	
New York	5.000%	Yes	4.000%		N.A.	Yes	up to 4.25%	13.250%	24	
Ohio	0.000%	Yes	5.000%		6.000%	Yes	up to 2%	13.000%	25	
Pennsylvania	6.000%	Yes	6.000%		N.A.	Yes	1%	13.000%	25	
Rhode Island	6.000%	Yes	7.000%		N.A.	N.A.	N.A.	13.000%	25	
Wisconsin	3.000%	Yes	5.000%		4.000%	Yes	up to 0.6%	12.600%	28	
Alabama	8.000%	No	4.000%		N.A.	Yes	up to 4%	12.000%	29	
Florida	4.100%	Yes	6.000%		0.000%	Yes	up to 1.5%	11.600%	30	
Maryland	11.500%	No	5.000%		N.A.	N.A.	N.A.	11.500%	31	
South Dakota	5.500%	Yes	4.000%		N.A.	Yes	up to 2%	11.500%	32	
Connecticut	5.000%	Yes	6.000%		N.A.	N.A.	N.A.	11.000%	33	
South Carolina	5.000%	Yes	5.000%		N.A.	Yes	up to 1%	11.000%	33	
Tennessee	2.000%	Yes	6.000%		N.A.	Yes	up to 2.75%	10.750%	35	
Kansas	3.500%	Yes	4.900%		0.000%	Yes	up to 2%	10.400%	36	
Wyoming	4.000%	Yes	4.000%		N.A.	Yes	up to 2%	10.000%	37	
Hawaii	8.000%	Yes	4.000%		N.A.	N.A.	N.A.	10.000%	37	
Maine	10.000%	No	5.000%		N.A.	N.A.	N.A.	10.000%	37	
Kentucky	0.000%	Yes	6.000%		3.000%	N.A.	N.A.	9.000%	40	
Mississippi	6.000%	Yes	3.000%		N.A.	N.A.	N.A.	9.000%	40	
Michigan	0.000%	Yes	6.000%		2.000%	N.A.	N.A.	8.000%	42	
New Hampshire	8.000%	N.A.	N.A.		N.A.	N.A.	N.A.	8.000%	42	
Missouri	0.000%	Yes	4.225%		N.A.	Yes	up to 3.75%	7.975%	44	
Idaho	0.000%	Yes	5.000%		N.A.	Yes	up to 2%	7.000%	45	
Iowa	0.000%	Yes	5.000%		0.000%	Yes	up to 1%	6.000%	46	
Alaska	0.000%	N.A.	N.A.		N.A.	Yes	up to 6%	6.000%	47	
Vermont	0.000%	Yes	5.000%		N.A.	Yes	1%	5.000%	47	
West Virginia	0.000%	Yes	6.000%		N.A.	N.A.	N.A.	6.000%	47	
Montana	2.100%	Yes	6.000%		N.A.	Yes	up to 3%	6.000%	48	
Delaware	1.920%	N.A.	N.A.		N.A.	N.A.	N.A.	1.920%	51	



¹Sources: The National Conference of State Legislatures July 1999, "Travel and Tourism a Legislator's Guide"; Federal Tax Administrators, and National Car Rental for select states. Sources do not coincide for every state.

²Per day charges are converted to percentages using \$50.00 as a base price before surcharges and taxes

³Maximum local tax include additional off-airport car rental fees; AZ-7%, CA-6%, CO-5.96%, DC-4%, GA-8%, IN-7%, LA-5%, MN-3.5%, NV-8%, NJ-10%, NC-5%, ND-10%, OR-4%, TX-8%, VA-7%, WA-4%

⁴Maximum local tax includes transit taxes (16.5% in Chicago)

⁵Maximum local tax includes 20.6% surcharge that is only assessed in Boston

⁶Resort tax

Provided by Rep. Kott

LEGISLATIVE RESEARCH REPORT

MARCH 28, 2003



REPORT NUMBER 03.178

VEHICLE RENTAL INCOME IN ANCHORAGE

PREPARED FOR REPRESENTATIVE BOB LYNN

BY CHERIE NIENHUIS, LEGISLATIVE ANALYST

You asked about rental car income for the cities of Anchorage, Fairbanks, and Juneau. Specifically, you wished to know how much revenue the rental car industry generates on a monthly basis in each of these cities.

Contacts in Juneau and in Fairbanks could not provide us with this information. Fairbanks does not collect a sales tax, and therefore, would have no official access to this information. Although the City and Borough of Juneau does levy a sales tax on car rentals, they are unable to disaggregate the tax paid on rentals from the tax paid by those same agencies for other services they provide.

