



THE STATE  
of **ALASKA**  
GOVERNOR SEAN PARNELL

## Department of Revenue

COMMISSIONER'S OFFICE  
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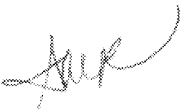
### MEMORANDUM

TO: The Honorable Charlie Huggins  
President of the Senate  
State Capitol, Room 111  
Juneau, AK 99801-1182

DATE: December 30, 2013

The Honorable Mike Chenault  
Speaker of the House  
State Capitol, Room 208  
Juneau, AK 99801-1182

RE: Commercial Passenger Vessel  
Excise Tax Report

FROM: Angela M. Rodell, Commissioner  
Department of Revenue 

During the 2010 legislative session, SB 312, codified as § 13 ch 101 SLA 2010, became law. As part of that legislation, the Department of Revenue is required to provide a report to the legislature on or before January 1, 2014. Below is the provision in the bill outlining the department's responsibilities. Attached is the information required by that legislation.

\* **Sec. 13.** The uncodified law of the State of Alaska is amended by adding a new section to read:  
SUBSEQUENT LEGISLATIVE REVIEW. The Twenty-Eighth Alaska State Legislature, in its Second Regular Session, shall revisit the changes made under this Act. In addition to the report required under AS 43.52.260, added by sec. 10 of this Act, the Commissioner of Revenue shall, on or before January 1, 2014, submit a written report to the President of the Senate and the Speaker of the House of Representatives regarding the effect of this Act on revenue and travel to and from state ports by commercial passenger vessels during the period beginning January 1, 2010, and ending November 15, 2013. The report must include, for each calendar year,

- (1) the number of passengers subject to state taxes under AS 43.52.200 - 43.52.295;
- (2) tax revenue collected by the state under AS 43.52.200 - 43.52.295;
- (3) the amount of municipal taxes imposed and collected by each home rule or general law municipality that, under AS 43.52.255, added by sec. 9 of this Act, reduced the tax imposed under AS 43.52.200 - 43.52.295;
- (4) the total amount of taxes related to gambling activities collected under AS 43.35.200 - 43.35.220;
- (5) a list of ports in the state that were visited by commercial passenger vessels and, for each port listed,
  - (A) the number of passengers on board those vessels;
  - (B) the amount of taxes the state collected under AS 43.52.200 - 43.52.295; and
  - (C) the amount of taxes the state distributed to the port of call under AS 43.52.200 - 43.52.295.

\* **Sec. 14.** This Act takes effect October 31, 2010.

Ex. 069, p. 1

Subsequent Legislative Review Report required under § 13 ch 101 SLA 2010

The purpose of this worksheet is to report on items 1, 2, 3 and 4 as outlined in § 13 ch 101 SLA 2010:

- (1) the number of passengers subject to state taxes under AS 43.52.200 - 43.52.295;
- (2) tax revenue collected by the state under AS 43.52.200 - 43.52.295;
- (3) the amount of municipal taxes imposed and collected by each home rule or general law municipality that, under AS 43.52.255, added by sec. 9 of this Act, reduced the tax imposed under AS 43.52.200 - 43.52.295;
- (4) the total amount of taxes related to gambling activities collected under AS 43.35.200 - 43.35.220;

CY	Report Items				
	§13(1)		§13(3)	§13(2)	§13(4)
	Passengers Subject to Tax	CPV Tax	Tax Reduction for Local Levies	Total CPV Tax	LPV Gambling Tax <sup>(2)</sup>
2010	869,438	\$ 39,994,148.00	N/A <sup>(1)</sup>	\$ 39,994,148.00	\$ 5,688,293.16
2011	820,238	\$ 28,298,211.00	\$ 11,846,936.00	\$ 16,451,275.00	\$ 5,178,826.00
2012	824,248	\$ 28,436,556.00	\$ 12,170,756.00	\$ 16,265,800.00	\$ 5,815,095.00
2013	909,672	\$ 31,383,684.00	\$ 13,406,768.00	\$ 17,976,916.00	Unavailable <sup>(3)</sup>

**DOR Notes**

<sup>(1)</sup> AS 43.52.260 currently allows a tax reduction for local levies, however, this provision wasn't effective until October 31, 2010, after the 2010 cruise season ended. The first reductions, therefore, were reported in 2011.

