

AK LEGISLATURE SPECIAL COMMITTEE FILES SCOMM 146 3144¹⁸

The Net Return to the State of Alaska



Page
4



Tourism

Tourism FY05

(In Thousands of Dollars)

Sources (Revenue)

Vehicle Rental Tax	\$6,417.9
Corporate Tax	\$1,248.4
Subtotal Taxes	\$7,666.3
Licenses Sold	\$17,728.0
AMHS Passenger Fees	\$24,273
Subtotal Receipts	\$42,001
Federal Funds	\$83.4
Subtotal Federal Funds	\$83.4
TOTAL REVENUES	\$49,750

Uses (Expenditures)

	General Fund	Federal	Other Agency	Total
Dept. of Commerce	\$2,321	\$83	\$50	\$2,454
Dept. of Revenue	\$22			\$22
Dept. of Fish & Game			\$1,151	\$1,151
Dept. of Transportation	\$25,589			\$25,589
Total by Category	\$2,343	\$83	\$1,201	\$29,216
TOTAL USES				\$29,216

Net Surplus for Tourism \$20,534



Tourism

Sources (Revenue)

Dept. of Revenue – Vehicle Rental Tax – An excise tax on the charge for the lease or rental of a passenger or recreational vehicle in Alaska. The final vehicle rental tax total of \$6.4 million reported here represents 85 percent of total reported vehicle taxes collected in 2005 and is based on a three year average of the number of people renting vehicles in one of the following three categories: 1. Vacation & Pleasure; 2. Visiting Relatives; or 3. Business & Pleasure. *Source: Alaska Visitor Statistics Program AVSP).*

Dept. of Revenue – Corporation Income Tax Liability for Tourism – Tax liabilities reported on original corporate income tax returns during the fiscal year covering hotels, lodges, guided tour operations and totaling \$1.3 million.

Tourism – Sources Permits / Fees

Dept. of Fish and Game Related Revenues – All non-resident fishing, hunting, and trapping licenses sold during fiscal year 2005 totaling \$17.7 million.

Dept. of Transportation / AMHS – Non-resident passenger fees - Revenues cover months of May - September 2005 and include passenger, car deck, staterooms and on board sales adjusted to reflect Commerce's 2004 AVSP Summer Visitor Arrival report showing 71 percent of ferry travelers between the months of May-September are non-resident . Adjusted total is \$24 million.

Tourism – Sources Federal Funds

Dept. of Commerce – Federal Economic Development Administration to Commerce for rural tourism development initiatives.

Uses (Expenditures)

Dept. of Fish and Game – data entry and licensing accounting personnel to implement the hunting and sport fishing licensing receipts.

Dept. of Commerce – estimated costs for tourism staff, rural tourism development and ATIA contract match.

Dept. of Revenue – estimated staff costs to implement income tax liability activities.

Dept. of Transportation / AMHS - Expenditures reflect costs for the months of May-September while vessels are in revenue status, and do not include overhaul, lay-up or other overhead costs.

The Net Return to the State of Alaska



Page
1



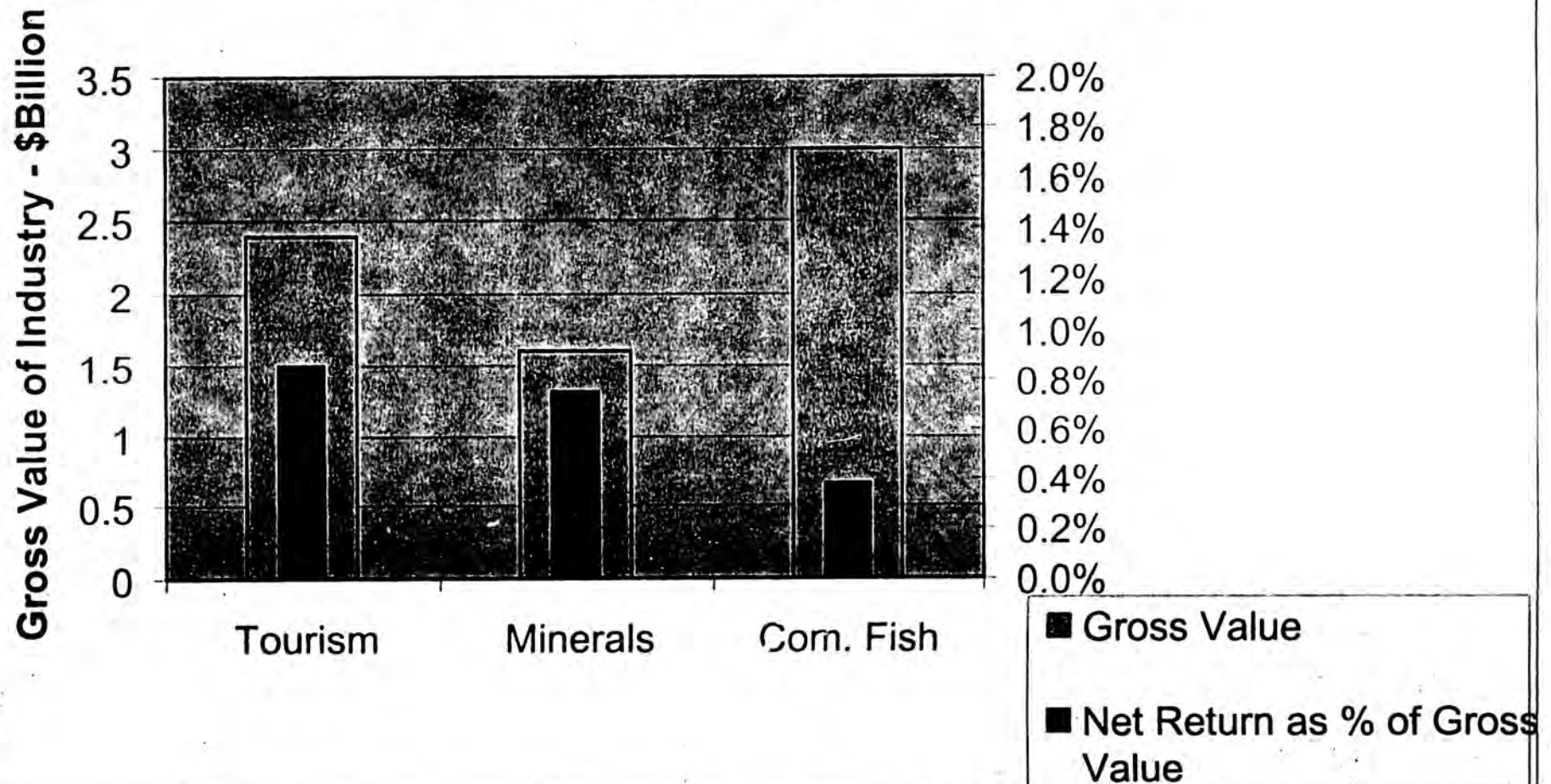
State of Alaska

Timber, Mining, Commercial Fisheries and Tourism Revenues and Expenditures in Fiscal Year 2005

Dollars in Thousands

Resource Category	Total Gross Revenues			Total Operating Expenditures	Difference Between Revenues and Expenditures
	General Funds and Other Funds	Federal Funds	Total Funds		
Timber	\$ 2,040	\$ 170	\$ 2,210	\$ 1,614	\$ 595
Minerals	\$ 13,243	\$ 625	\$ 13,868	\$ 1,809	\$12,059
Fisheries	\$ 74,457	\$16,521	\$ 90,980	\$ 79,551	\$11,427
Tourism	\$ 49,667	\$ 83	\$ 49,750	\$ 29,216	\$20,534
Total	\$137,367	\$17,230	\$156,808	\$110,381	\$44,616
Sources: Departments of Revenue, Fish & Game, Natural Resources, Labor Workforce Development, Transportation and Public Facilities, and Commerce Community and Economic Development					

Net Return as % of Gross Value - FY05



Source: State of Alaska DCCED March 21, 2006



Composition of Total Economy Travel & Tourism Gross State Product, 2002

Rank	Industry	\$ Value	% Distribution
1	Hotels and Lodging Places	226,901,131	14.2%
2	Air Transportation	189,295,052	11.8%
3	Amusement and Recreation Services- N.E.C.	168,063,956	10.5%
4	State & Local Government - Non-Education	145,837,664	9.1%
5	New Highways and Streets	128,441,784	8.0%
6	Eating & Drinking	107,180,342	6.7%
7	Federal Government - Non-Military	105,657,496	6.6%
8	New Industrial and Commercial Buildings	51,403,824	3.2%
9	Transportation Services	45,441,846	2.8%
10	Water Transportation	35,100,550	2.2%
11	Automotive Dealers & Service Stations	30,923,279	1.9%
12	General Merchandise Stores	25,778,521	1.6%
13	Real Estate	24,396,350	1.5%
14	New Government Facilities	23,364,262	1.5%
15	Engineering- Architectural Services	16,253,428	1.0%
16	Wholesale Trade	14,942,215	0.9%
17	Arrangement Of Passenger Transportation	14,889,105	0.9%
18	Banking	14,482,812	0.9%
19	Maintenance and Repair Other Facilities	13,729,329	0.9%
20	Furniture & Home Furnishings Stores	12,639,956	0.8%
21	Natural Gas & Crude Petroleum	12,296,754	0.8%
22	Motor Freight Transport and Warehousing	11,978,685	0.7%
23	Apparel & Accessory Stores	11,491,195	0.7%
24	Communications- Except Radio and TV	11,460,673	0.7%
25	Accounting- Auditing and Bookkeeping	11,317,262	0.7%
26	Management and Consulting Services	9,754,071	0.6%
27	Automobile Repair and Services	9,359,259	0.6%
28	Other Business Services	8,812,202	0.6%
29	Personnel Supply Services	8,675,430	0.5%
30	Automobile Rental and Leasing	8,118,467	0.5%
	All Other	99,762,736	6.2%
	Total	1,597,749,633	100.0%

This table includes both the direct and indirect effects of travel and tourism on all industries from all types of travel and tourism demand (visitors, investment, and government). The table reflects the wide-ranging impact of travel and tourism spending in Alaska on industries in the state. The table is led by industries that are expected to benefit from travel and tourism spending—hotels, restaurants, and transportation—but also points out unexpected industries that benefit from travel and tourism spending. Industries like Accounting—Auditing and Bookkeeping in Alaska gained over \$11 million dollars in economic impact from tourists. Alaska's Personnel Supply Services industry is \$8.7 million richer from travel and tourism spending in Alaska.



Composition of Total Economy Travel & Tourism Employment, 2002

Rank	Industry	Employment	% Distribution
1	Amusement and Recreation Services- N.E.C.	8,017	20.3%
2	Hotels and Lodging Places	7,072	17.9%
3	Eating & Drinking	4,263	10.8%
4	Air Transportation	2,843	6.7%
5	State & Local Government - Non-Education	2,278	5.8%
6	New Highways and Streets	2,190	5.6%
7	Federal Government - Non-Military	1,872	4.7%
8	Transportation Services	1,209	3.1%
9	New Industrial and Commercial Buildings	888	2.3%
10	General Merchandise Stores	727	1.8%
11	Automotive Dealers & Service Stations	531	1.3%
12	Water Transportation	525	1.3%
13	Apparel & Accessory Stores	407	1.0%
14	Arrangement Of Passenger Transportation	377	1.0%
15	Engineering- Architectural Services	376	1.0%
16	Furniture & Home Furnishings Stores	362	0.9%
17	Accounting- Auditing and Bookkeeping	349	0.9%
18	Membership Sports and Recreation Clubs	313	0.8%
19	Personnel Supply Services	308	0.8%
20	Management and Consulting Services	306	0.8%
21	Real Estate	293	0.7%
22	New Government Facilities	288	0.7%
23	Miscellaneous Retail	272	0.7%
24	Credit Agencies	267	0.7%
25	Maintenance and Repair Other Facilities	242	0.6%
26	Motor Freight Transport and Warehousing	232	0.6%
27	Wholesale Trade	230	0.6%
28	Other Business Services	213	0.5%
29	Automobile Repair and Services	179	0.5%
30	Automobile Rental and Leasing	160	0.4%
	All Other	2,030	5.2%
	Total	39,418	100.0%

When the direct and indirect effects of travel and tourism on all industries is factored in, the employment impact in Alaska of Water Transportation increases from the core impact of 447 to 525. However, the percentage of jobs in that industry compared to the total dropped. With the added indirect effect, there is a wider distribution of jobs. Many more industries are indirectly impacted by travel and tourism than just the industries that tourists patronize. The Eating and Drinking industry drops from 16% of direct/core jobs to 10.8%. Travel and tourism spending benefits so many industries that any increase in travel and tourism will be widely felt in the Alaskan economy.

