

24 February 2009

Rep. ~~Salmon~~: Woodie

It was nice to see you in Juneau a couple of weeks ago while Alaska's travel industry was in town for its annual Legislative Briefing --- I appreciate your continued willingness to take the time to sit-down and discuss the important issues facing Alaska's travel industry.

Clearly, with predictions of a dramatic drop in the number of Alaska summer visitors ranging from 20% to 50%, Alaska's travel industry faces a period of economic hardship not seen in decades. A robustly-funded Alaska tourism marketing program is THE solution to the economic challenges facing Alaska's travel industry businesses --- most, like ours, small and Alaska-owned.

The economic challenges facing Alaska's travel industry lend increased urgency to the need to develop a sustainable, long-term funding solution for Alaska's tourism marketing program --- one that helps, not hurts, the state's ability to balance its budget.

Alaska's travel industry is proposing the creation of a tourism marketing tax credit as the second and final piece to a sustainable, long-term Alaska tourism marketing funding plan --- and, I am respectfully requesting your support of a tourism marketing tax credit for the following reasons:

1) Alaska's travel industry represents PROVEN ECONOMIC DEVELOPMENT

Alaskans get a truly incredible return on the state's reinvestment in Alaska's tourism marketing program --- visitor arrivals to Alaska are not the end, but a means to an end ---

The 2 million visitors do not arrive in Alaska with empty pockets ---they bring 1.8 million new dollars which are injected into Alaska's economy --- creating 40,000+ jobs --- and helping Alaska's families balance their budget.

A healthy percentage of the jobs and dollars directly impact **rural** Alaska and **small business**.

Great places to visit are usually great places to live --- the capital infrastructure required to support Alaska's travel industry not only converts Alaska's natural resources into exportable product --- it also creates facilities that are enjoyed by, and improve the quality of life, for all Alaskans.

Air transportation costs to/from and around Alaska are tangibly reduced.

By documenting and sharing our Alaskan stories with visitors, we are in effect doing the same for ourselves and future generations --- thus, Alaska's travel

industry provides an economic incentive for the preservation and perpetuation of our Alaskan heritage.

And, annually, \$70+ million dollars in taxes are contributed to local governments and **\$100+ million dollars in taxes/fees are contributed to state government.**

The only action required by the legislature to reaffirm their support for this PROVEN ECONOMIC DEVELOPMENT, and continue bringing these benefits to Alaska --- is to reinvest a reasonable percentage of the taxes paid to the state by the travel industry back into a tourism marketing effort aimed at supporting its sustainable growth.

2) Balancing the state's budget --- tourism marketing is part of the solution

Alaska's travel industry fully recognizes, and absolutely respects, the daunting task faced by this legislature as it attempts to balance a budget in a time of low oil prices.

Related to the state's budget --- a couple of important recognitions.

First --- in FY10 --- Alaska's travel industry will contribute over 100 million in taxes/fees to state government --- reinvestment of a reasonable percentage of these travel-industry revenues back into Alaska's tourism marketing program will lead to more, not less, future revenues accruing to state government from a growing travel industry.

Second --- as the governor articulated in January when announcing her initiative to develop a comprehensive economic strategy, the Alaska Legacy Plan --- there is no path leading to a solution to our state's long-term fiscal gap that does not first pass through increased economic development --- economic development that expands and diversifies Alaska's private-sector economic base.

The bottom-line --- when it comes to addressing the state's long-term fiscal gap --- a reasonable reinvestment of travel-industry generated tax revenues back into tourism marketing is not part of the problem, it is part of the solution.

3) The economic storm facing Alaska's travel industry creates an URGENCY TO ACT

Six months ago it is doubtful that anyone in this room could have remotely imagined the scope and severity of the formidable economic challenge currently facing Alaska's travel industry --- yet today, the evidence is sobering --- with virtually all sectors of Alaska's travel industry reporting an unprecedented drop in 2009 summer season advanced bookings, rivaling, or even greater than post 9-11 --- obviously, no one has a crystal ball --- but, at this point, even best-case scenario is grim --- the worst-case scenario is shocking.

It is important to remember, that recovery will not happen overnight --- for those Alaska travel industry businesses that survive 2009, and certainly not all will, the economic recovery period will likely take multiple-years --- it is critical to put the tools in place now to support a well-funded tourism marketing program that can serve as the foundation for an aggressive Alaska travel industry economic recovery effort --- not solely for the sake of Alaska's travel industry, but for the sake of Alaska's entire economy.

In this, the era of the government bailout --- it cannot be emphasized enough, that even in these toughest of economic times, Alaska's travel industry does not seek a state government bailout --- our message to you, our legislators, is one of self-reliance --- one of you empowering us with the tools to help us, help ourselves.

Yet, it is true that Alaska's travel industry does need your help --- for while it is the private sector that pays travel industry taxes, it is state government that collects, and ONLY state government that can make the decision to reinvest a percentage of those taxes back into Alaska's tourism marketing program.

Alaska's travel industry is presenting the legislature with an economic development proposal --- a tourism marketing tax credit --- we think it is a great proposal --- but, of course, we do not expect you to take our word for it --- we expect, even hope that you will ask tough questions, challenge our assumptions, and hold us accountable for our assertions --- for great economic development deserves nothing less.

But, I do respectfully ask that you and your colleagues consider our proposal in as timely a fashion as this year's legislative process can allow --- with an urgency that is reflective of the very difficult economic challenges facing Alaska's travel industry.

Thank you for listening --- and, thank you for all that you do --- my respect for your service to our state is deep and genuine.

Your Coldfoot Constituent

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