Also inform Alaskans on the importance of Chamber’s mission, the organization will shift in engagement, but not direction for the organization. Although legislative advocacy remains a critical part of the Alaska Chamber’s mission, the organization will also inform Alaskans on the importance of a vibrant and healthy business sector and the instrumental role practical pro-business policies are in creating that environment.

Under the new brand identity, the organization dropped “State” and “of Commerce” from its name in all new marketing communications programs. This deliberate move better conveys the chamber’s role in Alaska.

“Contrary to popular belief, the Alaska Chamber is not a state government agency,” says Rachel Petro, President and CEO. She goes on to point out, “Because of this incorrect assumption and the fact that many other state chambers of commerce include tourism promotion as one of their core missions, it was important for us to brand ourselves distinctly from the state and other chamber entities.”

The organization felt it was important to change the logo and name at this time to more adequately reflect the expanded presence of the Alaska Chamber intends to take in the state as well as its role as a community and non-profit support as well as the state budget.

As these new endeavors succeed, I look forward to see what other resources and ideas the chamber brings to bear on its mission. I am sure that under the leadership of our soon to be chairman, Brad Osborne of Nana Development, we will continue to grow and succeed no matter what challenges lay ahead.

I am proud to say that I have had the privilege to grow with this organization as it expands to claim its rightful place as the “voice of Alaska business.” Thank you for the opportunity to be part of an exciting time at the Alaska Chamber.

Here’s where I drop the mike and walk of the stage right?
Seward Outreach Trip a success under beautiful skies

By Ryan Makinster
Communications & Events Director

On Monday July 8, over 30 Alaska Chamber members board a Princess Tours motor coach for a trip to Seward and the start of the 2013 Alaska Chamber Outreach Trip. First up? Windsong Lodge, Alaska Chamber member Tordrillo Mountain Lodge. CIRI Tourism has an efficient and understanding staff. Within minutes of getting settled into their comfortable, rustic cabins before hopping another shuttle to the Alaska Sealife Center’s welcome reception hosted by the Seward Chamber of Commerce.

Our chamber members on the peninsula know how to throw a party. The food was fantastic (and frequently wrapped in bacon!) and the locals brought us up to date on the issues facing Seward today. It was the perfect way to set the context for the outreach trip and a great opportunity for business leaders from across the state to network while enjoying all that the Alaska Sealive Center has to offer.

Tuesday morning showed up bright and warm. Ron Long, Assistant City Manager/Community Development Director, kicked the day off with a report from the City. Alaska suffers from a lack of infrastructure. We’re a young state. We’re big and it’s difficult for us to get approval for development projects. Seward is no exception and Long walked us through their specific challenges. But there is good news to be found, too. Long shared a variety of positive business stories including the Alaska Sealive Center. The Coastal Technical Center (AVTEC) and the Aurora Energy Coal Terminal. School is out and kids have been spirited off to an event filled day with visits to the AVTEC, the Icicle Seafood plant, the Dale Lindsey Intermodal Cruise Ship Terminal and Aurora Energy’s coal facility.

Our chamber members were introduced to the successful culinary arts program as well a tour of the Maritime Academy, where attendees got a unique experience of driving and navigating commercial ships on their top-of-the-line simulators.

The second tour of the day was hands down the slickest of the trip. The crew at Icicle Seafoods showed off their plant by illustrating the beginning-to-end operations of salmon processing. We also heard of their need for more workers to deal with the large number of incoming fish. An enormous harvest is a great problem to have. It’s a problem nonetheless and, according to the manager at Icicle Seafoods, one that Seward needs more workers to tackle.

Lunch was a mix ’n mingle hosted at one of our newer members, Chinook. Food and Chinook’s definitely did not disappoint. Seward Chamber members were able to discuss successes, challenges, and lessons learned with their counterparts from around the state before heading out for a post-lunch stroll around the Dale Lindsey Cruise Ship Terminal and a fantastic tour through the impressive Aurora Energy facility.