Total economy travel & tourism includes spending not in the core. Investment and government spending is not included in the core travel & tourism spending, another reason for the greater spread of employment across industries.



VII. OTHER SECTORS BENEFITING FROM TRAVEL & TOURISM

One of the powerful results of the TSA analysis is the ability to examine how industries seemingly unrelated to travel and tourism benefit from it. These industries are the suppliers to the travel and tourism sector. Certainly, they are suppliers to many industries, but this analysis shows *the degree* to which travel and tourism activity supports their businesses. Some of this support has been pointed out in the previous section in talking about travel and tourism spending impact. Here, the indirect effect of travel and tourism spending is examined on its own.

In Alaska, Real Estate, Engineering-Architectural Services, and Wholesale Trade hold the top-three spots of travel and tourism's indirect benefits with a combined \$55.6 million of indirect benefit last year. Many of these industries are familiar but the realization of how much of an impact travel and tourism spending has on their revenues can be astonishing.

Indirect Benefits Realized by "Non-Travel & Tourism" Industries – Value Added by Industry, 2002

Rank	Industry	\$ Value	% Distribution
1	Real Estate	24,396,350	8.6%
2	Engineering- Architectural Services	16,253,428	5.7%
3	Wholesale Trade	14,942,215	5.3%
4	Arrangement Of Passenger Transportation	14,889,105	5.2%
5	Banking	14,482,812	5.1%
6	Maintenance and Repair Other Facilities	13,729,329	4.8%
7	Natural Gas & Crude Petroleum	12,296,754	4.3%
8	Motor Freight Transport and Warehousing	11,978,685	4.2%
9	Communications- Except Radio and TV	11,460,673	4.0%
10	Accounting- Auditing and Bookkeeping	11,317,262	4.0%
11	Management and Consulting Services	9,754,071	3.4%
12	Other Business Services	8,812,202	3.1%
13	Personnel Supply Services	8,675,430	3.1%
14	Computer and Data Processing Services	7,370,404	2.6%
15	Electric Services	7,248,575	2.6%
	All Other Industries	96,512,742	34.0%
	Total	284,120,036	100.0%

Note, that the table measures only the indirect effects of *ongoing* travel and tourism operations—not *capital* investment. Real Estate gains almost \$24.4 million in indirect benefits from travel and tourism expenditures. Banking services related to travel & tourism spending—currency exchange, services to hotel/restaurant/airline workers—adds \$14.5 million to Alaska's Gross State Product.

Travel and tourism-related capital investment also plays a key role in the economic contribution of the sector. This capital investment includes construction of hotels, beach preservation, transportation equipment and other travel and tourism infrastructure.



March 5, 2006

The Honorable Representative Craig Johnson
House of Representatives
State Capitol
Juneau, AK 99801

Dear Representative Johnson,

Thank you so much for supporting the Alaska Travel Industry Association [ATIA] through your sponsorship of HB 167, "An Act making special appropriations for a contract with a qualified trade association and for a marketing program."

Seventeen years ago Harvard economist Michael Porter put forward the recipe for competitive success by establishing that winning industries or regions will be those that differentiate themselves by promoting their uniqueness. Alaska tourism has a competitive advantage by virtue of its beauty, location and natural resources, and the tourism industry has worked hard to promote the state's exceptional attractions.

But an increasingly competitive global marketplace is bearing down on us, and it is no longer enough to have a great product. As Porter said, we must have the means to compete and differentiate ourselves in a marketplace where other destinations are willing and able to spend much more to reach their markets.

The good news is that tourism, through its destination marketing efforts, offers a strong pipeline - a marketing pipeline that connects the Alaska travel experience and Alaskan businesses with consumers all over the world. The deliverable is immediate and equates to more than 1.9 million visitors every year.

Like other natural resource industries, we endeavor to reach the market, but our pipeline - built more than 50 years ago - needs refurbishing. The current destination-marketing budget combines \$5 million in private funds raised from the industry with \$5 million matched by the state, all managed by ATIA. But that amount is no longer enough for our message to penetrate the market. Increasingly, other destinations are flooding consumers with more television

commercials, travel stories, co-promotions, direct mail, brochures and Internet marketing. In fact, Alaska now ranks 38th out of the 50 states in terms of public sector funding for tourism marketing.

ATIA anticipates that its marketing effort will be further impacted when industry partners with bigger tax bills to pay are forced to abandon their voluntary contributions to the marketing program. Conservatively, ATIA stands to lose \$2.5 million in industry contributions along with the matching \$2.5 million from the state. Other state and municipal taxes, fees, transport charges, a new car rental tax, lodging tax increases and pending cruise industry taxes now account for an estimated \$140 million collected from tourism businesses and our visitors. This number increases when you add in other municipal and state assessments.

So who gets hurt when Alaska's competitiveness dwindles? Small tourism businesses, those who want jobs in the tourism industry, our economy and our economic advantage.

The decision to grow Alaska travel should be an economic development and investment decision - not a budget decision - in which the governor and the legislature participate. As the tourism industry faces an ever-competitive future with dwindling resources, the legislature has been asked to look at tourism as a renewable economic resource and to develop the economic potential of the industry by overhauling the existing pipeline to bring Alaska's travel resource to market, including:

1. Increase the funding level for the ATIA core destination-marketing program in the next state operating budget to \$20 million;
2. Increase the current funding level for a separate program to entice more independent travelers to \$8.5 million equal to the amount of the current vehicle rental tax.

The potential for the travel industry to further strengthen Alaska's economy and enhance its residents' quality of life is tremendous - each vacationer spends about \$1,260 to enjoy flightseeing trips, fishing charters, museums, glaciers, Native culture and state and national parks. But developing it further will not happen by accident. If Alaska is to stay competitive for the good of future generations, it will be important to remember tourism is not just ATIA's business or the state's business or the legislature's business. Tourism is everyone's business.



COO Ron Peck, COO
Alaska Travel Industry Association



Alaska Campground Owners Association

P.O. Box 111005 Anchorage, Alaska 99511

Toll Free (866) 339-9082 / Fax (907) 334-9082

info@alaskacampgrounds.net

RESOLUTION NO. 2007-02

A RESOLUTION SUPPORTING HB 147 and HB 167

WHEREAS, the Alaska Campground Owners' Association (ACOA) represents an association of small family operated camper park businesses; and

WHEREAS, the independent traveler to Alaska has been in decline for the past six years; and

WHEREAS, the private campground industry has realized a decline in camping occupancy of approximately 10% for each consecutive year; and

WHEREAS, the success of the private campground industry depends heavily on the marketing efforts of the Alaska Travel Industry Association (ATIA) in domestic and Foreign arenas; and

WHEREAS, Alaska's public sector tourism marketing budget ranks 36th when compared with other states competing for the same visitor pool; and

WHEREAS, ATIA studies have shown that small independent business along Alaska's highway system are impacted the greatest with the decline in statewide tourism marketing dollars.

WHEREAS, previous private sector matching fund formula for tourism marketing may no longer be valid with the initiation of the cruise ship head tax; and

WHEREAS, the state's general fund support for tourism marketing has declined from \$23,000,000 in 1990 to \$5,700.00 in 2006.

NOW, THEREFORE, BE IT RESOLVED that the Alaska Campground Owner's Association supports HB 147 and HB 167

BE IT FURTHER RESOLVED that funds raised from the Cruise Ship Head Tax (\$20 Million for core tourism marketing) and the Vehicle Car/RV Rental Tax (\$8.5 Million for Independent and Highway traveler marketing) be incorporated into a \$28.5 Million marketing program for the Alaska Travel Industry Marketing Plan 2007.

PASSED and APPROVED by the ALASKA CAMPGROUND OWNERS'
ASSOCIATION this 4th day of March, 2007.

Chairman of the Board- Scott Reisland

ATTEST: Executive Director-Heidi Boyd



March 9, 2007

Subject: HB 167 and HB 147

Representative Craig Johnson:
FAX 907-465-3872

I was born in Anchorage and raised on a homestead at Montana Creek. My husband, Joe Mathis, and I have owned our seasonal business, Montana Creek Campground, located on the Parks Highway between Willow and Talkeetna in the Matanuska-Susitna Borough, since 1985. We have seven employees and have always hired locally. Over the years we have added some electric hookups and built a nice general store outfitted with groceries and tackle to accommodate all the campers and fishermen who frequent the area. Our customers also frequent other area businesses: cafes, gift shops, video rentals, service stations, and flight seeing service providers. We know that our business contributes to the local economy.

A lot of our business is repeat business from Anchorage, the Matanuska Valley, Fairbanks, and the Parks Highway. However, the segment of our business that we need to grow is that provided by the tourists visiting Alaska in their own or rented vehicles. As a small family-owned seasonal business, we are unable to market our campground outside of Alaska. As members of the Alaska Travel Industry Association, we depend on ATIA to market Alaska on our behalf; we know that we will benefit from others' increased awareness of Alaska as a destination. It is unfortunate that Alaska has consistently failed to adequately fund marketing of this magnificent State to national and international visitors. Frankly, I think we have arrogantly assumed that Alaska's beauty and mystique alone will bring visitors. The reality is that we need to show people Alaska is easily accessible, open for business, and can compete with the wonders and pleasures of other destinations. We need to keep Alaska "out there" to fire the imaginations of people planning their next Adventure to Somewhere. Let's do all we can to ensure that they decide to make it an Adventure in Alaska!

Please support HB 167 and HB 147. Alaska must stop "wishin' and hopin' " to grow its tourism industry; it must nourish it.

Sincerely,

Sheila Lankford

Rex Shattuck

From: Lori Stepansky [lstepansky@haines.ak.us]
Sent: Thursday, March 08, 2007 1:42 PM
To: Rep. Mark Neuman
Subject: *****SPAM***** Please Support Tourism

Representative Neuman,

You are probably being inundated with the ATIA member emails to support tourism funding. I'll add my personal note that it is a no-brainer to see that promotion of Alaska as a destination will provide employment for people as well as bringing people here to spend money means more tax dollars for the state to work with. I know there are many issues to consider and no industry wants to deal with decreases in funding. I don't profess to be the most knowledgeable of all the realms of politics, but it has never made sense to me to cut back and add taxes in the areas which provide the sources of funding for many other areas.

I trust you will consider all the facts in making your decision.

Sincerely,

Lori Stepansky

WHERE DOES ALASKA RANK IN PUBLIC SECTOR TOURISM FUNDING?

- In **2005 we ranked 39th** in public sector funding for Tourism Marketing. That year, 25 states spent more than double Alaska's public sector funding.

