

ALASKA LEGISLATURE SPECIAL COMMITTEE/SUBJECT FILE 8672
2181 SCOMM 83: HOUSE SPECIAL COMM. INTL. TRADE & TOURISM, 1991-92/99

SECTION 1

AVA POSITION ON TOURISM TAXES

The current public AVA position with regard to tourism-related taxes is as follows:

"We look for equity in the search for new sources of revenue for state government, and we simply ask that this search be guided by the principle of fairness in the imposition of any new taxes.

If it becomes clear that Alaska's current tax structure will not produce sufficient revenue to finance essential public services, we will support a broad-based approach to new taxes.

If it is desirable to encourage additional tourism growth, we support first of all a thorough effort to determine whether tourism already provides the revenue to fund additional state tourism expenditures, and secondly, assurance that revenues from special taxes on the visitor industry in turn be applied to the enhancement of the industry.

We are concerned about any inclination to export taxes to the "voteless" tourist as a relief to residents. To the extent that demand for Alaska vacations is sensitive to price changes, visitors are likely to vote with their feet, and travel elsewhere."

(testimony of AVA before the State House Committee on Tourism)

SECTION 2

VISITOR INDUSTRY ROLE IN THE ALASKAN ECONOMY

A logical comparison of Alaska's primary sector contributions to the statewide economy should begin with the identification of primary industries, their gross domestic product as a percent of the total, and the relative value-added components of each industry. In addition, it would be useful to compare the gross domestic product of each sector and its tax revenue to state government compared with government expenditures in direct support of each sector. This type of analysis would help to assess which industries are contributing a net gain to the state and how much.

Ironically, because few general taxes are collected on businesses in the state, base data on gross domestic product does not exist. Therefore a less formal comparison of the primary sectors is required.

Tourism is one basic component of an economy that is also based on the production of seafood, oil and gas, minerals and timber, military activity and management of federal interests in Alaska.

These comprise the Basic Sector industries which generate all economic activity in the state.

The Infrastructure Sector provides essential services to basic industries and to the residents of the state.

The Support Sector services primarily the residents of Alaska.¹

The Alaska economy has not been modeled accurately enough to make precise estimates of indirect impacts for any basic industry in Alaska.

The Oil and Gas Industry

- 9,200 employees
- \$600 million in wages
- 83% Alaska residents

Seafood Industry

- 22,400 annual equivalent employment
- \$781 million
- 59% Alaska residents

Forest Products Industry

- 3,860 employees
- \$152 million in wages
- 64% residents

Mining Industry

- 1,200 employees
- \$55 million in earnings

Federal Government

- 13,650 employees
- \$420 million in wages
- est. all residents

Military

- 24,645 personnel
- \$590 million payroll
- temporary residents

Tourism

- 10,300 employees (annual equivalent)
- \$186 million in payroll (less non-reporting sole proprietors and individuals)
- 84% residents

Taxes and Fees Paid by the Visitor Industry

It is estimated that the entire visitor industry paid approximately \$44 million in taxes and fees in 1990. This includes property taxes, airport fees, port fees, bed taxes, sales taxes, inventory taxes, and others. Over two-thirds (68%) of gross sales by these businesses are to non-residents, therefore about \$30 million can be attributed to tourism. *↑ % pleasure only travelers expenditures only*

is higher if go w ↑ %

The visitor industry spends about \$20 million on airport fees of which a portion can be attributed to tourism.

Property taxes paid by hotel owners and other property owners generate an estimated \$4.7 million in 1990. It is estimated that Alaska has 250 operating hotels, motels and lodges, 250 bed and breakfasts, and 60 RV parks.

Alaska hotels and motels also generated \$8 million in bed taxes in 1990. Anchorage hotels accounted for \$5.2 million, Fairbanks generated \$1.3 million and Juneau hotels paid \$700,000.

Non residents spent nearly \$7 million on fishing and hunting licenses in 1990. Non residents spent an estimated \$17 million on the Marine Highway in 1989.

Source: Information for this section taken from "Alaska's Visitor Industry- An economic profile" prepared by The McDowell Group, July 1991 for DCED. Estimates for employment in mining and forest products are likely underestimated.

Pleasure vs business purposes

SECTION 3

ALASKA REVENUE SOURCES AND EXPENDITURES COMPARED TO OTHER STATES

Overall Alaska shows a high tax effort because of its resource based taxes. However, effort measures are considerably below national norms for several major taxes commonly found in other states.

Tax	State-Local Tax Collections as % of U.S. Total	Alaska Effort Index 1982
General Sales	23.5%	29.1
Selected Sales	11.7%	102.0
Licnese Taxes	3.5%	118.0
Individual Income	19.7%	0.7
Corporate Income	5.6%	95.0
Property	31.8%	105.0
Estate and Gift	0.9%	22.9
Severance	3.4%	278.8

Compared to norm of other states based on 100

approx. self-suff. average

Source: Revenue Potential of a General Sales Tax. December 1986, Alaska Department of Revenue

The ones that affect indiv. are much less

State Taxes Paid

Alaskans pay approximately \$957 per capita in state and local taxes as compared to the national average of \$1,576. On a per capita basis, Alaska ranks 50th among the states and the District of Columbia. In terms of percentage of total personal income paid in state and local taxes, Alaskans rank last with 5.3 percent compared to the national average of 10.9 percent. In addition, Alaska collects no personal income tax, while this tax accounts for almost one-third of other states' tax revenues. Alaskans have been able to afford a low level of personal taxation since 1980 because almost three-quarters of the state's tax revenues are from "other" sources, primarily severance taxes on oil and gas development.

State Spending

In FY 87, the state of Alaska spent two and one-half times more per resident than Wyoming, the next highest state, and four and one-half times more than the national average. Five major factors contribute to Alaska's higher per capita spending. These factors and their respective costs are shown below.

		\$ Per Capita
• State's Share of Local Programs/Services	\$335 million	\$ 631
• Higher Cost of Goods and Services	307 million	578
• Higher Employee Benefit Costs	19 million	36
• Special Programs	675 million	1,271
• Higher Debt Service Costs	216 million	407
Total		\$1,552 million \$2,923

Together, these five factors account for 56% of the FY 90 budget (including the Permanent Fund Dividend program). With the exception of higher cost of goods and services, these additional costs are discretionary in that they can be changed by the legislature. Because dedicated revenues are constitutionally prohibited, the Alaska legislature exercises much greater "power of the purse" than most other state legislatures.

If per capita Permanent Fund dividends -- a negative personal income tax -- were subtracted from tax payments, Alaskans would certainly be in last place in terms of per capita taxes paid and the percentage of income paid in state and local taxes.

The Division of Policy identified five major factors that account for most of Alaska's higher per capita spending. These factors are as follows:

1. Alaska's state government provides a number of services and programs that in many states are delivered and financed at the local government level. In addition, Alaska state government covers a larger share of the costs of local services than other state governments.

2. The higher cost of goods and services in Alaska increases the expense of providing government services, especially in rural areas. The state's dispersed population, harsh climate, and lack of infrastructure, such as highways, all contribute to higher costs.

3. Salary and benefit levels for state employees are higher than in most other states. In part, salary levels probably reflect the higher cost of living in Alaska, but benefits for most state jobs exceed those of other states.

4. Alaska offers a number of costly special programs that are rare or nonexistent in other states. These include Permanent Fund dividends, municipal assistance, longevity bonus, pioneers' homes, power cost equalization, and student loans. Special programs accounted for approximately 23 percent of the FY 90 budget.

5. Alaska has the highest level of debt service per capita in the country. In FY 87, the state's per capita burden of general obligation and state-supported debt (including school debt reimbursement) was about ten times the national average.

Source: Memo to Rep. Mike Navarre from Legislative Analyst Ginny Fay; Research Request 90.047, November 14, 1989.

SECTION 4

SALES TAX

Alaska currently has no sales tax at the State level. A number of boroughs and municipalities do levy some form of general sales tax. However, it should be noted that Anchorage and Fairbanks, the most populous municipalities in the State, currently have no sales tax.

Currently forty-five of the fifty states levy some form of sales tax at the state level. Sales taxes are a significant source of state government revenues accounting for 19.7 percent of all State general revenues. The sales tax base varies considerably as to exemptions allowed and the degree to which services are taxed. Food purchases, except restaurant meals and alcohol, are exempt in twenty-nine of the forty-five states. Prescription drug purchases are exempt in most states. Gas and electric utility bills are exempt to some degree in thirty-two states. Eight states exempt clothing purchases to some degree. Also, seven states allow some credit for sales taxes paid against state income tax liability. These various exemptions and credits are meant to ameliorate the regressive incidence of the sales tax.

Services are taxed very comprehensively (i.e. covers all personal and professional services) in only three states. Twenty states either tax no services or tax services very narrowly and selectively. The remaining states tax services to some degree although no comprehensively with most exempting professional services.

The rates levied on taxable purchases of goods and services also varies considerably from state to state with a low of three percent to a high of seven and one half percent. The median rate levied by states is five percent.

Retail sales taxes tax consumer expenditure, thereby taxing income at its use, in contrast to income taxes, which taxes income at its source. The basic elements of any tax structure apply to the retail sales tax. These are tax base, rate(s) and credits against tax owed.

Tax Base

Tax base is characterized by what is included, excluded, and deductible from the base. It is also affected by the presence of exemptions from the tax.

Retail sales are the primary base of state and local sales taxes. Sales for resale generally are excluded to avoid problems of multiple taxation. While a general sales tax can cover services, in many cases services are partially or totally excluded. Thus, a substantial portion of consumer expenditure is not taxed. A few services are, however, included in the tax bases of some states. These include admissions, lodging and public utility services.

Equity considerations lead some states to exclude particular retail sales from the tax base. The most common exclusions are prescription drugs and food for consumption at home. Some taxing states allow non resident visitors to obtain exemption certificates for sales tax. All sales tax states have use taxes as part of their sales tax structure. These use provisions apply to goods bought outside the state and brought into the state for consumption.

Tax Rates

Tax rates are applied to the tax base. They can be separated into rate groups for various consumer goods. This can be done to help make the tax more equitable, (i.e. higher taxes on goods which are consumed by higher income taxpayers (luxuries and non health services) or taxing subsistence items (basic food purchases, children's clothing or utilities) at low rates or not at all. The tax rate can also be applied differentially for other social policy goals. Goods with high social costs associated with them such as alcohol can be taxed at higher rates.

Tax Credits

Tax credits against tax owed are deducted after the rate is applied to the tax base. Tax credits are available for special expenditures and can be effective in avoiding penalties or encouraging those qualifying expenditures. Credits can also be used to offset amounts paid to other governments thereby preventing double taxation of the same transactions.

Source: Revenue Potential of a General Sales Tax, December 1986; Department of Revenue

SECTION 5

CRITERIA FOR TAX SELECTION

The tables presented above summarize only the quantitative impacts of a seasonal sales tax proposal. There are other issues which need to be considered. The alternative tax structures should be analyzed briefly on a number of issues including how they affect taxpayer groups, how easily administered they are and how politically palatable they might be.

Economic Efficiency: What effect does the proposed tax have on incentives and economic decision making? How does the tax alter consumption, production or resource allocation decisions?

Equity: Who bears the burden of tax and how does that burden compare with ability to pay or benefits received? Is the tax progressive or regressive with respect to income and/or wealth?

Elasticity: What is the sensitivity of the tax revenue yield to changes in economic or demographic conditions? As income or population increase or decrease, does tax revenue increase or decrease in greater, lesser or equal proportion?

Administrative Efficiency: How costly is the tax to administer in terms of resources devoted to administration and compliance relative to the revenue yield of the tax? Who bears the burden of administrative cost, the taxpayer, the State or the tax collector (if different from the State)?

Political Feasibility: How acceptable is the proposed tax to the legislature and the electorate given existing social, political, and economic conditions? Who benefits, who loses, and who has the most political power?

Interstate Capture: How much of the tax owed by nonresident taxpayers who work or travel in Alaska is it possible to capture?

Intergovernmental Effects: Does the tax erode the tax base of higher level (federal) or lower level (local) governments? If such erosion should be mitigated, how can it be done? Do higher level or lower level government taxes erode the State tax base? If such erosion should be mitigated, how can it be done?

affected
on
small
comm
AML

Inflation Effects: What is the effect of inflation on the elements of the tax structure and the burden on the taxpayer? If this should be mitigated, how can it be done?

Source: Revenue Potential of a General Sales Tax, December 1986;
Department of Revenue

SECTION 6

TAXING AIRLINES AND AIR COMMERCE

The following federal statute appears to make the collection of a visitor tax via airlines or airports or airline property difficult, if not impossible.

§ 1513 State taxation of Air Commerce (in part)

(a) Prohibition; exemption

No State (or political subdivision thereof, including the Commonwealth of Puerto Rico, the Virgin Island, Guam, the District of Columbia, the territories or possessions of the United States or political agencies of two or more States) shall levy or collect a tax, fee, head charge, or other charge, directly or indirectly, on persons traveling in air commerce or on the carriage of persons traveling in air commerce or on the sale of air transportation or on the gross receipts derived therefrom: except as provided in subsection (e) of this section and except that any State (or political subdivision thereof, including the Commonwealth of Puerto Rico, the Virgin Islands, Guam, the District of Columbia, the territories or possessions of the United States or political agencies of two or more States) which levied a tax, fee, head charge, or other charge, directly or indirectly, on persons traveling in air commerce or on the carriage of persons traveling in air commerce or on the sale of air transportation or on the gross receipts derived therefrom prior to May 21, 1970 shall be exempt from the provisions of this subsection until December 31, 1973.

(d) Acts which unreasonably burden and discriminate against interstate commerce; definitions

(1) The following acts unreasonably burden and discriminate against interstate commerce and a State, subdivision of a State, or authority acting for a State or subdivision of a State may not do any of them:

(A) assess air carrier transportation property at a value that has a higher ratio to the true market value of the air carrier transportation property than the ratio that the assessed value of other commercial and industrial property of the same type in the same assessment jurisdiction has to the true market value of the other commercial and industrial property;

(B) levy or collect a tax on an assessment that may not be made under subparagraph (A) of this paragraph: or

(C) levy or collect an ad valorem property tax on air carrier transportation property at a tax rate that exceeds the tax rate applicable to commercial and industrial property in the same assessment jurisdiction.

(e) Authority for imposition of passenger facility charges

(1) In General

Subject to the provision of this subsection, the Secretary may grant a public agency which controls a commercial service airport authority to impose a fee of \$1.00, \$2.00, or \$3.00 per each paying passenger of an air carrier enplaned at such airport to finance eligible airport-related projects to be carried out in connection with such airport or any other airport which such agency controls. For purposes of this subsection, financing an eligible airport-related project includes making payments for debt service on bonds and other indebtedness incurred to carry out such project.