Alaska Chamber members don’t often miss a chance to socialize and enjoy the beauty of Alaska. Under cloudless summer skies, we joined folks from Seward onboard the Kenai Fjords Tour to Fox Island. Days and trips like this are a rare thing and you couldn’t dream of a better way to showcase this wonderful part of Alaska.

There’s no such thing as too much seafood. To that end, we kicked day two off at the Alutiq Pride Shellfish Hatchery (APSH). The Alaska spotlight might focus on salmon, but the world loves our geoducks, cockles, razor clams, littleneck clams, remora and scallopio, too. APSH also sells seafood to Alaska Shellfish farms for commercial operations. The staff also performs research, including projects on the culture of king crabs, development of hatchery technology, and the production of sea cucumber juveniles.

The local eateries had not seemed the last of us. Just up the street from the Shellfish Hatchery is the Seward Brewing Company. In addition to having a fantastic set of craft beers, Seward Brewing has done an amazing job with their facility. There, Alaska and Seward Chamber members heard from Sen. Cathy Gossel on issues important to business and a preview of the upcoming legislative session. You should always feel encouraged to visit local businesses and, if you find yourself in Seward, definitely stop by and visit the brewery.

And with that preface for the coming legislative season, we adjourned back to the Windsong Lodge for a quick board meeting before boarding the Alaska Railroad for the trip back to Anchorage. Thanks to a generous sponsorship by the Alaska Railroad, Chamber members were able to network, socialize and enjoy the beautiful views on the trip from Seward to Anchorage. Appetizers provided by Nana Development and beverages from Denali Brewing Company were the perfect complement to a uniquely Alaskan rail experience.

Annual Outreach Trips are an opportunity for Alaska Chamber members to interact with communities across the state and to meet other members and new business partners in a fun, educational and productive environment.

If you’re a member make sure to join us next summer for our Outreach Trip to Nome and if you are not, sign up today.

Al Cramer
Membership Representative
907-278-2733
alcramer@alaskachamber.com

Photos by Frank Flavin

ABOVE: Chamber members enjoying the beautiful ride back to Anchorage on the Alaska Railroad after a fun and productive event.
MIDDLE: Carol Fraser; Millennium Alaskan Hotel; Miles Baker; Office of Sen. Lisa Murkowski; and Shelley Wright of SouthEast Conference enjoying the trip back from Fox Island.
BOTTOM: Hal Ingalls, Denali Drilling checks out the touch tank at the Alaska Sealife Center while an inquisitive little explorer looks on.

Logo Continued from Page 1

Petro
Continued from Page 1

tion for the State of Alaska, Lela Rosin owner of the Duck Inn in Soldotna and ASRC. Lela will share how Alaska’s high workers’ compensation rates have cost her employees raises and delayed growth with her business. ASRC, the state’s largest private employer, will also share how workers’ comp costs in Alaska have affected them.

It’s not enough to know workers’ comp is a problem, it is the job of the Alaska Chamber and its members to support a solution to the problem. Gary Strannigan, Assistant Vice President of Strategic Communications, Liberty Mutual will also share how other states have successfully transformed their workers comp systems — improving workers lives and livelihoods while making their businesses more productive.

There will also be an opportunity for attendees to participate in break sessions focusing on topics including public relations, cloud computing, social media, digital security and grassroots advocacy.

Conference will conclude with a celebration honoring great Alaskans — Alaskans who understand that it’s Their Business. This years recipients of the William A. Egan Outstanding Alaskan of the Year, Bill Binck Small Business of the Year and the Local Government of the Year will be announced during the Awards Gala which concludes the Fall Conference.

After conference, Alaska Chamber members will meet during our Legislative Policy Forum to add legislative positions to our advocacy roster and determine our top priorities for the coming year. Go online to register for the Fall Conference and/or the Legislative Policy Forum (members only) today at AlaskaChamber.com.
Alaska Chamber It’s Your Business! Annual Fall Conference

54th Annual Fall Conference
Oct. 15, 2013
Fairbanks

Every year the Alaska Chamber gathers to discuss topics of importance to the Alaska business community.