The Alaska Travel Industry Association (ATIA) has consistently argued that the State's Tourism Marketing programs are essential to insure the visitor industry remains a strong, vibrant and growing sector of Alaska's economy. ATIA was established in 1999 and has accomplished a great deal in marketing Alaska as a destination for both domestic and international travelers.

Alaska now ranks 38th among the 50 states in public sector funding for tourism. We have rapidly lost much of our voice in the marketplace, while other states (and even many cities) as well as competing international destinations continually increase their investments in promotion. With current levels of funding for visitor marketing, Alaska's visibility in our extremely competitive industry will continue to decline.

Alaska has not only lost ground against competing destinations, but in the costs associated with our marketing efforts. Postage, TV airtime, Magazine ad space and even the simple cost of the paper have more than doubled since 1990 - in that same timespan the State's contribution to marketing has dropped from over \$14 million (over 22 million in 2006 dollars) to only \$5 million last year. Simply put, Alaska's marketing budget (a combined \$10 million last year) buys only a fraction of what it used to.

Since starting up in 1999, ATIA's financial participation in Alaska's tourism marketing program has grown from \$2 million to over \$5 million. The state's participation has dropped from over \$15 million in the early 90s to \$5 million in FY06. No other state has been as successful in raising marketing funds through voluntary private-sector contributions.

ATIA raised over \$5 million in marketing funds in FY07. The State's operating budget reached parity with the industry at \$5 million each. However, taxes targeted at the industry will increase again this year and it is unrealistic to expect the same level of voluntary participation by heavily taxed sectors of the industry -

3/8/2007

therefore ATIA expects to reach only \$2 million in funds from our cooperative marketing programs. Some of the additional taxes received by the State in the next fiscal year should be re-invested to replace lost voluntary marketing contributions.

Tourism is not a drain on the State's resources. In fact, a 2006 report by the State's Department of Commerce, Community & Economic Development showed that Tourism had a net benefit to the State's coffers of \$20 million in FY05 - nearly as much as the combined net benefit of the Timber, Mining and Commercial Fishing industries.

Alaska's visitor industry continues to be one of the state's largest employers and one of the bright spots in Alaska's economy during the past decade. The latest statistics from the Alaska Department of Labor show almost 40,000 annual jobs in the leisure and hospitality industry, more than 13% of the state's total job force. The industry represents \$1.15 Billion in wages & benefits to Alaskan workers.

Alaska's visitor industry is also an important economic engine that reaches out to many other industries and creates even more jobs for Alaskans. When you add in retail trade, transportation and service jobs, anyone can see why the tourism industry is so important to Alaska's economy.

For those who complain that tourism marketing is only for big business, they should look at ATIA's membership list. The majority of ATIA members have five or fewer employees. Over 90% have fewer than 50 employees. If it wasn't for ATIA's cooperative marketing programs, most wouldn't be able to afford to reach national and international audiences.

We understand the hard decisions facing the legislature as they plan each year's budget. However, as legislators consider the budget for Alaska's Tourism Marketing program we hope they'll keep in mind that this is an investment in Alaska's most vibrant and growing economic sector - and unlike many other sectors, one that is matched by the industry itself.

ATIA strongly believes that the \$18 million funding requested from State (matched by a private sector contribution of \$2 million) toward the ATIA administered Alaska Tourism marketing campaign should come from funding source(s) other than the State's vehicle rental tax.

ATIA urges the legislature to follow through on the original intent of the legislation that established the statewide vehicle rental tax, by depositing vehicle rental tax collections into a separate account and reinvesting 100% of the revenues (estimated at \$8.5 million in FY08) toward the funding of an Independent Traveler Marketing Campaign.

Lori Stepansky
Executive Director, Haines CVB
PO Box 530
Haines, AK 99827
907-766-2234
Fax 907-766-3155
Cell 907-314-0067
www.haines.ak.us
lstepansky@haines.ak.us

Haines...everything you dreamed Alaska would be.

Rex Shattuck

From: Bruce Bustamante [bbustamante@anchorage.net]
Sent: Friday, March 09, 2007 2:32 PM
To: Rep. Mark Neuman
Subject: HB 147 and HB 167

Dear Representative Neuman:

Alaska's visitor industry is also an important economic engine that reaches out to many other industries and creates even more jobs for Alaskans. When you add in retail trade, transportation and service jobs, anyone can see why the tourism industry is so important to Alaska's economy.

The Alaska Travel Industry Association (ATIA) also urges the legislature to follow through on the original intent of the legislation that established the statewide vehicle rental tax, by depositing vehicle rental tax collections into a separate account and reinvesting 100% of the revenues (estimated at \$8.5 million in FY08) toward the funding of a separate marketing campaign targeting independent travelers most affected by this tax.

ATIA's request for the State to appropriate \$18 million to fund a Statewide Tourism Marketing program will be matched by \$2 million generated from the industry in cooperative marketing programs to achieve a \$20 million marketing campaign. The state's re-investment, even at \$18 million, will be a fraction of the conservatively estimated \$130 million the State will receive in revenues.

We understand the hard decisions facing the legislature as they plan each year's budget. As legislators consider the budget for Alaska's Tourism Marketing program we hope they'll keep in mind that this is an investment in Alaska's most vibrant and growing economy. With that, I ask for your support of HB 147 and HB 167.

Thank you.

Bruce Bustamante
President/CEO
Anchorage Convention & Visitors Bureau
524 W Fourth Avenue
Anchorage, Alaska 99501-2212
Ph: (907) 276-4118
Fax: (907) 278-5559

Anchorage: Big Wild Life™
4-Time All-America City
Explore Anchorage.net

Rex Shattuck

From: director@sitka.org
Content: Thursday, March 08, 2007 2:17 PM
Subject: Rep. Mark Neuman
Bills HB147 and HB167

Follow Up Flag: Follow up
Flag Status: Purple

March 7, 2007

Representative Mark Neuman,
Chair of the House Special Committee on Economic Development, Trade and Tourism State
Capitol, Room 432 Juneau, Alaska 99801

Dear Representative Neuman:

I urge you to realize the importance of Bills HB147 and HB167, which will affect the
State's tourism marketing formula and core marketing program.

Our agency relies heavily upon the Alaska Travel Industry Association's marketing efforts
to assist in reaching world-wide audiences. By their programs that offer co-operative
efforts, we have been able to participate within our budget means for much needed
additional exposure. Cuts to any of ATIA's marketing programs would strongly affect our
promotion.

The decisions facing the legislature are difficult and I hope you will realize the state's
marketing budget is an investment in Alaska's most vibrant and growing economic sector,
tourism! ATIA members and partners have all invested in this worthwhile industry which
has almost 40,000 annual jobs in leisure and hospitality, representing
1.15 billion in wages and benefits to Alaskan workers (according to the latest statistics
(from the AK Dept. of Labor))!

Out of the 50 U.S. States, Alaska ranks 38th in public sector funding for tourism. The
state has lost much of its momentum in the extremely competitive marketplace. With
current levels of funding for visitor marketing, Alaska's visibility in our extremely
competitive industry will continue to decline. I thank you in advance for looking
seriously at the importance of the bills HB147 and HB167.

Respectfully,
Sandy Lorrigan
Sitka Convention and Visitors Bureau
(907) 747-5940
PO Box 1226, Sitka, AK 99835
Sitka, Alaska - The Natural Place to Visit!



Our lifestyle. your reward

March 9, 2007

The Honorable Mark Neuman
State Capitol, Room 432
Juneau, AK 99801
Rep_Mark_Neuman@legis.state.ak.us

Dear Representative Neuman,

The Ketchikan Visitors Bureau represents 300 businesses, organizations and individuals who support our efforts to market Ketchikan and the southern southeast region of the state as a visitor destination. Approximately 81% of our members employ 20 or fewer people. The visitor industry is vitally important to Ketchikan and to our members located in Saxman, on Prince of Wales Island, Hyder, Wrangell and Metlakatla. While the Ketchikan Visitors Bureau prides itself on executing and delivering a cost effective and results based marketing program, we cannot do it alone. That's why I am writing you to let you know how important the Alaska Travel Industry Association's marketing programs are to our organization and our membership.

The KVB simply doesn't have the resources to launch a full scale national and international marketing program. Television, national and international magazine ads, direct mail and public relations campaigns are critical to promoting a destination- which is why you will see so many states and large cities using these techniques to attract visitors. The fact that ATIA has a presence in the national media to promote Alaska, gives the Ketchikan Visitors Bureau a place there too. A percentage of my annual budget is contributed to ATIA each year towards the match required by the legislature. I participate in many ATIA advertising and marketing programs at additional cost because they are effective in my efforts to promote Ketchikan.

The tourism industry is a critical component of the economy in my community, generating \$152,000,000 in local spending and revenue to city and borough governments annually and accounting for 1,500 FTE jobs (*The Economic and Employment Impacts of the Visitor Industry in Ketchikan, 2004*: McDowell Group). The request before you and other legislators this year to increase funding of and lessen the match requirements for ATIA destination marketing dollars really does matter and must be viewed as an investment that returns many times over revenues to the state and local communities. We have already lost ground in the competition with other states to attract visitors but you have the opportunity now to grow the industry by increasing ATIA's ability to market Alaska to the world. I urge your support of HB147 and HB167. It's vital to Ketchikan, it's vital to Alaska.

Sincerely,

Patti Mackey
Executive Director

C: Representative Kyle Johansen
Representative Bill Thomas
Representative Peggy Wilson

KETCHIKAN VISITORS BUREAU • 131 Front Street Ketchikan, Alaska 99901 • 907-225-6166
E-mail: pmackey@visit-ketchikan.com • www.visit-ketchikan.com

Tok RV Village Inc.
PO Box 739, Tok, AK 99780
Ph 907-883-3648

Dear Representative Mark Newman
Juneau, AK

Ref: funding HB 167

I encourage you to apply your full support to HB 167,

We, Alaskans need support in encouraging more tourists to visit Alaska. Alaska is in serious competition with other Tourist Destinations for the Tourist dollar.

I wish to see increased funding for tourism to be directed toward the individual highway traveling tourist, a market that has been dwindling over the years.

1992, was an exceptionally good year for Alaska's tourist oriented businesses however the highway traffic market has been in decline ever since.

Our family owned business (RV Park) was constructed in 1986 and our Convenience store with fuels opened in April 1992. In October 2006, we closed our convenience store due to reduced customer traffic in the store (reduced highway traffic). In 1992 the two businesses employed 12 or more people. This coming season we plan to start the season with 6 employees. This is quite a reduction in payroll that would go to the community along with the reduced amount of expenditures for services and supplies. I'm referring to moneys that benefit all Alaskans.

Our business in 2006 was down 14.9%, almost the same amount as the reduced individual highway traffic count entering the state. A definite and long term trend.

Will I open the convenience store for this 2007 tourist season? That hasn't been decided at this time. So far we have no firm indication that 2007 will be a better year for business.

Individual highway travelers spend their money in Alaska while those traveling the cruise ships and group tours pay their fees outside the State of Alaska and are then guided to facilities owned by the cruise lines and tour companies. All of this while pushing the state into providing infrastructure for them to market.

Please support HB 167 and increased funding to promote the individual highway traveling tourists.

Thank you,

Jerry Jernigan
President
Cc: ATIA & ACOA

3/10/2007



MT. VIEW R.V. PARK

1405 N. SMITH RD

PALMER, AK

To: All Alaska State Legislators:

I am Dee Starr owner of Mt. View R.V. Park at Palmer AK. In the Mat-Su Valley. The purpose of this letter is to ask for your help in getting increased advertising for the R.V. industry in the State of AK.

We have seen a great decrease in the rubber tire traffic in the State.

The other states have increased advertising to influence the "rubber-tired" traveler's to visit their states instead of us they are all working to overcome the higher cost of fuel.

