

State of Alaska FY2002 Governor's Operating Budget

Department of Community & Economic Development
Qualified Trade Association Contract
BRU/Component

Component: Qualified Trade Association Contract

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Component Mission

The mission of the state tourism marketing program is to increase jobs and income to Alaska residents through the promotion of Alaska as a visitor destination and the resulting visitor expenditures.

Component Services Provided

Tourism Marketing. Continue to provide funding for the state's statewide tourism marketing contract with a qualified trade association.

Component Goals and Strategies

INCREASE BENEFITS FROM VISITORS COMING TO OR TRAVELING WITHIN THE STATE

- Increase interest in Alaska as a visitor destination.
- Maintain or increase the average length of stay in Alaska.
- Increase employment of Alaskans in the visitor industry throughout the state.
- Increase awareness and participation of businesses in the marketing program.
- Increase private sector funding of state tourism marketing programs.
- Endeavor to position Alaska as a year-round destination.
- Increase visitation to all regions of the state including non-urban areas.
- Attract a diverse mixture of visitors who travel to and within Alaska by a variety of travel modes.
- Increase total visitor expenditures statewide; endeavor to maintain or increase per trip expenditures.

Key Component Issues for FY2001 – 2002

Growth Rate of Tourism Travel to Alaska is Decreasing --- The rate of growth of tourism visitation is declining both for package travel and independent visitors. However, although the overall growth rate of package tours has declined, Alaska's share of the international cruise market has been maintained. Meanwhile the growth of independent travelers has dropped below the national average rate.

Obtain sufficient private sector funding to meet requisite match and improve program - Beginning in FY 03, state law requires the qualified trade association contractor to increase its contribution to the marketing program from 30 to 60 percent. This will require significant effort to generate additional funds from private sector companies.

Increased competition from other tourism destinations continues to threaten the Alaska industry - Alaska's public funding for tourism marketing has declined from over \$10 million in FY92 to \$4.2 million in FY01. While other states have increased their funding by 25 percent in the past five years, Alaska has slipped from 7th to 33rd place in the amount of state funds allocated to tourism marketing. This decline in state funding requires industry to find ways to more effectively utilize its marketing money.

Major Component Accomplishments for FY2000

Not applicable.

Statutory and Regulatory Authority

AS 44.33.119 - 125

Key Performance Measures for FY2002

Measure: Increase interest in Alaska as a visitor destination as reflected in the number of inquiries for travel information.

(Not yet addressed by Legislature.)

Measure: Increase in the number and income of Alaskans employed in the visitor industry throughout the state.

(Not yet addressed by Legislature.)

Measure: Increased awareness and participation of businesses in the marketing program, through increased number of members and private sector contributions.

(Not yet addressed by Legislature.)

Measure: Increased visitation to all regions of the state including non-urban areas.

(Not yet addressed by Legislature.)

Measure: Increase diversification of visitors who travel to and within Alaska by a variety of travel modes.

(Not yet addressed by Legislature.)

Measure: Increase visitor expenditures statewide, including maintaining or increasing per trip expenditures.

(Not yet addressed by Legislature.)

Qualified Trade Association Contract
Component Financial Summary

All dollars in thousands

| | FY2000 Actuals | FY2001 Authorized | FY2002 Governor |
|--------------------------------|----------------|-------------------|-----------------|
| Non-Formula Program: | | | |
| Component Expenditures: | | | |
| 71000 Personal Services | 0.0 | 0.0 | 0.0 |
| 72000 Travel | 0.0 | 0.0 | 0.0 |
| 73000 Contractual | 0.0 | 4,850.0 | 4,855.4 |
| 74000 Supplies | 0.0 | 0.0 | 0.0 |
| 75000 Equipment | 0.0 | 0.0 | 0.0 |
| 76000 Land/Buildings | 0.0 | 0.0 | 0.0 |
| 77000 Grants, Claims | 0.0 | 0.0 | 0.0 |
| 78000 Miscellaneous | 0.0 | 0.0 | 0.0 |
| Expenditure Totals | 0.0 | 4,850.0 | 4,855.4 |
| Funding Sources: | | | |
| 1004 General Fund Receipts | 0.0 | 4,800.0 | 4,805.3 |
| 1007 Inter-Agency Receipts | 0.0 | 50.0 | 50.1 |
| Funding Totals | 0.0 | 4,850.0 | 4,855.4 |

Estimated Revenue Collections

| Description | Master Revenue Account | FY2000 Actuals | FY2001 Authorized | FY2001 Cash Estimate | FY2002 Governor | FY2003 Forecast |
|---------------------------------|------------------------|----------------|-------------------|----------------------|-----------------|-----------------|
| Unrestricted Revenues | | | | | | |
| None. | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Unrestricted Total | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Restricted Revenues | | | | | | |
| Interagency Receipts | 51015 | 0.0 | 50.0 | 50.0 | 50.1 | 50.1 |
| Restricted Total | | 0.0 | 50.0 | 50.0 | 50.1 | 50.1 |
| Total Estimated Revenues | | 0.0 | 50.0 | 50.0 | 50.1 | 50.1 |

Qualified Trade Association Contract
Proposed Changes in Levels of Service for FY2002

None.

Summary of Component Budget Changes
From FY2001 Authorized to FY2002 Governor

All dollars in thousands

| | <u>General Funds</u> | <u>Federal Funds</u> | <u>Other Funds</u> | <u>Total Funds</u> |
|---|----------------------|----------------------|--------------------|--------------------|
| FY2001 Authorized | 4,800.0 | 0.0 | 50.0 | 4,850.0 |
| Adjustments which get you to start of year: | | | | |
| -Update Executive Administration and Support Cost Allocation Plan | 5.3 | 0.0 | 0.1 | 5.4 |
| FY2002 Governor | 4,805.3 | 0.0 | 50.1 | 4,855.4 |