

Adopted
4/16/10

#1

↓ ~~#2~~

#1

Amendment to Amendment for CSSB 312

(26-LS1633\W)

~~#2~~

By: THOMAS

Page 1, Line 9

After: 17

DELETE: 2006

INSERT: 2007

Page 2, Line 14 -17

After: in

DELETE ALL MATERIAL

INSERT: the general fund.

Page 2, Line 26

After: of

DELETE : \$40

INSERT: \$34.50.

Page 4, Line 31

After: 17

DELETE: 2006

INSERT: 2007

Page 5, Line 4

After: 17

DELETE: 2006

INSERT: 2007

Page 5, Line 14

After: 17

DELETE: 2006

INSERT: 2007

Page 5, Line 19

After: 17

DELETE: 2006

INSERT: 2007

*Legislative Legal will do any and all other conforming and technical amendments.

state tax rate reduced from \$46 to \$19.50

58% effective reduction in state head tax rate

State Tax Every Port gets \$8 per passenger total (either as pass thru from state, local assessment, or combination)

CPV 34.5

Ktn \$ (7.0) local tax, \$1 state tax for \$8 total

Jnu \$ (8.0) local tax

Remaining \$ 19.50 95% of passengers stop in Ketchikan and 100% stop in Juneau, so \$19.50 would be the effective 'state' tax rate

18.5 Passengers 850,000 Per port payment 8
26.5 State tax before local deduct 34.5 Jnu Local Deduct 8
Ktn Local Deduct 7

itinerary #1	
4 Ports incl Ktn, Jnu	
33% occurrence	
passengers	280,500
state tax	\$ 19.50
Jnu Local	\$ 2,244,000
Ktn Local	\$ 1,963,500
State \$1 remitted to KGB	\$ 280,500
Remaining CPV revenue	\$ 5,189,250
port of call payments	\$ (4,488,000)
CPV Available	\$ 701,250

itinerary #2	
4 ports, incl Jnu	
1% occurrence	
\$	8,500
\$	26.5
\$	68,000.0
\$	-
\$	-
\$	225,250.0
\$	(204,000.0)
\$	21,250.0

itinerary #3	
3 ports, Ktn Jnu	
60.0% occurrence	
\$	510,000
\$	19.50
\$	4,080,000
\$	3,570,000
\$	510,000
\$	9,435,000
\$	(4,080,000.0)
\$	5,355,000

itinerary #4	
3 ports, incl Jnu	
4.0% occurrence	
\$	34,000
\$	26.5
\$	272,000.0
\$	-
\$	-
\$	901,000.0
\$	(544,000.0)
\$	357,000.0

itinerary #5	
7 ports incl Jnu and Ktn in first 5	
2.0% occurrence	
\$	17,000
\$	19.5
\$	136,000.0
\$	119,000.0
\$	17,000.0
\$	314,500.0
\$	(680,000.0)
\$	(365,500.0)

Year End CPV	
	100%
	850,000
\$	6,800,000.0
\$	5,652,500.0
\$	807,500.0
\$	16,065,000.0
\$	(9,996,000.0)
\$	6,069,000.0

\$34.50x850,000= 29,325,000.0 Total head tax on passengers
\$8x850,000= \$ 6,800,000.0 Juneau portion
\$7x807,500= \$ 5,652,500.0 Ketchikan city portion
\$1x807,500= \$ 807,500.0 State tax remitted to KGB
\$ (9,996,000.0) state tax remitted to remaining ports
6,069,000.0 remaining CPV available to state

79% of tax goes directly to visited ports
21% retained by the state

Conceptual
AMENDMENT #2 Adopted
4/16/10

OFFERED IN HOUSE FINANCE

BY REPRESENTATIVE AUSTERMAN

TO: CS SB 312(FIN) Version P

Revised
4/16

1 Page 2, lines ¹¹~~8~~ through ¹⁷~~18~~;

2 Delete all material

3

4 Renumber the following bill sections accordingly

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6 Make conforming title amendment as necessary