These sessions include policy issues, the state of the economy and our anchor industries as well as better business practices and individual advocacy.

The conference offers attendees the chance to learn more about the Alaska Chamber, issues affecting business in Alaska and to interact with other business owners and members of the greater public.

In the following pages you will get a preview of topics to be discussed during the conference.

Conference Presentations
• It’s Your Business Industry Updates — Fishing, Mining, Transportation, Tourism, Oil and Gas (See pages 4-5)
• The Affordable Care Act (ACA) — Your Business (See page 6)
• Healthy Employees — It’s Your Business Keynote Luncheon with Andrew Sykes (See page 6)

Breakout Sessions
• Policy & Advocacy
  o Grassroots Advocacy for Your Business
  o Healthy Employees - It’s Your Business
  o How the ACA Will Affect Your Business
  o It’s Your Business; Let Legislators Know How a Bill Will Affect You
• It’s Your Business — Best Practices
  o It’s Your Business; Tell The World About It
  o Cloud Computing Can Save Your Business Time and Money
  o Social Media Is Your Business
    Whether You Participate or Not
  o Digital Security Is Everyone’s Business

Register today for the conference at www.alaskachamber.com.
For Alaska Chamber members, please remember to login when registering.
Contact Ryan Makinster at 907.278.2727 or rmakinster@alaskachamber.com for login information.

Alaska Chamber Legislative Policy Forum
Oct. 16, 2013
Westmark Fairbanks

Make your membership count! The Alaska Chamber’s process for adopting policies is unique among business associations. Most business association’s board members develop and set the organization’s priorities.

In contrast, every member of the Alaska Chamber has the opportunity to advance an issue of importance. Once adopted, these issues become the focus of the Alaska Chamber’s advocacy program.

Participating in the Alaska Chamber’s legislative policy formation provides an opportunity to advocate for changes in a collaborative atmosphere with fellow business owners.

While coming to agreement on some issues might be an interesting process, ultimately, there is tremendous power in the Alaska Chamber name once the position is set. Together we really can make a difference — and make Alaska the best place to do business!

The Legislative Policy Forum is taking place in just over a month and it is more important than ever to get involved and be heard. Do not miss the most important membership meeting of the year happening Oct. 16 at the Westmark Fairbanks.

Join Alaska Chamber Members, Board Members and Local Chamber Members in determining our 2014 Legislative Priorities and Positions.

Participants on the Alaska Chamber’s legislative policy formation provides an opportunity to advocate for changes in a collaborative atmosphere with fellow business owners.

Unable to attend the conference, but still want to learn about wellness, healthy employees and your bottom line? Join us for the Keynote Luncheon with:
Andrew Sykes, Chairman,
Health at Work Wellness Actuaries
Oct. 15, 2013 Westmark Fairbanks
Register today at AlaskaChamber.com

Alaska Chamber announces Top Business Award finalists

By Ryan Makinster
Communications & Events Director

The Alaska Chamber recently announced the finalists for the 2013 William A. Egan Alaskan of The Year, Bill Bivin Small Business of The Year, and the Local Chamber of Commerce of The Year awards.

“The 2013 finalists exemplify the positive traits that all Alaska Chamber members possess. They represent the best of the Alaska business community,” said Rachael Petro, President & CEO, Alaska Chamber. “The Chamber applauds all of this year’s finalists for their success and continued commitment to the Alaska.”

Finalists for the William A. Egan Alaskan of the Year Award are Jim Doyle, Steve Burrell and Margy Johnson. The celebrated and prestigious William A. Egan award is presented to individuals who have made substantial and continual contributions of statewide significance while working in the private sector.

