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Bullock
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CS FOR SENATE BILL NO. 312(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

**Offered:
Referred:**

Sponsor(s): SENATE FINANCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act providing for a reduction in the excise tax to \$34.50 for a passenger for each
2 voyage on a commercial passenger vessel; describing the passengers that are subject to
3 the excise tax and liable for the payment of the tax; providing for a reduction in the state
4 excise tax imposed on a passenger traveling on a commercial passenger vessel by the
5 amount of tax on a passenger traveling on a commercial passenger vessel imposed by a
6 municipality under a law enacted before December 17, 2007; authorizing appropriations
7 from the commercial vessel passenger tax account to the first five ports of call in the
8 state and for costs associated with commercial passenger vessels and the passengers on
9 board; limiting the use of funds appropriated from the commercial passenger vessel tax
10 account to expenditures related to port facilities, harbor infrastructure, other services
11 provided to the commercial passenger vessels and the passengers on board those vessels
12 and certain other purposes; repealing the regional cruise ship impact fund; relating to

the administration of the excise tax by the Department of Revenue and regulations required to be adopted; requiring a report from the Department of Commerce, Community, and Economic Development relating to safely and efficiently hosting passengers; defining 'voyage' for purposes of the excise tax; relating to municipal levies on a passenger on a commercial passenger vessel; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

* Section 1. AS 43.52.200 is amended to read:

Sec. 43.52.200. Levy of excise tax on overnight accommodations on commercial passenger vessels. There is imposed an excise tax on passengers traveling [TRAVEL] on commercial passenger vessels providing overnight accommodations that anchor or moor on [IN] the state's marine water with the intent to allow passengers to embark or disembark.

* Sec. 2. AS 43.52.210 is amended to read:

Sec. 43.52.210. Rate of tax. The tax imposed by AS 43.52.200 - 43.52.295 is levied at a rate of \$34.50 for [\$46] a passenger for each [PER] voyage.

* Sec. 3. AS 43.52.220 is amended to read:

Sec. 43.52.220. Liability for payment of tax. A passenger subject to [TRAVELING ON A COMMERCIAL PASSENGER VESSEL PROVIDING OVERNIGHT ACCOMMODATIONS IN STATE MARINE WATER IS LIABLE FOR] the excise tax imposed by AS 43.52.200 - 43.52.295 is liable for the payment of the tax. The tax shall be collected from the passenger [AND IS DUE AND PAYABLE TO THE DEPARTMENT

(1)] by the person who provides travel aboard a commercial vessel and shall be paid to the department [FOR WHICH THE TAX IS PAYABLE; AND

(2)] in the manner and at the times required by the department by regulation.

* Sec. 4. AS 43.52.230(a) is amended to read:

(a) The proceeds from the tax imposed under AS 43.52.200 - 43.52.295 [ON TRAVEL ON COMMERCIAL PASSENGER VESSELS PROVIDING

1 OVERNIGHT ACCOMMODATIONS IN THE STATE'S MARINE WATER] shall
2 be deposited in a special "commercial vessel passenger tax account" in the general
3 fund. The legislature may appropriate money from this account for the purposes
4 described in (b) and (d) [(c)] of this section [, FOR STATE-OWNED PORT AND
5 HARBOR FACILITIES, OTHER SERVICES TO PROPERLY PROVIDE FOR
6 VESSEL OR WATERCRAFT VISITS, TO ENHANCE THE SAFETY AND
7 EFFICIENCY OF INTERSTATE AND FOREIGN COMMERCE, AND SUCH
8 OTHER LAWFUL PURPOSES AS DETERMINED BY THE LEGISLATURE].

9 * Sec. 5. AS 43.52.230(b) is amended to read:

10 (b) For each voyage of a commercial passenger vessel [PROVIDING
11 OVERNIGHT ACCOMMODATIONS], the commissioner shall identify the first five
12 ports of call in the state and the number of passengers subject to the tax imposed
13 under AS 43.52.200 - 43.52.295 on board [THE VESSEL] at each port of call.
14 Subject to annual appropriation by the legislature, the commissioner shall distribute to
15 each port of call \$4 for each [\$5 PER] passenger subject to the tax imposed [OF
16 THE TAX REVENUE COLLECTED FROM THE TAX LEVIED] under
17 AS 43.52.200 - 43.52.295. If the port of call is a city located within a borough not
18 otherwise unified with the borough, the commissioner shall [, SUBJECT TO
19 APPROPRIATION BY THE LEGISLATURE,] distribute \$2 for each [\$2.50 PER]
20 passenger to the city and \$2 [\$2.50] to the borough. A city or borough that receives
21 a payment [EACH PORT OF CALL RECEIVING FUNDS] under this subsection
22 [SECTION] shall use the funds for [IN A MANNER CALCULATED TO
23 IMPROVE] port [AND HARBOR] facilities, harbor infrastructure, and other
24 services provided to the commercial passenger vessels and the passengers
25 onboard on those vessels [TO PROPERLY PROVIDE FOR VESSEL OR
26 WATERCRAFT VISITS AND TO ENHANCE THE SAFETY AND EFFICIENCY
27 OF INTERSTATE AND FOREIGN COMMERCE].

28 * Sec. 6. AS 43.52.230 is amended by adding a new subsection to read:

29 (d) In addition to making an appropriation for the payments described in (b) of
30 this section, the legislature may appropriate money from the commercial vessel
31 passenger tax account to projects that (1) improve port and harbor infrastructure, (2)

provide services to commercial passenger vessels and the passengers onboard those vessels, or (3) improve the safety and efficiency of the interstate and foreign commerce activities in which the vessels and the passengers onboard those vessels are engaged.

* Sec. 7. AS 43.52.240 is amended to read:

Sec. 43.52.240. Administration. [(a)] The department shall

(1) [ADMINISTER AS 43.52.200 - 43.52.295; AND

(2)] collect [, SUPERVISE,] and enforce the collection of taxes due under AS 43.52.200 - 43.52.295 and penalties as provided in AS 43.05;

(2) [.

(b) THE DEPARTMENT MAY] adopt regulations necessary for the administration of AS 43.52.200 - 43.52.295; and

(3) subject to annual appropriation, distribute the payments described in AS 43.52.230(b).

* Sec. 8. AS 43.52 is amended by adding a new section to read:

Sec. 43.52.255. Tax reduction for local levies. The tax imposed on a passenger by AS 43.52.200 - 43.52.295 shall be reduced by the total amount of a tax on the passenger traveling on a commercial passenger vessel that is imposed and collected by a home rule or general law municipality under a law enacted before December 17, 2007.

* Sec. 9. AS 43.52 is amended to add a new section to read:

Sec. 43.52.260. Periodic report. The Department of Commerce, Community, and Economic Development shall, every three years, prepare and submit to the governor, the legislature, and the public a report that

(1) addresses the projected needs of communities to safely and efficiently host passengers that pay taxes under AS 43.52.200 - 43.52.295; and

(2) summarizes the extent to which appropriations of the proceeds of the tax have been used to defray the cost of meeting the needs described in (1) of this subsection.

* Sec. 10. AS 43.52.295(4) is amended to read:

(4) "voyage" means any trip or itinerary lasting more than 72 hours on

1 **the state's marine water.**

2 * Sec. 11. AS 43.52.230(c) and 43.52.250 are repealed.

3 * Sec. 12. This Act takes effect October 31, 2010.