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Lt. Gov. Kevin Meyer
State of Alaska, EX OFFICIO

April 10, 2020

The Honorable Lisa Murkowski
United States Senate
522 Hart Senate Office Bldg.
Washington, DC 20510

The Honorable Dan Sullivan
United States Senate
702 Hart Senate Office Bldg.
Washington, DC 20510

The Honorable Don Young
United States House of Representatives
2314 Rayburn House Office Bldg.
Washington, DC 20515

Senators Murkowski and Sullivan, and Congressman Young:

On behalf of the Alaska Travel Industry Association (ATIA), thank you again for your leadership and advocacy for Alaska's tourism industry. ATIA has received overwhelming positive feedback from the webinar of March 31st and the opportunity for Alaska's travel community to connect with each of you.

As a follow-up to our conversation, ATIA is sharing this feedback related to the CARES Act and future federal assistance for businesses impacted by the COVID-19 pandemic.

Phase 3 Economic Stimulus (CARES Act)

The number one issue we are hearing from tourism industry businesses is the need for liquidity – as soon as possible. Businesses who have applied for the initial \$10,000 loan through the Economic Injury Disaster Loan (EIDL) program have not yet received funds, nor do they know the total amount of money for which they will qualify. Many businesses have also already applied for the payroll protection plan (PPP) and are awaiting word on the status of these loans. For many small businesses, the gap between request and receipt may mean having to shut their doors completely.

Businesses also need simplicity. Alaska's tourism business owners across the state, at every size and sector, have expressed the challenge in trying to navigate the potential financial assistance through the CARES Act's constantly changing processes. We encourage you to direct the SBA to clarify how the different programs work together through a simplified and consistent process and to allow for flexibility among local financial institutions. Many businesses are understandably concerned with how PPP and EIDL programs support each other, or if businesses that apply for funds under these programs now will be eligible for programs in the future.

In a time of immense economic uncertainty, tourism businesses need the ability to plan – as much as possible.

Recommendations for Phase 4 Stimulus Support

Alaska tourism businesses need more time to recover. Alaska's seasonal businesses need programs that help until normal operations can resume. Many businesses are facing a limited summer – or even winter – visitor season in 2020. COVID-19 is impacting more than a single season for many businesses. It may take multiple years to recover. The EIDL's \$2 million cap will not be able to solve capital needs for some businesses. Phase 4 federal stimulus packages for tourism businesses should support efforts to stabilize cash flow – now and in the future – through deferred tax payments and other mechanisms.

We need to consider seasonality. The PPP calculation formula works well for year-round businesses or businesses ramping up during the February timeframe. Tourism businesses need help to cover lost operations, as well as employee salaries. In the next round of financial support discussions, providing flexibility for loan officers to develop individualized formulas based on peak employment or business models rather than time periods would more accurately support non-traditional businesses.

Banks need more flexibility – and accountability. Banks are prioritizing service for current customers and are not always motivated to work with small or unconventional business on PPP applications. These businesses often lack sufficient formal documentation to meet traditional loan requirements. Future stimulus packages should build in financial incentives for local banks to expand their customer base, hire loan officers, and provide more direct support for businesses.

Collateral requirements and personal guarantees add to the burden. The requirement to sign away business or personal assets should be limited or eliminated. Instead, add early repayment incentives for businesses, which would also protect against compounding loan interest payments. Consider loan forgiveness for businesses in good standing, changing loans to grants after an appropriate time period.

Alaska will need to attract travelers – when it's safe to do so. Destination marketing organizations, typically 501(c)6 associations, are ineligible to apply for several of the CARES ACT programs. Expanding support to nonprofit organizations would stabilize marketing associations, and the jobs they provide, as they prepare to reach potential visitors and bring them back to Alaska – when the time is right and it is safe to travel again.

Alaska can provide a safe visitor experience with our wild, open spaces and with adapted tourism operations. Alaska's visitor industry can be part of a healthy travel assurance program, building back trust in traveling and continuing to provide safe, quality experiences for visitors when the time is right. If COVID-19 test kits become commercially available, consider grants to tourism businesses to purchase kits for testing employee health. Similarly, assistance for businesses operating at points of entry– the airports, airlines, cruises, border crossings—can support testing as travelers arrive.

Thank you for the opportunity to share our thoughts with you and for continued conversations with our industry, as you help craft future support for businesses and Alaskans. As always, Alaska's tourism industry has deep gratitude for your leadership and support for our Alaska travel community.



Sarah Leonard
President & CEO



Dan Oberlatz, Alaska Alpine Adventures
ATIA 2019-2020 Board Chair

Attachment: ATIA Webinar Comment Summary