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

June 22, 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:

As we move into the next phases of economic recovery from the devastating effects of COVID-19, thank you for your continued support of Alaska's tourism industry. Your efforts to increase flexibility within the Paycheck Protection Program (PPP) and Economic Injury Disaster Loans (EIDL) to address the needs of Alaska's seasonal businesses increases our industry's ability to envision a future when it is safe to travel again.

You have generously requested input from our industry as lawmakers debate future stimulus programs, and ATIA would like to submit the following for consideration.

Additional CARES Act Amendments

We anticipate economic recovery for Alaska's tourism industry to take 18 months or more, depending on consumer confidence, travel restrictions, and spikes in confirmed cases as restrictions are lifted. While the recent PPP Flexibility Act's changes to forgiveness and covered periods greatly help our industry, continued efforts to increase cash flow to struggling businesses will help them withstand the catastrophic loss of revenue until as it becomes safe to travel again. To that end:

- **Increase maximum loan amounts:** Many of our businesses do not anticipate sufficient revenue to cover existing expenses – let alone loan interest and repayments – until 2021 or later. Further increasing loan amounts – as well as extending loan periods – within the existing PPP and EIDL will provide greater leeway for businesses to make decisions based on immediate and future needs.

- **Increase borrowing limits:** Our industry needs time to recover. Increased loan amounts and repayment periods will allow businesses time to recoup lost revenues and cover all expenses, including operating and capital costs, which can be considerable for businesses with significant physical assets such as motor coaches or real estate.
- **Increase eligibility and flexibility:** More than 33% of respondents to ATIA's follow up survey on economic impacts reported they will have to close their businesses within six months without additional financial support. Currently, PPP-approved businesses are unable to apply for additional loan programs or modify existing loans. We support efforts to allow businesses to seek any and all financial assistance available, and we encourage continued clarification on loan consolidation, which would reduce interest payments from multiple loan programs. Transportation and other sectors, such as lodging, also generally operate in more than one location, so expanding PPP coverage to include employees by location rather than company would help stabilize job losses in these sectors.
- **Consider loan forgiveness:** Businesses that survive the current economic crisis will eventually begin to pay back principle and interest on CARES Act loans. For most, these payments will be an ongoing burden to an already tenuous financial position. As businesses owners, our members want to be responsive to the loan requirements, but we request Congress consider a formula – such as a percentage of loan forgiveness per year of repayment – or other forgiveness consideration for businesses who repay their loans regularly, on-time, and in good faith.
- **Broaden inclusion for all modes of transportation carriers, both public and private sector:** Transportation – a lynchpin for our industry – covers many sectors, including motor coach transportation, airline and small passenger vessels. Continued support and advocacy for grants and loans specific to industry segments is necessary to survival of many Alaska businesses.
- **Make destination marketing organizations (DMOs) eligible for PPP loans:** These 501(c) 6 non-profit organizations – such as Visit Anchorage, Explore Fairbanks, and Travel Juneau –rely heavily on local hotel taxes for revenue. DMOs in Alaska and across the country provide critical economic development services for Alaska communities, promoting regional and local tourism businesses through marketing. Thank you for your support of these measures to retain experienced and professional staff in order to market our state and communities effectively as travel demand increases.
- **Support Economic Development Administration (EDA) grant programs:** Partnering with governmental units on EDA grant proposals is one of the few funding avenues available for DMOs, and ATIA is currently partnering with the State of Alaska and nearly 20 regional and local Alaska DMOs to secure EDA funding for state and local destination marketing.



Current EDA distribution guidelines based on state population virtually assure proposals from states like Alaska will be declined, no matter the compelling need and potential return on investment. We support efforts to promote EDA proposal review based on need and merit, looking at total impact to state economies rather than population size.

Transportation and Travel Demand

As a long-haul destination, Alaska is totally dependent on cruise (60%), air (36%), or cross-border travel (4%). We know it will take time to build consumer confidence in Alaska as a travel destination. In-state travel alone will not support Alaska's hundreds of tourism businesses through this drastically reduced season and beyond. It is imperative to get people to Alaska once it is safe to travel again. To this end:

- **Provide temporary tax credits:** Travel, particularly to long-haul destinations, can be expensive. With the added costs of COVID-19, temporary incentives such as travel tax credits could encourage potential travelers while supporting a safe restart to the travel economy. This is especially critical for convention and business travelers, who were a growing segment of Alaska's visitor base prior to COVID-19.

Personal Safety

Potential travelers must feel confident destinations and tourism businesses prioritize their health and safety. On April 30, ATIA's Board of Directors established a working group to develop broad industry-level operating protocols to assist our industry as businesses reopen. While protocols – and consistent implementation – will help build traveler trust, we also require the right tools and materials to achieve our safety goals:

- **Provide access to personal protective equipment (PPE):** Businesses that are able to adapt as the economy re-opens for business need access to PPE – for guests and staff – as well as sufficient supplies for sterilization of buses, hotels, boats, and equipment between uses. Financial assistance through grant programs to access PPE – and **supporting tax breaks for businesses to offset the cost of enhanced sterilizing facilities and PPE** – at a time when businesses are experiencing low to no revenue, would support safe reopening of businesses operations.
- **Provide funding and tools for rapid testing in Alaska:** While starting to allow out-of-state travel, the State of Alaska's requirements for advanced testing are proving confusing and to travelers and the tourism community. Potential visitors need better access to rapid testing in their home communities – as well as upon arrival in Alaska, particularly at high-demand travel destinations. Rapid testing would also benefit businesses that rely on out-of-state employees, reducing or eliminating the need for additional quarantine housing and increasing visitor confidence in our industry's commitment to health and safety. Congress needs to expand funding to increase production of testing mediums and support state and local governments' purchase of rapid testing machines for every port of entry.

- **Support vaccine development.** Americans want to travel, and vaccine development is ultimately the driving factor. People are still very much concerned about personal safety and that of their family and friends. According to a recent survey by Destination Analysts, 75% of respondents feel unsafe or very unsafe about traveling on a cruise line and approximately 32% of respondents said they agreed or strongly agreed they would not travel without a COVID-19 vaccine. We need a safe, reliable vaccine as soon as possible to get people traveling again and supporting Alaska’s tourism businesses, large and small.

Tourism Infrastructure

Alaska is blessed with wild, wide-open spaces. Thank you, Senators Murkowski and Sullivan, for your support of the Great American Outdoors Act (GAOA), which will reduce the maintenance backlog in our national parks, providing visitors safe access to Alaska’s national parklands. GAOA and other workforce development proposals, including projects designed to improve trail conditions and connectivity and construct visitor centers and other infrastructure, will provide employment for the more than 15,000 Alaska jobs lost in the leisure and hospitality sector (April 2020 industry job losses per Alaska Department of Labor and Workforce Development). We thank you for your support of tourism infrastructure legislation and your leadership in helping tourism employees get back to work in ways that can support our industry in the long run.

The impacts from COVID-19 are unprecedented, forcing an immediate industry-wide shut down. We estimate it will take the industry as least 18 to 24 months before we see a reliable revenue stream and cash flow – or longer depending on how the disease progresses and government’s response. This will be a long, slow process for many – if not all – Alaska tourism businesses, and your continued leadership is greatly appreciated. Thank you.



Sarah Leonard
President & CEO



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