

**Statement of Russell Dick, President & Chief Executive Officer, Huna Totem Corporation
Before the Senate Committee on Indian Affairs**

***“Examining the COVID-19 Response in Native Communities:
Native Tourism Economies One Year Later”***

Wednesday, May 12, 2021

Good afternoon Chairman Schatz, Vice Chair Murkowski, and members of the Committee. Thank you for the opportunity to testify before you today.

My name is Russell Dick. I serve as President & CEO of Huna Totem Corporation, the Alaska Native village corporation for the village of Hoonah, Alaska. Huna Totem Corporation has worked for nearly 20 years to develop our port, Icy Strait Point, as a premier destination for the cruise ship industry. To our knowledge, Icy Strait Point is the only Indigenous-owned, all-inclusive cruise ship port in the United States. Icy Strait Point is located near the community of Hoonah, approximately 35 miles west of Juneau and 22 miles from Glacier Bay National Park and Preserve, which is our ancestral homeland. Icy Strait Point drives our local economy and provides enormous economic, social, and cultural benefits for our people. The impacts of COVID-19 on our Native tourism economy cannot be overstated. It is critical that our tourism economy be restored as quickly as possible, which means among other things taking every necessary step to ensure that cruise ship services return to Southeast Alaska as early this summer as possible.

Our Corporation

Huna Totem Corporation is owned by over 1,400 shareholders whose aboriginal ties are to the Village of Hoonah and what is now Glacier Bay National Park and Preserve, in Southeast Alaska. The Corporation was formed under the terms of the Alaska Native Claims Settlement Act (ANCSA), enacted by Congress on December 18, 1971. Huna Totem Corporation was incorporated on November 9, 1973.

ANCSA paved the way for the formation of 12 Alaska Native regional corporations and approximately 200 village corporations spread throughout 12 regions in Alaska. Under ANCSA, Huna Totem Corporation received one township (23,040 acres) of land.

Alaska Native corporations operate as for-profit entities for the benefit of their owners, but they are not typical corporations. Huna Totem Corporation has business interests in tourism, investment management, federal contracting, and natural resources. As contemplated under ANCSA, these interests enable us to return important economic, social, and cultural benefits to our community. Beyond the dividends we return to our shareholders, we provide internships and

employment, and support our cultural preservation and perpetuation activities through the Huna Heritage Foundation and Alaska Native Voices Educational Institute. We support our elders with firewood deliveries, our schools with computers and broadband access, and our community with food supplies. In short, our mission is holistic in our contributions to the community, as was originally intended under ANSCA.

Our Community

Hoonah is located on Chichagof Island. We, as members of the *Xúna Kaawu*, have thrived in the area for thousands of years. Our community is remote; it is not connected to any other community by a road system, runs significantly on diesel power, and has limited economic opportunity. Economic activities that largely defined our economy in the twentieth century—timber and fishing—are at a low ebb. However, we are a resilient people, and we are fortunate to have had an opportunity to develop a sustainable tourism-based economy for our village.

Ground was broken at Icy Strait Point in 2001. We invested in ourselves, making significant renovations and modern additions to Hoonah's historic salmon cannery. The Celebrity cruise ship MV Mercury made the inaugural call to Icy Strait Point in 2004. Through bold leadership, strategic investment, and historic resolve, we brought Icy Strait Point to life, ushering in a new era of economic opportunity for the community of Hoonah and our shareholders, providing employment, financial contributions, and a strong tax base to support the community.

Since that first ship call in 2004, we have built two cruise ship piers, along with extensive uplands facilities, 30 tours and excursions, three waterfront restaurants, 100% Alaska-owned retail shops, the world's largest zipline, and Alaska's first high-speed gondola system. Icy Strait Point is now renowned as a world-class cruise ship destination and we are proud to have won Seatrade's 2020 Global Port of the Year award, which recognized Icy Strait Point for incorporating not only the beauty of Alaska, but the authentic and unique culture and values of the *Xúna Kaawu*.

For over 16 years, Huna Totem has been on a journey to develop Icy Strait Point into a world-class destination. Since opening in 2004, we have hosted over two million passengers, and received ships calls from every major cruise line traveling to Alaska. We are the single largest employer and contributor to local sales tax in Hoonah, having contributed over \$60 million directly to the community over that 16-year period.

The pandemic has affected us all. For Hoonah, the pandemic has meant the loss of at least a half million guests and the concomitant economic contribution to our community. Icy Strait Point will return, not because we are a corporation per se, but because we are the

corporation—the village corporation—that Congress created to serve our people. But we need the Federal Government’s help and cooperation now to do that.

Economic Impact of the Pandemic

The shutdown of the cruise industry has profoundly disrupted our local economy, as 80% of our local tax base comes from tourism. Icy Strait Point normally employs over 250 people during the cruise ship season, with nearly 80% local and Alaska Native hire. All of this occurs in a village of less than 800 residents.

