

Sponsor Statement

House Bill 426

"An Act relating to the levy and collection of an assessment on certain tourism-related and recreation-related goods and services, to tourism marketing contracts, and to vehicle rental taxes; and providing for an effective date."

[House Bill 426](#) has been introduced by request of the Alaska Travel Industry Association. The legislature and the Administration asked ATIA to bring forward a self-funding model to finance tourism marketing, and this is their plan.

This legislation would levy a two percent assessment on the tourism industry in order to raise funds for tourism marketing. This self-assessment would be broad-based, similar to those imposed by other industries, levying a two percent tax on the sales generated at hotels, car rentals, gift shops, shore excursions, day tours and land-based package tours.

Recent surveys done by the Department of Community and Economic Development of 2003 summer visitor arrivals found those coming to Alaska by domestic air, by highway and ferry had declined two percent over 2002 arrivals. Other studies done for ATIA have shown that small adventure-based business and those in the Interior part of the state have been hit the hardest by the worldwide downturn in tourism.

The ATIA board adopted the self-assessment strategy because it recognized the distress suffered primarily by the small, independent tourism businesses around the state. I respectfully request your careful consideration of this legislation.