(2) Use of revenue and relationship between fees and revenues

The Secretary may grant a public agency which controls a commercial service airport authority to impose a fee under this subsection to finance specific projects only if the Secretary finds, on the basis of an application submitted for such authority-

(A) that the amount and duration of the proposed fee will result in revenues (including interest and other returns on such revenues) which do not exceed amounts necessary to finance the specific projects; and

(B) that each of the specific projects is an eligible airport-related project which will-

(i) preserve or enhance capacity, safety, or security of the national air transportation system,

(ii) reduce noise resulting from an airport which is part of such system, or

(iii) furnish opportunities for enhanced competition between or among air carriers.

Airline Property taxation

Historical and Statutory Note to the above statute

Retroactive effect

Federal statute prohibiting state taxing authorities from taxing air carrier transportation property differently from commercial and industrial property in same assessment jurisdiction did not apply retroactively to assessments or airline property which were completed prior to effective date of statute.

SECTION 7

TYPES OF TOURISM TAXES BY STATES

Traditional Taxes

In general, states collect three types of special taxes from tourism-related activities and in some instances use those tax revenues to fund tourism development: hotel/motel taxes, amusement/admission taxes, and taxes on food and drink.

The Difference Between a Fee and a Tax: Discussions of revenue sources are complicated by differing definitions of taxes and fees. Although a fee generally differs from a tax in that it is paid for a specific service or for permission to perform a specific act, tax is defined broadly here to include charges that some states may consider fees, such as amusement taxes.

Hotel/Motel Taxes

Currently, 32 states impose a hotel/motel tax. The rates vary from one-tenth of 1 percent to 8 percent. Forty-four states, all but Connecticut, Delaware, Hawaii, Maine, New Hampshire, and South Carolina, also allow local governments to impose a hotel/motel tax. The local government rate averages 3 percent, though a few states allow even higher rates. (See Figure 4 for a complete listing of all the rates.)

In fiscal year 1988, states collected a total of nearly \$7 billion in hotel/motel taxes. Totals ranged from a low of \$887,000 (Rhode Island) to a high of \$270 million (Florida).

Currently, 17 states and Puerto Rico earmark the proceeds from state-imposed hotel/motel taxes. Tourism-related activities receive at least part of this revenue in nine states (Alabama, Delaware, Idaho, Illinois, Louisiana, Montana, Nevada, Rhode Island, and South Carolina) and all of it in four (Arkansas, Colorado, Nebraska, and Washington). In five states - Connecticut, Delaware, Louisiana, Michigan, and Rhode Island - local governments receive earmarked hotel/motel taxes. Only in Connecticut and Rhode Island, however, are the local governments allowed to use the revenue for whatever they choose. Delaware, Louisiana, and Michigan specify that local governments must use the money for tourism promotion; Delaware further specifies that a portion of the tax must be used for beach preservation.

Twenty-three states earmark the proceeds of hotel/motel taxes that are locally imposed. In all these cases, at least a portion of the proceeds is used for tourist-related activities.

Table

**Revenues Generated from State-Imposed Hotel/Motel Taxes
Fiscal Years 1988 and 1989**

State	FY1988	FY 1989
Alabama	\$ 12,412,330	\$ 13,479,318
Alaska	N/A	N/A
Arizona	28,500,000	41,500,000a
Arkansas		
California	N/A	N/A
Colorado	21,132,875	23,406,664
Connecticut	22,300,000	22,200,000
Delaware	3,908,310	4,313,703
Florida	270,184,175	336,996,669
Georgia	37,704,231	43,143,773
Hawaii	67,278,746	75,972,924
Idaho	8,408,000	9,435,000
Illinois	68,700,000	75,700,000
Indiana	N/A	N/A
Iowa	9,900,000	N/A
Kansas	N/A	N/A
Kentucky	20,000,000	21,000,000
Louisiana	17,400,000	18,300,000
Maine	14,600,000	16,600,000
Maryland	N/A	N/A
Massachusetts	53,833,223	57,895,999
Michigan	9,200,000	10,400,000
Minnesota	N/A	N/A
Mississippi	11,752,972	12,430,698
Missouri	N/A	N/A
Montana	3,372,658b	5,077,693
Nebraska	1,233,089	1,367,772
Nevada	9,506,395	10,386,181
New Hampshire	76,500,000	81,800,000
New Jersey	52,024,934	53,848,381
New Mexico	17,000,000	17,000,000
New York	N/A	N/A
North Carolina	29,237,000	30,944,000
North Dakota	4,624,962	5,465,365
Ohio	N/A	N/A
Oklahoma	N/A	N/A
Oregon	N/A	N/A

<u>State</u>	<u>FY1988</u>	<u>FY 1989</u>
Pennsylvania	N/A	N/A
Puerto Rico	11,283,517	13,580,770
Rhode Island	887,242	992,191
South Carolina	13,713,984	14,672,586
South Dakota	N/A	N/A
Tennessee	N/A	N/A
Texas	89,968,643	105,638,686
Utah	N/A	N/A
Vermont	39,793,764c	42,070,014c
Virginia	31,101,378	N/A
Washington	N/A	N/A
West Virginia	N/A	N/A
Wisconsin	N/A	N/A
Wyoming	4,200,410	4,376,867

Notes:

N/A = not available

a Arizona: Rate increase caused jump.

b Montana: This figure reflects three quarters of the receipts

c Vermont: These figures are a combined rooms and meals tax

Source: Survey of State Legislative Fiscal Officers and Revenue Staff (Denver: National Conference of State legislatures, December 1989).

Amusement/Admissions Taxes

In fiscal year 1989, 32 states taxed amusement and admission charges. The rates varied from one-tenth of 1 percent to 10 percent. Thirty-one states allowed local governments to tax these charges, at rates that ranged from 1 percent to 10 percent.

The revenue generated by amusement and admission taxes is much less than the revenue from hotel/motel taxes. State collections average about \$4 million, though they reached \$25 million in Tennessee.

Amusement taxes are also often earmarked, primarily for tourism-related activities (in Arkansas, Oklahoma, Puerto Rico, and South Carolina) or for education (in Alabama, Hawaii, and Tennessee). Other recipients of earmarked amusement taxes include conservation (South Carolina), State Aid Distribution Fund (North Dakota), and local government (Wisconsin).

Because data on collections of local amusement/admissions taxes is not always reported centrally, it is impossible to say how much is collected in the entire country. The amount collected by states that do have central reporting was under \$1 million except in Maryland (\$23 million), Pennsylvania (\$14 million), Washington (\$12 million), and New Jersey (\$1.8 million).

Only eight states provided information about the earmarking of these local taxes. The revenue is used for tourist-related activities in Kansas, North Dakota, and Wyoming. Atlantic County, New Jersey, dedicates the revenue collected from its amusement tax to the Atlantic County Improvement Authority, which is currently using the money to build a convention center. Indiana uses the revenue for capital improvement bonds. In both Alabama and Texas, localities have the option to control the earmarking and the variety of purposes is substantial.

Table
Earmarked Revenue from State-Imposed Hotel/motel Taxes
Fiscal Year 1988

State	Total Collections FY'88	% Earmarked	Recipient
Alabama	\$ 12,412,330	75% 25%	State General Fund Bureau of Tourism and Travel
Arkansas	7,673,678	100%	Dept. of Parks & Tourism
Colorado	21,132,875	100%	State General Fund
Connecticut	22,300,000		Single-town districts receive 4.5% of the room gross sales receipts. Multi-town districts receive 1.5% of the room gross sales receipts
Delaware	3,900,000	1% of 8%	Beach preservation account of Dept. of Natural Resources. County in which collected for Visitors Bureau and tourism.
Idaho	N/A	2%	Idaho Travel and Convention Account.

<u>State</u>	<u>Total Collections FY'88</u>	<u>% Ear- Marked</u>	<u>Recipient</u>
Illinois	68,700,000	10% 40% 50%	Ill. Tourism Fund Gen. Revenue Fund Build Illinois Fund
Louisiana	17,400,000	2.5%	Jefferson Parish Convention Centers/ tourism
Michigan	9,200,000	100%	Local government tourism development projects
Montana	3,372,658	1% 2.5%	Montana Historical Society, to be used for the installation or maintenance of roadside historical signs and historic sites. University system, for the establish- ment and maintenance of a Montana travel research program.

The balance as follows:

75%	Dept. of Commerce
25%	To be distributed by the department to regional non-profit tourism corporations in the ratio of the proceeds collected in each tourism region to the total pro- ceeds collected statewide. If 25% of the proceeds collected annually within the limits of a city or consoli- dated city-county exceed \$35,000, 50% of the amount available for distribution to the regional nonprofit tourism corporation

in the region where the city is located are to be distributed to the non-profit Convention & Visitors Bureau in that city of consolidated city-county

<u>State</u>	<u>Total Collections FY'88</u>	<u>% Bar- Marked</u>	<u>Recipient</u>
Nebraska	1,233,089	100%	State Visitor's Promotion Cash Fund
Nevada	N/A	3/8 of 1% 5/8 of 1%	State promotion of tourism. Retained at local level or promotion of tourism
North Dakota	4,624,962	10%	State Aid Distribution Fund
Puerto Rico	11,283,517		Anything in excess of 6%, General Fund; 1/6 of 6%, Puerto Rico Convention Bureau
Rhode Island	887,242	47% 20% 6% 27%	Regional Tourism District. City or town generating Roger Williams Reserve Fund R.I. Department of Economic Development statewide tourism promotion
South Carolina	13,713,984	25%	First \$25,000 to General Fund for municipality or county. Advertising & tourism promotion. Remaining balance must be used for tourism-related expenditures
Texas	89,968,643	8.33	TX Dept. Commerce
Washington	4,200,000	100%	State trade & convention center

Food and Drink Taxes

These taxes raise large revenues for tourism. Revenues are greatest in Tennessee (\$455 million) and smallest in Wyoming (\$9.5 million).

Only 14 states that tax food and drink earmark the proceeds. Colorado, Michigan, Wyoming and one county in Florida earmark some proceeds for tourist-related activities. Alabama, Hawaii, and South Carolina earmark the revenue for education. Nevada and North Dakota report that the money is used for state aid. The other five states use the revenue for a variety of purposes.

Recent Developments



Florida makes greater use of tourism taxes than any other state. The Florida Tourist Development Tax allows counties or special districts to impose a tax of 1 or 2 percent, subject to voter approval, on rentals or leases of living quarters or accommodations for a period of six months or less. Counties that have imposed this tax for at least three years may levy an additional tax of up to 1 percent and may also levy yet another tax of 2 percent to retire bonded indebtedness on a county or state economic development project.

Any county that has imposed the extra 3 percent tax (the last 3 percentage points mentioned) for at least one year may impose an additional 2 percent tax if the state is participating with the county in an economic development project for which the additional revenue is necessary to retire the bonded indebtedness; if the state's contribution toward the total cost of the project does not exceed \$3 million; and if the total cost of the project does not exceed \$12 million.

The revenue generated from these tourist development taxes may be used in the following ways: (1) To finance publicly owned convention centers, sports stadiums, and so forth; (2) to promote and advertise tourism; (3) to fund convention and tourist information centers; and (4) to finance beach improvement.

In addition to the Tourist Development Tax, three separate county convention development taxes of 1 percent each are levied on the cost of living quarters or accommodations rented or leased for a period of six months or less. Revenue from these taxes is used to fund convention centers in the three counties.

Florida also allows a "high tourism impact" county to impose an additional 1 percent tax on rentals or leases of living quarters

or accommodations for a period of six months or less. In general, a county is considered a high tourism impact county if the Department of Revenue certifies that the sales subject to the county tourism development tax exceeded \$600 million during the previous calendar year, or if at least 18 percent of the county's total sales were subject to the tourist impact tax. Currently, only the two counties surrounding Disney World qualify to impose this tax.

Listed below are programs other states have enacted in the past few years to promote tourism:

- Arizona has established a fund for the Office of Tourism that supplements its annual appropriation. The source of the fund is hotel/motel taxes; the amount in the fund in fiscal year 1989 was \$2 million.

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

- Colorado imposes a two-tenths of 1 percent tax on accommodations; restaurant meals; ticket for lifts, tramways, gondolas, and other skiing facilities; automobile rentals; and sightseeing fares. The proceeds of the tax, which is in effect until 1993, are dedicated to the state tourism board.

- The Louisiana Legislature has initiated the Louisiana Tax-Free Shopping Program.

- The Montana Resort Tax allows designated resort communities (communities of fewer than 2,500 that derive major revenue from tourists) to impose a resort tax of up to 3 percent. The tax applies to sales by hotels, motels, and other lodging establishments; restaurants, taverns, bars, night clubs, and other public establishments that serve alcoholic beverages by the drink; and establishments that sell luxuries. Currently, only one community levies the tax.

- In 1989, Oklahoma enacted one-tenth of 1 percent tax on lodgings, food/drink, private tourist attractions, state tourist attractions, motor vehicle rentals, and tour bus tickets. Money collected from this new tax will go into the Oklahoma Tourism Promotion Revolving Fund.

- One-third of the net revenue from the sale of personalized license plates helps finance out-of-state advertising to promote travel and industrial development in North Carolina.

- The first \$3.5 million of South Carolina's bingo tax goes to the general fund, but 75 percent of the remainder goes to the Department of Parks, Recreation and Tourism.

SECTION 8

ALTERNATIVE ALASKA TOURISM TAX EFFECTS

This section will be distributed and presented at the tax committee meeting.

♦ ♦ ♦ ♦ ♦

Visitor Industry Spending and Investment in Alaska

Annual Visitor Industry Spending in Alaska

Visitors spend over a billion dollars each year on their Alaska travels, according to data from the *Alaska Visitor Statistics Program (AVSP)*. The AVSP is an Alaska Division of Tourism research program that generated six volumes of detailed information on visitors to Alaska, including arrival patterns, visitor opinions and attitudes, demographics, and spending patterns.

Visitors spend \$670 million each year traveling to and from the state, primarily on cruiseships and airlines. Nearly half a billion dollars (\$416 million in 1989) is spent in Alaska on lodging, food, tours, gifts and other items. In total, visitors spent \$1.08 billion on their Alaska travels in 1989.

It is obvious that Alaska's economy benefits from \$400 million in visitor in-state spending. But Alaska also benefits from the significant portion of out-of-state spending which is returned to Alaska indirectly through employee wages, in-state operations spending and in-state capital investment. Results of the Alaska Visitor Industry Business Survey provide a measure of this visitor industry spending in Alaska.

Statewide Spending

The 745 Alaska businesses that responded to the survey reported total in-state spending of \$402 million in 1990, excluding labor costs. Businesses in the transportation sector spent \$222 million in Alaska. Hotels and other lodging facilities spent \$64 million in Alaska in support of their operations, excluding labor.

The portion of this spending attributable to serving non-resident visitors is estimated at \$180 million, or about 45% of all spending. This spending estimate is calculated by applying a business's resident/non-resident sales ratio to its spending. In other words, if 30% of a business's sales are to non-residents, the assumption is that 30% of its spending is attributable to non-resident visitors.