In order to be competitive in the market place for these travelers, and bring them back to AK. We need to promote travel to this segment of tourism and we need your help in making this happen.

The R.V. Parks support a lot of small business in the communities they are in so a lot of people are relying on them.

I urge you to support our efforts to increase the level of Alaska's advertising efforts. Alaska is a better destination for these travelers than any other state.

Sincerely

Dee Starr

Tourism is Everyone's Business

We are so grateful that the growth of tourism has allowed us to help keep youth here. Fulfilling dreams of developing businesses that they can own and operate and eventually raise their families here. Without our youth our state dies...for what reason would we not want to celebrate and support an industry that will keep our youth here and perpetuate our state's growth and future?

- LesLee and Norman Solberg,
Denali View Raft Adventures and B&B,
Talkeetna, Alaska

Alaska Travel Industry Association

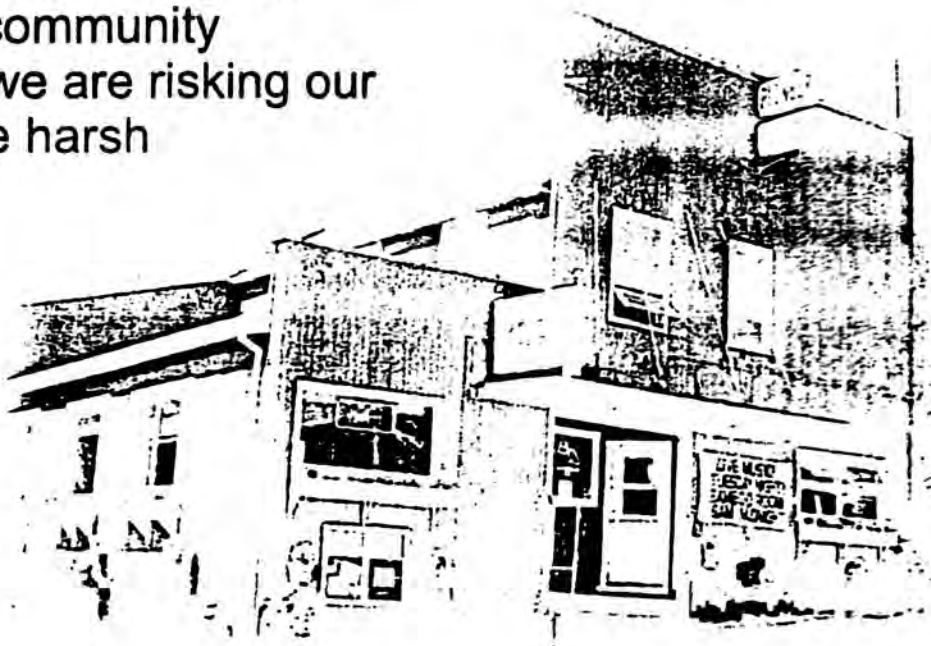
2600 Cordova Street, Suite 201 | Anchorage, AK 99503
(907) 339-2842 phone fax (907) 561-5727
www.AlaskaTIA.org | www.TravelAlaska.com



Tourism is Everyone's Business

Tourism is vital to us. We love and appreciate every tourist who comes to our town. we stay open during the winter because the community depends on us, but we are risking our very survival in these harsh economic times.

-Kristy Tengs,
Bamboo Room
restaurant &
Pioneer Bar,
Haines, Alaska



Alaska Travel Industry Association

2600 Cordova Street, Suite 201 | Anchorage, AK 99503

(907) 929-2842 phone / fax (907) 561-5727

www.AlaskaTIA.org | www.TravelAlaska.com



Tourism is Everyone's Business



In 1991 I came to Alaska for the first time and fell totally in love with this part of the world. Since most Europeans wish to travel to remote parts of Alaska I founded GoNorth Camper Rental in 2001. \$500,000 was spent with small, family owned businesses in Alaska and 90% of this money was generated from selling tour programs to travelers from Europe.

GoNorth Alaska Travel
Center
Rolf Meyer

Alaska Travel Industry Association
2600 Cordova Street, Suite 201 | Anchorage, AK 99503
(907) 929-2842 phone / fax (907) 561-5727
www.AlaskaTIA.org | www.TravelAlaska.com

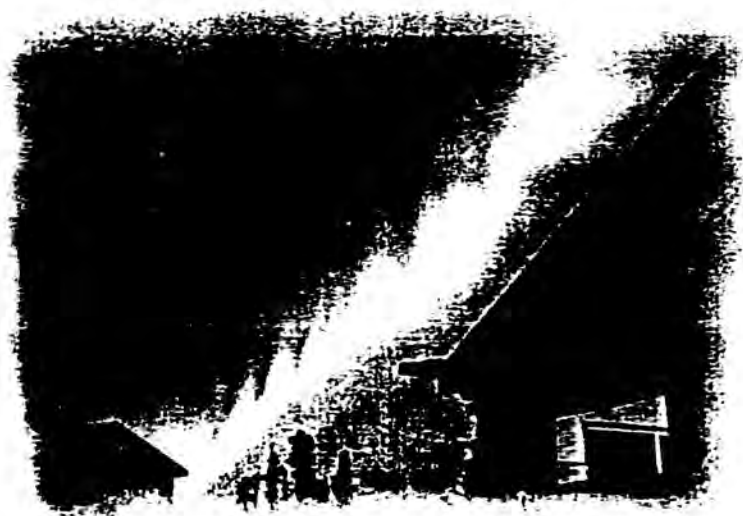


Tourism is Everyone's Business

Being a small business allows us to interact with our guests at a personal level, which to me is a great perk. However being a small business makes it harder to market ourselves in a bigger market. That is where ATIA and FCVB play a big

role. ATIA & FCVB know that we are committed to making our guests happy and through them, we have been able to reach tourists and tour companies.

Mok Kumagai
Aurora Borealis Lodge
Fairbanks, Alaska



Alaska Travel Industry Association

500 Cordova Street, Suite 201 | Anchorage, AK 99503

(907) 929-2842 phone / fax (907) 561-5727

www.AlaskaTIA.org | www.TravelAlaska.com



Tourism is Everyone's Business



We depend on Tourism in so many ways. It provides our income, which allows us to purchase gas, vehicles, boats and motors, supplies, printing, etc. Being in the tourism industry has given us a real sense of pride and accomplishment, for what we are able to provide our guests and community.

Reed & Laura Morisky
Wilderness Fishing Inc.
Fairbanks, Alaska

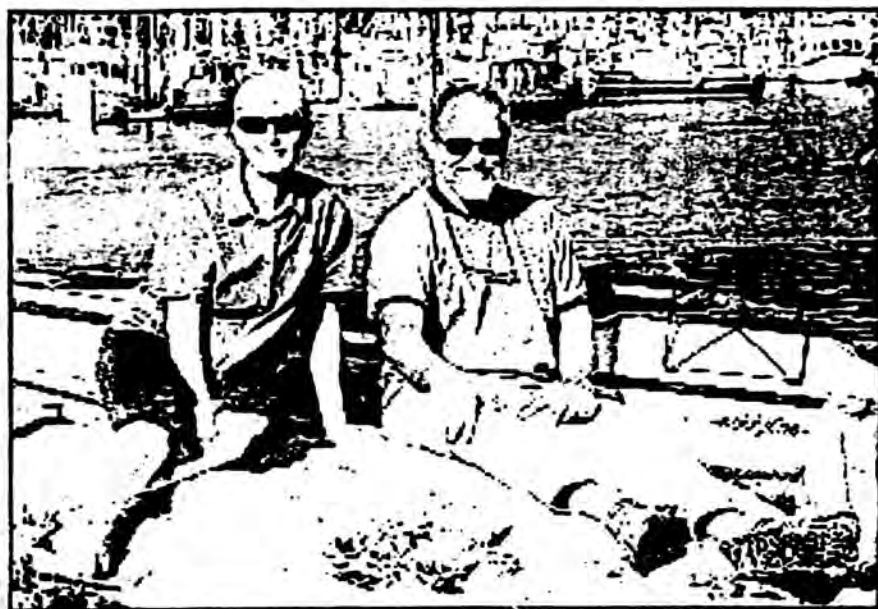
Alaska Travel Industry Association
1000 Cordova Street, Suite 201 | Anchorage, AK 99503
(907) 263-2842 phone / fax (907) 561-5727
www.alaskaTIA.org | www.TravelAlaska.com



Tourism is Everyone's Business

Over these fifteen years the income from SSOA has helped put our three kids through college. It has also given each of them a summer job as well as many of their friends. Most young folks do not have the

luxury of necessary marketing and needs the state to help in the marketing part of Selling Alaska.



John DeLong
Sitka Sound Ocean
Adventures
Sitka, Alaska

Alaska Travel Industry Association
1000 Cordova Street, Suite 201 | Anchorage, AK 99503
(907) 329-2842 phone / fax (907) 561-5727
www.AlaskaTIA.org | www.TravelAlaska.com



Tourism is Everyone's Business

The impact of tourism in communities which are a bit more "upstream" is truly remarkable. It represents one of the only sources of "new dollars" being generated into isolated rural communities that have little or no industry. Although the actual dollars spent marketing rural Alaska is small...its impact on the residents is huge.

John Kreilkamp
Cruise West
Anchorage, Alaska



Alaska Travel Industry Association

2600 Cordova Street, Suite 201 | Anchorage, AK 99503

(907) 929-2842 phone / fax (907) 561-5727

www.AlaskaTIA.org | www.TravelAlaska.com



Tourism is Everyone's Business

A large portion of my business services tourism related equipment such as busses, trucks and forklifts. Tourism has grown in Southeast and has become a major player in our economy. Over the years as the tourism industry has grown so has our company and has allowed me to add additional employees to service the industry. Without tourism my company would not be as able to grow and prosper/

Jim Austin
Southeast Industrial Services
Juneau, AK

Alaska Travel Industry Association

100 Cordova Street, Suite 201 Anchorage, AK 99503

(907) 929-2842 phone / fax (907) 561-5727

www.AlaskaTIA.org | www.TravelAlaska.com



Tourism is Everyone's Business

. The benefit to tourism for me: it put my daughter through college and allows me to live a simple but satisfying life style.

Tourism is a thread so much through the tapestry of our community that it is part of the very fiber of our town.

Jeff Budd
Sitka Bike and Hike
Sitka, Alaska



Alaska Travel Industry Association
500 Cordova Street, Suite 201 | Anchorage, AK 99503
(907) 529-2342 phone / fax (907) 561-5727
www.AlaskaTIA.org | www.TravelAlaska.com



SCOMM

146:17

Alaska State Legislature

House of Representatives

Alaska State Capitol
Juneau, Alaska 99801-1182
1-907-465-4919 (phone)
1-888-478-4919 (toll free)
1-907-465-2137 (fax)



Interim Address
716 West Fourth Avenue
Anchorage, Alaska 99501-2133
(phone) 1-907-269-0120
(fax) 1-907-269-0122

Representative Lindsey Holmes
District 26

SPONSOR STATMENT: HOUSE BILL 217

HB 217 addresses important concerns Alaskan small businesses have regarding the disclosure section of Ballot Measure 2: "The Cruise Ship Initiative". As written, the law requires cruise lines to disclose the commission rate that Alaskan tour operators pay to have their tours sold onboard the cruise ships. This disclosure does not threaten, or regulate the cruise industry, but it does pose a significant threat to the Alaskan tour businesses that contract with the cruise lines. The required disclosure exposes the price structures of these local businesses, which could lead to unfair price undercutting, with all Alaskan tourism businesses suffering as a result.

