

off the record

a weekly legislative
update from
Senator Kim Elton

Room 504, State Capitol, Juneau, AK 99801 ♦ 465-4947 ♦ 465-2108 FAX ♦ March 26, 1999

on the move

bills seeing action this week

SB 82 Insurance Coverage for Contraceptives

(Wilken, R-Fairbanks) Requires that medical insurers provide coverage for contraceptives, with an exemption for employers with bonafide religious objections. Passed Senate HESS, next to Labor and Commerce.

SB 33 Task Force on Privatization

(Ward, R-Anchorage) is similar to the bill vetoed by Gov. Knowles last year. It allows legislative leaders to appoint 10 of the 13 members and keeps legislative appointees in control of the panel which will recommend government functions to be privatized. Heard in Senate Finance 3/26/99.

SCR 7 & HCR 4 Resolution supporting the Tulsequah Chief Mine and Road

(Pearce, R-Anchorage & Porter, R-Anchorage) Supports the development of B.C.'s proposed mine and road project up the Taku River. Asks Gov. Knowles to withdraw a request to refer the project the International Joint Commission. Knowles' referral arose from concerns about possible negative impacts to Alaska salmon habitat. Heard in House and Senate Resources 3/26/99.

SB 99 & SJR 8 Decennial Census

(Senate Rules & Ward, R-Anchorage) The resolution asks the federal government to conduct the census as a straight head count for purposes of legislative redistricting, and opposes the use of sampling. The bill ensures that Alaska will use a straight head count, including possibly non-resident military personnel, for purposes of redistricting. Feds require states to conduct a study of any census action that may reduce representation for minorities (in this case rural Natives), but bill did not provide for such a study. Both passed Senate 3/24/99 and 3/25/99, resolution referred to House State Affairs.

Track bills on the web at <http://www.legis.state.ak.us/basis21.HTM>

Visitor industry sails into new waters

The Alaska Visitors Association descends on the Capitol this week to lobby for their "New Millennium" plan, a proposal that reorganizes the state's tourism marketing efforts.

The AVA plan consolidates the hold that industry advocacy group has on tourism marketing by giving the state's marketing responsibilities (and millions in state funding) to "a qualified trade association". It relies on a continued subsidy from the state's treasury to pay for promotions conducted by an industry group.

After years of promising to come up with a new plan for funding of tourism marketing, the industry has opted for a simple reorganization. It gives control of marketing directly to the industry and continues the multi-million dollar state subsidy. Without a doubt, the "qualified trade association" put in control of Alaska's millions in marketing will be the Alaska Visitors Association, a fact which creates no little heartburn for the Alaska Wilderness Recreation and Tourism Association, the group that plays David to the Goliath of AVA.

Unfortunately, the AVA plan to take control does nothing to solve the underlying funding problem. The state's general fund appropriation for tourism marketing is over \$4 million a year, and industry contributions are much less. Alaska is already losing market share to other states who more aggressively market their destinations.

Last week I introduced two bills which are an alternative to the "New Millennium" plan. SB 121, the Visitor Industry Stabilization Act (or "VISA" plan), calls for a 2% statewide, seasonal bed tax on accommodations; a \$2 per person, per night tax on all-inclusive tour packages such as wilderness camps and lodges; and a \$3 per person, per night, berth fee on passenger ships in Alaska waters. These taxes yield revenue of approximately \$14.5 million, more than three times the amount the state now provides for tourism marketing and development. Twenty-five

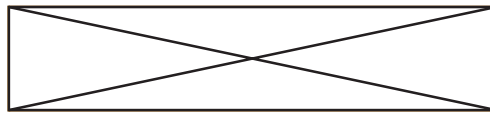
(New Waters, cont'd on p. 2)



**capital
move
pulse:**

no new action this week.

Capitol Undercurrents



World events come home

This past week has been a difficult one for my intern, my staff and me. Irena Ristic, an intern in the office, is a resident of Belgrade. She is studying in the U.S. and is enrolled in a masters program at UAF. She's one of several university students involved in the legislative intern program run by Dr. Clive Thomas at UAS. We've learned a lot about Yugoslavia and the culture and history of a region strategically located between the old Ottoman-Turk Empire and the former Austro-Hungarian Empire. Because of Irena, the "events" have a poignancy they wouldn't otherwise have. I guess that's good. We should never catalog these events in terms of missions flown or bombs dropped or cruise missiles fired without also having to wonder how Irena's family and friends and school teachers and school mates and doctor and others who have touched her life are faring.

Deferred maintenance, public safety

Tuesday, just before a Senate subcommittee reviewing the HESS budget arrived in the old state office building (that two-toned tan building with the pink roof trim just uphill from the Spam Can) one of the ancient ceiling lights ignited. The state began overnight ozone therapy for odors but the ozone machines failed to turn off Friday morning, sending some state employees to the hospital. I guess when we have \$1.5 billion in statewide deferred maintenance outstanding, this kind of thing shouldn't be a surprise. We tolerate building a backlog of expensive, deferred maintenance because we'd rather cut the budget than spend money to do annual repairs and replacement. The private sector knows it's cheaper to maintain systems than it is to wait until systems fail. Maybe we'll learn that lesson after painful and dangerous episodes like this.

There's competition and then there's competition

The phone wars may be heating up again. The capitol skirmishes between Alaska telecommunications firms, first on the long distance battlefields and now on local battlefields easily could become the legislative version of the Hundred Years War. Sen. Pete Kelly reintroduced legislation from last year that pushes GCI's bid to compete with PTI for local phone service in Juneau and Fairbanks. GCI would be allowed to compete in the communities by paying PTI for use of that company's local infrastructure. In Juneau, some suggest that GCI be allowed to compete using PTI lines but that other cable TV companies also be allowed to compete with GCI in Juneau using GCI's cable infrastructure. They suggest cable competition would give some relief from sky high cable rates paid in Juneau.

TV cut may pull plug on other programs

The chair of the House subcommittee reviewing the public broadcast budget has proposed cutting general fund support for public TV and the Alaska Rural Communications Service (ARCS, which is Channel 51 in Juneau). Quite possibly, there goes public TV in Juneau, Fairbanks and Bethel (the Alaska One network). Because Juneau's KTOO may disappear, it puts at risk Gavel to Gavel coverage of the legislature because KTOO handles the operations.

(New Waters, cont'd from p. 1)

percent of these new revenues will be remitted back to the communities from which they are collected, to be used for any purpose the community desires.

The second part of my plan, SB 122, merges the Division of Tourism with the Alaska Tourism Marketing Council and vests all responsibilities in a new, public corporation modeled after the Alaska Seafood Marketing Institute. The new corporation, known as the Tourism Development and Marketing Council, will be governed by a 15-member board representing the industry as well as local convention and visitor bureaus. Council members are appointed by, and serve at the pleasure of, the governor.

The prospect of new taxes makes everyone unhappy, but it is the only reliable solution to a pressing funding problem. With the specter of \$100 million in new budget reductions stalking the capitol, there is little likelihood we'll be able to reverse Alaska's slide in visitor market share by using state general funds alone. The "New Millennium" plan which calls on local convention and visitor bureaus to cough up hundreds of thousands of dollars "voluntarily" for tourism marketing is unlikely to ever yield the projected revenue. Many have already withdrawn their support for the AVA plan.

After this week's hearings on the future of tourism marketing in Alaska, we'll count the dead and wounded and see what, if anything, it is possible to accomplish this year. Without new sources of reliable revenue, however, it's likely we'll be able to put the visitor industry on a more stable and successful footing.

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