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Adopted 4/14/10

Rep Austerman

Conceptual Amendment 3 to SB 312

Page 2, line 14 following 'in'

Delete all material

^{the}
Insert 'large passenger vessel gaming and gambling tax account,' which is established as a sub-account of the fund established in AS 43.52.230 (a)

NEW Conceptual Amendment #1

To CS SB 312 (FIN)

By Thomas

Adopted
4/16/10

Page 1, line 1 - Page 5, line 11
Delete and Replace with:

1 "An Act relating to the deposit of the proceeds of the tax on gambling operations aboard
2 certain commercial passenger vessels into a special fund within the commercial vessel
3 passenger tax account in the general fund; providing for a reduction in the excise tax to
4 \$40 for a passenger for each voyage on a commercial passenger vessel; describing the
5 passengers that are subject to the excise tax and liable for the payment of the tax;
6 providing for a reduction in the state excise tax imposed on a passenger traveling on a
7 commercial passenger vessel by the amount of tax on a passenger traveling on a
8 commercial passenger vessel imposed by certain municipalities under laws enacted
9 before December 17, 2006; authorizing appropriations from the commercial vessel
10 passenger tax account to the first seven ports of call in the state to certain other
11 municipalities and for costs associated with commercial passenger vessels and the
12 passengers on board; limiting the use of funds appropriated from the commercial

1 passenger vessel tax account to expenditures related to port facilities, harbor
2 infrastructure, other services provided to the commercial passenger vessels and the
3 passengers on board those vessels and certain other purposes; repealing the regional
4 cruise ship impact fund; relating to the administration of the excise tax by the
5 Department of Revenue and regulations required to be adopted; requiring a report from
6 the Department of Commerce, Community, and Economic Development relating to
7 safely and efficiently hosting passengers; defining 'voyage' for purposes of the excise tax;
8 relating to municipal levies on a passenger on a commercial passenger vessel; and
9 providing for an effective date."

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

11 * **Section 1.** AS 43.35.220 is amended to read:

12 **Sec. 43.35.220. Disposition of receipts.** The proceeds from the tax on
13 gambling operations aboard commercial passenger vessels in the state's marine water
14 shall be deposited in the commercial vessel passenger gambling fund within the
15 commercial vessel passenger tax account (AS 43.52.230(a)) [A SPECIAL
16 "COMMERCIAL VESSEL PASSENGER TAX ACCOUNT" IN THE GENERAL
17 FUND].

18 * **Sec. 2.** AS 43.52.200 is amended to read:

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

24 * **Sec. 3.** AS 43.52.210 is amended to read:

25 **Sec. 43.52.210. Rate of tax.** The tax imposed by AS 43.52.200 - 43.52.295 is
26 levied at a rate of \$40 for [\$46] a passenger for each [PER] voyage.

27 * **Sec. 4.** AS 43.52.220 is amended to read:

28 **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. 5. 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 OVERNIGHT ACCOMMODATIONS IN THE STATE'S MARINE WATER] shall be deposited in a special "commercial vessel passenger tax account" in the general fund. The legislature may appropriate money from this account for the purposes described in (b) and (d) [(c)] of this section and in AS 43.52.250 [, FOR STATE-OWNED PORT AND HARBOR FACILITIES, OTHER SERVICES TO PROPERLY PROVIDE FOR VESSEL OR WATERCRAFT VISITS, TO ENHANCE THE SAFETY AND EFFICIENCY OF INTERSTATE AND FOREIGN COMMERCE, AND SUCH OTHER LAWFUL PURPOSES AS DETERMINED BY THE LEGISLATURE].