<sup>(2)</sup> The amount of gambling tax revenue included in this report may differ from the amount included in the Tax Division's Annual Report due to the fact that this report is based on calendar year collections and the Annual Report is based on fiscal year collections.

<sup>(3)</sup> The 2013 LPV Gambling Tax Returns are not due until April 15, 2014.

NOTE 1: DOR is unable to provide any information on voyages which were not reported as part of a tax return. AS 43.52.295(4) does not require a vessel to report a visit to Alaska if it is in Alaska waters for 72 hours or less. DOR is aware of vessels that visited ports in Alaska which did not meet the 72-hour rule. Those voyages are not reflected in this report.

Note 2: Taxpayers are able to amend, and DOR is able to adjust, returns for up to three years from the date the return was filed. The numbers shown in this report are what DOR has on record as of the date of this report and may change due to amended returns or audits.

Subsequent Legislative Review Report required under § 13 ch 101 SLA 2010

The purpose of this worksheet is to report on item 5 (A, B & C) as required in § 13 ch 101 SLA 2010:

- (5) a list of ports in the state that were visited by commercial passenger vessels and, for each port listed,
  - (A) the number of passengers on board those vessels;
  - (B) the amount of taxes the state collected under AS 43.52.200 - 43.52.295; and
  - (c) the amount of taxes the state distributed to the port of call under AS 43.52.200 - 43.52.295.

Prior to the changes made to the CPV excise tax statutes by § 13 ch 101 SLA 2010, any community which levied its own passenger fee could either repeal their fee and share in the proceeds of the CPV tax, or they could retain their fee and effectively opt out of revenue sharing from the state. Beginning October 31, 2010, the new law allows communities that levy their own passenger fee to retain their fee and receive revenue sharing from the CPV tax provided that fee was enacted before December 17, 2007.

Item 5(B)	
CY	Total Revenue <sup>(1)</sup>
2010	39,994,148.00
2011	16,451,275.00
2012	16,265,800.00
2013	17,976,916.00

Items 5(A) & 5(C)

CY 2010 Share CPV Excise Taxes by Location shared in January 2011

Port/City	City/Borough	Number of Passengers	City Share (If Applicable)	Borough Share (If Applicable)	Sum of Share Amount
ANC - Anchorage	Municipality of Anchorage	12,715	N/A	\$ 63,575.00	\$ 63,575.00
DH - Dutch Harbor/Unalaska	Unorganized Borough	600	\$ 3,000.00	N/A	\$ 3,000.00
HNS - Haines	City and Borough of Haines	30,854	NA	\$ 154,270.00	\$ 154,270.00
HOM - Homer	Kenai Peninsula Borough	12,715	\$ 31,787.50	\$ 31,787.50	\$ 63,575.00
JNU - Juneau	City and Borough of Juneau	-	(2)	(2)	
KDK - Kodiak	Kodiak Island Borough	6,305	\$ 15,762.50	\$ 15,762.50	\$ 31,525.00
KTN - Ketchikan	Ketchikan Gateway Borough	417,663	(3)	\$ 2,088,312.50	\$ 2,088,312.50
PTS - Pt Sophia/lcy					
Straits/Hoonah	Unorganized Borough	226,044	\$ 1,130,220.00	N/A	\$ 1,130,220.00
SEW - Seward	Kenai Peninsula Borough	149,717	\$ 374,292.50	\$ 374,292.50	\$ 748,585.00
SIT - Sitka	City and Borough of Sitka	141,301	N/A	\$ 706,505.00	\$ 706,505.00
SKG - Skagway	Unorganized Borough	691,108	\$ 3,455,540.00	N/A	\$ 3,455,540.00
VDZ - Valdez	Unorganized Borough	467	\$ 2,335.00	N/A	\$ 2,335.00
WHT - Whittier	Unorganized Borough	139,158	\$ 695,790.00	N/A	\$ 695,790.00
WRG - Wrangell	City and Borough of Wrangell	502	-	\$ 2,510.00	\$ 2,510.00
Grand Totals:			\$ 5,708,727.50	\$ 3,437,015.00	\$ 9,145,742.50