Finalists for the Bill Bivin Small Business of The Year are Medical Park, Family Care, The Wilson Agency and Madden Real Estate. The Bill Bivin Small Business of The Year Award, established in 1993, pays tribute to businesses that exemplify leadership, ethics in their profession as well as consistent community involvement.

Finalists for the Local Chamber of the Year Award are the Greater Fairbanks, Chugiak-Eagle River and Greater Palmer Chambers of Commerce. The award recognizes the consistent community involvement and excellent business reputation of the organizations nominated.

Winners of the annual Alaska Chamber awards will be announced at the Awards Gala on Tuesday Oct. 15 at the Westmark Fairbanks Hotel. For more information or to register to attend the Awards Gala visit AlaskaChamber.com.

About the Alaska Chamber
The Alaska Chamber, a private, non-profit corporation, operating since 1952, works to promote a positive business environment in Alaska. The Alaska Chamber is the voice of small and large business across the state with a Board of Directors comprised of 80 members representing all regions of the state. For more information, go to www.alaskachamber.com.
It’s Our Business: Industry Overview

Salaries, taxes and spending: Mining works for Alaska

By Deantha Crockett
Executive Director, Alaska Miners Association

We’re so lucky to live in Alaska, thanks in large part to the responsible development of our natural resources. Mining provides Alas- kans with good jobs, local and state government revenue, and Native Corporation revenue. A 2012 recent research shows that the min- ing industry buys goods and services from more than 600 Alaska businesses. So there is a very good chance that you, or somebody you know, is in the mining business.

The responsible development of our abundant natural resources provided a compelling argument for Alaska to become part of the United States, and today, Alaska has one of the healthiest economies in the country.

Mining is a large piece of that equation: our head of production and development of our large de- posits of coal, copper, gold, lead, molybdenum, platinum, silver, and zinc, as well as sand, gravel, and quarry rock.

Mineral production in Alaska accounts to about $3 billion in gross value. However, the benefits of mining that stay right here in Alaska stretch far wider than you might think.

Jobs:
Mining equates to about 4,500 direct, or 9,900 total jobs in Alas- ka. These are some of the state’s highest paying jobs — the industry average wage is $100,000, more than twice the state average for all economic sectors. Mining provides mostly year-round employment for residents of 120 Alaskan communities, many of which are rural, where other economic opportuni- ties are limited. We mean it when we say Mining Works for Alaska.

Government revenues:
While our friends in oil and gas make the largest contribution to State of Alaska coffers, the mining industry contribution to state government is not insignificant. In 2012, mining paid $137 million in royalties, rents and fees, as well as to other state entities including AIDEA, the Alaska Railroad, and the Alaska Mental Health Trust.

In addition, mining is a huge economic contributor to local gov- ernments, paying $21 million in taxes and payments. The Red Dog Mine is the Northwest Arctic Bor- ough’s only taxpayer.

The Fort Knox Mine is the larg- est taxpayer in the Fairbanks North Star Borough. The Great Alaska Kensington Mine and the Hecla Greens Creek Mine are the largest taxpayers to the City and Borough of Juneau. A number of other mines in Alaska present annual contributions to their unorganized borough or other form of local government, and all mines contribute to a mul- titude of charitable causes in their areas like school sports teams and

By Julianne Curry
Executive Director, United Fishermen of Alaska

As far as commercial fishermen go, we tend to be an optimistic breed. Too often while we are busy working, decisions are made that may limit or drown out our blessings. Elected of- ficials, the regulatory process, and various other decision makers can all have the power to stifle industry, from all angles. Unfortunately, a significant number of these decision makers and many Alaskans lack awareness of the value of the seafood industry to the State.

This issue impacts fisher- men, processors, communities and seafood industry support businesses throughout Alaska, which makes up a substantial portion of the general tax base of the State.

While there is a large harvest in Alaska’s offshore waters by larger ves- sels, most commercial fishing operations are small family businesses. These small businesses all contribute to local and State economies with significant invest- ments in vessels, equipment, permits, and years of community involvement.