Of course this is only a portion of the total in-state spending by visitor industry-related businesses. Businesses responding to the survey accounted for approximately \$681 million in Alaska visitor sales, or about 63% of the \$1.08 billion spent by visitors to Alaska in 1989, as reported in the *AVSP II*. Therefore, the assumption can be made that businesses responding to the survey also account for 63% of visitor industry spending in Alaska. Expanding the \$180 million in spending reported by surveyed business to account for all visitor industry businesses, it is estimated that total visitor industry spending in Alaska was approximately \$285 million, excluding spending on labor.

In summary, visitor industry spending in Alaska is estimated at approximately \$590 million annually. This includes \$285 million on non-labor spending and \$305 million on labor costs. The \$305 million labor cost estimate is based on \$244 million payroll (see Chapter II) and an estimated \$61 million in benefits.⁷

*Total In-state
and
Out-of-state
Spending*

In addition to the \$590 million in spending in Alaska in support of the visitor industry, it is estimated that another \$232 million was spent outside of Alaska. Survey results suggest that 58% of spending on inventory for resale in Alaska was spent in-state. Industry-wide, out of state spending on inventory is estimated at \$26 million.

Most marketing spending occurs outside Alaska. Of an estimated \$42 million in marketing spending, \$35 million was spent outside Alaska. A small number of very large corporations account for most of this marketing effort.

All other spending on supplies and services (fuel, food, utilities, rent, fees, etc.) in support of visitor industry operations totaled an estimated \$364 million. About one-third of this spending occurred out-of-state, or \$123 million. Most of this out-of-state spending is in support of cruise operations, which buy food, fuel and other supplies at or near their point of origin, most often Pacific Northwest.

Most visitor industry spending on labor, \$305 million out of an industry total of \$353 million, occurs in-state. Almost all of the non-Alaska labor spending is on crew for the two dozen cruiseships that travel to Alaska.

This estimate of total industry spending, approximately \$822 million in 1990, equals about 76% of total revenues generated in Alaska's visitor industry. This suggests that the \$260 million remaining was paid out in taxes, as payments on capital, and as profits to business owners.

⁷ Benefits and other employee overhead costs are typically about 20% of total labor costs. WC&L Pension and Benefits Fact Book, 1989. Compiled by the Chamber of Commerce of the United States.

Table IV-1

Spending by Alaska's Visitor Industry Estimated Annual Total* (Millions of Dollars)			
	In-state	Out-of-state	Total
Inventory for Resale	\$ 37	\$ 26	\$ 63
Marketing Spending	7	35	42
All Other Spending	241	123	364
Total Spending (Excluding Labor)	285	184	469
Labor	305	48	353
Total All Spending	\$590	\$232	\$822

*Source: Alaska Visitor Industry Business Survey.

Spending by Industry Sector

The \$285 million in in-state spending by the visitor industry is spread throughout the visitor affected economy. Most spending is by businesses in the transportation sector, particularly air transportation businesses. Airlines responding to the survey reported over \$158 million in spending (excluding labor) in 1990. Based on survey results, it is estimated that \$60 million of this spending is to serve the non-resident visitor market. Including firms that did not respond to the survey, it is estimated that airlines, air taxis, sightseeing and charter operations spent nearly \$100 million in Alaska, excluding the cost of labor, in support of non-resident visitors.

Another important sector of the economy that spends significantly on the non-resident visitor market includes hotel and other lodging places. A total of 138 lodging businesses responded to the survey. They spent a total of \$64 million in Alaska in support of operations, excluding labor. It is estimated that approximately \$40 million of this spending was due to non-residents, based on survey results.

In the following table, spending information gathered in the survey is presented for all visitor affected business sectors. These results are for surveyed businesses only and therefore are not industry totals.

Table IV-2

Visitor Industry Related Spending in Alaska
(excluding Labor)
by Business Sector

	Surveyed Businesses ¹	Total In-state Spending (\$ millions)	Estimated Spending due to Non-resident Visitors ² (\$ millions)
Transportation:			
Local and Interurban Transit	15	\$ 2.9	\$ 2.3
Water Transportation	31	43.0	41.0
Air Transportation	29	158.6	60.1
Transportation Services	18	17.0	15.9
Total Transportation Sector	93	\$221.5	\$119.3
Retail			
General Merchandise Stores	35	\$14.8	\$ 1.9
Clothing Stores	12	1.2	0.1
Food Stores	23	27.4	1.9
Eating and Drinking Places	74	25.8	6.2
Service Stations	14	11.1	1.0
Miscellaneous Retail	113	26.2	2.9
Total Retail Sector	271	\$106.5	\$14.0
Services			
Hotels/Other Lodging Places	138	\$63.9	\$39.8
Personal Services	11	1.1	0.1
Auto Repair Services/Car Rentals	35	11.0	1.2
Amusement/Recreation Services	103	6.8	5.5
Total Service Sector	287	\$82.8	\$46.6
Total for All Business Surveyed	651	\$401.3	\$179.9
Total for All Visitor Affected Businesses ³	n/a	n/a	\$285.5

¹ Number of businesses responding to the spending question in the Alaska Visitor Industry Business Survey.

² Weighted according to each businesses' percent of sales to non-resident visitors.

³ Businesses responding to the survey accounted for approximately \$681 million in Alaska visitor sales, or about 63% of the \$1.08 billion spent by visitors to Alaska in 1989, as reported in the AVS² II. Therefore, the assumption can be made that businesses responding to the survey also account for 63% of visitor industry spending in Alaska.

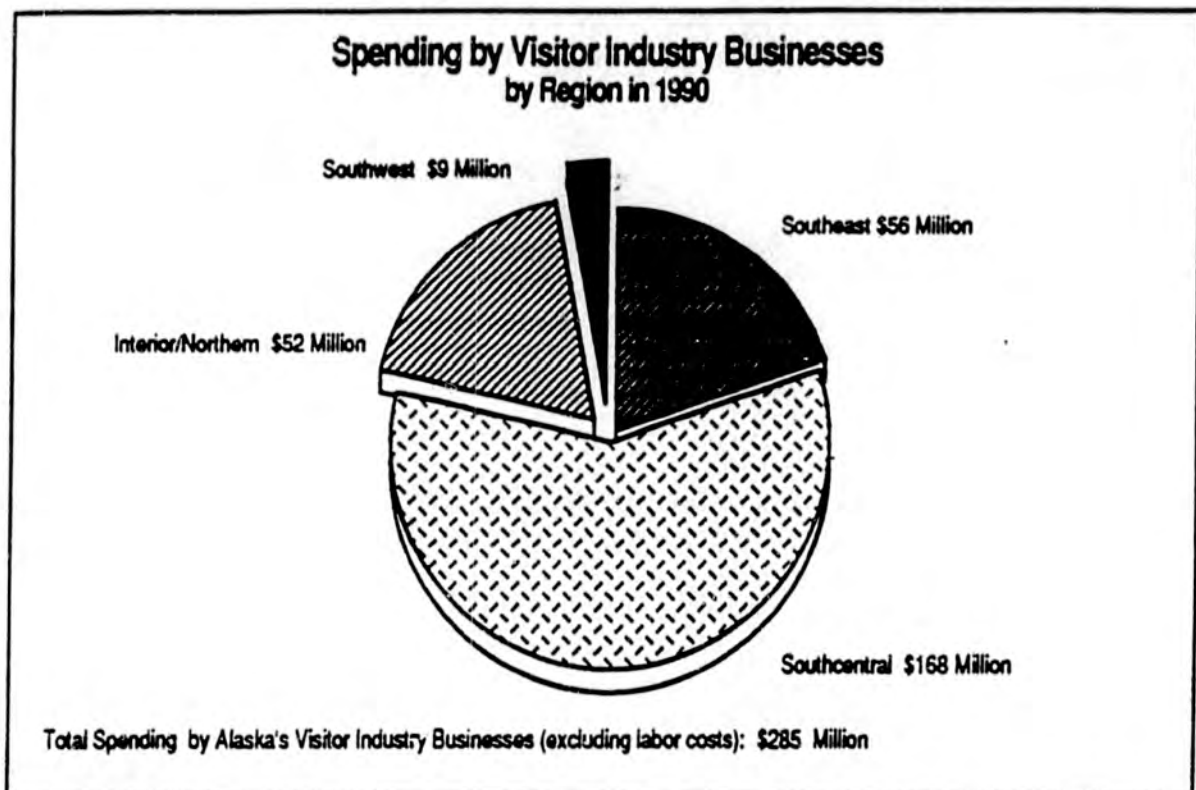
n/a Not applicable

Visitor Industry Spending by Region

The distribution of visitor industry spending around Alaska was also quantified in the Alaska Visitor Industry Business Survey. Southcentral, which hosts about two-thirds of all of Alaska's visitors, accounts for about 60% of all visitor industry spending. The visitor industry spent an estimated \$168 million in Southcentral in 1990, excluding labor costs.

Southeast Alaska benefited from approximately \$56 million in visitor industry spending in 1990, 20% of total visitor industry spending in Alaska. An estimated \$52 million in visitor industry spending occurred in the Interior/Northern region, 19% of the Alaska total. About 3% of 1990 industry spending occurred in Southwest Alaska, approximately \$9 million.

Graph IV-1



*Purchases of
Goods and Services
in Alaska*

No data is available on the total value of visitor industry spending on specific goods and services. However, surveyed businesses did provide a list of their most important vendors. The visitor industry's most important vendors are fuel distributors and wholesalers of food and drink. But virtually every other component of Alaska's service and supply sector is represented on the visitor industry vendor list. Construction contractors of all types (carpenters, plumbers, electricians and others) for example, benefit from visitor industry spending in Alaska.

Alaska manufacturers of goods sold by the visitor industry also benefit, including seafood processors and manufacturers of other food products, printing and publishing houses, and the hundreds of Alaskan artists who sell their work to retail outlets. This spending helps generate thousands of jobs in Alaska's support sector.

Communications and utilities providers provide services to Alaska's visitor industry. Radio and television stations and newspapers play an important role in marketing visitor industry products inside and outside of Alaska. Alaska's advertising and marketing firms are another link in this communications effort.

Public and private sector providers of utilities, including electric services, gas supply and distribution services, and waste disposal services all generate income as a result of visitor industry spending in Alaska.

In addition to serving visitors directly, Alaska's retail sector also provides support to other businesses in Alaska's visitor industry. Hardware stores, clothing stores, furniture stores, car dealers, boat dealers and others in the retail sector earn income by supplying visitor industry businesses.

A variety of businesses in Alaska's service sector provide services to visitor industry businesses. For example, laundry services provide an important service to hotels. Auto repair services earn income through sales to visitor industry businesses. Stevedoring services, legal services, accounting services and other services benefit from visitor industry spending in Alaska.

***Taxes and Fees Paid
by the Visitor
Industry***

Businesses responding to the Alaska Visitor Industry Business Survey reported paying \$40 million in taxes and fees in 1990. This includes property tax payments, airport fees, port fees, bed taxes, sales taxes, inventory taxes and others. Over two-thirds (68%) of gross sales by these businesses are to non-resident visitors, therefore, about \$28 million of the total taxes and fees paid can be directly attributed to the visitor industry. It is estimated that the entire visitor industry, including businesses that did not respond to the survey, paid approximately \$44 million in taxes and fees in 1990.⁸ Much of this spending goes to support local government operations throughout Alaska.

The leading visitor expenditure on taxes and fees is on airport operations. In 1990, airlines, air taxis and charter operators paid \$12 million in aircraft landing fees. Anchorage International Airport generated the bulk of these fees, \$9.5 million. Since non-residents account for about one-third of passenger ticket sales in Alaska, approximately one-third of total airport fees (\$4 million) are attributable to the visitor industry. Tie down fees, terminal rentals and land rentals are other important expenditure for airlines. Based on survey results, the visitor industry spends an estimated total of \$20 million on airport-related fees.

Moorage and lightering fees paid by the visitor industry are an important source of income for Southeast communities. Cruiseships paid \$331,000 in moorage and lightering fees to the City and Borough of Juneau, for example. Ketchikan earned \$189,000 from cruiseship fees in 1990. The cruise industry spends several million more on stevedoring fees in these ports. Other local governments generating revenues from cruiseship moorage and lightering fees include Sitka (\$24,000) and Wrangell (\$6,200). Cruiseships also pay moorage fees to private dock owners in Haines, Skagway, Petersburg, Whittier and other Alaska ports.

Property taxes paid by hotel owners and other property owners generate millions of dollars each year in local government revenues. For example, 109 hotels and other lodging places reported total property tax payments of \$917,000 in 1990, or about \$8,400 per facility. Obviously property tax payments range from zero to many times this figure. This average includes tax payments by hotels, lodges, bed & breakfasts, and RV parks. If this is typical of the lodging industry overall (560 businesses total), this sector paid about \$4.7 million in property taxes.⁹

⁸ Businesses responding to the survey account for 63% of all visitor industry sales. Therefore it is assumed that they also account for 63% of payments of taxes and fees paid by the industry.

⁹ It is estimated that Alaska has 250 operating hotels, motels and lodges, 250 bed & breakfasts (based on a count of business licenses) and 60 RV parks.

Alaska hotels and motels also generated \$8 million in bed taxes in 1990. Anchorage area hotels accounted for \$5.2 million in bed taxes, Fairbanks generated \$1.3 million, and Juneau hotels paid \$700,000 in bed taxes. Other communities, including Valdez (\$264,000), Ketchikan (\$148,000), Skagway (\$104,000), Kodiak (\$93,000), Sitka (\$87,000), Wrangell (\$23,000) and Petersburg (\$19,000) also received bed tax revenues in 1990. The Denali area began levying a bed tax in fiscal year 1991.

The visitor industry's impact on state government revenues includes visitor spending on hunting and fishing licenses and on Alaska Marine Highway travel. Non-residents spent nearly \$7 million on fishing and hunting licenses in 1990. Non-residents spent an estimated \$17 million on the Marine Highway in 1989.

Investment in Alaska's Visitor Industry

Businesses responding to the Alaska Visitor Industry Business Survey reported total investment in property in Alaska of \$355 million. These businesses also reported investment in operating equipment of \$201 million. This investment in property and equipment is to serve both the resident and non-resident markets.

Weighting these investment figures according to visitor sales versus Alaska resident sales provides an indication of investment in the non-resident market. Among businesses responding to the survey, visitor industry investment includes an estimated \$169 million in property and \$113 million in operating equipment that is used in Alaska.

No investment data is available for the businesses that did not respond to the survey. However, it is possible to roughly estimate investment by these firms. Businesses that did not respond to the survey account for about one-third of sales (37%) in Alaska's visitor industry. If the assumption is made that they also account for 37% of investment in the industry, then total investment is \$268 million in property and \$180 million in operating equipment. Total investment, therefore, is estimated at \$448 million.

These estimates do not include investment in cruiseships. Investment in cruiseships that travel to Alaska is probably in excess of \$2 billion. These ships spend from one-third to one-half of the year in the Alaska market. Clearly, a significant portion of this investment in cruiseships must be attributed to the Alaska visitor industry.