CY 2011 Share CPV Excise Taxes by Location shared in January 2012

Port/City	City/Borough	Number of Passengers	City Share (If Applicable)	Borough Share (If Applicable)	Sum of Share Amount
ANC - Anchorage	Municipality of Anchorage	13,238	N/A	\$ 66,190.00	\$ 66,190.00
DH - Dutch Harbor/Unalaska	Unorganized Borough	262	\$ 1,310.00	N/A	\$ 1,310.00
HNS - Haines	City and Borough of Haines	29,336	N/A	\$ 146,680.00	\$ 146,680.00
HOM - Homer	Kenai Peninsula Borough	13,075	\$ 32,687.50	\$ 32,687.50	\$ 65,375.00
JNU - Juneau	City and Borough of Juneau	819,346	N/A	\$ 4,096,730.00	\$ 4,096,730.00
KDK - Kodiak	Kodiak Island Borough	13,049	\$ 32,622.50	\$ 32,622.50	\$ 65,245.00
KTN - Ketchikan	Ketchikan Gateway Borough	778,899	\$ 1,947,247.50	\$ 1,947,247.50	\$ 3,894,495.00
PTS - Pt Sophia/lcy					
Straits/Hoonah	Unorganized Borough	127,269	\$ 636,345.00	N/A	\$ 636,345.00
SEW - Seward	Kenai Peninsula Borough	129,946	\$ 324,865.00	\$ 324,865.00	\$ 649,730.00
SIT - Sitka	City and Borough of Sitka	82,826	N/A	\$ 414,130.00	\$ 414,130.00
SKG - Skagway	Unorganized Borough	694,144	\$ 3,470,720.00	N/A	\$ 3,470,720.00
VDZ - Valdez	Unorganized Borough	330	\$ 1,650.00	N/A	\$ 1,650.00
WHT - Whittier	Unorganized Borough	127,453	\$ 637,265.00	N/A	\$ 637,265.00
WRG - Wrangell	City and Borough of Wrangell	3,870	N/A	\$ 19,350.00	\$ 19,350.00
Grand Totals:			\$ 7,084,712.50	\$ 7,080,502.50	\$ 14,165,215.00

Subsequent Legislative Review Report required under § 13 ch 101 SLA 2010

**Items 5(A) & 5(C)**

**CY 2012 Share CPV Excise Taxes by Location shared in January 2013**

Port/City	City/Borough	Number of Passengers	City Share (If Applicable)	Borough Share (If Applicable)	Sum of Share Amount
ANC - Anchorage	Municipality of Anchorage	9,714	N/A	\$ 48,570.00	\$ 48,570.00
DH - Dutch Harbor/Unalaska	Unorganized Borough	824	\$ 4,120.00	N/A	\$ 4,120.00
HNS - Haines	City and Borough of Haines	30,816	N/A	\$ 154,080.00	\$ 154,080.00
HOM - Homer	Kenai Peninsula Borough	8,684	\$ 21,710.00	\$ 21,710.00	\$ 43,420.00
JNU - Juneau	City and Borough of Juneau	830,204	N/A	\$ 4,151,020.00	\$ 4,151,020.00
KDK - Kodiak	Kodiak Island Borough	9,389	\$ 23,472.50	\$ 23,472.50	\$ 46,945.00
KTN - Ketchikan	Ketchikan Gateway Borough	791,108	\$ 1,977,770.00	\$ 1,977,770.00	\$ 3,955,540.00
PTS - Pt Sophia/lcy Straits/Hoonah	Unorganized Borough	122,021	\$ 610,105.00	N/A	\$ 610,105.00
SEW - Seward	Kenai Peninsula Borough	137,306	\$ 343,265.00	\$ 343,265.00	\$ 686,530.00
SIT - Sitka	City and Borough of Sitka	27,071	N/A	\$ 135,355.00	\$ 135,355.00
SKG - Skagway	Unorganized Borough	745,621	\$ 3,728,105.00	N/A	\$ 3,728,105.00
WHT - Whittier	Unorganized Borough	165,773	\$ 828,865.00	N/A	\$ 828,865.00
WRG - Wrangell	City and Borough of Wrangell	346	N/A	\$ 1,730.00	\$ 1,730.00
<b>Grand Totals:</b>			<b>\$ 7,537,412.50</b>	<b>\$ 6,856,972.50</b>	<b>\$ 14,394,385.00</b>