When we read about the value of the Alaska Seafood Industry, it is typically at- tributed to the initial value vessels receive upon delivery at the dock, or the “ex-ves- sel value.” This is the value upon which all state tax rates are based. This value commonly represents less than 50 percent of the product value after it is processed, boxed and frozen in Alaska.

The general value that is added by processing seafood results in the “first wholesale value,” which approximates the export value of the product. At this point, the seafood “value” still does not include the assessment of additional jobs and income created in the process of transportation, distribution, whole- sale, retail, and restaurant sales. Alas- ka’s seafood exports were valued at $2.5 billion in 2011.

In order to help promote the economic value of the seafood industry to Alaska, the United Fishermen of Alaska (UFA) has produced a set of “Alaska Community Commercial Fish- ing and Seafood Processing Fact Sheets” for major Alaska communities and boroughs to heighten fishery awareness.

To find the fact sheets, visit www.ufa-fish.org.

UFA is a statewide commer- cial fishing umbrella association that represents 37 fishing associations and over 400 individual members. UFA works to promote and protect the fish- ing industry in Alaska by monitoring and acting on common issues that af- fect your fishing business.

These fact sheets are one tool that we can all utilize when talking to deci- sion makers or educating the public on the importance of the seafood industry. If you are concerned that an elected official, or decision maker or even mem- bers of your own community do not un- derstand how much the fishing indus- try contributes, then you need to come to them with economic information to illustrate the industry’s significance.

The 18 Community Commercial Fish- ing and Seafood Processing Fact Sheets are for Anchorage, Cordova, Dillingham, Homer, Juneau, Kenai, Ketchikan, Kodi- ak, Petersburg, Seward, Sitka, Wrangell, Aleutians West Borough, Aleutians East Borough, Bristol Bay Borough, Kenai Peninsula Borough, Lake and Peninsula Borough, and Mat-Su Borough. Several of these areas are in the very top tier of na- tional ports both in volume and value of seafood. In fact, nine of the top 20 landing ports in the U.S. are in Alaska.

UFA is a very diverse organization. Like any large trade group, UFA has a variety of opinions and needs that mirror the size of the membership. One thing that UFA members all agree on is the need to keep up with change, as every- thing from the economy, to the fishery resources and environmental inter- continues to evolve.

Of the many levels that UFA works from, we have always focused on fresh ideas that will encourage development of new fisheries, support programs, re- search of all kinds, product and market development, and job creation within Alaska communities.

Our young fishermen are the next generation of the seafood industry. Also, that buy and sell our catch and new entrepreneurs are all part of the fu- ture and must be encouraged to advance this dynamic industry.

Any time new opportunity and value can be created the State is a primary beneficiary. Through UFA, we work together to accomplish these common goals by protecting the industry and the resource for future generations.

UFA also works to protect access to the resource and increase the value of the seafood industry. UFA is helping to create new opportunity and protect existing operations through better ef- ficiency, modern regulation, world class management, and marketing. We support the Alaskan seafood industry through direct interaction with the State Legislature, Governor’s office, and the Congressional delegation.

One of our goals is to keep your gear in the water to minimize government intrusion into the already high cost of your fishing business so you can continue to provide the public with Alaska’s nutriti- ons and sustainable seafood resources. As American food producers, the development of new fisheries through new prod- ucts and expanded markets and better marketing is a constant focus of UFA.

Quality programs, new and diverse loan programs that are targeted at a specific area of needed investment and a consis- tent push for more marketing funding are areas of UFA focus and accomplishment.

Without investment in marketing and development, the industry is at the mercy of constant competition in the world protein market. For that reason, UFA is always ready, willing and able to take on the projects that will make things better in the seafood industry that is the largest private sector em- ployer in the State of Alaska.

As it is with anyone or any organiza- tion that is so active, there are always those that want something else or want it a different way. UFA thrives on its di- verse membership and if you like what you see or if you don’t, join the organiza- tion and help make it happen.