*Investment by
Industry Sector*

The lodging industry accounts for most of the investment in Alaska's visitor industry. The 122 hotels that responded to the survey reported total investment in property and equipment (reported as insured or assessed value) of \$216 million. Because 64% of hotel sales are to non-residents, approximately \$139 million of this investment can be attributed to the visitor industry. This total includes only those hotels that responded to the survey. Including those hotels that did not respond to the survey, total visitor industry investment in lodging facilities in Alaska is probably over \$200 million.

Investment in property, such as hotels, has a greater impact on the state's economy than does investment in operating equipment. Almost all operating equipment, airplanes, boats, buses, etc., is manufactured outside of Alaska, therefore the spending on this equipment does not directly benefit the state's economy. Hotels and other facilities, on the other hand, are constructed in Alaska by the Alaska construction industry. More of the investment dollar stays in the state's economy.

The transportation sector accounts for most of the remaining investment in Alaska's visitor industry. The transportation sector overall reported \$165 million in property and equipment investments in Alaska. Nearly \$100 million of this investment is directly attributable to non-resident visitors. The largest component of transportation sector investment is in transportation services. The major cruiselines are included in this category of businesses and they have substantial investment in Alaska in addition to their hotels and lodges.

Air transportation businesses reported total investment of \$71 million, primarily in operating equipment. Approximately 40% of this investment is due to non-residents. Actual investment in aircraft that serve Alaska is certainly far greater than this. Many of the aircraft serving Alaska also serve other markets and it is difficult to attribute some portion of investment in such aircraft to the Alaska market. No doubt, hundreds of millions of dollars worth of aircraft serve Alaska.

Table IV-3

Visitor Industry Related Investment in Property and Equipment in Alaska by Business Sector			
	Number of Businesses ¹	Total In-state Investment (\$ million)	Estimated Investment due to Non-resident Visitors ² (\$ million)
<i>Transportation</i>			
Local and Interurban Transit	14	\$16	\$13
Water Transportation	25	30	17
Air Transportation	23	71	29
Transportation Services	14	48	40
Total Transportation Sector	76	\$165	\$99
<i>Retail</i>			
General Merchandise Stores	28	\$26	\$3.4
Clothing Stores	10	5	0.3
Food Stores	16	11	0.8
Eating and Drinking Places	56	42	11.0
Service Stations	12	5	0.5
Miscellaneous Retail	76	24	2.6
Total Retail Sector	198	\$113	\$19
<i>Services</i>			
Hotels/Other Lodging Places	122	\$216	\$139
Personal Services	6	1	—
Auto Repair Services/Car Rentals	24	28	3
Amusement/Recreation Services	99	28	22
Total Service Sector	251	\$273	\$164
Total for All Business Surveyed	525	\$556	\$282
Total for All Visitor Affected Businesses ³			\$448
¹ Number of businesses responding to the investment question in the Alaska Visitor Industry Business Survey. ² Weighted according to each business's percent of sales to non-resident visitors. ³ Based on the assumption that businesses responding to the survey account for 63% of visitor industry investment in Alaska.			

**Visitor Industry
Investment in
Alaska by Region**

Information gathered in the survey of businesses in Alaska indicates that almost half (45%) of all visitor industry investment in property has occurred in Southcentral Alaska. Just over one-quarter (28%) of visitor industry investment in property has occurred in Southeast Alaska. About one in five (21%) visitor industry property investment dollars are in the Interior/Northern region. The remaining 6% is invested in the Southwest region.

The visitor industry has invested \$180 million in operating equipment. Some of this equipment is used statewide, but over half (53%) of this equipment is used primarily in Southcentral, and one-quarter (25%) is used in Southeast. Survey results suggest that 13% of operating equipment investment is in the Interior/Northern region.

Table IV-4

Investment in Alaska's Visitor Industry by Region (Millions of Dollars)			
	Investment in Property	Investment in Operating Equipment	Total Visitor Industry Investment
Southeast	\$ 73	\$ 45	\$ 118
Southcentral	118	95	213
Interior/Northern	55	24	79
Southwest	13	11	24
Unattributed	9	5	14
Total Investment	\$268	\$180	\$448

Future Investment in Alaska's Visitor Industry

Visitor industry investment in 1991 and 1992 could increase total visitor industry investment in Alaska by as much as 20%. Among surveyed businesses, \$76 million in capital outlays were scheduled for this year. Half of this investment, or about \$39 million is attributable to the non-resident visitor market. Thirteen million dollars in hotel investment was slated for 1991, among businesses responding to the survey. Another \$11 million in investment in the water transportation sector was scheduled for 1991.

For 1992, investments totaling \$34 million are planned, among businesses responding to the survey. The non-resident visitor market accounts for about two-thirds of this investment, or approximately \$23 million. Most of this new investment (\$10 million) is in the water transportation sector. Another \$7 million in hotel investments are included in this total.

These investment projections for 1991 and 1992 present only a partial picture of upcoming investment in Alaska's visitor industry. Actual investment this year and next is impossible to gauge at this time. It is almost certain, however, that total investment in the visitor industry in Alaska will reach half a billion dollars by 1992.

Whittier to charge tourists \$3

12/3/91

By DANIEL R. SADDLER

TIMES WRITER

WHITTIER — The City Council approved Monday a \$3 per passenger fee on cruise ships whose tourists pass through town each summer but do not pay for police, fire or other city services.

The fee, approved unanimously, would be collected from the cruise lines and take effect within 60 days. If the cruise lines can collect the fees within a 30-day period during the summer tourist seasons, they will get a 5 percent deduction.

Residents and the industry debated the merits of the fee at a public hearing Monday. About 40 people attended.

"You are a resident in this community as much as I am, and you ought to fund the operation of this community," Don Stevens

told representatives of the cruise ship industry Monday.

The measure is needed because the town of 300 spends money for police and fire protection and other city services, but gets no revenue from the tourists, said City Manager Hal Dunn.

"It's probably one of the most important ordinances the council ever has or will consider, because you can't continue to pay out and not get anything back," Dunn said.

The city spends about \$21,000 each summer for extra police service for the cruise ship influx, including three part-time reserve officers. The city also would like to add a second ambulance and marine firefighting equipment for the volunteer fire department.

See Whittier, page B2

Whittier

Continued from page B1

to help protect the tourists and the town.

At the hearing, the council and industry dickered over possible compromises.

"I'm up for any creative financing," Vice Mayor Scott Walther said. "Possibly this ordinance was a ticket to negotiation."

Earlier in the evening, the council discussed possible exemptions for government ships, small boats and short-term visits by larger ships.

The cruise ship industry testified against the tax, saying it already pays for the few services it uses.

"I don't mind paying for the things we use, but I can't see what this usage fee is for," said Tim Worthen, vice president of Regency Alaska Tours whose two ships carried 28,000 passengers through Whittier last year.

Tim Kirschbaum, director of

tour products for Alaska Sightseeing Tours, did not know if the ordinance would apply to smaller day boats, like his company's 75-passenger Glacier Seas.

"It's not that difficult for some of the major players to go to Seward for an alternate, so it could be self-defeating to try to raise revenue that way," he said.

The Alaska Railroad owns and operates the dock where most cruise ships tie up, about 63 ships this year. Worthen said his company pays the railroad a daily moorage fee of about \$1,000 plus \$2 per passenger to use the dock, he said. The railroad reimburses

the city for police protection during the summer.

Cruise ship passengers scarcely leave railroad-owned property as they move from their ships to rail cars bound for Anchorage, Worthen said. The cruise ship lines pay each time their passengers require an ambulance.

"We certainly understand that our bringing in large amounts of passengers into the communities impacts them, and the services they provide, and certainly dollars are tight for everyone," said Phil Broderick, Alaska-Yukon operations director for tour in-

dustry giant Holland America Line.

The industry is willing to pay for the services it uses, Broderick said. The city of Skagway bought a \$50,000 ambulance with contributions from Holland America and Princess Cruise Ship lines, the two biggest cruise ship lines operating in Alaska.

Other cities have moorage fees, and some are trying to impose head taxes or user fees, as

is Whittier. Skagway collects a \$5.90 per-passenger fee, which is paid for use of the dock owned by the White Pass and Yukon Railroad. Ketchikan is attempting to impose a 4 percent sales tax on tour packages sold to passengers on board ships in Ketchikan waters, Worthen said.

But Whittier is a unique situation, Dunn said. The Alaska Railroad, a state-owned corporation, is tax exempt and is not liable for local property taxes.

SCOMM

83/3

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. CSHJR20

Revision Date: _____ Department Affected: Office of the Governor
 Title: Encouraging the US and Soviet Office of International Trade
national govts. to establish consulates Component: _____
 Sponsor: H. Intl. Trade and Tourism
 Requestor: Committee COMPONENT SERIAL NO.

--	--	--	--

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

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

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

Resolution encourages Soviet and American national governments to establish new consulates in Alaska and the Soviet Far East. There is no fiscal impact to the state of Alaska.

Prepared By: David RamseurPhone: 465-3940Division: Rep. Tom Mover, ChairmanDate: 2/13/91Approved by Commissioner: Tom MoverAgency: H. Intl. Trade and Tourism CommitteeDate: 2/13/91Distribution (by preparer): Legislation, Finance, Education

MB, & Impacted Agency(ies)

Rev 10/90

- Fiscal Note -

Page

REPRESENTATIVE TOM MOYER

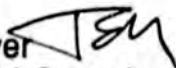
DISTRICT 19 • 119 N. CUSHMAN ST., SUITE 203 • FAIRBANKS, AK 99701 • (907) 456-8161

International Trade & Tourism, Chair • State Affairs, Vice Chair • Resources, Member

MEMORANDUM

To: Senator Fred Zharoff
Chairman, Senate Rules

May 1, 1991

From: Representative Tom Moyer 
Chairman, House Special Committee
on International Trade and Tourism

Re: HJR20, Soviet and U.S. consulates

With this memo, I would like to respectfully request the Senate Rules Committee to schedule this resolution for the floor at your earliest convenience, pending referral by the Senate State Affairs Committee which approved it today.

The resolution encourages the U.S. and Soviet national governments to establish new consulate offices in Alaska and the Soviet Far East to help process the required approvals for business ventures, exchanges and travel between the two countries.

The resolution is timely because Alaska Airlines begins new regular service to the Soviet Far East in June and Aeroflot begins service to Anchorage in early May. In addition, the U.S. Congress may soon consider legislation that would have an impact on these consulates. Senator Frank Murkowski recently testified before a joint hearing of the House and Senate International Trade and Tourism committees that such a resolution would be helpful to congressional deliberations.

The resolution has been favorably considered by the full House and by the Senate Special Committee on International Trade and Tourism.

I am prepared to answer questions about the resolution at your convenience. Please let me know if I can provide any additional information.

ALASKA STATE LEGISLATURE • P.O. BOX V • JUNEAU, AK 99811 • (907) 465-4930

Steele Creek/Gimre • Steese East • Steese West • Goldstream • Ester • Ft. War Wright • Two Rivers • Fox • Central • Livengood • Circle • Chit'anika



Recycled Paper

HOUSE SPECIAL COMMITTEE ON INTERNATIONAL TRADE AND TOURISM

ALASKA STATE LEGISLATURE

P.O. BOX V, JUNEAU 99811

(907) 465-2973



MEMORANDUM

To: Senator Pat Rodey
Chairman, Senate State Affairs

From: Representative Tom Moyer
Chairman, House Special Committee
on International Trade and Tourism

April 22, 1991

Re: HJR20, Soviet and U.S. consulates

With this memo, I would like to respectfully request the Senate State Affairs Committee to consider this resolution at your earliest convenience. The resolution encourages the U.S. and Soviet national governments to establish new consulate offices in Alaska and the Soviet Far East to help process the required approvals for business ventures, exchanges and travel between the two countries.

The resolution is timely because Alaska Airlines begins new regular service to the Soviet Far East in June and Aeroflot begins service to Anchorage in early May. In addition, the U.S. Congress may soon consider legislation that would have an impact on these consulates. Senator Frank Murkowski recently testified before a joint hearing of the House and Senate International Trade and Tourism committees that such a resolution would be helpful to congressional deliberations.

The resolution has been favorably considered by the full House and by the Senate Special Committee on International Trade and Tourism.

I am prepared to testify about the resolution at your convenience. Please let me know if I can answer any questions or provide additional information about it.

HOUSE SPECIAL COMMITTEE ON INTERNATIONAL TRADE AND TOURISM

ALASKA STATE LEGISLATURE

P.O. BOX V, JUNEAU 99811

(907) 465-2973



MEMORANDUM

To: Representative Johnny Ellis
Rules Chairman

March 5, 1991

From: Representative Tom Moyer *TM*
International Trade Chairman

Re: HJR20, Soviet and U.S. consulates

With this memo, I would like to request the Rules Committee to consider and schedule for floor action this resolution at your earliest convenience. As you know, the resolution encourages the U.S. and Soviet national governments to establish new consulate offices in Alaska and the Soviet Far East to help process the required approvals for business ventures, exchanges and travel between the two countries.

The resolution is timely because Alaska Airlines begins new regular service to the Soviet Far East in June and Aeroflot begins service to Anchorage in early May. In addition, the U.S. Congress may soon consider legislation that would have an impact on these consulates. As you'll recall, Senator Frank Murkowski testified before the House Special Committee on International Trade and Tourism that such a resolution would be helpful to congressional deliberations.

The resolution has been favorably considered by both the House Special Committee on International Trade and Tourism and the State Affairs Committee.

Please let me know if I can answer any questions about it.



Official Business

Alaska State Legislature

P.O. Box V
State Capitol
Juneau, Alaska 99811

MEMORANDUM

To: Representative Gene Kubina
Chairman, State Affairs Committee

Feb. 20, 1991

From: Representative Tom Moyer 
Chairman, Special Committee on
International Trade and Tourism

Re: HJR20, Soviet and American consulates

With this memo, I am requesting that you schedule HJR20 for a hearing at your earliest convenience. The resolution, sponsored by the Special Committee on International Trade and Tourism, was unanimously passed out of the committee on Feb. 13.

The resolution encourages the U.S. and Soviet national governments to establish new consulates in Alaska and the Soviet Far East to help process the necessary approvals for Alaska-Soviet business deals, exchanges and travel. Senator Murkowski appeared before the committee to endorse the resolution and said its early approval would be helpful in Washington.

My office already has forwarded to your committee a complete file on the resolution. Please let me know if I can answer questions about it. I am happy to testify about the resolution at your convenience.