The Municipality of Anchorage does not have a sales tax, but in 2000, it authorized a tax of 8% on the fees and costs charged to persons renting vehicles in the municipality.¹ The city's Finance Department provided information about gross "fees and costs" reported by rental car agencies since the tax began in 2000. Anchorage Municipal code defines "fees and costs" as the following:

Fees and costs means the value of all charges incurred by the renter, other than the tax prescribed by this chapter, for the use of a motor vehicle, regardless of whether paid in the form of money, property, or services, except for only the following items if separately stated on the rental contract or other document invoicing payment:

1. Fees from the sale of automobile liability insurance, loss damage waiver insurance, and personal accident insurance;
2. Parking tickets;

¹ Anchorage Municipal Code Chapter 12 Section 45 authorizes the vehicle rental tax; the code provides for some tax ceilings and exceptions.

3. The amount of any sales tax, so-called "luxury tax", consumer excise tax, gross receipts tax, or other similar tax imposed by the United States, the State of Alaska, or the Municipality;
4. Payments received by the rental agency from the renter or the renter's insurance provided for damage to a motor vehicle when the damage was incurred during the rental period;
5. Personal property other than items that are permanently affixed to the motor vehicle. Personal property does not include pickup truck shells or campers mounted on the motor vehicle, or trailers designed, constructed, or used primarily for dwelling;
6. The amount of the concession fee paid to the Ted Stevens Anchorage International Airport; and
7. Fueling charges.²

The Anchorage Department of Finance records gross fees and costs for rental car agencies on a quarterly basis. The vehicle rental tax is approximately 8% of these fees and costs, as shown in Table 1 below.³

Table 1: Total Fee and Costs, and Vehicle Rental Taxes Paid, Municipality of Anchorage, Since Tax Inception, 2000 (in thousands)

	2000		2001		2002	
	Total Fees and Costs	Vehicle Rental Taxes Collected	Total Fees and Costs	Vehicle Rental Taxes Collected	Total Fees and Costs	Vehicle Rental Taxes Collected
1st Quarter	n/a	n/a	\$ 6,370.5	\$ 476.9	\$ 6,266.7	\$ 468.4
2nd Quarter	n/a	n/a	\$ 13,896.9	\$ 1,092.4	\$ 14,530.5	\$ 1,123.5
3rd Quarter	n/a	n/a	\$ 29,792.1	\$ 2,300.6	\$ 29,961.9	\$ 2,319.8
4th Quarter	\$ 6,326.7	\$ 460.4	\$ 6,637.2	\$ 500.3	\$ 6,796.3	\$ 488.1
Totals	\$ 6,326.7	\$ 460.4	\$ 56,696.7	\$ 4,370.2	\$ 57,555.4	\$ 4,399.8

Source: Municipality of Anchorage, Department of Finance, (907) 343-6686.

We also include, as Attachment A, a brief summary of the potential revenue and impacts of a state tax on vehicle rentals, as prepared by the Alaska Department of Revenue in February of this year.

I hope you find this information useful. Please do not hesitate to contact us if you have questions or need additional information.

² Anchorage Municipal Code Chap 45 Section 12.010.

³ Neva Hamish of the Municipality of Anchorage Department of Finance explained that there are items included in the gross fees and costs that are not taxed; therefore, tax computations will not exactly equal 8 percent.

Attachment A

"Proposed Revenues," Prepared by
the Alaska Department of Revenue,
February, 2003

Proposed Revenues

BRIEF DESCRIPTION: Tax on vehicle rentals.

DEPARTMENT AND PROGRAM NAME: Department of Revenue.

SUMMARY: The state could impose a tax on vehicle rentals, either a flat per-rental fee or a percentage tax (much like a sales tax). Anchorage already imposes an 8% tax, with Cordova at 6% and Yakutat at 4%.

WHO WILL PAY? Anyone who rents a vehicle, although the state would need to decide if the tax also applies to RVs, trailers and commercial rentals, too, such as heavy equipment. And would the tax apply to leases, or only short-term rentals of less than (for example) 30 days?

ESTIMATED REVENUE EXPECTED: Each 1% tax on rentals would raise approximately \$500,000 to \$600,000 per year. This assumes the vehicle rental business in Alaska is a \$50 million to \$60 million a year industry, and it also assumes that long-term vehicle and commercial leases would be exempt from the tax. The revenue could start flowing to the state by January 1 of the year after passage, to allow time to set up a tax collection program, forms and software.

ESTIMATED COST TO COLLECT: The department estimates the cost of running a vehicle rental tax program at approximately \$125,000 to \$150,000 per year.

WHAT OTHER DEPARTMENTS WILL BE AFFECTED BY THIS PROPOSAL? Department of Community and Economic Development.

WHO WILL SUPPORT THIS BILL? No one specific, unless the state shared the revenue with the airports or communities.

WHO WILL OPPOSE THIS BILL? Probably car rental agencies and perhaps Bush Alaskans who travel frequently to Anchorage or Fairbanks for shopping, business, medical needs or leisure, and who rent vehicles.

CONTACT FOR MORE INFORMATION:

Name: Commissioner Bill Corbus or Deputy Commissioner Larry Persily

Phone: 465-2301

Email: bill_corbus@revenue.state.ak.us, larry_persily@revenue.state.ak.us