You likely have an idea that will ben- efit the industry; but unless you bring it out in the open and examine it under the bright lights of the public process, the industry cannot benefit from your in- volvement. UFA works on your behalf, by joining the association you can not only help protect your own business, but you can help make it better.

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Some things can wait, others can’t for Alaska contractors, needing to meet tight timelines and protect sensitive cargo, Totem Ocean is their first call.

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www.totemOcean.com  (800) 436-1074

Totem Ocean Trailer Express
It's Our Business: Industry Overview
Tourism impact reaches all corners of Alaska

By Sarah Leonard
President, Alaska Travel Industry Association

The Alaska tourism industry is one of the top three private industry employers in the state and has a far-reaching impact on the Alaska economy. The tourism industry brings economic, social and environmental benefits that expand beyond direct visitor activity and tourism businesses – it reaches every corner of the state.

Annually, over 1.5 million visitors come to Alaska and spend money on tours as well as private and public goods and services like transportation, accommodations, rental cars, food, laundry services, airline tickets, gifts, equipment and more. The tourism industry provides benefits to other service-related businesses like local governments, accommodations and restaurants. As well, tourism feeds industries that offer support services to both visitors and residents, such as accountants, lawyers, gas stations and grocery stores. This tourism spending adds to a community’s base, returns revenue back to the State of Alaska as well as contributes to our quality of life.

Annually, Alaska visitor spending supports large and small tourism businesses. In 2012, in-state visitor spending reached $1.7 billion, not including dollars spent on transportation and other expenses to arrive in Alaska. Adding back in those expenditures brings the total in-state spending to $3.72 billion in the same year.

By the way, Alaska tourism businesses are putting people to work and providing business opportunity and growth. Alaska tourism employers provide over 25,000 full and part-time jobs. Industries that are indirectly or enabled by tourism add an additional 100,000 jobs. This employment by tourism businesses creates roughly $890 million in payroll and Alaska residents receive $381 million in indirect spending. In 2012, 1 in 13 jobs were considered part of the visitor industry.

This overall economic activity helps bring home Alaska’s mining, timber, agriculture, visitor and manufacturing industries. Alaska’s tourism industry generates $179 million in state and municipal revenues through a variety of taxes and other fees. In turn, this revenue helps fund education and infrastructure benefits and services for both residents and visitors. Alaska residents can see the benefits of the visitor industry in things like community port improvements to local trail enhancements to growth in small businesses offering a variety of services and job opportunities.

Globally, the tourism industry is a bright spot in our national economy as it continues to see faster employment rates and growth compared to other industries. Tourism is continually a key driver in growing our nation’s exports and employment numbers. For example, the tourism industry job rate is higher than other industries and has generated direct travel employment of 7.7 million. Last year, the travel industry posted a record $10 billion in trade surplus, larger than any recorded by other industry sectors including agriculture and manufacturing.

The same outlook can be translated to Alaska. While we have yet to see the visitor industry rebound to levels it enjoyed in 2008, Alaska continues to see new and expanded public and private investments. These include $16 million from the State of Alaska to support a successful tourism marketing campaign and new and expanded Alaska showcases and booths to share our story with the world.

Investment in the Alaska tourism industry is working. Strong visitor numbers and visitor spending continue to support, directly and indirectly, large and small Alaska businesses. This, in turn, produces more jobs and wage levels that are ultimately the state. Additionally, these investments give Alaska the ability to compete as a quality travel destination in an increasingly competitive international marketplace.

Every Alaskan is in the oil business

By Kara Moriarty
Executive Director, Alaska Oil & Gas Association

It is difficult to overstate the importance of the oil and gas industry to Alaska’s economy. In fact, no other state in the union relies as much on one industry to fuel its economy as Alaska does on oil and gas. With more than 90 percent of the state’s government’s spending coming from a single source (oil and gas revenues) it is not an exaggeration to say the state of Alaska runs on oil. In fact, all Alaskans are truly in the oil and gas business.