- Sponsor Statement -

FRANK H. MURKOWSKI
ALASKA

COMMITTEES:

SELECT COMMITTEE ON INTELLIGENCE (VICE CHAIRMAN)
ENERGY AND NATURAL RESOURCES
FOREIGN RELATIONS
VETERANS' AFFAIRS
SELECT COMMITTEE ON INDIAN AFFAIRS

United States Senate

WASHINGTON, DC 20510-0202

(202) 224-6865
February 18, 1992

222 WEST 7TH AVENUE, BOX 1
ANCHORAGE, AK 99513-7570
(907) 271-3735

101 12TH AVENUE, BOX 7
FAIRBANKS, AK 99701-6278
(907) 456-0233

P.O. Box 21647
JUNEAU, AK 99802-1647
(907) 586-7400

130 TRADING BAY ROAD, SUITE 350
KENAI, AK 99611-7716
(907) 283-5808

109 MAIN STREET
KETCHIKAN, AK 99901-6469
(907) 225-6880

The Honorable Tom Moyer
Representative
Alaska State Legislature
P.O. Box v
Juneau, Alaska 99811

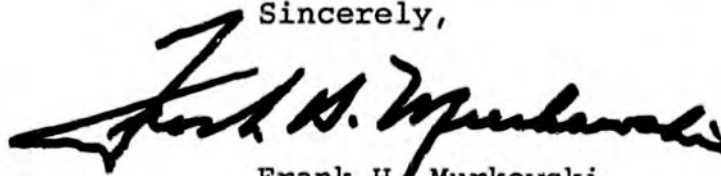
Dear Tom:

Thank you for your letter and for forwarding me copies of the resolutions regarding a consulate in the Soviet Far East you have worked on. I appreciate your keeping me informed of the good work that you have been doing on the Alaska-Soviet Far East front in the Alaska State Legislature.

I am very optimistic about the future of the United States Consulate to be opened in Khabarovsk. I am pleased to see that this process is moving forward.

Thanks once again for your letter. Please feel free to contact me again with any comments or concerns you may have.

Sincerely,



Frank H. Murkowski
United States Senator

STATE OF ALASKA

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

OFFICE OF THE COMMISSIONER

WALTER J. HICKEL, GOVERNOR

3601 C STREET, SUITE 724
ANCHORAGE, ALASKA 99503
PHONE: (907) 562-2728

July 2, 1991

Senator Ted Stevens
United States Senate
522 Hart Building
Washington, D.C. 20510-0201

Dear Senator Stevens:

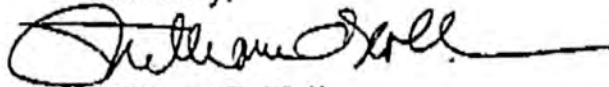
I write you with an update from the Soviet Far East and a request for your help.

Sen. Arliss Sturgulewski, Rep. Tom Moyer and I just returned from a 10-day trip to the Soviet Far East, where our delegation, along with John Sims, joined with the leaders of Primorksi, Magadan, Sakhalin and Khabarovsk regions in calling on our national governments to establish new consulates in Alaska and the Soviet Far East. I'm enclosing copies of the protocols we signed while there.

The need for the consulates is clear and convincing. More and more travelers move between our two areas every day, and the existing consulates are ill-equipped to handle the increase in business. Moreover, the establishment of new consulates would help Alaska in its bid to position itself as the gateway to the Soviet Far East.

Your assistance in this matter is essential. I look forward to working together to see that this issue moves ahead in the coming months. If I can be of any further help, please don't hesitate to call.

Sincerely,



William C. Noll
Deputy Commissioner
International Trade & Development

Enclosures

STATE OF ALASKA

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

OFFICE OF THE COMMISSIONER

WALTER J. HICKEL, GOVERNOR

3601 C STREET, SUITE 724
ANCHORAGE, ALASKA 99503
PHONE: (907) 562-2728

July 2, 1991

Senator Frank H. Murkowski
United States Senate
709 Hart Building
Washington, D.C. 20510-0202

Dear Senator Murkowski:

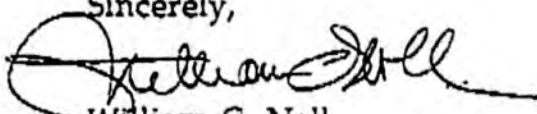
I write you with an update from the Soviet Far East and a request for your help.

Sen. Arliss Sturgulewski, Rep. Tom Moyer and I just returned from a 10-day trip to the Soviet Far East, where our delegation, along with John Sims, joined with the leaders of Primorksi, Magadan, Sakhalin and Khabarovsk regions in calling on our national governments to establish new consulates in Alaska and the Soviet Far East. I'm enclosing copies of the protocols we signed while there.

The need for the consulates is clear and convincing. More and more travelers move between our two areas every day, and the existing consulates are ill-equipped to handle the increase in business. Moreover, the establishment of new consulates would help Alaska in its bid to position itself as the gateway to the Soviet Far East.

Your assistance in this matter is essential. I look forward to working together to see that this issue moves ahead in the coming months. If I can be of any further help, please don't hesitate to call.

Sincerely,



William C. Noll
Deputy Commissioner
International Trade & Development

Enclosures

STATE OF ALASKA

DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT

OFFICE OF THE COMMISSIONER

WALTER J. HICKEL, GOVERNOR

3601 C STREET, SUITE 724
ANCHORAGE, ALASKA 99503
PHONE: (907) 562-2728

July 2, 1991

Representative Don Young
House of Representatives
2331 Rayburn House Office Building
Washington, D.C. 20510-0201

Dear Representative Young:

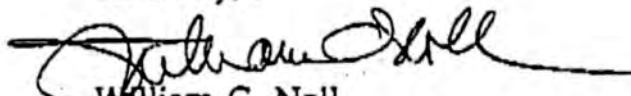
I write you with an update from the Soviet Far East and a request for your help.

Sen. Arliss Sturgulewski, Rep. Tom Moyer and I just returned from a 10-day trip to the Soviet Far East, where our delegation, along with John Sims, joined with the leaders of Primorski, Magadan, Sakhalin and Khabarovsk regions in calling on our national governments to establish new consulates in Alaska and the Soviet Far East. I'm enclosing copies of the protocols we signed while there.

The need for the consulates is clear and convincing. More and more travelers move between our two areas every day, and the existing consulates are ill-equipped to handle the increase in business. Moreover, the establishment of new consulates would help Alaska in its bid to position itself as the gateway to the Soviet Far East.

Your assistance in this matter is essential. I look forward to working together to see that this issue moves ahead in the coming months. If I can be of any further help, please don't hesitate to call.

Sincerely,



William C. Noll
Deputy Commissioner
International Trade & Development

Enclosures

PROTOCOL

Between the State of Alaska,
United States of America
and the Sakhalin Oblast,
Union of Soviet Socialist Republics

An agreement to work to establish new Soviet and American consulates in Alaska and the Soviet Far East.

Alaska is the only U.S. state to share a common border with the Soviet Union, and is geographically closer to the U.S.S.R. than any other state, separated by only 2.5 miles (4 kilometers) at the closest point.

Alaska and the Soviet Union share a common history and heritage, and many Native people of both countries are related by blood and speak a common language.

Regular contact between Alaska and the Soviet Far East resumed in 1987 following more than 40 years of separation by political differences.

Citizens of Alaska and the Soviet Far East are at the forefront of opening trade, scientific and cultural relations between the U.S. and U.S.S.R. and Alaska and Soviet air carriers make frequent flights across the Bering Strait.

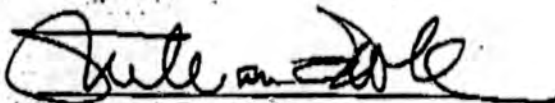
The growing number of visits by Alaskans and Soviets to each other's countries and an increasing number of trade, tourist, scientific and cultural ventures require visas and other approvals by both national governments.

There is a considerable burden on and delay for those seeking to travel and pursue joint ventures because Soviets must personally travel to Moscow, the U.S. Embassy in Moscow is cutting back on approvals, and the Soviet Embassy in San Francisco processes an estimated 5,000 visa applications monthly.

Therefore, the undersigned representatives of the state of Alaska and the Sakhalin Oblast of the Soviet Far East agree to work to encourage their national governments to establish as soon as possible an American consulate in the Soviet Far East and a Soviet consulate in Alaska to more quickly and efficiently process the required approvals for Alaska-Soviet exchanges and visits, and to further encourage the warming relations between our two countries.

Agreed to: on this 25th day of June, 1991, in the city of Yuzhno-Sakhalinsk.

For Alaska:



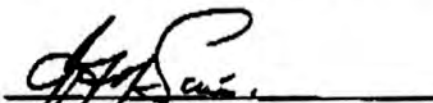
William C. Noll
Deputy Commissioner for
International Trade & Development
State of Alaska



Senator Arliss Sturgulewski
Alaska State Legislature

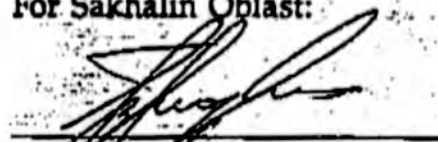


Representative Tom Moyer
Alaska State Legislature

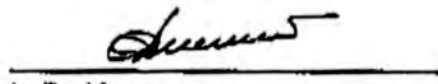


John Sims, Chairman
Alaska State Chamber
of Commerce

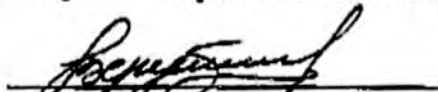
For Sakhalin Oblast:



V. P. Mozelevsky
Deputy Chairman of Sakhalin
Executive Committee



A. P. Aksyonov
Chairman of Sakhalin
Peoples Deputies Council



V. I. Khrustalyov
Representative of Soviet
Foreign Economic Affairs
Ministry



S. V. Migashko
Director of Sakhalin
Branch Far East Chamber
of Commerce & Industry



PROTOCOL

Between the State of Alaska,
United States of America
and the Primorski Krai,
Union of Soviet Socialist Republics

An agreement to work to establish new Soviet and American consulates in Alaska and the Soviet Far East.

Alaska is the only U.S. state to share a common border with the Soviet Union, and is geographically closer to the U.S.S.R. than any other state, separated by only 2.5 miles (4 kilometers) at the closest point.

Alaska and the Soviet Union share a common history and heritage, and many Native people of both countries are related by blood and speak a common language.

Regular contact between Alaska and the Soviet Far East resumed in 1987 following more than 40 years of separation by political differences.

Citizens of Alaska and the Soviet Far East are at the forefront of opening trade, scientific and cultural relations between the U.S. and U.S.S.R. and Alaska and Soviet air carriers make frequent flights across the Bering Strait.

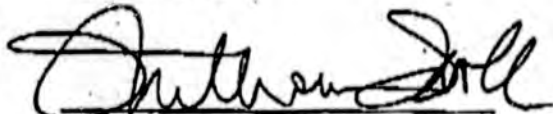
The growing number of visits by Alaskans and Soviets to each other's countries and an increasing number of trade, tourist, scientific and cultural ventures require visas and other approvals by both national governments.

There is a considerable burden on and delay for those seeking to travel and pursue joint ventures because Soviets must personally travel to Moscow, the U.S. Embassy in Moscow is cutting back on approvals, and the Soviet Embassy in San Francisco processes an estimated 5,000 visa applications monthly.

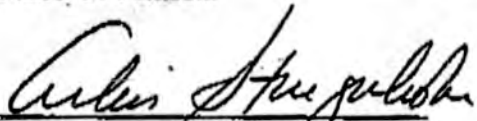
Therefore, the undersigned representatives of the state of Alaska and the Primorski Krai of the Soviet Far East agree to work to encourage their national governments to establish as soon as possible an American consulate in the Soviet Far East and a Soviet consulate in Alaska to more quickly and efficiently process the required approvals for Alaska-Soviet exchanges and visits, and to further encourage the warming relations between our two countries.

Agreed to: on this 27th day of June, 1991, in the city of Vladivostok.

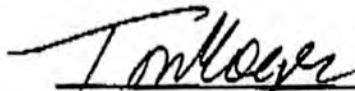
For Alaska:



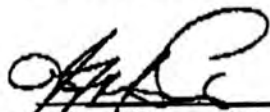
William C. Noll
Deputy Commissioner for
International Trade & Development
State of Alaska



Senator Arliss Sturgulewski
Alaska State Legislature

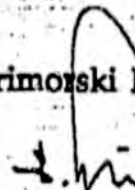


Representative Tom Moyer
Alaska State Legislature

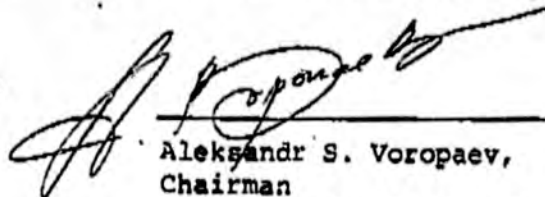


John Sims, Chairman
Alaska State Chamber
of Commerce

For Primorski Krai:



Valeri K. Lozovoi,
Vice-Chairman
Primorski Territory
Executive Committee



Aleksandr S. Voropaev,
Chairman
Permanent Commission, Primorski
Territory Soviet



Aleksandr S. Pisarev,
Chairman
Primorski Regional Chamber of
Commerce and Industry



PROTOCOL

Between the State of Alaska,
United States of America
and the Magadan Oblast,
Union of Soviet Socialist Republics

An agreement to work to establish new Soviet and American consulates in Alaska and the Soviet Far East.

Alaska is the only U.S. state to share a common border with the Soviet Union, and is geographically closer to the U.S.S.R. than any other state, separated by only 2.5 miles (4 kilometers) at the closest point.

Alaska and the Soviet Union share a common history and heritage, and many Native people of both countries are related by blood and speak a common language.

Regular contact between Alaska and the Soviet Far East resumed in 1987 following more than 40 years of separation by political differences.

Citizens of Alaska and the Soviet Far East are at the forefront of opening trade, scientific and cultural relations between the U.S. and U.S.S.R. and Alaska and Soviet air carriers make frequent flights across the Bering Strait.

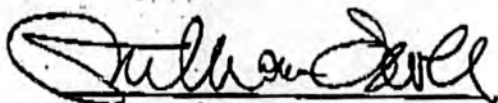
The growing number of visits by Alaskans and Soviets to each other's countries and an increasing number of trade, tourist, scientific and cultural ventures require visas and other approvals by both national governments.

There is a considerable burden on and delay for those seeking to travel and pursue joint ventures because Soviets must personally travel to Moscow, the U.S. Embassy in Moscow is cutting back on approvals, and the Soviet Embassy in San Francisco processes an estimated 5,000 visa applications monthly.

Therefore, the undersigned representatives of the state of Alaska and the Magadan Oblast of the Soviet Far East agree to work to encourage their national governments to establish as soon as possible an American consulate in the Soviet Far East and a Soviet consulate in Alaska to more quickly and efficiently process the required approvals for Alaska-Soviet exchanges and visits, and to further encourage the warming relations between our two countries.

Agreed to: on this 19th day of June, 1991, in the city of Magadan.