Icy Strait Point is a great example of what Alaska Native village corporations can do for their communities. Beyond the tax contributions to our community, the jobs and the infusion of dollars into the local economy, the heart of our business is truly the families and their children who own our business and are empowered by it. During the 2019 season, Icy Strait Point employed 27 of the 32 students from the high school in Hoonah. Think about that: we exist to create opportunity for our kids in their own community. Isn’t that the core of what parents want for their children in their hometowns? This is what Congress intended when it created Alaska Native corporations.

But we have faced an enormous challenge as a consequence of the pandemic. Where in 2019 we received 167 ship calls carrying roughly 270,000 visitors, the 2020 season was cancelled. In 2020, Icy Strait Point expected to receive 212 ship calls carrying over 440,000 passengers and employ over 250 people with a direct economic contribution of over \$10 million to the community of Hoonah. At this time, over 20 months have passed since Alaska has seen a cruise ship. The result has been closed local businesses, the loss of hundreds of jobs, a slowdown in economic activity, an increase in food insecurity, lost ferry service, and decreased funding to the City of Hoonah, amongst other negative effects. As you know, the 2021 season is now imperiled. The loss or further delay of the 2021 summer cruise season will continue to devastate the communities throughout Alaska, like Hoonah, that depend on tourism. A quick restart to cruising in Alaska is critical. Leadership from the City of Hoonah, the community, and Icy Strait Point are all eager for cruise ships to return.

Our Concerns with the Ongoing Federal Approach to Tourism

We believe that a balanced approach to the pandemic, looking forward, must consider both the direct health issues of COVID-19 coupled with the need to avoid devastating impacts on our village economy. As a port, we hold ourselves to the highest standards in hygiene, safety, and environmental protection, serving as our village’s economic engine while keeping our guests, staff, elders, and community members safe. We would like to see the Federal Government take a balanced approach as well.

We are deeply concerned with the handling of the pandemic and of our industry by the Federal Government and, in particular, the Centers for Disease Control (CDC). As we wrote to the CDC last January, five long months ago, the next steps to be undertaken by the CDC regarding cruising are of great interest to us. Cruising has safely resumed in other parts of the world, with multiple levels of prevention proving successful. We are ready to move forward.

In Alaska, we are well-prepared to regulate and manage local operations, working together with industry and our local and state authorities. The community of Hoonah has been proactive and successful in managing the pandemic, with 100% of locals and visitors tested upon arrival, weekly wastewater testing, and currently zero active cases (with only 4 cases total throughout the pandemic).

Icy Strait Point developed a COVID-19 response plan back in April of 2020. We have initiated and are committed to the GBAC STAR facility accreditation program, from the Global Biorisk Advisory Council, a Division of ISSA - The Worldwide Cleaning Industry Association, to prevent and respond to outbreaks, and to deliver a clean, healthy, and safe environment. This is a third-party validation of safety and documented systems.

We have been actively communicating with the state of Alaska, City of Hoonah, Juneau, and other ports in southeast Alaska, and with cruise line operators expected to visit Icy Strait Point. We have explored various technologies in sanitation; and our policies and procedures meet or exceed current cruise line operational protocols, including the Vessel Sanitation Program, as well as existing CDC COVID-19 guidance. To date, the CDC's singular focus on the cruise industry, the overly prescriptive details in its Conditional Sale Order and accompanying guidance, and its one-size-fits-all policies that do not fit rural Alaska, have proven preclusive to an actual 2021 season.

Combining strong vaccination programs with adherence to the 74 recommendations developed by the Healthy Sail Panel will provide for a safe resumption of sailing. The plain truth is that our village, our corporation, our part of Alaska, the cruise lines, and the CDC all have the same goal, which is to safely sail.

We suggest that the CDC should limit its oversight to on-board or at-sea issues and leave onshore issues to existing CDC regulations and local control, as it does for other tourism operations, hospitality, and other industries. We would ask that CDC continue to review and revise its technical instructions to ensure that Alaska can have as much of a 2021 season as possible. After a long delay, we understand CDC is now working to ensure cruise lines can return to operation. CDC's continued commitment to this goal is critical to us and it must be held to account. Cruise ships can move their operations to any region of the world but we cannot. We need the CDC to work with the cruise lines to ensure they can return to Alaska as soon as possible this summer.

How Congress Can Help: Provide Relief to Bureau of Indian Affairs Loan Guarantee Program Borrowers

As Congress considers the impacts of the pandemic on Native tourism and the tourism economy more broadly, we have a few suggestions. For starters, we strongly urge Congress to provide equitable funding to support Native American borrowers participating in the Bureau of Indian Affairs (BIA) Loan Guarantee Program.