When you combine all the direct, indirect and induced jobs created by the oil and gas industry, the numbers are impressive: in Alaska accounted for $4,400 jobs, and just under $2.6 billion in annual payroll to Alaska residents in 2010. In other words, for each primary job held by an oil company employee, nine jobs are generated in the Alaska economy, and for each dollar earned by oil company employees, a total of three and a half payroll dollars are generated in Alaska. No other private sector industry has that type of multiplier effect in the state.

What is striking about these numbers is that they do not include jobs and wages in Alaska created by the expenditure of oil-related taxes and royalties paid to state and local governments and Alaska natives. According to a study conducted by the McDowell Group for the University of Alaska’s Institute of Social and Economic Research, Alaska’s oil industry generated over 110,000 jobs—almost one-third—can be attributed to oil and gas. Some have described Alaska’s economy as a three-legged stool, with the three legs consisting of oil and gas, federal government spending, and all other sectors (mining, tourism, timber, etc.). To put that into perspective, a full third of the state’s economy relies on oil and gas. If we go with the idea that the state is the best interest of Alaskans who have come to expect a certain quality of life to acknowledge the large, direct and indirect role the oil and gas industry plays in our daily lives.

Without the revenue generated by oil and gas taxes and royalties, the State would likely require its citizens to fund education; public safety; road and infrastructure development; and maintenance.

Mining

By Bill Popp
President & CEO, AEDC

A crucial part of the Anchorage and Alaska economy is the Port of Anchorage. Without the Anchorage International Port, the Port of Anchorage and the Alaska Railroad create the infrastructure for Anchorage and Alaska to thrive and succeed.

To put this in context, Alaska’s Port of Anchorage, with its two major components, air and sea, is the fifth largest port on the West Coast and a single source (oil and gas) can be attributed to oil and gas. Some have described Alaska’s economy as a three-legged stool, with the three legs consisting of oil and gas, federal government spending, and all other sectors (mining, tourism, timber, etc.). To put that into perspective, a full third of the state’s economy relies on oil and gas. If we go with the idea that the state is the best interest of Alaskans who have come to expect a certain quality of life to acknowledge the large, direct and indirect role the oil and gas industry plays in our daily lives.

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Without the revenue generated by oil and gas taxes and royalties, the State would likely require its citizens to fund education; public safety; road and infrastructure development; and maintenance.
Workers’ compensation is its business

By Mike Monagle
Director, Alaska Division of Workers’ Compensation

With few exceptions, every Alaska employer with one or more employees is required by state law to carry workers’ compensation insurance. An employer who fails to carry workers’ compensation insurance may be subject to stiff civil penalties of up to $1,000 per uninsured employee per workday. Employers bear the entire cost of workers’ compensation insurance as Alaska law specifically prohibits employers from requiring employees to pay any portion of the cost.

The cost of workers’ compensation insurance is based on an employer’s industry, and the associated premium rate for that industry. The premium rate is determined and regulated by the Alaska Division of Insurance, based on actuarial tables. The rates are reviewed and issued by the National Council on Compensation Insurance. Loss costs are generally categorized into two principal areas — medical costs and indemnity (wage loss or replacement) costs.

Until 1990, indemnity costs were the leading loss-cost driver in workers’ compensation, comprising 60 cents of every dollar spent on workers’ compensation insurance. However, in the early 1990s the composition of cost began to change, with medical costs everywhere overtaking indemnity costs as the predominant cost driver. By 2012, 76 percent of the dollar spent on workers’ compensation insurance was for medical costs, while the indemnity component had fallen to 24 percent. The composition of the makeup of loss costs is a nationwide trend. To put the impact of rising medical costs into perspective, in 1990 there were 33,210 workers’ compensation workplace injuries, with reported indemnity costs of $5.74 million and reported medical costs of $43.2 million.