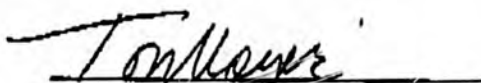
For Alaska:



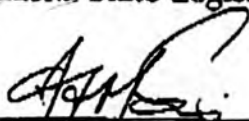
William C. Noll
Deputy Commissioner for
International Trade & Development
State of Alaska



Senator Arliss Sturgulewski
Alaska State Legislature



Representative Tom Moyer
Alaska State Legislature

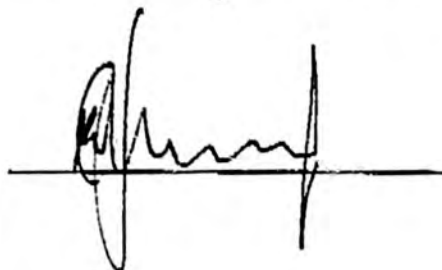
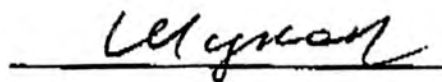


John Sims, Chairman
Alaska State Chamber
of Commerce

For Magadan Oblast:



Заместитель председателя
Магаданского областного
Совета народных депутатов



Agreed to: on this 19th day of June, 1991, in the city of Magadan.

For Alaska:

Arliss Sturgulewski
Senator Arliss Sturgulewski
Alaska State Legislature

Tom Moyer
Representative Tom Moyer
Alaska State Legislature

Bill Noll
Bill Noll, Deputy Commissioner
for International Trade
Alaska Department of Commerce

Witnessed by:

John Sams
John Sams, Chairman
Alaska State Chamber of Commerce
and Economic Development

For the Soviet Union:

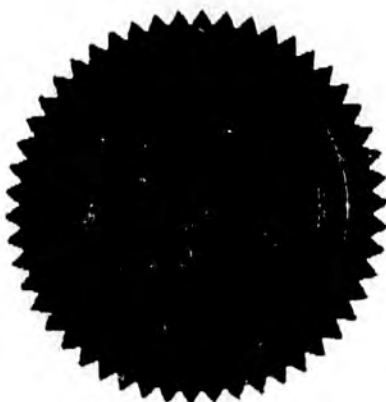
A.A. Makeev
A.A. Makeev,
Vice Chairman of the Magadan
Oblast Soviet of People's Deputies

Y.A. Gorlin
Y.A. Gorlin
Chairman of the Permanent Commission
of the Oblast Soviet of People's Deputies

P.P. Shukan
P.P. Shukan
Chairman of the Health Commission
of the Oblast Soviet of People's Deputies

Witnessed by:

V.A. Spirin
V.A. Spirin
Vice Chairman of the Oblast
Executive Committee



PROTOCOL

Between the State of Alaska,
United States of America
and the Khabarovsk Krai,
Union of Soviet Socialist Republics

An agreement to work to establish new Soviet and American consulates in Alaska and the Soviet Far East.

Alaska is the only U.S. state to share a common border with the Soviet Union, and is geographically closer to the U.S.S.R. than any other state, separated by only 2.5 miles (4 kilometers) at the closest point.

Alaska and the Soviet Union share a common history and heritage, and many Native people of both countries are related by blood and speak a common language.

Regular contact between Alaska and the Soviet Far East resumed in 1987 following more than 40 years of separation by political differences.

Citizens of Alaska and the Soviet Far East are at the forefront of opening trade, scientific and cultural relations between the U.S. and U.S.S.R. and Alaska and Soviet air carriers make frequent flights across the Bering Strait.

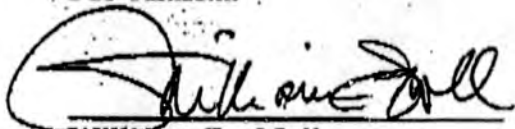
The growing number of visits by Alaskans and Soviets to each other's countries and an increasing number of trade, tourist, scientific and cultural ventures require visas and other approvals by both national governments.

There is a considerable burden on and delay for those seeking to travel and pursue joint ventures because Soviets must personally travel to Moscow, the U.S. Embassy in Moscow is cutting back on approvals, and the Soviet Embassy in San Francisco processes an estimated 5,000 visa applications monthly.

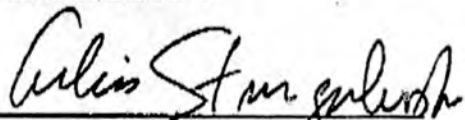
Therefore, the undersigned representatives of the state of Alaska and the Khabarovsk Krai of the Soviet Far East agree to work to encourage their national governments to establish as soon as possible an American consulate in the Soviet Far East and a Soviet consulate in Alaska to more quickly and efficiently process the required approvals for Alaska-Soviet exchanges and visits, and to further encourage the warming relations between our two countries.

Agreed to: on this 21st day of June, 1991, in the city of Khabarovsk.

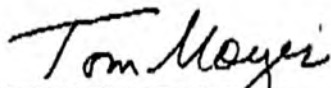
For Alaska:



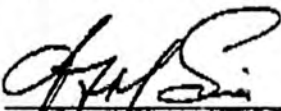
William C. Noll
Deputy Commissioner for
International Trade & Development
State of Alaska



Senator Arliss Sturgulewski
Alaska State Legislature



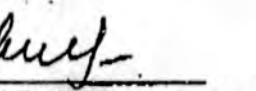
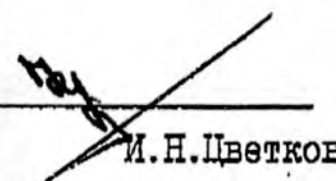
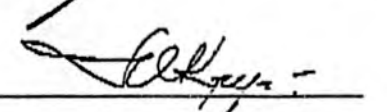
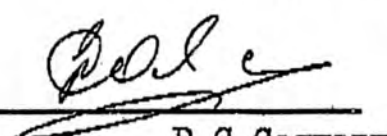
Representative Tom Moyer
Alaska State Legislature



John Sims, Chairman
Alaska State Chamber
of Commerce



Khabarovsk Krai:


В.В.Литвинов
М.Н.Цветков
М.В.Кругликов
В.С.Солдатченков

FRANK H. MURKOWSKI

ALASKA

COMMITTEES:

VETERANS AFFAIRS (RANKING MEMBER)
ENERGY AND NATURAL RESOURCES
FOREIGN RELATIONS
SELECT COMMITTEE ON INTELLIGENCE
SELECT COMMITTEE ON INDIAN AFFAIRS

United States Senate

WASHINGTON, DC 20510
(202) 224-6666

222 WEST 7TH STREET, BOX 1
ANCHORAGE, AK 99513
(907) 271-3738

101 12TH AVENUE, BOX 7
FAIRBANKS, AK 99701
(907) 466-0233

P.O. BOX 1647
JUNEAU, AK 99802
(907) 588-7400

120 TRADING BAY ROAD, SUITE 350
KENAI, AK 99511
(907) 283-6808

109 MAIN STREET
KETCHIKAN, AK 99801
(907) 226-6880

January 23, 1991

The Honorable Andre Kolosovskiy
Special Plenipotentiary Envoy to the U.S.
Embassy of Russian Federation
1125 Sixteenth Street, N.W.
Washington, D.C. 20036

Dear Mr. Kolosovskiy:

Please allow me to extend my best wishes and a warm welcome to you in your new role as the Russian Federation Envoy to the United States. I hope and trust your time in Washington, D.C. will be both enjoyable and fruitful.

In the past, my state of Alaska has enjoyed close ties with the Russian Republic and I fully expect these ties to broaden and grow in our new relationship with your country. Alaskans are proud of their shared roots with the people of the Russian Far East and are eager to establish deeper cultural and economic ties with their neighbors across the Bering Straits.

I have spent much time discussing bilateral issues of importance to my constituents, and feel it would be helpful to raise a few of these with you. A greater understanding of the needs and desires of our people will smooth the road to greater cooperation and increase our mutual benefits.

A great many Alaskans are pursuing business ties in the Russian Far East. Of most immediate concern to them is the ability to travel back and forth from Alaska with relative ease. For this reason I have been promoting the opening of a U.S. Consulate in the Russian Far East, and it appears that one will open in Khabarovsk this year. I strongly advocate Russia's consideration of a Consulate in Anchorage. This would greatly facilitate the issuance of visas, and the problems of international travel.

In addition, many Alaskans who are already traveling to Russia have expressed their desire for multiple-entry visas. Such an action would reduce the time and paperwork spent preparing to travel, again, facilitating travel and business ties.

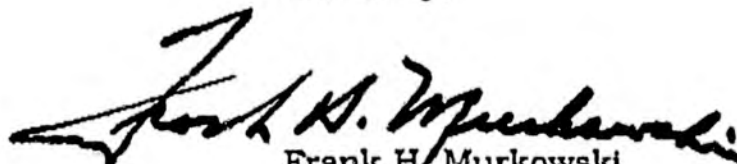
Alaska Airlines began direct flight service from Anchorage to Khabarovsk and Magadan last year. I think we can all agree that this arrangement has been a success. Furthermore, Aeroflot's year-round

flights through Anchorage continue to be popular with Alaskans. In the future I hope to work to expand these flight routes to other Russian cities and look forward to working with you to achieve this goal.

Finally, quick ratification of the U.S.-Russian Maritime Boundary Treaty by the Russian Parliament will be greatly appreciated. The U.S. Senate ratified the treaty in 1991, and it awaits Russian action for final implementation. This boundary treaty has direct benefits for both our nations, so the sooner it is in place, the better.

I hope to have the opportunity soon to discuss these issues with you personally, and to hear of any matters in Russian-Alaskan relations that you care to raise. Again, I welcome you to Washington, D.C., and look forward to a productive relationship.

Sincerely,



Frank H. Murkowski
United States Senator

Walter J. Mickel
Governor,
State of Alaska

February 8, 1991

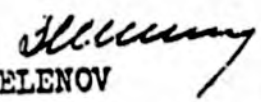
Dear Mr. Mickel,

Let me express my deep appreciation for your kind letter on the opening of the Soviet consulate in Alaska.

I share your opinion that both countries should work together and do everything to promote further development of all-round ties between inhabitants of Alaska and the Soviet Far East. We highly regard your personal efforts and participation in bilateral projects between the two regions.

It is very kind of you to invite me to Alaska . Unfortunately, at this time my schedule is rather tight which prevents me from planning such a trip. However, I will return to you as soon as I am a bit less busy here in my Department.

Sincerely,


Victor M. ZELENOK

Head, Consular Affairs
Department,
Ministry of Foreign
Affairs, Moscow, USSR

WALTER J. HICKEL
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

December 13, 1990

Mr. V.M. Zelanov, Chief
Consular Affairs Department
Ministry of Foreign Affairs
Moscow, U.S.S.R.

Dear Victor Matveyevitch:

My administration is firmly committed to the development of close ties between Alaska and the Soviet Union. It is our hope that your government will establish its second West Coast consulate in Alaska.

Toward that end, I wish to extend an invitation to you to visit our state at a mutually convenient time in order that we may pursue discussions about the consulate. I am proud that Alaskans have been in the forefront of people-to-people and commercial contacts between our two countries. A consulate would permit further development of our maturing relationship.

In the meantime, we look forward to your continuing support of the on-going exchanges occurring between Alaska and the Soviet Far East, such as the Juneau - Vladivostok exchange occurring later this week.

I look forward to your reply.

Sincerely,

A handwritten signature in cursive script that reads "Walter J. Hickel".

Walter J. Hickel
Governor

- Backup -

STEVE COWPER
GOVERNORSTATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 26, 1990

The President
The White House
Washington, D.C. 20500

Mr. President:

The purpose of this letter is to let you know that we all support the opening of an American Consulate office in Khabarovsk, USSR and a Soviet Consulate office in Anchorage, Alaska.

These offices would provide valuable services to support our efforts to promote business, cultural and social exchanges and transactions between Alaska and her neighbors to the West.

The number of people travelling between Alaska and the Soviet Far East has increased substantially and rapidly. Your favorable consideration of this request will help with visa approvals and other matters important to travellers.

Sincerely,

Ted Stevens
United States SenateSteve Cowper
Governor, State of AlaskaFrank Murkowski
United States SenateDon Young
U.S. House of Representatives

cc: Secretary James Baker, Department of State

NEWS RELEASE

STATE OF ALASKA

OFFICE OF THE GOVERNOR
P.O. BOX A
JUNEAU, ALASKA 99811

STEVE COWPER,
GOVERNOR



FOR INFORMATION CONTACT:

DAVID RAMSEUR
PRESS SECRETARY

TERRENCE O'MALLEY
DEPUTY PRESS SECRETARY

(907) 465-3500

FOR IMMEDIATE RELEASE

March 1, 1990

No. 90-38

COWPER CONGRESSIONAL DELEGATION REQUEST CONSULATES

JUNEAU--Gov. Steve Cowper and Alaska's congressional delegation have asked President Bush to support the opening of an American consulate in Khabarovsk, USSR, and a Soviet consulate in Anchorage.

"These offices would provide valuable services to support our efforts to promote business, cultural and social exchanges and transactions between Alaska and her neighbors to the west," Cowper, Sens. Ted Stevens and Frank Murkowski and Rep. Don Young wrote in a letter to Bush this week.

"The number of people traveling between Alaska and the Soviet Far East has increased substantially and rapidly. Your favorable consideration of this request will help with visa approvals and other matters important to travelers," they said.

The U.S. currently has an embassy in Moscow and a consulate in Leningrad, but offers no formal diplomatic services in the Soviet Far East. The Soviet consulate closest to Alaska is located in San Francisco.

The Alaska officials requested that the additional U.S. consulate office be located in Khabarovsk because the city serves as the economic center of the Soviet Far East and is the aviation hub of the region. In addition, Alaska Airlines is seeking rights to fly between Alaska and Khabarovsk.

"Imagine if Alaskans had to apply to Washington D.C. for a visa to travel to Canada. That's about the situation we're in with the Soviets right now," Cowper said. "These new consulate offices would streamline the visa process and enhance our ability to cultivate economic, social and cultural trade with the Soviets. The two regions - Alaska and the Soviet Far East - would mutually benefit from these consulates."

-MORE-

"The absence of a U.S. consulate office in the Soviet Far East complicates our efforts to increase Alaska - Soviet trade," Stevens said. "Soviets who wish to travel to Alaska have to obtain visas from the American embassy thousands of miles away. We must improve our services if Alaskans are to develop closer business, cultural and educational ties with the Soviets," Stevens added.

"We are making good progress in efforts to create direct air routes between Alaska and the Soviet Far East," Murkowski said. "These routes will be hard to support if the process of getting a visa for an Alaskan or a Soviet continues to involve three or four weeks of waiting."

Creating new diplomatic posts overseas - particularly in the Soviet Union - can involve a lot of bureaucratic hurdles and red tape," Murkowski said. "This fact makes it all the more important that Alaskans present a strong, united front on this request."

In a related matter, Cowper met with Soviet Ambassador to the U.S. Yuri Dubinin in Washington Wednesday and was told the ambassador plans to return to Alaska in September. Dubinin said he will speak at the Northern Regions Conference scheduled for Anchorage Sept. 14-21. The conference will focus on problems common to the North and officials of 11 northern nations are expected to attend.