HB 217 offers an alternative required disclosure. This alternative would allow a choice between disclosing commission rates (as under current law), or disclosing that the tours featured onboard a cruise ship pay for that advertisement, and a statement reminding passengers that they are free to book alternative tours on their own along with information to help them do so (as added by HB 217).

The goal of the disclosure section was originally to promote fair competition between local businesses. As written, the law on disclosure will not promote competition, and has the potential to be extremely punitive to local Alaskan businesses that offer tours to cruise line passengers. HB 217 will change that by offering an alternative that will clearly promote competition between all Alaskan tour businesses, and still require honest disclosure by the cruise lines. In this way, HB 217 both protects and enhances local Alaskan tourism businesses.

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

March 22, 2007

SUBJECT: Sectional summary of HB 217, a bill relating to required onboard disclosures and displays about tours, flightseeing operations, other shoreside activities, and visitors bureaus (Work Order No. 25-LS0696\C)

TO: Representative Lindsey Holmes
Attn: James Waldo

FROM: *JB*
Theresa Bannister
Legislative Counsel

You have requested a sectional summary of the above-described bill. As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents.

Section 1. Amends AS 45.50.474(b) to add alternative disclosure requirements. The alternative disclosure requirements require disclosure that the onboard sale is a paid promotion by a shoreside vendor and that other alternatives may be available at a port of call, and requires that visitor bureau address and contact information be displayed or otherwise disclosed in writing at the point of sale.

Section 2. Moves the typeface and contrasting color requirements for disclosures from AS 45.50.474(b) to a new subsection. Applies these requirements to the alternative disclosure requirements.

Section 3. Gives the bill an immediate effective date.

If I may be of further assistance, please advise.

TLB:ljw
07-152.ljw

STATE OF ALASKA

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

Sarah Palin, Governor

P.O. BOX 110300
JUNEAU, ALASKA 99811-0300
PHONE: (907) 465-3600
FAX: (907) 465-2075

February 26, 2007

The Honorable Bill Stoltze
State House of Representatives
State Capitol, Room 501
Juneau, AK 99801

Re: Amendment of Laws Enacted by Initiative

Dear Representative Stoltze:

During a budget hearing on February 15, 2007, you requested that our office provide you with an analysis on two matters related to voter initiatives. You asked, first, for a summary of the case law on the legislature's authority to amend a law enacted by voter initiative within two years of enactment, and second, for a history of the legislature's amendments to initiatives during those first two years. The reason to examine the legislature's authority to change an initiated law during the first two years that the law is effective is the prohibition in the Alaska Constitution against the repeal of an initiative during those years. Alaska Const., art. XI, sec. 6. This limit on repeal has been interpreted to restrict the legislature's power to amend an initiated law during its first two years even though the Constitution expressly permits amendments to initiated laws at any time.

1. Summary of the case law

The Alaska Supreme Court has addressed the legislature's authority to amend an initiated law in three cases, although it has reviewed the actual exercise of this authority in only one case. The first case in which the Court discussed the subject is *Warren v. Boucher*, 543 P.2d. 731, 737 (Alaska 1975), a case reviewing the legislature's exercise of its authority to void an initiative petition by enacting substantially the same measure in legislation. Alaska Const., art. XI, sec. 4. The power to amend was described as "broad" and "a check or balance against the initiative process." 543 P.2d. at 737.

The Court speculated that the purpose of the power to amend was

to assure that initiatives which were ill-advised, which might seriously cripple or frustrate the sound workings of government, or which might be impracticable, could be *altered or corrected* rapidly by the legislature. It was obviously intended by the framers that the initiative process should not be permitted to disrupt vital governmental functions or to impose intolerable burdens upon established administrative systems. [*Id.* (emphasis added).]

Two years later, in *Warren v. Thomas*, 568 P.2d 400, 402-03 (Alaska 1977), the Court considered a challenge to the legislature's amendment of laws adopted by initiative. The initiated laws concerned public official financial disclosure, and the legislature amended them soon after they became effective. The amendments moved the deadline for filing financial disclosure reports from February to April of 1975 and excused public officials leaving office from the obligation to file. Although the amended laws differed in many respects from the initiative measure, the Court found that the amendments did not amount to a repeal: "[t]here are considerable language changes, but, these clarify and render the law more precise. The fines for violations of the law have been reduced but the penalties are still significant," and "the amended law still imposes substantial disclosure requirements on public officials and effectuates the intent of the electorate that those in a position of public trust be held to a high standard of financial disclosure." *Id.* at 402. The changes were not found to so vitiate the regulatory scheme "as to 'constitute its repeal.'" *Id.* (quoting *Boucher*, 543 P.2d. at 737). Although it upheld the amendments under review in *Thomas*, the Court clearly viewed the prohibition against repeal as a limitation on the legislature's authority to amend an initiative. For an amendment to be authorized during the first two years of an initiative, it must continue to further the intent of the voters.

The third case in which the Court discussed the legislature's power to amend an initiative was *State v. Trust the People*, 113 P.3d 613, 623 (Alaska 2005). That case concerned the legislature's exercise of its power to supplant an initiative measure by passing a substantially similar law, rather than its power to amend after an initiative is enacted by the voters. Although the Court recognized that the power to supplant is somewhat narrower than the power to amend, the Court relied in part upon its earlier decision in *Thomas*. The Court characterized *Thomas* as holding that "amendments to popularly-initiated legislation must still 'effectuate the intent of the electorate,' and an amendment that 'so vitiates an act passed by initiative as to constitute its repeal' is not acceptable." *Id.* at 623 (quoting *Thomas*, 568 P.2d at 403).

In *Trust the People* the Court identified three factors relevant to determining whether a proposed initiative and legislation were substantially the same. Although this

test was developed with regard to the power to supplant, rather than the somewhat broader power to amend, the test may also be helpful in determining whether proposed changes would continue to promote the same goals of the electorate in enacting the initiative. First, the scope of the subject matter is important: "The broader the reach of the subject matter, the more latitude must be allowed the legislature to vary from the particular features of the initiative," *Id.* at 620-21 (quoting *Boucher*, 543 P.2d. at 736), and conversely, "the simpler and more focused a law is, the fewer details that can be adjusted without effecting a fundamental change in the measure's purpose and effect." *Id.* at 621. Second, whether the general purpose of the amended initiative would be the same as the original is important. Clues to the purpose of the initiative can be found in the text of the initiative measure, the ballot summary for the measure, and the arguments published in connection with it, such as the supporters' statement in the voter's pamphlet. *Id.* at 622. Third, the Court examines whether the initiative and proposed legislation employ the same means to accomplish its purpose. The means can be similar, rather than identical, so long as they truly accomplish the goals of the initiative measure. *Id.*

In *Trust the People*, the Court applied the test to determine whether a proposed initiative restricting the governor's power to appoint a temporary United States Senator should be supplanted by legislation retaining that authority temporarily until the results of a special election to fill the vacancy could be certified. The Court found that the scope of the initiative was narrow, filling a vacancy, and that its purpose, to eliminate the governor's appointment power, was significantly different from the purpose of the legislation, which provided for the governor to retain this authority. In addition, the means chosen to fill the vacancy, particularly with regard to the role of the governor, were dissimilar. The Court concluded that the proposed initiative and the legislation were not substantially the same and held that the legislation did not supplant the proposed initiative.

2. History of legislative amendments during the first two years of an initiative measure's enactment

Our research discovered few amendments to initiated laws during the first two years of their enactment. We found two, in addition to the 1974 public official financial disclosure initiative enacted in 1974 and examined in *Thomas*, 568 P.2d 400, that was discussed previously. The legislature adopted a number of amendments to a 1998 initiative on the medical use of marijuana. A copy of 1999 Inf. Op. Att'y Gen. (May 24; 883-99-0037) (providing an analysis of the bill amending the initiated law) is attached for your information.

The legislature also amended the gas line initiative enacted in 2000 by changing the definition of "project." An analysis of that bill is also attached. In addition, various

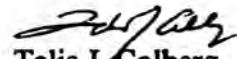
Representative Bill Stoltze
Re: Amendment of Laws Enacted by Initiative

February 26, 2007
Page 4

"housekeeping" amendments to sections enacted by the gas line initiative were made by the 2003 "revisor's bill." CSSB49(STA) (secs. 54, 55, 56, 57 & 58, ch. 35, SLA 2003). These amendments are by definition minor and corrective and do not change the meaning of any law. AS 01.05.031.

If you have additional questions or further assistance is required, please do not hesitate to contact me.

Sincerely,


Talis J. Colberg
Attorney General

Enclosures

cc w/enc: John Bitney, Legislative Liaison, Office of the Governor
AAG D. Behr, Legislation & Regulations, Acting Legislative Liaison,
Office of the Attorney General



2006 - 2007

Executive Officers

Chair
Patti Mackey
Ketchikan Visitors Bureau
Vice Chair
Brett Carlson
Northern Alaska Tour Company
Government Relations Chair
Stan Stephens
Stan Stephens Cruises & Wildlife
Trips
Marketing Chair
Deb Hickok
Fairbanks CVB
Secretary
Paul Allen
Holland America Line
Treasurer
Ken Dole
Waterfall Resort & Promech Air
Past Chair
Gary Odle
Alaska Highway Cruises
President & COO
Ron Peck
Alaska Travel Industry Association

Board of Directors

Charlie Ball
Princess Tours
Roark Brown
Homer Ocean Charters
Bruce Bustamante
Anchorage CVB
Ann Campbell
Aurora Consulting
Kelli Dindinger
Alaska Travel Adventures
Pam Foreman
Kodiak Island CVB
Scott Habberstad
Alaska Airlines
Don Habeger
Royal Caribbean Intl & Celebrity
Cruises
Kirk Hoessle
Alaska Wildlife Adventures
John Kreilkamp
Cruise West
Tim McDonnell
Temco Helicopters, Inc.
Bonnie Quill
Mat-Su CVB
Scott Reisland
Denali Grizzly Bear Resort
Suzanne Rust
K2 Aviation
Jerry Scholand
Alaska B & B Association
Bob Wysocki
Huna Totem Corporation

Resolution

In support of HB 217

"An Act relating to required onboard disclosures and displays about tours, flightseeing operations, other shoreside activities, and visitors bureaus; and providing for an effective date."

WHEREAS, the visitor industry is an important economic engine of Alaska's private sector; and,

WHEREAS, travel and tourism expenditures in Alaska represent more than \$1.5 billion annually; and,

WHEREAS, the visitor industry represent more than 40,000 jobs annually; and,

WHEREAS, the visitor industry has substantial opportunity for continued growth; and,

WHEREAS, the cruise industry delivers almost 1,000,000 visitors annually to Alaska; and,

WHEREAS, a vital part of the cruise and tour visitor's experience is shore excursions and land tours; and,

WHEREAS, the Cruise Ship Ballot Initiative passed in August of 2006, requires disclosure of commissions and proprietary business information; and,

WHEREAS, this aspect of the Cruise Ship Ballot Initiative will harm Alaskan owned and operated tour businesses; and,

WHEREAS, This legislation, HB 217, corrects serious flaws in the law created by the over-broad ballot initiative and it provides consumers with useful information, but not proprietary information about individual Alaskan tour operators;

THEREFORE, BE IT RESOLVED, that the ALASKA TRAVEL INDUSTRY ASSOCIATION BOARD OF DIRECTORS is in support of the passage of HB217 bec. use it implements an alternative means of communicating the cruise line and shore excursion operator business relationship.

