



STATE OF ALASKA
DEPARTMENT OF
COMMERCE
COMMUNITY AND
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Office of Economic Development

Sean Parnell, Governor
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Economic impact study boosts governor's tourism proposals

March 31, 2010, Juneau, Alaska – A new report about the economic impact of the visitor industry shows that the state is on the right track with recent efforts to invigorate the slumping sector, which accounted for over 40,000 full- and part-time jobs and more than \$3.4 billion in direct and indirect spending in Alaska. Direct payments to state and local governments exceed \$208 million, with nearly \$140 million in State of Alaska revenues.

The Alaska Department of Commerce, Community and Economic Development contracted with McDowell Group to gauge the impact of Alaska's visitor industry during the period of October 2008 through September 2009. The 34-page study shows declining visitor traffic and spending in Alaska has far-reaching impacts, not just in port communities. Among the findings:

- Nearly two-thirds of the more than 1.5 million out-of-state visitors traveling to Alaska during summer 2009 were cruise passengers;
- Visitor traffic to Alaska dropped an estimated 7.3 percent between summer 2008 and summer 2009, the largest decline since McDowell Group started tracking visitor traffic in 1985. The decline was accompanied by an estimated \$270 million reduction in visitor spending.

The findings are especially sobering considering that after decades of steady growth in cruise passenger visitation. In 2010, Alaska is losing more than 140,000 passengers and \$150 million in direct and indirect spending with Alaska businesses.

"The tourism sector in general, and the cruise industry in particular, are critically important to the Alaska economy," said Curtis Thayer, deputy commissioner of the Department Commerce, Community and Economic Development. "With so many jobs and small businesses at stake, we must aggressively advocate for bringing more tourist dollars to our shores to grow our economy and fuel Alaska family incomes."

Recognizing the significant impact the decline in cruise ship travel will have on Alaska, Governor Sean Parnell earlier this month traveled with staff from the Department of Commerce, Community and Economic Development to Miami to meet with cruise executives and promote Alaska as a destination through a comprehensive strategy to reduce taxes and increase tourism marketing.

Efforts to bolster the tourism sector continue this week, as business leaders get together with Governor Parnell and the legislature in Juneau to discuss how the state can most effectively partner with industry to bring jobs to Alaskans.

“It is vitally important that we make Alaska a more affordable destination to travelers and give our small businesses that rely on the visitor industry a chance to grow,” Thayer said. “Governor Parnell has offered a comprehensive legislative package to address these challenges. The package includes proposals to right-size the cruise ship head tax and develop a sustainable mechanism to fund future tourism marketing.”

The report, “Economic Impact of Alaska’s Visitor Industry,” can be found online at www.commerce.state.ak.us/oed/home.htm

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