* Sec. 6. AS 43.52.230(b) is amended to read:

(b) For each voyage of a commercial passenger vessel [PROVIDING OVERNIGHT ACCOMMODATIONS], the commissioner shall identify the first seven [FIVE] ports of call in the state and the number of passengers subject to the tax imposed under AS 43.52.200 - 43.52.295 on board [THE VESSEL] at each port of call. Subject to annual appropriation by the legislature, the commissioner shall distribute to each port of call \$8 for each [\$5 PER] passenger subject to the tax imposed [OF THE TAX REVENUE COLLECTED FROM THE TAX LEVIED] under AS 43.52.200 - 43.52.295. If the port of call is a city located within a borough [NOT OTHERWISE UNIFIED WITH THE BOROUGH], the commissioner shall [,

SUBJECT TO APPROPRIATION BY THE LEGISLATURE,] distribute \$4 for each [\$2.50 PER] passenger to the city and \$4 [\$2.50] to the borough. A city or borough that receives a payment [EACH PORT OF CALL RECEIVING FUNDS] under this subsection [SECTION] shall use the funds for [IN A MANNER CALCULATED TO IMPROVE] port [AND HARBOR] facilities, harbor infrastructure, and other services provided to the commercial passenger vessels and the passengers on board those vessels [TO PROPERLY PROVIDE FOR VESSEL OR WATERCRAFT VISITS AND TO ENHANCE THE SAFETY AND EFFICIENCY OF INTERSTATE AND FOREIGN COMMERCE].

* Sec. 7. AS 43.52.230 is amended by adding a new subsection to read:

(d) In addition to making an appropriation for the payments described in (b) of this section, the legislature may appropriate money from the commercial vessel 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, (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, or (4) other lawful purposes.

* Sec. 8. 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) and in 43.52.250.

* Sec. 9. AS 43.52.250 is repealed and reenacted to read:

Sec. 43.52.250. Local levies. (a) A municipality that imposes and collects a tax, in any form, on a passenger traveling on a commercial passenger vessel under an ordinance enacted by the municipality before December 17, 2006, may not receive a

1 distribution under AS 43.52.230(b).

2 (b) Subject to appropriation and to (c) of this section, a municipality that
3 imposes and collects a tax of less than \$8 on a passenger traveling on a commercial
4 passenger vessel under an ordinance enacted before December 17, 2006, may receive
5 a distribution from the commissioner equal to the difference between \$8 for each
6 passenger and the amount of the municipal tax imposed and collected for each
7 passenger. If the municipal tax is reduced, the distribution from the commissioner
8 increases accordingly, so that the combination of the state distribution and the
9 municipal tax equals \$8 for each passenger. If the municipal tax is increased to \$8 for
10 each passenger or more, the municipality may not receive a distribution under this
11 subsection.

12 (c) If the municipality that imposes and collects the tax of less than \$8 on a
13 passenger traveling on a commercial passenger vessel under an ordinance enacted
14 before December 17, 2006, is a city within a borough, the commissioner shall
15 distribute to the borough in which the city is located \$1 and distribute the balance of
16 the amount calculated under (b) of this section to the city.

17 (d) The state tax imposed on a passenger by AS 43.52.220 - 43.52.295 shall be
18 reduced by the total amount of each tax on the passenger that was imposed and
19 collected by a municipality under an ordinance adopted before December 17, 2006.
20 The amount of the reduction shall be based on the tax rate levied under each ordinance
21 when it was first adopted, except that, if a municipality subsequently decreases its tax
22 rate, the amount of the reduction shall be based on the decreased tax rate.

23 * **Sec. 10.** AS 43.52 is amended by adding a new section to read:

24 **Sec. 43.52.260. Periodic report.** The Department of Commerce, Community,
25 and Economic Development shall, every three years, prepare and submit to the
26 governor, the legislature, and the public a report that addresses the projected needs of
27 communities to safely and efficiently host passengers that pay taxes under
28 AS 43.52.200 - 43.52.295.

