**SECTIONAL ANALYSIS**

**SB 312 – Vessel Passenger Tax**

**Section 1** amends AS 43.52.200 to codify a regulation and clarify that the commercial passenger vessel excise tax is imposed upon passengers traveling on a vessel that hosts them overnight in Alaska and stops in port(s) in Alaska where they are allowed to embark or disembark. In other words, this tax does not apply to passengers on vessels merely transiting the state’s marine waters.

**Section 2** amends AS 43.52.210to reduce the tax rate from $46 a passenger per voyage to $34.50 a passenger per voyage.

**Section 3** amendsAS 43.52.230(a) to clarify the guidelines on how commercial passenger vessel excise tax proceeds should be appropriated to comply with federal law.

**Section 4** amends AS 43.52.230(b) to clarify the guidelines on how commercial passenger vessel excise tax proceeds should be spent by municipalities to comply with federal law.

**Section 5** amends AS 43.52.250 to reduce the commercial passenger vessel excise tax by the total amount of municipally-imposed passenger taxes a passenger pays when purchasing a voyage that includes a stop in municipalities imposing such taxes. This reduction, however, is limited to municipally imposed taxes that were in effect on December 17, 2007 and such municipality did not elect to receive revenue sharing of $5 per passenger under AS 43.52.230(b).

**Section 6** of the billprovides for a report to the Legislature, the Governor, and the public every three years by the Department of Commerce, Community, and Economic Development that addresses the projected needs of the communities that host passengers and the extent to which, during the preceding three years, commercial vessel passenger excise tax proceeds have been utilized to defray the cost of hosting passengers in Alaska. This report may be used by the Legislature to determine if the tax rate remains commensurate with the cost of safely and efficiently hosting passengers in Alaska.

**Section 7** amends AS 43.52.200 to clarify that “voyage” means spending 72 hours in the state’s marine waters.

**Section 8** repeals the regional cruise ship impact sub-account in the general fund. Thus, all proceeds from the commercial passenger excise tax will go into the commercial vessel passenger tax account subject to appropriation by the Legislature.

**Section 9** provides an immediate effective date for the bill.