Signed: _____

Ron Peck, President & COO, Alaska Travel Industry Association



**ANCHORAGE CONVENTION & VISITORS BUREAU
BOARD OF DIRECTORS**

RESOLUTION 2007-01

A Resolution in support of House Bill 217

WHEREAS, Alaska's tourism industry and small businesses contribute heavily to the state's economic well-being; and,

WHEREAS, the disclosure law as written in Ballot Measure 2 has the potential to be extremely punitive to Alaska businesses that offer tours to cruise line passengers; and,

WHEREAS, the required disclosure would expose the price structures of these businesses, leading to unfair price undercutting; and,

WHEREAS, House Bill 217 would offer an alternative to businesses, especially those that contract with the cruise lines, to provide an alternative method of disclosure.

NOW THEREFORE be it resolved that the Board of Directors of the Anchorage Convention & Visitors Bureau supports House Bill 217 as a measure that will both protect and enhance Alaska tourism businesses.

Approved on this, the 30th day of March, 2007.

ATTESTED BY:


Dave Karp
Chair


Bruce Bustamante
President & CEO

524 West Fourth Avenue • Anchorage, Alaska • 99501-2212 • T: 907-276-4118 • F: 907-278-5559 • Experience Wild Adventure: Explore www.anchorage.net

Southeast Exposure
P.O. Box 9143
Ketchikan, AK 99901
907-225-8829

April 2, 2007

Dear Lindsey Holmes,

Southeast Exposure has been in business since 1986 providing quality sea kayak trips to the cruise lines that come Ketchikan. Since we started, we have seen the birth of countless new and successful tour businesses that bring revenue to our city. When the cruise passengers want to know what sort of commission the cruise lines receive, I always tell them. But at the same time I point out what kind of commission retail sales take. Value wise an experience such as seeing the natural wonders of Alaska there is very little comparison.

I think that a stable commission would be fair, but then again, why should I be able to dictate this? However, since the cruise lines are private entities, I think their rights are the same as ours to keep that information to themselves. Should a guest care to know, I think they should be given that information at the discretion of the party asked. But as far as whether they should be REQUIRED to give that information, I do not think there is any precedent in our democratic free enterprise society such as the proposed 14 point font printed on the ticket. I would go out on a limb and say this would not be legal to require a company to disclose to all their profits. That would be a little akin to telling Southeast Exposure to publish our profits in the local newspaper.

It is not just that we do business with some of the cruise lines, and not that I am a huge fan of all their policies, it is just the principal of the matter.

Thank you so much for your initiative in this fundamental matter.

Betsey Burdett, owner
Southeast Exposure

907-225-8829

Allen Marine Tours
Ketchikan Division
50 Front Street, Suite 209
Ketchikan, Alaska 99901
907-225-8100

April 2, 2007

Dear Representative,

I am writing this letter in support of House Bill 217 that is scheduled for a hearing tomorrow evening. I strongly urge you to support House Bill 217.

Ballot Measure 2, "The Cruise Ship Initiative" includes a provision that requires cruise lines to disclose the rate of commission received on the sales of shore excursions sold onboard their vessels. I find this particularly unfair and absolutely un-American. Our economy in the United States is based on the system of capitalism which is characterized "by private or corporate ownership of capital goods and by **prices, productions, and distribution of goods that are determined mainly by competition in a free market**". This original provision would violate that principle of free enterprise and severely impact a particular sector of companies that sell their tours onboard these cruise ships.

I live in Ketchikan and have worked in Alaska since 1985. In 2004 I made a transition from the fishing industry to the tour industry. I was grateful there was a viable cruise ship industry which had spawned a proliferation of businesses that provide opportunities for local folks to remain in Alaska to live and work. Allen Marine is just such a family-owned operation and the epitome of just such a business. They have worked very hard over the course of 35 years to create and maintain a mutually beneficial relationship with the cruise line companies who provide marketing expertise and exposure. For these tour companies, a 'forced disclosure' would create an obvious economic disadvantage. Allen Marine and similar tour companies should not now be penalized for the diligent work and committed effort that has infused Juneau, Sitka, Ketchikan and other Alaskan communities with much needed revenue these past several decades. When I fished for a living, I was not obligated to disclose the wholesale price of shrimp or crab to my prospective customers. It is unreasonable and patently ridiculous to ask these tour companies to disclose the wholesale price of their tours to their consumer now. Alaska will be setting a terrible precedent and mining an already level playing field.

Please vote yes for HB 217.

Sincerely,
Amanda Painter
Allen Marine Tours, Ketchikan

James Waldo

From: Ethan Tyler [ETyler@ciri.com]
Sent: Monday, April 02, 2007 2:11 PM
To: Rep. Lindsey Holmes
Subject: HB217

Hello Ms. Holmes,

My name is Ethan Tyler, and I am an employee of Alaska Heritage Tours based in Anchorage, Alaska. We own Prince William Sound Cruises and Tours, and Kenai Fjords Tours, both partners with the cruise ship industry.

I would like to express my support for HB217, as the mandated disclosure of private pricing structures that we have with the Cruise Lines is an unfair practice. By passing HB217, and allowing the Cruise Lines to disclose that they have a business relationship with my company, and provide alternatives, it allows us to keep confidential commission and price structures private.

I am certainly available for comment, please don't hesitate to contact me with any questions.

Best regards,

Ethan Tyler

Sales Manager, Marine Operations
Kenai Fjords Tours / Prince William Sound Cruises and Tours

Alaska Heritage Tours
2525 C St.
Anchorage, AK 99503
907-263-5524
907-265-4530 Fax
907-529-0156 Cell

4/2/2007

James Waldo

From: R.B. Henderson Jr. [rbartelow@mac.com]
Sent: Monday, April 02, 2007 11:58 AM
To: Rep. Lindsey Holmes
Subject: H.B.217

I would like to voice my support of H.B. 217.

Chilkat Guides Ltd. is in the business of providing shore excursions to the cruise Lines. We are one of the largest employers in the area. The Cruise Ship Ballot Measure as written is potentially very damaging to our business.

In any business the pricing structure of it's products has the right to be held in confidence so as not to be used unfairly against that business by one of it's competitors. Imagine if state procurment laws said that all contract proposals from right handed people must be published in a conspicuous location so that all left handed people can see them before submitting their own proposals. This is what we are face with with the present Cruise Ship Ballot Measure.

The Cruise Ship Ballot Measure as written is discriminating against our business. It will do nothing but retard tour sales on board the curise ships, which will hurt our business, and any down turn in our business causes unemployment and underemployment, and hurts the economy of our community.

I believe that the framers of the Cruise Ship Ballot Measure thought that they were doing the local tour operators a favor by including this provision. But, well meaning as they may have been this part of the measure will do nothing but damage our businesses.

Please support the passage of H.B 217. Correct the impending discrimination against our businesses.

Thanks you for your consideration,
Bart Henderson
Chilkat Guides,Ltd.
Haines, Ak.

James Waldo

From: Tanja Cadigan [tanjacadigan@hotmail.com]
Sent: Monday, April 02, 2007 3:51 PM
To: Rep. Lindsey Holmes
Subject: HB 217

Lindsey,

My name is Tanja Cadigan. I live in Juneau and have been a resident here for 22 years. I have owned Caribou Crossings, a retail store downtown, for more than 10 years.

I have advertised on the cruise ships in their "on-board shopping program" for the past couple of years. The media companies that represent the shopping program for each port already identify that the participating stores have paid for their promotions on the maps which are given to the passengers. Proposition 2 now requires that I further identify that my advertising has been paid by including specific information in 14 pt. text on all of my rack cards/ brochures that are distributed on board the ships.

I am in full support of HB 217 because it corrects a serious flaw in law created by the ballot initiative. It also provides consumers with useful information, not proprietary information. My business should not have to disclose details of our pricing structure or advertising tactics. The businesses that advertise in the Juneau Empire do not provide proprietary information, nor do they make note on their ad's that they had to pay a fee to be included in the newspaper!

Thank you for working hard for those of Alaskan's who are working so hard to make a living amongst all the obstacles (from fellow Alaskan's) we are constantly facing in this state!

Sincerely,

Tanja Cadigan

4/2/2007



OUR VIEW

Vote yes, then fix it

*This may be the only way to get
cruise industry to pay something*

There is something for everyone in Ballot Measure 2, the citizens initiative on Tuesday's primary election ballot to impose new taxes and fees, stricter environmental rules and consumer disclosure requirements on the cruise ship industry. And there are problems with almost every one of the provisions.

But the indignation is worth it. That's why we recommend a yes vote. Then get ready for litigation and legislative battles to fix the problems and, we hope, after a couple of years, Alaska will be left with a workable, fair set of laws.

Our fear is that unless Alaska stands up and forces the issue this election, the cruise industry will not willingly pay toward all the services it and its almost 1 million passengers a year enjoy while in our state. Though they are very good at donating millions of dollars to charities and other non-

profits, the cruise lines have been equally strong in battling against state and local taxes and fees.

For example, the industry mischaracterized a 2005 economics study, claiming in its campaign material: "The cruise industry pays over \$42 million annually in taxes to local governments in Alaska." Not quite. Passengers and crew paid an estimated \$17.4 million in local sales taxes. Passengers paid an estimated \$6.4 million in local hotel taxes. Cruise Lines paid \$14.6 million in fees to tie up at local ports, essentially reimbursement for costs. That leaves just \$4.5 million the cruise companies actually paid from their own corporate pockets in local property taxes and sales taxes.

That doesn't cut it. Not for an industry that profits from carrying a million passengers to Alaska each year. Without Alaska and all that it offers, there would be no cruises.

The \$4.5 million is less than the state collects in rental car taxes, a significantly smaller industry.

The ballot measure would amend state law to require that cruise lines pay corporate income taxes on their shipboard profits, just like any other business making money in Alaska. The cruise industry would have been subject to income taxes under a 1994 Alaska Supreme Court ruling, but it successfully lobbied the Legislature and governor's office to adopt a law retroactively exempting it from the tax.

Also, the initiative's \$4 fee per passenger to pay for on-board state observers to monitor pollution is a good dose of preventive medicine.

Were those the only issues in the ballot measure, this would be an easy yes vote.

The \$46 fee per passenger for the right to come into Alaska might not survive a legal challenge, though a reasonable "head tax" to cover state and city waterfront- and passenger-related expenses is appropriate and legally defensible. And the initiative's provision allowing Juneau and Ketchikan to maintain their own passenger fees on top of

The provision requiring cruise lines to disclose in big type the commission they earn for selling bus tours, flight-seeing tours and such seems like piling on in a measure already heavily weighted with revenge against the companies.

ships, those costs don't fall on Alaska.

One other reason to dislike the initiative is that it taxes only Outsiders, reinforcing the embarrassing attitude of many Alaskans that everyone should pay taxes but us. The solution to that dilemma is not to defeat this initiative but rather to convince Alaskans that they too should pay something toward the public services they enjoy.

The state constitution prohibits legislators from quickly repealing the initiative if it passes, but it allows them to amend the provisions. Between legislative amendments and some wise court decisions, we hope Alaska and the cruise lines can end up with a reasonable set of laws before too much damage is done to one of our few growing industries.

It's an awful lot in one ballot measure. Maybe too much, and maybe it will cause the industry to threaten cutting back its ships' time in Alaska. It has done just that when cities have imposed or even talked about adopting passenger fees. We believe that's the risk of showing the industry that Alaskans are tired of being taken for granted.

BOTTOM LINE: Ballot Measure 2 looks like the only way to get the cruise industry's attention.



Alaska

March 24, 2007

The Honorable Lindsey Holmes
Room 405
Alaska State Capitol Building
Juneau, Alaska 99801

RE: House Bill 217

Dear Representative Holmes,

On behalf of the Alaska Chapter of the National Federation of Independent Business, I wish to express our support for House Bill 217. The Alaska Chapter of the National Federation of Independent Business with over 2,500 members is the largest small-business advocacy group in the state.