Dubinin, who hosted a lunch for Cowper in the Soviet Embassy, also expressed support for continuing trade and goodwill relations between Alaska and the Soviet Union.

Anchorage Times 3/3/91

Soviet turmoil tests Alaska enthusiasm for business ties

By JULIA RUBIN
Associated Press Writer

ANCHORAGE—Not long ago, it seemed all an Alaskan needed to start a business venture across the Soviet border was a warm handshake.

Now, many realize, a cool nerve may be more important.

"Only certain people have the stomach to persevere," said Jim Rowe, president of Nome-based Bering Air, which has operated charter flights between Nome and the Soviet city of Provideniya for nearly two years. He hasn't turned a profit yet, and doesn't expect to for awhile.

As the Soviet Union's political and economic troubles grow, there's a weeding out process taking place among the numerous business exchanges that have sprouted between Alaska and the Soviet Far East in the past two years.

Those with enough patience and dedication are hanging in there. Others are stepping back in frustration.

Many Alaskans say the Soviet Far East is far enough from Moscow and the Baltics that it is relatively unaffected by the unrest and turmoil there. The big ventures continue.

Alaska Airlines, for example, remains committed to launching commercial service to the Soviet Far East in June.



Earl Romans, president of Alaskan Battery in Fairbanks, is undaunted in his efforts to make batteries with a Magadan outfit and sell them internationally.

The first shipment of his Soviet-made batteries, manufactured by agreement with the Soviets at a government facility, recently was seized as contraband by authorities before it could leave port. But Romans, who has written Soviet President Mikhail S. Gorbachev personally to get the issue resolved, said such things are simply part of the ups and downs of doing business in the Soviet Union.

"You have to be very patient," Romans said. "When you make new rules, nobody understands them. It takes time for people to figure it out."

Nome merchants aren't giving up either. Many have been accepting rubles from Soviet visitors in hopes the currency

will become convertible on the world market. It hasn't, and they've been stuck selling the worthless bills to American tourists as novelties.

They have no plans to give up the money exchange or any of the many programs Nome residents are taking up with the Soviets, however.

Still, other businesspeople are nervous about what they see happening in the Soviet Union, including the government's authorization to the KGB to examine private businesses' books and look for speculators.

Vic Fischer, who has coordinated numerous scientific and cultural exchanges as director of Soviet relations at the University of Alaska, said such moves threaten to chill enthusiasm in both countries.

"People who are involved in business activities are sort of holding their breath," he said. "The mood is very different compared with two years ago."

"Then it was general enthusiasm and optimism about perestroika, about what was coming down the line, about Gorbachev. And gradually over the last two years, it just has been continually a decline—in faith in the system and the government, in reform and perestroika and Gorbachev himself."

Harry Gregson, owner of

(See SOVIET, Page B-6)

SOVIET

(Continued from Page B-1)

Easy Travel Service in Anchorage, said his Russian business partners still were eager to build a joint tourism business. But problems in the western Soviet Union convinced him it wouldn't work.

Eight months ago, Gregson visited the Soviet Union to set up contacts and left thinking it was the perfect tourism destination, full of rare sights and friendly people.

But soon things began unraveling. There was little existing tourism infrastructure, he found, and communications were difficult. Most Alaskans who wanted to visit the Soviet Union wanted to see its western cities, where Gregson saw growing street crime, ethnic tension and material shortages.

He said he couldn't make a business based only on travel to the Soviet Far East.

"The Soviet people are wonderful, and I have some real guilt feelings about not trying to do business for them," said Gregson. "But the uncertainties—food problems, crime and the disorganized way they do business. I decided it wasn't worth putting very much effort into promoting it now. A year ago, it would have been completely opposite."

Most of Gregson's bookings to the Soviet Union are by businesses, and that part of his bookings has dropped off by half, he said. Some of the decline might also reflect travelers' concerns about terrorism and making airline connections in Europe, he said.

But Rich Goldstein, a Russian translator in Anchorage who helps American companies communicate with the Soviets, said that part of his business also appears to have dipped.

He said he has seen a cycle of frustration that he believes is part of dealing with the Soviets.

"All the good wishes in the world won't make up for the lack of a telephone system or a working postal system," Goldstein said.

A L A S K A A I R L I N E S
1 9 9 1

RUSSIA

THE SOVIET FAR EAST



Alaska Airlines
VACATIONS

Alaska Airlines

SEE YOUR TRAVEL AGENT

THE ALASKA ECONOMIC REPORT

Agencies developing internal policies:

February 8, 1991

No. 3/91

Wetlands regulation: New mitigation plan

It's out of the headlines, but the federal wetlands regulation issue is still there, ticking like a time bomb. Here's the latest: The White House Domestic Policy Council is still wrestling with what to do about it. Formally, the council has suspended action due to the war, while staff work goes on. But insiders in Washington say policy people on the council, realizing the sensitivities that national application of a wetlands "no net loss" policy would stir, quietly wish the issue would just go away. But federal agencies, mainly Environmental Protection Agency and U.S. Fish and Wildlife Service, are still pressing hard.

These agencies say they're already incorporating the ideals of "No net loss" in the controversial Memorandum of Understanding signed last year between EPA and the Corps of Engineers that officially sanctions mitigation for wetlands loss. This winds up in stipulations on Corps Section 404 construction permits. But there's a glimpse of hope even within the agencies: High-level EPA officials now think a wetlands "ranking" system (high value, low

value, etc.) is needed, but mid-level agency staff are resisting the idea, arguing it is too "subjective." Wetlands ranking is also central to a new bill coming into the House, co-sponsored by Alaska's Rep. Young and hopefully 50 other congressmen. Such a procedure is important to Alaskan interests because most Alaskan wetlands — like millions of acres of tundra underlain by permafrost — would come in the "low value" category. Alaskans hope these could even be exempt from mitigation. Something to watch, however: Within the context of the MOA agreed to last year, federal agencies are working (Continued Pg. 2)

In This Issue:

- *** UNDERGROUND TANKS: New state program won't solve EPA problem Pg. 2
- *** NATURAL GAS PIPELINE: Yukon Pacific makes a progress report Pg. 3
- *** SLOPE: Busy '91 forecast Pg. 6

Despite turmoil, Alaskans press Soviet trade deals

Despite political and economic turmoil in the Soviet Union, Alaska businessman Doug Drum's meat-packing joint venture is successful and expanding fast in the Soviet Far East. Of 57 U.S.-Soviet JVs in the Soviet Far East, most have failed. Drum's is one of the few successes. Drum has over \$1 million invested in two ventures now underway with food-producing co-ops in Magadan and other areas, and by June will have five plants up and running, some operating under separate JVs. These plants make reindeer products for domestic consumption and export. Drum, of Indian Valley Meats near Anchorage, briefed the state legislature's House International Trade Committee on his progress last week.

Drum and his Soviet partners generate hard cur-

rency by selling reindeer byproducts like horn, hides and high-value meat parts in Hong Kong, Korea, and Europe, and so far these have generated some \$18 million to \$20 million in export earnings. One new development is a partnership with Southwest Hides, a major U.S. firm, in helping Soviets upgrade leather processing and manufacturing ability, to make secondary products for export.

But the Soviets' main interest is in producing food products for local consumption. Drum's experience from his successful Alaska specialty meat packaging operation is proving invaluable. He and his partners were able to get modern meat plants up and running in seven months, a process that would have taken the Soviets about five years. (Continued Pg. 2)

General Business

Will state LUST fund satisfy EPA?

State officials now say the new Leaking Underground Storage Tank assistance fund is not likely to qualify as a substitute for \$1 million insurance requirements by the federal EPA in effect later this year. Because the LUST fund is based on general fund appropriations — not a dedicated fund, as other states have done — EPA will likely still require some form of insurance for owners of underground tanks, rather than allowing the state program to stand in lieu of insurance. Regulations on the program, including the critical definition of "how clean is clean" are due out soon.

Wetlands mitigation planned (Cont.)

(Cont. from Pg. 1) on a mitigation "banking" concept, the idea being to formalize the concept of off-site mitigation. Alaskans have problems with this because if off-site compensation is needed, there will be added costs to community expansions, and marginal resource projects may get pushed over the edge. Also in the bill to be co-sponsored by Young is language to allow wetlands now preserved in national conservation land units to be considered as part of a preservation bank, offsetting any wetland acreage used in community or resource development.

The wetlands issue is critical in Alaska because most communities are surrounded by lands classified as wetland under new federal regulation; also, virtually no resource-related activity, like mining or oil development, can occur without some use of tundra for gravel pads or roads. An Alaska coalition of municipalities, resource developers and Native corporations has been quietly working the issue, with some success, to raise the level of national awareness. Alaskans hope this doesn't "backfire": Alaska has unique wetlands problems, but in a "national" solution, Alaskan concerns could get traded away in negotiations between more powerful constituencies.

Meanwhile, there's still hope the EPA-Corps memorandum can be overturned. Recently, the courts turned down petitions by resource companies, Native corporation and local governments to rule the MOA invalid, because as yet there was no actual situation where harm had been demonstrated. Plaintiffs still feel the issue is valid, once a good test case develops, because the agencies had "made policy" in the MOA without going through the normal procedure of regulation adoption and public hearings.

BP: \$2.5 billion in next three years

BP head John Browne told Alaska business leaders his company sees 25 billion barrels of recoverable oil left in northern Alaska. BP will spend \$2.5 billion here in the next three years, Browne said.

Alaska-Soviet trade deals (Cont.)

(Cont. from Pg. 1) Because Drum was one the first American joint ventures to get rolling in the Soviet Far East, terms of his contracts are more liberal than deals signed later. Also, the value of his investments in the Soviet meat plants, on paper at least, has tripled since devaluation of the ruble in its relation to the dollar, although the ruble itself remains unconvertible. One indicator of Soviet confidence in Drum's venture is a major Moscow bank's investment of up to half a million in hard currency reserves in all of Drum's new JVs with cooperatives in the Far East.

Drum sees the market for U.S. food-handling expertise as wide open: Soviet packaging and distribution technology is so primitive that almost half of the meat product in the Soviet Far East, for example, is lost through spoilage before it can be preserved. While severe meat shortages plague major cities like Moscow, there are up to 40,000 hogs surplus in the Kamchatka Peninsula, the meat from which local officials have no way of preserving or getting to western parts of the U.S.S.R. Drum's success is unusual, but he's not alone. Alaskan business leaders see the U.S.S.R.'s economic and political turmoil as affecting mainly European Russia, with the Far East "fortunately, far from Moscow," one businessman said.

Several other Soviet-Alaska deals are moving ahead: Alaska Airlines will begin scheduled passenger service in late spring; Fairbanks businessman Earl Romans has a joint-venture battery-manufacturing plant up and running in Magadan. The output is mainly for local markets. Bureaucratic snafus have temporarily stalled a test shipment for export, but Romans is now in the U.S.S.R. working to straighten this out. Romans operates Alaska Battery, specializing in making battery units, in Fairbanks. Other Alaska ventures are in the works. *North Pacific Mining, subsidiary of Cook Inlet Region, Inc. is looking at minerals exploration in the SFE. Alaskan oil service firms are hoping to do work for a new Atlantic Richfield subsidiary formed to explore for oil in Magadan. Other firms, — Alascom, Bering Straits Native Corp., Northern Air Cargo — have ventures formed some time ago.*

For Wealthy Alaska, Soviet Far East, A Cautious Courtship Across Cold Sea

Exchanges Continue as Bureaucratic Obstacles Temper Optimism

By Jay Mathews
Washington Post Staff Writer

ANCHORAGE—Rich and restless, at odds with nagging, distracted parents, the state of Alaska and the Soviet Far East act like two teeny teenagers in an Arctic flirtation. After two years of exchanging glances, they remain interested in each other but unsure whether they are capable of a lasting commitment.

Despite political and economic turmoil in Moscow and war fever in Washington, these two territories separated by just a few miles of frigid ocean have surprised their distant political masters by moving with the inbred confidence of people surrounded by vast mineral, forest and ocean resources.

"The people of the Soviet Far East are very progressive, by and large," said Douglas Versteeg, vice president of Alaska Airlines, whose company is about to launch the first regular transpacific routes to the Soviet Union in June.

"They have timber reserves, fishing, gold, gems, oil and gas," said David Cannon, an American trader enthusiastic about his dealings with several popular and innovative Soviet Far East politicians.

American visitors to the Magadan region across the Bering Strait and the Khabarovsk region farther south see their Soviet hosts eating well while food shelves in



BY CLARICE BOND—THE WASHINGTON POST

Moscow far to the west are empty. The Soviet territory has no major ethnic strife and, as part of the Russian Republic, does have many local leaders with close ties to reformist Russian President Boris Yeltsin.

Soviet visitors to Nome and Anchorage in turn find American business executives enjoying a still-healthy economy aided by recent oil price increases. Many Alaskans appear willing to take risks with erratic Soviet regulations and a Soviet currency useless beyond Soviet borders.

Consider, for instance, the case of Earl Romans, owner of Alaskan Battery Enterprises Inc. in Fairbanks. He began producing vehicle batteries with a Soviet partner in Magadan, whereupon the KGB grabbed his first shipment overseas as contraband.

Romans is back in Magadan this week asking the Soviet intelligence agency to alter its designation of

the batteries as war materiel. "He's going to keep with it," said Steve Best, Romans's operations manager in Fairbanks, "and he figures when you get the first shipment through, then things will be okay."

Interest in economic, social and scientific exchanges across the Bering Strait blossomed in late 1987 with an exchange of messages between Juneau and the city of Khabarovsk more than 3,300 miles away. The idea of reviving some of the 19th century closeness when this was Russian territory led to a flurry of visits and a media extravaganza, the Nome to Provideniya Friendship Flight of June 1988.

Like all American love feasts with socialist countries, the Alaska-Soviet Far East relationship since has bogged down in bureaucratic wrangling, misunderstood rules, language gaps and resistance from distant national capitals with different priorities.

The Soviet Far East has new governors who share Yeltsin's reformist views but must deal with less imaginative bureaucrats in Moscow and foot-dragging officials on their own staffs. "It is not as optimistic as it once was," said Glenda Clark, special staff assistant with the Alaska governor's Office of International Trade (OIT).

The OIT's most recent assessment said "Alaskans will need to keep their expectations of Soviet Alaskan ventures low for the short term." It said the Soviets would



BY BOB MILLER FOR THE WASHINGTON POST

Doug Drum's Soviet-based sausage factory sells a roadside—the reindeer horns—to South Korea to earn hard currency.

have to do something about their unstable, nonconvertible currency, the ruble, which "makes many investors gun shy" although "many Alaskans have thought up clever ways of bartering for their investment payment."

Among the most creative has been Doug Drum of Indian Valley Meats, whose complex three-corner trade was reported in the newsletter of the University of Alaska's Alaska Center for International Business.

Drum's Soviet-based reindeer sausage factory has branched into poultry, pasta and ice cream. He has found a way to earn hard currency by selling reindeer horns, a residue of the sausage plant, to South Korea where they are ground

into powder and savored for their alleged aphrodisiac effect on men.