29 * **Sec. 11.** AS 43.52.295(4) is amended to read:

30 (4) "voyage" means any trip or itinerary lasting more than 72 hours in
31 the state.

1 * **Sec. 12.** AS 43.52.230(c) is repealed.

2 * **Sec. 13.** The uncodified law of the State of Alaska is amended by adding a new section to
3 read:

4 CONTINGENT EFFECT OF SECS. 1 - 12 OF THIS ACT. (a) Sections 1 - 12 of this
5 Act take effect only if the state and the Alaska Cruise Association reach a settlement in
6 Alaska Cruise Association v. Galvin, Case Number 3:09-cv-00195-RRB (D. Alaska) before
7 October 31, 2010, that disposes of the case with prejudice.

8 (b) The attorney general shall notify the revisor of statutes if a settlement is reached
9 as described in (a) of this section.

10 * **Sec. 14.** If, under sec. 13 of this Act, secs. 1 - 12 of this Act take effect, they take effect
11 October 31, 2010.

12 * **Sec. 15.** Section 13 of this Act takes effect immediately under AS 01.10.070(c).

state tax rate reduced from \$46 to \$25

46% effective reduction in state head tax rate, for a \$17,850,000 tax reduction

State Tax	Every Port gets \$8 per passenger total (either as pass thru from state, local assessment, or combination)
CPV	40.0
Ktn \$	(7.0) local tax, \$1 state tax for \$8 total
Jnu \$	(8.0) local tax
Remaining	25.0 95% of passengers stop in Ketchikan and 100% stop in Juneau, so \$25 would be the effective 'state' tax rate

Passengers	850,000	Per port payment	8
State tax before local deduct	40.0	Jnu Local Deduct	8
		Ktn Local Deduct	7

	Itinerary #1 4 Ports Incl Ktn, Jnu	Itinerary #2 4 ports, incl Jnu	Itinerary #3 3 ports, Ktn Jnu	Itinerary #4 3 ports, incl Jnu	Itinerary #5 7 ports incl Jnu and Ktn in first 5 2.0% occurrence	Year End CPV 100%
passengers	280,500	8,500	510,000	34,000	17,000	850,000
state tax	\$ 25	\$ 32.0	\$ 25	\$ 32.0	\$ 25.0	
Jnu Local	\$ 2,244,000	\$ 68,000.0	\$ 4,080,000	\$ 272,000.0	\$ 136,000.0	\$ 6,800,000.0
Ktn Local	\$ 1,963,500	\$ -	\$ 3,570,000	\$ -	\$ 119,000.0	\$ 5,652,500.0
State \$1 remitted to KGB	\$ 280,500	\$ -	\$ 510,000	\$ -	\$ 17,000.0	\$ 807,500.0
Remaining CPV revenue	\$ 6,732,000	\$ 272,000.0	\$ 12,240,000	\$ 1,088,000.0	\$ 408,000.0	\$ 20,740,000.0
port of call payments	\$ (4,488,000)	\$ (204,000.0)	\$ (4,080,000.0)	\$ (544,000.0)	\$ (680,000.0)	\$ (9,996,000.0)
CPV Available	\$ 2,244,000	\$ 68,000.0	\$ 8,160,000	\$ 544,000.0	\$ (272,000.0)	\$ 11,016,000.0

\$272,000 for ports past 5 paid out of the new commercial vessel passenger gambling subfund

\$40x850,000=	34,000,000.0	Total head tax on passengers
\$8x850,000=	\$ 6,800,000.0	Juneau portion
\$7x807,500=	\$ 5,652,500.0	Ketchikan city portion
\$1x807,500=	\$ 807,500.0	State tax remitted to KGB
	\$ (9,996,000.0)	state tax remitted to remaining ports
	10,744,000.0	
	+ \$272,000	paid to communities past first 5 ports, from CVP gambling fund
	\$ 11,016,000.0	CPV available

68% of tax goes directly to visited ports
32% retained by the state