

February 25, 2015

Dear friends and colleagues –

AlaskaACT is still here and fighting for Alaskans. At the end of the 2014 season I had a little time to reflect on a great year and look ahead to 2015 and 2016. It is clear that we made strides in the past few years in bringing back some passengers by making Alaska more favorable to the cruise lines. We still have a lot of work to keep them coming. 2015 and 2016 are shaping up to have about the same number of passengers as 2014.



We need to remember why the Alaska Alliance for Cruise Travel was created. The information being given to the media, governments, and elected officials was rather one sided. We were able to change that and get accurate information distributed to the right people. We need your help to keep getting the word out and maybe we can start growing market share again.

- Steve Hites, Skagway Street Car Company and AlaskaACT board member

Alaska Cruises in Holding Pattern for 2015/2016

According to the Cruise Lines International Association's website (cruising.org), the predicted amount of total cruise passengers will reach 23 million in 2015. If you break that down into the major cruise destinations, the Caribbean receives about **36%** of cruisers, Europe and Mediterranean receives about **30%**, Asia and Australia receive about **6%** and Alaska receives about **4.5 %**. Alaska's Market Share is not growing either.

The Rakyat Post (therakyatpost.com) reported in the article, "Cruise Market Growing for Malaysia" on February 3 that the expected annual growth for Asia is 14% annually, with a projected total of 3.7 million passengers by 2017. The article goes on to say there is strong governmental support for the promotion of cruise tourism.

The total number of Alaska cruise passengers in 2014 was approximately 975,000. It is predicted to be about the same for 2015. The preliminary estimate for 2016 does not show any real growth either. Alaska cruises are in a holding pattern. No growth in passenger counts means no growth in cruise related business and no growth in jobs.

AlaskaACT encourage you to remind your local elected officials how important tourism is to you. Make a point to check in with your senators and representatives and ask for their support.

End of Daylight Savings Time in Alaska?

Senate Bill 6 (SB6) is a bill that intends to repeal Daylight Savings Time in Alaska. What does this mean to the average Alaskan? Sunrise and Sunset would be one hour earlier between March and October. If your afternoon tour is daylight dependent that could mean quite a lot, especially in August and September. Ships departing south to Canada from Alaskan ports would have one hour less to get there and this could mean leaving port one hour earlier. SB6 has passed through the Senate Resources Committee and is next scheduled to be heard in the Senate Finance Committee. A companion (and exact duplicate), House Bill 64 (HB64), was introduced as well and has been referred to the House State Affairs Committee. Copy of the bill text can be found at: http://www.legis.state.ak.us/basis/get_bill.asp?bill=SB%20%20%206

Share your opinion at these two Daylight Savings Polls:

Alaska Senate

<https://www.alaskasenate.org/2016/index.php/member/anna-mackinnon/daylight-savings-time-poll>

Juneau Chamber of Commerce

<http://standupjuneau.com/>

Cruise Ship Wastewater Permit

On August 29, 2014, Alaska Department of Environmental Conservation (ADEC) issued a new five-year cruise ship general permit. Two environmental NGO's, Alaska Conservation Council and Cook Inletkeeper, have filed a formal appeal with the State of Alaska challenging the cruise ship wastewater discharge permit.

The permit was developed following three years of research by an independent science panel which concluded that:

- 1) Cruise ships are utilizing the most advanced and technologically effective treatment systems available. They are much higher quality than those used by municipalities, the Alaska Marine Highway ferries, and fishing boats.
- 2) Given the significant mixing which occurs following discharge, there is no risk of marine organisms being exposed to harmful concentrations of pollutants.
- 3) There is little to no environmental benefit to mandating cruise ships replace their treatment systems.

Statute changes were also made by the Legislature that more closely align cruise ship permits with other discharge permits, like those for municipal wastewater systems and seafood processors in Alaska. After years of litigation over the previous permit, ADEC staff should be commended for developing a reasonable, attainable, and predictable regulatory environment based upon science while still maintaining an extremely high level of protection for our marine environment. Although the industry believes the permit is much stronger than the previous permit, it was anticipated that the permit would be challenged.

The Commissioner of ADEC will be ruling on the formal appeal soon. The Commissioner can dismiss the appeal, grant a hearing, or remand the permit to staff for additional changes. Unless a significant issue is discovered, typically the appeal will be either dismissed or sent to a hearing. Once the Commissioner makes a final decision, the environmental organizations will have the ability to appeal directly to the Superior Court. The industry is planning on operating under the new permit this season and will be supporting the State in defending the permit.

Passenger Fees

With the significant fiscal challenges facing our State and many local communities, there will be increasing pressure to find ways to fund government services. In 2010, AlaskaACT worked with elected leaders to enact statutory changes to improve the economic climate and put in place a new state law that places legal restrictions on the use of passenger fees which were consistent with federal law. Passenger fees are similar to airport fees; there must be a benefit to the passenger **and** the aircraft/vessel. Just like Airport fees are not allowed to be used outside of the airport area; neither are cruise ship fees allowed to be used away from the dock.

With a \$3 - \$4 billion fiscal gap, all revenue sources will be evaluated. It will be important to ensure that passenger fees are used in a manner to help support the industry and enable growth. Increasing passenger fees/taxes on our visitors may be politically expedient; however, we do not want to lose the ground we have gained and the increased capacity we have seen in Alaska since 2012.