HB 217 would protect proprietary information for shoreside vendors while providing cruise ship passengers with information that would allow them to shop for alternative providers of shoreside activities. This will allow passengers to be informed of options without forcing shoreside businesses into an uncompetitive position compared to those do not use cruise ships as booking agents.

Sincerely,

A handwritten signature in black ink that reads "Denny". The signature is stylized with a large, sweeping "D" and a trailing flourish.

Dennis L. DeWitt
Alaska State Director
National Federation of Independent Business

cc: Representative Mark Neuman, Chair, House Special Committee on Economic
Development, Trade and Tourism
Representative Gatto
Representative Johansen
Representative Kohring
Representative Lynn
Representative Doll
Representative Doogan



March 23, 2007

Dear Representative Holmes,

I am writing in support of HB217 regarding the revision of Measure 2, the disclosure of cruise line mark ups of shore excursions. I own Snorkel Alaska in Ketchikan. This is our seventh year in business and we employ 7 people each summer. I also worked on board Norwegian Cruise Line for seven years in the Shore Excursion Department.

For the past seven years Snorkel Alaska has sold our tour exclusively through the cruise lines with no independent sales. We like this arrangement as we save money in advertising and staffing. The ships handle all of our bookings for us so we can focus on providing quality tours. I am very happy with the rate that the ship pays us for our services. With a tour as silly sounding as snorkeling in Alaska we need the representation and sales efforts of the cruise lines to stay in business. Yes, they mark up our tour for their efforts and that is fine with me. As with any business goods or services are purchased at a wholesale rate and then marked up for retail sale. I know of no business in America that has to post their mark up in 14 point font and contrasting color. How can this be legal?

The law as it now stands targets us unfairly as a group. The independent tour operators that support this new disclosure law have the same opportunity to offer their tours to the cruise lines that I have. They choose not to or perhaps they don't meet the criteria as set forth by the cruise lines. They have a choice to meet the criteria by providing a quality experience and complying with insurance and other requirements or not. Cruise ship passengers also have the choice of booking through the ship or independently. Booking through the ship offers piece of mind. The cruise lines have evaluated the operator and made sure they maintain insurance and provide a quality experience. Also, if the tour runs late the ship will stay in port until all the tours are back. Cruisers can save some money by booking independent tours but they lose that piece of mind. They are adults and can make those decisions for themselves.

Please support this revision to Measure 2. It could mean the failure of my business if it's not passed.

Sincerely,

Fred Drake - Owner
Snorkel Alaska



Experience Alaska Tours

P.O. Box 23343
Ketchikan, Alaska 99901
Phone: 888-320-9049
E-mail: info@lumberjacksports.com
www.lumberjacksports.com

Dear Representative Holmes,

I am writing to encourage support for House Bill 217 presented Representative Lindsey Holmes. While this bill does not address all of the problems with the constitutional and discriminatory language found in Measure 2, it does give some relief to local businesses that have been egregiously harmed

The area of Measure 2 that HB217 addresses is an attack on our rights as American/Alaskan businessmen to conduct standard wholesale contract negotiations that have historically stood the test of time. Nowhere in the United States of America can this type of legislation be found, it attacks the foundations of the free market principles our founding fathers themselves conducted business under and by. To force a small defined group of businesses to be subject to such a discriminatory law is unjust. If this law was to cover all retailer/wholesaler relationships in all of Alaska then my words would be self serving. My request for your support is based on what is a right of freedom, a freedom for each business to choose a business plan and strategy, and then compete in the open market. There are tough decisions to be made if you choose to be an Independent or Wholesaler, but the choice remains up to the businessmen and their ability to succeed.

Measure 2 clearly has language designed to hurt the cruiselines at the cost of local businessmen, HB217 is an honest opportunity to correct this wrong.

Thank you for your support.

Sincerely,

Rob Scheer



The Legend Lives On!

Dear Representative Holmes,

I am writing to encourage support for House Bill 217 presented Representative Lindsey Holmes. While this bill does not address all of the problems with the constitutional and discriminatory language found in Measure 2, it does give some relief to local businesses that have been egregiously harmed

The area of Measure 2 that HB217 addresses is an attack on our rights as American/Alaskan businessmen to conduct standard wholesale contract negotiations that have historically stood the test of time. Nowhere in the United States of America can this type of legislation be found, it attacks the foundations of the free market principles our founding fathers themselves conducted business under and by. To force a small defined group of businesses to be subject to such a discriminatory law is unjust. If this law was to cover all retailer/wholesaler relationships in all of Alaska then my words would be self serving. My request for your support is based on what is a right of freedom, a freedom for each business to choose a business plan and strategy, and then compete in the open market. There are tough decisions to be made if you choose to be an Independent or Wholesaler, but the choice remains up to the businessmen and their ability to succeed

Measure 2 clearly has language designed to hurt the cruiselines at the cost of local businessmen, HB217 is an honest opportunity to correct this wrong.

Thank you for your support.

Sincerely,

Rob Scheer



March 24, 2007

Representative Lindsey Holmes
State of Alaska
State Capitol #405
Juneau, AK 99801

Dear Representative Holmes,

This business was organized in 2003, based on research that identified growing visitor interest in experiencing Alaska rain forest and wildlife in a natural setting. Before investing in the 40 acres of mostly forested land that we developed, the concept for Alaska Rainforest Sanctuary was presented to the major cruise lines. It was only after receiving their commitments to sell our product that we invested over \$2 million in property acquisition, forest trail building, elevated boardwalks, construction of a forest/wildlife interpretive center, support facilities, and the restoration of a historic sawmill situated on part of our property.

Since opening the sanctuary in 2004, we have hosted tens of thousands of cruise ship passengers. Based on comment cards that we get back, our operation is producing very satisfied guests. Last season we provided employment for 43 persons.

None of this would have been economically feasible without the promotion and advance bookings provided by the cruise lines. This is now threatened by AS 45.50.474. We know that sales will be seriously impacted if there is no relief from the "onboard disclosures and display" provision of this statute.

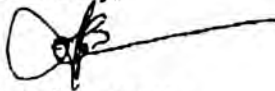
116 Wood Road, Ketchikan, Alaska 99901 Phone: 907-225-5503

-2-

This provision of the statute is discriminatory and harmful to the large number of established Alaska businesses serving the shore excursion needs of cruise ship passengers. No such disclosures are required of any other class of Alaska businesses.

We appreciate your involvement with House Bill #217 and urge the Legislature to pass this much needed amendment to the statute.

Sincerely,



Len Laurance
Marketing Director

Copy: Rep. Kyle Johansen
Rep. Peggy Wilson
Rep. Bill Thomas
Sen. Bert Stedman
Sen. Kim Elton
Sen. Albert Kookesh

Chilkat River Adventures, Inc. (River Adventures)

P.O. Box 556
Haines, Ak. 99827

Phone: 800-478-9827
Fax: (907) 766-2051
Karen's Cell: 314-0037
E-mail: riveradventures@aptalaska.net

Dear Representative Coghill,

My husband and I own and operate a tour company in Haines, and have been in business since 1991. We started out with one boat and sold our tour to independents that visited our community. Each year from 1991 through 1993 my husband had to go to the North Slope, or go to logging camps to find work in the winter. I worked one winter in Juneau at a temporary State job because there was little or no work, available in Haines. We did this because we were not making enough money in the summer season to sustain us through the winter months. By 1994 we realized that we would not be able to continue our business if we did not expand and try to get sold on board the cruise ships that were coming to our area, simply, we just needed more volume. We were fortunate enough to get a Rural Development Loan, expand our business and get picked up by the cruise lines.

Our company takes visitor's into the wilderness by jet boat and they come back with a better understanding of the Alaskan wilderness and a greater appreciation for Alaskan residents and our lifestyles. We love what we do and appreciate people who spend their hard earned money to come to Alaska as visitor's.

This past October the voters passed Ballot Measure 2, an Initiative that is commonly referred to as the Cruise Ship Head Tax. There is a part of the Initiative that directly affects us, which is the disclosure statement. If this disclosure statement doesn't get amended, it will force the cruise lines to tell their customer what the percentage of mark up is on every excursion tour sold on board, both orally and in writing. This will give that person private information about my tour pricing, just by doing simple math.

We wholesale our product to the cruise line. This is a totally different price than I sell to the independent traveler. The cruise line mark up my wholesale price so that they can pay for operating costs for the shore excursion department, advertising and other costs associated with shore excursions. With the cruise line marketing the cruises and our shore excursions, they can reach a much larger volume of people than I could ever reach, if I were to do my own marketing. For this reason alone, I am more than happy to allow them to keep a percentage of the on board sale price of my tour. What I am very uncomfortable with is the fact that they may be forced to disclose the percentage of mark up for all to see, including my competitor. This information will be readily available for anyone to obtain.

A law that requires any business to disclose the markup of a wholesale product is not only ridiculous but unreasonable and goes against the very foundation of free enterprise. There are no other businesses that I know of that buys wholesale products and then is required to "disclose both orally and in writing" the percentage that they have marked the product up and they must put the written notice in 14 point typeface and contrasting color.

I believe that when the people passed this initiative, that they did not fully understand, nor did some of them even read it in its entirety. People have admitted to me that they didn't even know about the disclosure statement that was in this initiative. They just saw it as a tax on cruise ship passengers. Once again, tax them or tax me, which would you choose?

I encourage you to support HB217 to protect businesses like ours and ask you to defend free enterprise by righting the wrong that has been done by this injustice.

How far can the Legislature go in amending an Initiative? I have included my rationale in favor of amending this Initiative.

The Supreme Court has cited three factors in determining how far the Legislature can go:

1. ***The scope of the subject matter.*** "[T]he broader the reach of the subject matter, the more latitude must be allowed the legislature to vary from the particular features of the initiative." This Initiative was extremely broad and very far reaching which should allow more latitude in amending it.
2. ***The same general purpose.*** A court "must consider whether the general purpose of the legislation is the same as the general purpose of the initiative." I believe that the general purpose rule applies in HB217. It is even more beneficial to the customer because it gives them clear direction for alternative tours ashore, should they decide to not purchase the tour on board, and it provides the customer with the contact information of the local visitor bureau so they can easily make their own arrangements.
3. ***Similar means.*** Courts will consider the degree to which "the means by which that [common] purpose is effectuated are the same in both the legislation and the initiative." But the means adopted need *not* be identical; they simply must "address[] the subject matter in similar ways." Courts will consider whether a change in the means "vitiates[] the aims of the initiative" or instead "ma[kes] those aims more feasible of achievement." I believe that HB217 achieves this goal as well. It addresses the subject matter in similar ways by stating that the shore excursions are a paid promotion and alternative tours may be found ashore in each port of call.

Thank you for your time and consideration and I sincerely hope that you will support HB 217.

Karen M. Hess / V.P.

Taquan Air

March 24, 2007

Representative Lindsey Holmes
State of Alaska
State Capitol #405
Juneau, AK 99801

Dear Representative Holmes,

No where else in the world is it mandated by government that the wholesale cost or net price of a service be disclosed and displayed aboard cruise ships. And of course no other type of business in Alaska is required to reveal the mark-up or base cost of a service or commodity, except those providing shore excursions to cruise lines.

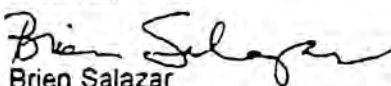
Taquan Air has invested heavily in purchasing and completely rebuilding seven DeHavilland Beaver floatplanes, including an FAA approved modification to provide larger windows and more spacious seating, sound cancelling headsets, and state of the art Capstone cockpit technology. We are a certified participant in the pioneering Medallion Foundation air safety program and provide the highest insurance coverage in the industry.