**CY 2013 Share CPV Excise Taxes by Location has not been reconciled. Sharing is expected to be done in January 2014**

Port/City	City/Borough	Number of Passengers	City Share (If Applicable)	Borough Share (If Applicable)	Sum of Share Amount
ANC - Anchorage	Municipality of Anchorage	595	N/A	\$ 2,975.00	\$ 2,975.00
DH - Dutch Harbor	Unorganized Borough	833	\$ 4,165.00	N/A	\$ 4,165.00
HNS - Haines	City and Borough of Haines	28,127	N/A	\$ 140,635.00	\$ 140,635.00
HOM - Homer	Kenai Peninsula Borough	342	\$ 855.00	\$ 855.00	\$ 1,710.00
JNU - Juneau	City and Borough of Juneau	909,527	N/A	\$ 4,547,635.00	\$ 4,547,635.00
KDK - Kodiak	Kodiak Island Borough	1,840	\$ 4,600.00	\$ 4,600.00	\$ 9,200.00
KTN - Ketchikan	Ketchikan Gateway Borough	885,898	\$ 2,214,745.00	\$ 2,214,745.00	\$ 4,429,490.00
PTS - Pt Sophia/lcy Straits/Hoonah	Unorganized Borough	125,245	\$ 626,225.00	N/A	\$ 626,225.00
SEW - Seward	Kenai Peninsula Borough	122,689	\$ 306,722.50	\$ 306,722.50	\$ 613,445.00
SIT - Sitka	City and Borough of Sitka	60,597	N/A	\$ 302,985.00	\$ 302,985.00
SKG - Skagway	Unorganized Borough	802,257	\$ 4,011,285.00	N/A	\$ 4,011,285.00
VDZ - Valdez	Unorganized Borough	253	\$ 1,265.00	N/A	\$ 1,265.00
WHT - Whittier	Unorganized Borough	190,127	\$ 950,635.00	N/A	\$ 950,635.00
WRG - Wrangell	City and Borough of Wrangell	6,286	N/A	\$ 31,430.00	\$ 31,430.00
<b>Grand Totals:</b>			<b>\$ 8,120,497.50</b>	<b>\$ 7,552,582.50</b>	<b>\$ 15,673,080.00</b>

<sup>(1)</sup> The amount of CPV excise tax revenue included in this report may differ from the amount included in the Tax Division's Annual Report due to the fact that this report is based on calendar year collections and the Annual Report is based on fiscal year collections.

<sup>(2)</sup> The share amount for the City and Borough of Juneau (CBJ) in 2010 was calculated at \$4,239,645, however, the amount was not paid because CBJ imposed its own passenger fee and opted out of the share.

<sup>(3)</sup> The share amount for the City of Ketchikan was calculated at \$2,088,312.50, however, the amount was not paid because the City of Ketchikan imposed its own passenger fee and opted out of the share. Since the City of Ketchikan and the Ketchikan Gateway Borough are not unified, the Borough received a share of state passenger fees.

NOTE 1: DOR is unable to provide any information on voyages which were not reported as part of a tax return. AS 43.52.295(4) does not require a vessel to report a visit to Alaska if it is in Alaska waters for 72 hours or less. DOR is aware of vessels that visited ports in Alaska which did not meet the 72-hour rule. Those voyages are not reflected in the reports above.

Note 2: Taxpayers are able to amend, and DOR is able to adjust, returns for up to three years from the date the return was filed. The numbers shown above are what DOR has on record as of the date of this report and may change due to amended returns or audits.