The lack of hard currency leads to a habitual grasping by Soviets in negotiations. Aeroflot, the state airline, "tries to get all the hard dollars out of you they can," said Ron Sheardown, an Anchorage gold-mining entrepreneur involved in several Soviet negotiations.

Initial exchanges, he said, were on a "you pay, we pay" basis, with hosts paying foreign visitors' expenses. Now the Soviets ask for what Sheardown called a "you pay, you pay" arrangement.

The most active Alaskan traders seem willing to persevere. Cannon said he had to cancel a trade-delegation trip in December when "a directive came from Moscow that

doubled the effective cost of the charter flight." But he plans to leave with another delegation Friday for Sakhalin Island, where the local reformist governor, Valentin Fyodorov, wants to do more business with his new American friends.

Sakhalin has potential offshore oil reserves, the makings of a tourist market and a governor who exemplifies the Soviet Far East's streak of independence and impatience with old rules, even if obstacles remain.

At a welcoming meeting, Fyodorov pointed to an unsmiling line of men nearby and told his guests: "I want you to look to your right over here. These are the people you have to fight. They are my deputies. They cause all the problems."

Anchorage Daily News 3/3/91

Aeroflot sets debut

By HAL BERNTON

Daily News reporter

Aeroflot, the Soviet state-owned airline, plans to begin twice-weekly scheduled service through Anchorage with flights beginning May 12, according to Scott Thorson, marketing manager for Northern Air Cargo.

One flight would begin in the Soviet Far East city of Khabarovsk and fly through Magadan to Anchorage. Another flight will continue on to San Francisco.

Thorsen said he received news of the

Please see Page D-2, **AEROFLOT**

AEROFLOT: Sets regular service

Continued from Page D-1

start-up service in a telex from the Soviet Far East office of Aeroflot.

The magazine *Aviation Week & Space Technology* reported that the service will be on a seasonal basis during the spring and summer months.

Beginning May 31, Aeroflot also plans to offer twice-weekly service between Moscow, Anchorage and San Francisco, the magazine reported.

Aeroflot officials could not be reached for comment. A federal Transportation Official reached Friday in Washington said he could not confirm the service.

As yet, Aeroflot has not filed with the agency for permission to serve the routes, a step required as part of 1990 aviation agreement.

Aeroflot currently operates frequent charter flights into Anchorage.

When it begins scheduled service this summer, it will compete for passengers with Alaska Airlines, which beginning in June will offer three-times weekly service from Anchorage to Magadan and Khabarovsk.

Thorson said Northern Air Cargo will begin on Aug. 1 a weekly all-cargo service to Magadan and Khabarovsk. If traffic loads are high enough, the service will continue year-round.

For Northern Air, the service is a bit of a gamble, and at least in the early months it will not be able to garner any mail traffic to help fill up the airplanes. That's because the U.S. Postal Service still routes all of its Anchorage-Magadan mail on a lengthy trans-Atlantic route through Moscow.

SCOMM

83:14

HOUSE SPECIAL COMMITTEE ON INTERNATIONAL TRADE AND TOURISM

ALASKA STATE LEGISLATURE

P.O. BOX V, JUNEAU 99811

(907) 465-2973



March 8, 1991

Mr. Benjamin Nageak
Chairman
Eskimo Walrus Commission
North Slope Borough
P.O. Box 69
Barrow, AK 99723

Dear Chairman Nageak:

Thank you for your recent letter in support of House Joint Resolution 24, which opposes any change in the CITES walrus designation.

The House Special Committee on International Trade and Tourism considered the resolution on March 4, where it heard convincing testimony by Representative Eileen MacLean. The Committee gave HJR24 a unanimous "do pass" recommendation.

The resolution is currently in the House Resources Committee. We have forwarded your letter to Resources Chairman Cliff Davidson and asked that it be distributed to committee members during their deliberations on this legislation.

Thanks again for your letter.

Sincerely,

A handwritten signature in cursive script, appearing to read "Tom Moyer".

Representative Tom Moyer
Chairman

CC: Representative MacLean
Representative Davidson

SCOMM

83:15

HOUSE SPECIAL COMMITTEE ON INTERNATIONAL TRADE AND TOURISM

ALASKA STATE LEGISLATURE

P.O. BOX V, JUNEAU 99811
(907) 465-2973



MEMORANDUM

DATE: March 23, 1992

TO: Senator Paul Fischer, Chair
Senate Special Committee on
International Trade and Tourism

FROM: Representative Tom Moyer, Chair *TM*
House Special Committee on
International Trade and Tourism

RE: HJR 81 "Relating to travel advisories issued by the
Department of State"

I would like to respectfully request that you schedule HJR 81, which relates to travel advisories issued by the Department of State, for a hearing at your earliest convenience. I've attached back-up information on this resolution, along with copies of numerous articles on the Alaska-Canada Highway. The resolution passed the House unanimously on Friday, March 20.

As you probably know, the resolution is the direct result of a travel advisory issued by the U.S. State Department's Bureau of Consular Affairs in early February. The State Department issued this advisory on the Yukon and the Alaska-Canada (Alcan) Highway, which was very negative for both Alaska and the Yukon and there were many erroneous statements in the advisory. These advisories are issued in written form and also placed on a recording that can be accessed by dialing a hotline number.

After prodding from the Yukon and Alaska tourism offices and the Alaska Congressional delegation this advisory was finally reworded earlier this month and the recording has been changed. The current recording is not quite as sensational as the original one. I still believe that the Legislature should go on record urging the State Department to contact states and other entities that might be affected by such advisories in the future.

Thank you for your prompt scheduling of HJR 81.

HOUSE SPECIAL COMMITTEE ON INTERNATIONAL TRADE AND TOURISM

ALASKA STATE LEGISLATURE

P.O. BOX V. JUNEAU 99811

(907) 465-2943



MEMORANDUM

DATE: March 17, 1992

TO: Representative Johnny Ellis, Chair
House Rules Committee

FROM: Representative Tom Moyer, Chair
House Special Committee on
International Trade and Tourism

RE: HJR 81 "Relating to travel advisories issued by the
Department of State"

I would like to respectfully request that you calendar HJR 81, which relates to travel advisories issued by the Department of State, for the floor at your earliest convenience. I've attached back-up information on this resolution, along with copies of numerous articles on the Alaska-Canada Highway.

Last month the State Department issued a travel advisory on the Yukon and the Alaska-Canada (Alcan) Highway, which was very negative for both Alaska and the Yukon and there were many erroneous statements in the advisory. These advisories are issued in written form and also placed on a recording that can be accessed by dialing a 1-800-number.

For your information, this advisory was finally reworded earlier this month and the recording has been changed. The current recording is not quite as sensational as the original one. I still believe the Legislature should go on record urging the State Department to contact states and other entities that might be affected by such advisories in the future.

Thank you for your prompt calendaring of HJR 81.

HOUSE SPECIAL COMMITTEE ON INTERNATIONAL TRADE AND TOURISM

ALASKA STATE LEGISLATURE

P.O. BOX V, JUNEAU 99811
(907) 465-2973



MEMORANDUM

DATE: March 2, 1992

TO: House Members, Special Committee on
International Trade and Tourism

FROM: Representative Tom Moyer, Chair

RE: HJR 81 "Relating to travel advisories issued by the
Department of State"

Attached is information on HJR 81, which relates to travel advisories issued by the Department of State. As most of you are aware, this resolution is a direct result of a recent State Department travel advisory, which painted the Alaska-Canada (Alcan) Highway and the Yukon in a very negative light. By phoning a hotline number at the State Department, a person can access a tape-recorded notice about travel conditions and information on a variety of countries around the world. The particular recording on the Alcan and the Yukon sounded much harsher than the actual written transcript and much of the information was incorrect.

Last week this advisory was finally reworded and the recording was changed. The current recording is not quite as sensational as the original one. Credit needs to be given to Connell Murray, the Director of the Division of Tourism, for his persistent effort in lobbying for the change and to Josephine Stewart, Deputy Minister for Yukon Tourism, and to Senator Frank Murkowski.

While the travel advisory has indeed been changed, I think it is imperative that we request the State Department to check with states that might be impacted by travel advisories in the future. In particular, I believe they should contact the Tourism officials of any state that is affected by a travel advisory about foreign countries. It should be fairly easy for State Department staff to check with appropriate state agencies.

SPONSOR STATEMENT ON HJR 81

HJR 81 "Relating to travel advisories issued by the Department of State" was introduced by the House Special Committee on International Trade and Tourism (ITT). The resolution is a direct result of a recent State Department travel advisory, which painted the Alaska-Canada (Alcan) Highway and the Yukon in a very negative light. By phoning a hotline number, a person could access travel information on a variety of countries around the world. The recording sounded much harsher than the actual written transcript and much of the information was incorrect.

The advisory stated that conditions along the Alcan were primitive at best and that there were long stretches of road between gas stations. The advisory also said that gas and food prices were three times higher than the lower 48. With the opening ceremonies earlier this month for the 50th anniversary of the Alcan, Rendezvous '92, it is even more important to establish positive advertising about the road.

Last week this advisory was finally reworded and the current recording is not quite as sensational as the original one. Credit needs to be given to Connell Murray, the Division of Tourism's Director, for his persistent effort in lobbying for the change and to Josephine Stewart, Deputy Minister for Yukon Tourism, and Senator Frank Murkowski.

Attached are copies of letters from Senator Murkowski, Deputy Minister Stewart and Director Murray as backup, along with articles that have appeared in Alaskan newspapers as a result of this travel advisory. I've also included a copy of a resolution that was passed by the Alaska Visitors Association (AVA) on this topic.

While the travel advisory has indeed been changed, I think it is still imperative that we send a message to the State Department and our Congressional delegation that it is important to promote Alaska in a positive light. I hope that we can move this through both bodies in a timely fashion.

If you have questions or comments please don't hesitate to contact my office at 465-2973.

need to do one on HJR 82

contact people to speak / Dept.

CS on HB 490

speech statement (cell Doug)
in a.m.

ALASKA

Alaska Division of Tourism
P.O. Box E
Juneau, Alaska 99811-0800
Phone: (907) 465-2010

Department of Commerce &
Economic Development
State Office Building, Ninth Floor
333 Willoughby Avenue
Fax: (907) 586-8399

TELECOPIER TRANSMITTAL SHEET

DELIVER TO:

Axis

FROM:

Wray

Number of pages INCLUDING transmittal sheet:

2

DATE:

2/25/92

OPERATOR:

TIME:

9AM

IF TELECOPY DOES NOT TRANSMIT PROPERLY, PLEASE CALL (907) 465-2012.

Here's The resolution.
it. AFMC never

AUA passed
got to it.

- call if you have
questions -
Wray



PROPOSED RESOLUTION

WHEREAS tourism has become the number one industry in the world, and in America, now provides over six million jobs and billions of dollars in revenues for communities throughout our nation; and

WHEREAS tourism provides opportunities to open the doors of the global community to create understanding between different cultures and environments; and

WHEREAS it is the official policy of the government of the United States to promote international tourism, as evidenced by the many programs carried out by the United States Travel and Tourism Administration in the Department of Commerce; and

WHEREAS elements of the tourism industry both public and private, both at home and abroad, have heavily invested in international tourism development; and

WHEREAS the Bureau of Consular Affairs in the U.S. Department of State plays a key role in international tourism, and through its Citizens Travel Advisory Service, may exert a profound impact, either positive or negative, on such international tourism

NOW THEREFORE be it resolved that the Secretary of State take the necessary steps to ensure that all public entities that might be affected by such travel advisories be identified, and that prior to release, these entities be given the chance to review the advisories for accuracy and to recommend changes where necessary.



Tourism

Box 2703, Whitehorse, Yukon Y1A 2C6

Our File:

Your File:

FAX TRANSMITTAL FORM
DEPARTMENT OF TOURISM

To: FAX # 907-465-2318

REPRESENTATIVE Tom MAYERS

DATE FEB 10/92

TIME SENT _____

From: TOURISM YUKON, WHITEHORSE FAX # (403) 667-2634

ORIGINATOR JOSEPHINE STEWART, DEPUTY MINISTER

DEPARTMENT Tourism

TELEPHONE _____

MESSAGE

SEE ATTACHED - AS PER OUR TELEPHONE

CONVERSATION OF THIS A.M.

THIS IS PAGE 1 OF 19 PAGES. IF FOR ANY REASON YOU
DO NOT RECEIVE THE COMPLETE MESSAGE, PLEASE TELEPHONE THE
NUMBER INDICATED ABOVE, OR FAX US AT (403) 667-2634.

OFFICE OF THE COMMISSIONER

BY FAX

6 February, 1992

Mr. David T. Johnson,
Consul General of the United States,
1075 W. Georgia Street,
Vancouver, B.C. V6E 4E9

Dear David,

What are you guys up to?

Your invitation to the Commissioner's Ball is on hold until
we receive a rational explanation.

Yours sincerely,

[Handwritten signature]

J. K. McKinnon,
Commissioner of the Yukon

2 attachments

Just kidding!!

TO:

Mr. J. R. McKinnon

Office of the Commissioner (FAX: 403) 667-4153

211 Hawkins Street

Whitehorse, Yukon

FROM:

Consul General - David T. Johnson

SUBJECT:

REF: Your fax of 2/6/92

Pages to Follow: 0

COMMENTS:

Dear Ken:

No good deed ever goes unpunished! We were trying to give your travelers a heads-up on the preparations they needed to make in order fully to enjoy their celebration of Rendezvous '92. As is sometimes the case, the press found a way to put a negative spin on it. We are working with the folks in Alaska to give our statement a more positive tone. Like you, we want as many of our citizens as possible to enjoy your 50th anniversary party.

Regards,



FOR RELEASE

February 7, 1992 #018

U.S. STATE DEPARTMENT ADVISORY CONSIDERED MYSTIFYING

WHITEHORSE - "There's no denying" says Tourism Minister Art Webster, "that compared to downtown Washington D.C., the Yukon is definitely 'frontier country.' But the services provided and the amenities offered by hospitable people throughout our beautiful territory exceed every expectation of the thousands of American highway travellers who safely visit the Yukon every year."

The minister was reacting to a U.S. State Department travel advisory released Wednesday.

It warned travellers that it may be hard to find a motel or gas stations along the Alaska Highway during this summer's 50th anniversary commemorations of the construction of the Alaska Highway.

"The statement is ridiculous," said Webster. "Certainly our bookings are up due to the Highway Anniversary, but recent indications are that plenty of accommodation is still available."

Webster went on to say although research indicates that the anniversary events this year may result in an increase of 18,000 to 20,000 visitors over last year, the expected increase equals tourist highs set in 1987.

"We certainly didn't have a problem accommodating tourist needs in '87," the minister said, "so I can't imagine why we would have one now. Our industry has developed significantly in the past four years and we are well-positioned to handle the numbers."

The advisory warned Americans that gas stations and medical facilities are limited.

.../2