This is what it takes to qualify to be sold aboard cruise ships. Passengers are offered high quality excursions, which reflects well on the ports of call and the state. Displaying both the net cost and selling price of excursions aboard ship will drive business ashore to vendors who do not have to meet the same standards.

This will be disruptive to commerce, confusing to passengers, and create a negative image for the state.

Thank you for sponsoring HB217, which will go a long way to solving the problem. The ultimate solution would be to eliminate the disclosure and display provisions of AS 45.50.474 altogether and let commerce be transacted like it is for all other types of businesses.

Sincerely,


Brien Salazar
President and CEO

Copy: Rep Kyle Johansen
Rep. Peggy Wilson
Rep. Bill Thomas
Sen. Bert Stedman
Sen. Kim Elton
Sen. Albert Kookesh



March 24, 2007

Representative Lindsey Holmes
State of Alaska
State Capitol #405
Juneau, AK 99801

Dear Representative Holmes,

I am a life long Alaskan who joined with two other Ketchikan residents in 2005 to introduce the first zip line or canopy course to the state. It was after experiencing similar activities in other countries that we felt this would be attractive to Alaska cruise passengers. The cruise lines agreed to support the enterprise, so we accelerated our development plan and opened a zip line course in Ketchikan that same year.

With high demand and satisfaction levels, we developed a second zip line course in Juneau for 2006. This has also proven very popular. Last year we hosted thousands of cruise passengers at our Ketchikan and Juneau facilities and employed 80 persons. Guests experience the rain forest from a different perspective and are exhilarated by the challenge.

The disclosure requirements of AS 45.50.474 (b) will have a negative impact on our business and could threaten it's the economic viability. HB 217 will minimize the negative effect of the current statute. Thank you for introducing this bill. We urge the Legislature to pass this healing legislation.

Sincerely,

A handwritten signature in dark ink, which appears to read "Kris Singstad", is written over a horizontal line.

Kris Singstad
General Manager & Vice President

Copy: Rep. Kyle Johansen	Sen. Bert Stedman
Rep. Peggy Wilson	Sen. Kim Elton
Rep. Bill Thomas	Sen. Albert Kookesh

P.O. Box 5425, Ketchikan, Alaska 99901 Phone: 907-247-5503

Alaska Canopy Adventures
406 S Franklin St #210
Juneau, AK 99801
Tel: 907-523-2920
Fax: 907-523-4820
www.alaskacanopyadventures.com



Dear Representative,

We ask you to please support HB 217 and the Alaska Travel Industry. By supporting this measure you will have an opportunity to protect an industry that has been damaged by an anti-business special interest group that succeeded in deceiving Alaskan residents. Support HB 217 and business in Alaska!

Regards,

Mike Cooney
Alaska Canopy Adventures
mike@alaskacanopyadventures.com



**FOUR
SEASONS
MARINE
SERVICES**

P.O. BOX 211267
AUKE BAY, ALASKA 99821
PHONE: (907) 790-6671
FAX: (907) 790 5672

March 26, 2007

Representative Lindsey Holmes
State Capitol, #405
Juneau, AK 99801

Dear Representative Holmes:

I am writing in support of House Bill 217, which introduces additional wording to the recently passed cruise ship initiative. HB 217 specifically addresses the requirement that cruise lines disclose actual commissions paid by Alaskan vendors of shore excursion products. The intent of the current wording related to commissions is unclear, but if put into practice will have negative consequences for Alaskan tour operators and cause confusion on the part of the visitor.

Four Seasons Tours sells whale watching shore excursion products to a number of cruise ship companies in the port of Juneau. We have invested many years and considerable financial resources to build our business, and our marketing is based on the methods used worldwide to sell products aboard cruise ships. We provide a service both to the cruise lines and the ultimate consumers who enjoy our excursions. The commission margins earned by the cruise companies guarantee a smooth, seamless delivery of these products to the ship's customers, ensure a required level of safety, and pay for advertising and marketing costs. We are able to focus our attention on offering a safe, high quality product without diffusing our efforts and resources on advertising and marketing.

We strongly believe the wording as it stands in the recently adopted initiative is an onerous and punitive requirement. There is no precedent that I am aware of, requiring such disclosures of tourism product margins, anywhere. I don't think it's appropriate or fair to require our company to disclose its net price. Further, I cannot see any benefit to the visitor to have access to that information. We believe that HB 217 offers a better way to provide travelers with tour information for each port rather than simply requiring tour operators to disclose pricing information. Without options, the consequences of required price disclosures will surely compromise tour quality and the overall experience of the Alaska cruise customer. Independent travel agents and wholesalers are not required to publicly disclose commissions, and we see no reason to require it of cruise ship companies who provide the same type of service.

We support the amended wording included in HB 217, and feel that it gives the ultimate consumer (the visitor) information related to the fact that vendors do sell their services to cruise lines for a price lower than retail, and provides access to the local visitor's bureau for further information. We urge your colleagues in the Legislature to support and vote in favor of this bill.

Sincerely,

Carole J. Tallman
Director, Sales & Marketing

cc: Representative Neuman, Economic Dev., Trade and Tourism Committee Chair



**FOUR
SEASONS
MARINE
SERVICES**

P.O. BOX 211267
AUKUT BAY, ALASKA 99821
PHONE: (907) 790-6671
FAX: (907) 790 6672

March 28, 2007

Representative Lindsey Holmes
State Capitol, #405
Juneau, AK 99801

R.E.: HB 217

Dear Representative Holmes:

Our company, Four Seasons Tours sells whale watching trips to cruise ships in the port of Juneau. We have spent many years and invested a lot of money to build our business, based on the model of marketing methods used worldwide to sell tours aboard cruise ships. The commissions collected by the cruise companies guarantee a smooth, seamless delivery of tours to the ship's customers, and pay for advertising and marketing costs. We can focus our attention on offering a quality tour without spending time and money on advertising and marketing. The Cruise ship companies are then able to guarantee a level of service and availability that is more difficult for a cruise passenger to accomplish with independent purchasing, which adds value for the customer.

The primary purpose of Proposition 2 was to impose a head tax. That is what the media focused on, and the public debates centered around. And it is clear to me in discussion with other voters, that most people were unaware of the implications of the other five sets of requirements in the legislation, in addition to the imposition of a head tax. The other five are unrelated fields of wastewater monitoring, gambling taxes, establishing "ocean rangers", encouraging lawsuits, and commission disclosure to customers. The only common thread is that they were clearly designed to apply more rules and restrictions on cruise ships. Our Alaskan owned company suffers, as a consequence.

The last one of those many unrelated requirements is for ships to disclose the wholesale price of our tour to their end customer on the ship. This is the equivalent of passing a law saying independent tour brokers in any community would have to disclose the wholesale price of tours they sell. I don't think that kind of legislation would ever pass if it were it introduced in the legislature. For one, it's not necessary - why would that be required? Who and what are protected by this? The free market controls prices, that's the way it works in our country. Further, it interferes with our relationship with our retailer, the cruise ship company. In essence, we are penalized with this intrusive requirement for choosing to sell through a cruise ship company, by having our volume pricing levels exposed to competitors.

We support the fix to this problem proposed in HB 217. It provides the intent of informing visitors they are paying commissions on board, and even directs them to alternative sources of tours. We are hopeful you and your colleagues in the Legislature will pass this bill.

Sincerely,

Loren Gerhard

Vice President - Marine Operations

cc: Representative Neuman, Economic Dev., Trade and Tourism Committee Chair

James Waldo

From: Rep. Lindsey Holmes
Sent: Wednesday, March 28, 2007 5:00 PM
To: James Waldo
Subject: FW: Please Support HB217

From: Kerry and Joyce Town [mailto:canalmarine@aptalaska.net]
Sent: Wednesday, March 28, 2007 11:29 AM
To: Rep. Lindsey Holmes
Subject: Please Support HB217

We would like to ask for you to **please support HB217**. This is very important to the survival of our towns and businesses. I feel that this is totally out of hand having a sector of businesses reveal their bottom line price and their profit. The customer (tourist) are not buying our business therefore I don't believe they need to know, or want to know how much everyone is making. They just want to have the experience of a life time. And, that they can come back and do it again.
Thank you for your time.

Kerry and Joyce
Canal Marine and Oceanside RV
Haines Alaska
907-766-2437
www.oceansiderv.com
greatview@oceansiderv.com

3/28/2007

James Waldo

From: Rep. Lindsey Holmes
Sent: Wednesday, March 28, 2007 5:00 PM
To: James Waldo
Subject: FW: HB217

From: Vy Zartman [mailto:zartman6@yahoo.com]
Sent: Wednesday, March 28, 2007 11:27 AM
To: Rep. Lindsey Holmes
Cc: zartman6@yahoo.com
Subject: Re:HB217

Vyonne Zartman
P.O. Box 905
Haines, AK 99827
E-mail: zartman6@yahoo.com

Dear Representative Holmes,

This past fall, Ballot Measure 2 was passed, known as the Cruise Ship Head tax. In it, there is a disclosure statement that forces a Tour Business to disclose the amount of commission or percentage of their sale. I disagree with this, what other business has to disclose their wholesale price or mark-up orally and in writing, the grocery stores or the service stations? No, I don't think so. Anyway, I feel this is unfair and should be amended. There should be a choice between the old and new requirement. I support HB217.

Thank you,

Vyonne Zartman

Expecting? Get great news right away with [email Auto-Check](#).
Try the [Yahoo! Mail Beta](#).

3/28/2007

Allen Marine Tours
P.O. Box 1049
Sitka, Ak. 99835

Phone: (907) 747-8100
Fax: (907) 747-4819
jdunlap@allenmarine.com

Dear Representative Holmes,

I support my family through my work in the Alaska visitor industry. I am employed as a manager for Allen Marine Tours, based in Sitka. Our company, which has been in business since 1967, operates passenger vessels throughout SE Alaska. During the peak of the operating season our company employs over 200 people; most of them are full-time Alaska residents. Over 90% of our customers come to us as cruiseship visitors. It has taken 37 years of hard work to build the good working relationship we presently have with the cruiseship industry, and without this relationship our business would not exist.

This past October the voters passed Ballot Measure 2, an Initiative commonly referred to as the Cruise Ship Head Tax. There is a part of the Initiative that directly affects us, which is the vendor disclosure statement. If this disclosure statement does not get amended, it will force all cruiselines to inform their customers, both orally and in writing, the amount of commission retained by the seller on every excursion tour sold on board. This unfair *forced* disclosure requirement would enable any person, or any business competitor, to know the wholesale price of Allen Marine's tour programs.

Virtually every business in the United States operates according to the principles of free enterprise, and I can think of no examples where companies are required to disclose their wholesale pricing to their customers and competitors. When I purchase any product in this country I do not expect the business to have any obligation to inform me how much they paid for the product or to disclose how much profit they have built into the retail price. Why should this be expected of my business? To force this on Alaska tour operators – just because they do business with cruiselines – is patently unfair and completely contradicts the principles of free enterprise.

I also feel that Alaskans voters (the few who were actually aware this disclosure statement requirement was tacked onto the Initiative) were misled as to the purpose of this section. The authors of this Initiative claimed the disclosure statement requirement was included for the purpose of informing *unknowing* cruiseline customers that the cruiselines are charging a commission for the tours they sell. Does anyone really believe that a cruiseline selling tours is providing this service for free? I highly doubt it. Everyone who travels knows that any business providing this kind of service – whether it be a travel agent, a tour broker or a cruiseline – is charging a commission for making these arrangements.

Thank you for your time and consideration. I sincerely hope you will defend free enterprise, and help ensure the future viability of good businesses like Allen Marine Tours, through your support of HB 217.

Sincerely,

John Dunlap
Vice President
Allen Marine Tours