Last year, Congress enacted provisions in the CARES Act that provided \$17 billion to the Small Business Administration (SBA) to pay the principal, interest, and fees on all preexisting SBA loan products issued under SBA's Section 7(a) loan guarantee, 504, and microloan programs. The legislation directed SBA to provide this assistance for a period of six months on behalf of small businesses impacted by COVID-19. Congress *extended* this coverage under the Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act, signed into law on December 27, 2020. Congress should provide similar relief to Native-owned businesses participating in the BIA Loan Guarantee Program; the failure thus far to extend equal relief to the BIA Program's Native American borrowers is inequitable on its face.

Native-owned businesses around the country are struggling to stay afloat. This is particularly true for businesses in the tourism and hospitality sectors, for which the COVID-19 emergency has been particularly damaging. One of the programs already in place to support Native-owned businesses is the BIA Loan Guarantee Program, established pursuant to Section 201 of the Indian Financing Act of 1974.

This program supports Native-owned businesses that contribute to the economy of an Indian reservation or a Tribal service area. Native-owned businesses across Indian Country participate in this program, including businesses in New Mexico, Arizona, Alaska, Oklahoma, Nevada, Montana, Washington, Wisconsin, North Dakota, and South Dakota. Congress should extend relief to Native-owned businesses participating in the BIA Loan Guarantee Program, which would help these businesses survive long enough to get back on track financially. The BIA Loan Guarantee Program is small, and relief would cost a small fraction of the relief already extended to other SBA program borrowers.

Specifically, we suggest that Congress should provide funding to BIA to aid Native-owned businesses based on relative economic need, with a six-month base period for all borrowers (consistent with the CARES Act relief for SBA borrowers), and additional funding available to allow BIA to extend the relief period for up to 18 months to individual borrowers based on the relative economic impact of COVID-19 to their respective businesses.

It is inequitable that financial assistance has not already been extended to borrowers participating in the BIA Loan Guarantee Program. As BIA points out on its website, “Congress passed the Indian Financing Act of 1974 . . . to *reduce* the disparity between business capital available to Indian and non-Indian businesses.” As noted by the Treasury Department’s Native American CDFI Assistance Program, Native communities face unique challenges to economic growth, including heightened barriers to accessing capital and basic financial services. Congress should help BIA Loan Guarantee Program borrowers, just as it has done for SBA borrowers.

How Congress Can Help: Fund the Maritime Transportation System Emergency Relief Program

We recommend that Congress support an appropriate level of FY 2022 funding for the Maritime Transportation System Emergency Relief program, as established in Section 3505 of the FY 2021 National Defense Authorization Act. Section 3505, the Maritime Transportation System Emergency Relief Act, was designed to “provide relief to those in the maritime industry during a national emergency such as the ongoing COVID-19 pandemic or natural disasters.”

The new program, if appropriately funded, will provide broad assistance to ports and public and private entities engaged in “support activities” for marine transportation. Huna Totem Corporation suggests that the Maritime Administration should give priority to marine transportation and port entities based on relative loss of income experienced because of the COVID-19 pandemic.

How Congress Can Help: Amend the Passenger Vessel Safety Act to Protect American Jobs

Huna Totem urges Congress to reform the Passenger Vessel Safety Act (PVSA) in a manner that will best support American jobs. Congress needs to recognize that large passenger ships have not been built in the United States for over 60 years. As it pertains to large cruise ships, the PVSA’s mandated use of U.S.-built vessels is protectionism for an industry that simply does not exist. The price is paid here in Alaska, in our region, and in our village.

The problems associated with the PVSA have been exacerbated by the pandemic, during which Canada has closed its ports to cruise ships, making it currently impossible for Alaskan cruises to carry on even after the Federal Government has signed off on cruising.

To avoid violating the PVSA, ships that do not meet its requirements must visit a foreign port at some point during their voyage. For cruises to Alaska, that means a stop in Canada. But Canada’s ports currently are off-limits to cruise ships through February 2022—making visits to Alaska by such vessels impossible without a change in the statute or administrative waiver, which is also proving difficult to obtain.

The reality is that our community currently faces a situation in which we might have no economy this summer to support our employees — 80% of whom are local and Native hire — because Congress has not dealt with the PVSA. This is not Canada’s fault; this is the Federal Government’s fault. Let me be clear: the PVSA right now is preventing us from hiring Americans in an American community that desperately needs those jobs. The U.S. Congress is responsible for this problem.

Conclusion

The effects of the COVID-19 pandemic on our community and our corporation have been extreme. They have been compounded by the complexity and slowness of the CDC’s response, a terribly outdated federal law, and a failure to extend benefits made available to SBA Loan Guarantee Program borrowers to BIA Loan Guarantee Program borrowers. The loss of jobs and tax base have been profound. What matters most for us today is the next steps to salvage a 2021 season and return to normal operations in 2022. We all agree that public health is our common priority, but economic health is inextricably intertwined with that goal. They need not, and should not, be mutually exclusive. The time to move forward is now. We are looking to you for help. Thank you.