In 2012, there were 19,726 reported workplace injuries, with reported indemnity costs of $9.23 million and reported medical costs of $71.0 million. During this period, overall medical costs increased by $132.8 million while overall indemnity costs remained flat. This is a direct result of rising costs incurred by impacted workers’ compensation premium rates in the state. The Alaska Supreme Court recently increased the workers’ compensation premium rates and what it means for Alaska employers.

Mike Monagle is director of the Division of Workers’ Compensation in the Alaska Department of Labor and Workforce Development. He will present information about cost drivers, best practices in other states, and rising premium rates. Monagle can be reached at Mike.Monagle@almi.state.ak.us.

Top Five pressing health care reform issues

By Jon Wilson
President, The Wilson Agency

If you’re like most people, you’re probably feeling a bit overwhelmed by all the different provisions of the Patient Protection and Affordable Care Act, also known as health care reform, ACA or PPACA. The Act itself was enormous and has continued to be complicated by exclusions, interpretations and delays. Below is a summary of the most important parts of ACA at this moment in time.

1. Patient-Centered Outcomes Research Institute (PCORI) Fee. When you plan your budget for 2014, remember to include the PCORI fee. For employers with more than 50 employees, the Act requires employers to “offer affordable, minimum value” health insurance or pay penalties. This change in the law has generated some relief, it’s important to stay engaged with what this provision means. Understand the definitions of affordable and minimum value, and know how to count employees. For employers, by definition, now include 30-hour workers. Starting sooner will help you ease into this requirement next year with greater efficiency. Work with your current business vendors like your accountant, payroll and insurance advisor to figure out when you need to do. Or, if you don’t have one, find one.

2. Play or Pay Penalty Delayed to 2015. This provision requires employers with more than 50 employees to offer “affordable, minimum value” health insurance or pay penalties. While this delay has generated some relief, it’s important to stay engaged with what this provision means. Understand the definitions of affordable and minimum value, and know how to count employees. For employers, by definition, now include 30-hour workers. Starting sooner will help you ease into this requirement next year with greater efficiency. Work with your current business vendors like your accountant, payroll and insurance advisor to figure out when you need to do. Or, if you don’t have one, find one.

3. Individual Mandate. Whether you offer health insurance to your employees or not, as individuals they will have questions for you about what this means. Even though the Employer Mandate was delayed, most individuals will still need to have insurance by January 2014 or pay a penalty in their taxes. If their household income is 400 percent of poverty or less and have no other access to coverage, they may be eligible for a subsidy. To get coverage, Alaskans can receive help from any current insurance broker, Certified Application Counselors, Community Health Center Outreach and Enrollment staff, or a Navigator.

4. Health Insurance Exchange or Marketplace. The federal government required all states to have an online option from which individuals and small businesses could purchase insurance. There is no penalty for not having federal government implement, manage and operate this exchange for our citizens. It is expected to be launched on October 1, 2013, and can be found at www.healthcare.gov. As of this writing, it is anticipated that the federal government will announce the types of plans offered by Sept. 4, 2013. NOTE: Employers must provide written notice of available healthcare coverage options to their employees by Oct. 1, regardless of whether the employer offers healthcare coverage.

5. Medicaid Expansion. The Supreme Court ruling last year stated that individual states have the authority and freedom to determine whether or not to accept the provi- sion in the ACA to expand Medicaid in their state. At this point, Alaska’s Governor has paid for a comprehensive study to determine the economic and social impact this would have before he makes a decision. To our knowledge the study has been completed but the results and consequent decision about the Medicaid expansion are not yet known. We are watching for the announcement closely as the impact of this decision will have far reaching consequences on both individual and businesses.

Since new information is continually being written in regulations and disseminated, it’s important to find a trusted source that can help keep you up to date on newly released announcements, explain how it relates to your situation and answer questions. It’s a lot to take in, but with the right resources you can prepare yourself for success.
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