



Greater Juneau Chamber of Commerce

9301 Glacier Hwy, Suite 110 • Juneau AK 99801 • (907)463-3488

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February 19, 2021

Ref: Critical Business Support

Mayor Weldon and Members of the Assembly,

The Greater Juneau Chamber of Commerce is greatly concerned about the health of our local businesses and economy, with the prospect of the loss of another cruise ship season.

We are fortunate to have many locally owned businesses that support families in Juneau and many of these family businesses are reliant on the visitor industry. They have already faced 15 months without revenue, and now may be looking ahead to another year without their lifeblood industry on the horizon.

Visitor industry businesses generate a significant amount of sales tax revenue; however, their net income margins are incredibly thin. The overhead expenses of operating a local business in this sector (including large payrolls to local employees, inventory purchases from local vendors, rent and sales tax to local landlords), leave very little cashflow to sustain their quiet seasons. In many cases, business owners receive little to no salary after overhead expenses and federal taxes, even in a good year. In recent years, many local business owners have incurred large amounts of debt to invest in the growth of the industry, leaving them with increased long-term debt payments, now compounded by federal and local pandemic loan programs making new financing extremely difficult.

The CBJ's assistance has been crucial to many of these small businesses. But the prospect of a small business trying to remain viable with the loss of a second season, with no significant revenue until possibly May of 2022, is daunting. These businesses still have rent (even at reduced amounts offered by landlords), insurance, utilities, debt (many businesses incur debt in the off-season for business remodels or for inventory and did this in 2019 and the winter of 2020 preparing for a season that never happened), maintaining merchant accounts, etc. The grant money provided was used to partially fill holes created by the lack of revenue, but that money has been used. While the amounts of grants may not seem large, in relation to the needs to remain viable and pay ongoing costs, they are small, partial solutions.

For most businesses, PPP, AK CARES, Sustainability grants and hardship grants got them through the early part of the winter or into early 2021, but the future is bleak. Trying to remain in a financial position so that they can acquire new inventory, marketing and all the other costs to ultimately prepare for a 2022 cruise ship season will be a huge challenge.

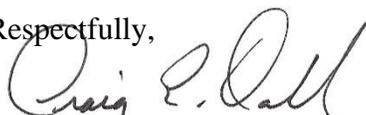
The fabric of the downtown and tour-based business community is threatened. These businesses, large and small, are facing some stark choices. We need to do what we can to support them. Keep in mind that a significant amount of the existing reserves CBJ enjoys were created during the boom tourism seasons of 2010 through 2019.

We ask that the Assembly consider the following:

1. Do not increase property taxes during the coming budget cycle. A tax increase could be the proverbial straw that breaks the camel's back. This will be exceedingly burdensome to the harmed business.
2. Consider a program to exempt or reduce taxes for businesses that are in extreme financial hardship. We also encourage you to look for other ways to help these businesses through deferral or waiver of utility or other fees charged by the CBJ.
3. Leave existing funding in place for businesses and direct staff to craft a way to assist the businesses most in need of assistance. The CBJ has approximately \$600,000 of CARES funding left over of amounts already approved for business grant programs that has not been used.
4. There were a handful of businesses that did not qualify for the extreme hardship grant because they didn't meet the year-round business test of that program. We believe that these businesses were mistakenly left out and we encourage you to direct staff to find a path to provide them with assistance. There were few businesses affected and the potential assistance is crucial. We believe there is a way to address this issue if the Assembly has the will.
5. Set aside a reasonable and sufficient amount from any future federal funding made available. This funding should be targeted at businesses that will be significantly harmed by the loss of the upcoming cruise season.

We understand that this will likely be a difficult upcoming budget season. We hope that everyone will work together and recognize that sacrifices will need to be made to see the CBJ and the community through the next year.

Respectfully,


Craig E. Dahl, Executive Director


Eric Forst, President