



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

**Department of Commerce, Community,
and Economic Development**

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February 10, 2016

The Honorable Kurt Olson
Chair, House Labor and Commerce Committee
State Capitol, Room 24
Juneau, AK 99801

Dear Representative Olson,

Thank you for hearing HB 252, Electronic Tax Returns; Vessel Passenger Tax in your committee yesterday.

I would like to clarify a statement that was made during testimony on the bill. In discussion regarding how commercial passenger vessel fees (CPVs) are spent, it was implied that the funds could be used to pay for Division of Economic Development staff, or for tourism marketing efforts. This is incorrect. The fees are used to fund projects that benefit both the community and the cruise industry, as defined by AS 43.52.230. Multiple state and local government agencies are involved with CPV tax administration, revenue distribution, and reporting, which is compiled into a report to the legislature every three years.

Attached is the most recent iteration of this report, as well as the Department of Revenue's Shared Taxes and Fees Annual Report which provides an overview of the Commercial Passenger Vessel Excise Tax on page 6, and the amount distributed to each community on the following pages.

I hope that this clears up any misconception that the funds are being utilized outside of their statutorily intended purpose. If you have further questions on this subject, please feel free to contact me.

Sincerely,

A handwritten signature in blue ink, appearing to read "CH Hladick".

Chris Hladick
Commissioner

Enclosures