

**SENATE BILL NO. 121**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - FIRST SESSION

BY SENATOR ELTON

Introduced: 3/25/99

Referred: Labor and Commerce, Finance

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act levying and providing for the collection and administration of excise  
2 taxes on the provision of overnight accommodations and authorizing disposition of  
3 estimated receipts from those taxes; and providing for an effective date."

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

5 \* **Section 1.** SHORT TITLE. This Act may be known as the Visitor Industry Stabilization  
6 Act.

7 \* **Sec. 2.** AS 43 is amended by adding a new chapter to read:

8 **Chapter 52. Excise Taxes.**

9 **Article 1. Excise Tax Administration.**

10 **Sec. 43.52.010. Administration of tax.** (a) The department shall administer  
11 the taxes imposed by this chapter.

12 (b) The department shall prescribe and furnish all necessary forms, and adopt  
13 all necessary regulations, for the taxes imposed by this chapter.

14 **Sec. 43.52.020. Disposition of receipts.** (a) Subject to appropriation by the

1 legislature, 25 percent of the tax revenue collected under this chapter shall be  
 2 distributed to local governments in accordance with AS 43.52.150, 43.52.250, and  
 3 43.52.350.

4 (b) After making an appropriation under (a) of this section, the legislature may  
 5 use the remaining annual estimated balance of the account maintained under  
 6 AS 37.05.142 for deposits into the general fund of the proceeds of the taxes imposed  
 7 by this chapter to make appropriations for tourism development and marketing and for  
 8 grants under AS 44.33.135. This subsection is not intended to create a dedication in  
 9 violation of art. IX, sec. 7, Constitution of the State of Alaska.

10 **Article 2. Excise Tax on Transient Lodging Rentals.**

11 **Sec. 43.52.100. Levy of transient lodging rental tax.** There is imposed an  
 12 excise tax on the rental of transient lodging during the period from May 1 through  
 13 September 30 of each year.

14 **Sec. 43.52.110. Rate of transient lodging rental tax.** The tax imposed by  
 15 AS 43.52.100 - 43.52.150 is levied at a rate of two percent of the amount charged for  
 16 occupancy or use of the transient lodging.

17 **Sec. 43.52.120. Liability for payment of transient lodging rental tax.** (a)  
 18 The tax imposed by AS 43.52.100 - 43.52.150 is due and payable

19 (1) by the person who provides the transient lodging; in this paragraph,  
 20 "person" includes a state or municipal agency; and

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

23 (b) In municipalities that collect a sales tax or a local transient lodging rental  
 24 tax, the tax imposed by AS 43.52.100 - 43.52.150 shall be collected by the  
 25 municipality and remitted to the department. In all other cases, the tax shall be  
 26 remitted directly to the department by the person who provides the transient lodging.

27 **Sec. 43.52.130. Tax not applicable.** The provisions of AS 43.52.100 -  
 28 43.52.150 do not apply to

29 (1) occupancy in premises if occupancy is under a lease or rental  
 30 agreement subject to AS 34.03 (Uniform Residential Landlord and Tenant Act);

31 (2) lodging at an institution, public or private, if incidental to provision

1 of educational, training, or similar services;

2 (3) occupancy by an employee whose right to occupancy is conditioned  
3 upon the occupant's employment;

4 (4) lodging aboard vessels; or

5 (5) all-inclusive tour packages.

6 **Sec. 43.52.140. Relationship to municipal levies.** The tax imposed by  
7 AS 43.52.100 - 43.52.150 is in addition to a tax that may be imposed by a  
8 municipality under AS 29.45, including a hotel and motel tax, bed tax, or commercial  
9 sleeping accommodations tax.

10 **Sec. 43.52.150. Disposition of receipts.** Subject to appropriation by the  
11 legislature, the commissioner shall pay to each

12 (1) unified municipality and to each city located in the unorganized  
13 borough 25 percent of the amount of tax revenue collected from the excise tax levied  
14 under AS 43.52.100 - 43.52.150 on the rental of transient lodging in that municipality  
15 or city;

16 (2) city located within a borough 12.5 percent of the amount of tax  
17 revenue collected from the excise tax levied under AS 43.52.100 - 43.52.150 on rental  
18 of transient lodging in that city;

19 (3) borough except the unorganized borough

20 (A) 25 percent of the amount of tax revenue collected from the  
21 excise tax levied under AS 43.52.100 - 43.52.150 on the rental of transient  
22 lodging in the area of the borough outside cities; and

23 (B) 12.5 percent of the amount of tax revenue collected from  
24 the excise tax levied under AS 43.52.100 - 43.52.150 on the rental of transient  
25 lodging in cities located within the borough.

26 **Article 3. Excise Tax on All-Inclusive Tour Packages.**

27 **Sec. 43.52.200. Levy of all-inclusive tour package tax.** There is imposed an  
28 excise tax on the provision of overnight accommodations as part of an all-inclusive  
29 tour package during the period from May 1 through September 30 of each year.

30 **Sec. 43.52.210. Rate of tax.** The tax imposed by AS 43.52.200 - 43.52.250  
31 is levied at a rate of \$2 a night for each person accommodated.

1           **Sec. 43.52.220. Liability for payment of tax.** (a) The tax imposed by  
2 AS 43.52.200 - 43.52.250 is due and payable

3                   (1) by the person who provides the overnight accommodations; in this  
4 paragraph, "person" includes a state or municipal agency; and

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

7           (b) In municipalities that collect a sales tax or a local transient lodging rental  
8 tax, the tax imposed by AS 43.52.200 - 43.52.250 shall be collected by the  
9 municipality and remitted to the department. In all other cases, the tax shall be  
10 remitted directly to the department by the person who provides the overnight  
11 accommodations.

12           **Sec. 43.52.230. Tax not applicable.** The provisions of AS 43.52.200 -  
13 43.52.250 do not apply to

14                   (1) occupancy in premises if occupancy is under a lease or rental  
15 agreement subject to AS 34.03 (Uniform Residential Landlord and Tenant Act);

16                   (2) lodging at an institution, public or private, if incidental to provision  
17 of educational, training, or similar services;

18                   (3) occupancy by an employee whose right to occupancy is conditioned  
19 upon the occupant's employment;

20                   (4) lodging aboard vessels; or

21                   (5) transient lodging subject to the tax in AS 43.52.100 - 43.52.150.

22           **Sec. 43.52.240. Relationship to municipal levies.** The tax imposed by  
23 AS 43.52.200 - 43.52.250 is in addition to a tax that may be imposed by a  
24 municipality under AS 29.45, including a hotel and motel tax, bed tax, or commercial  
25 sleeping accommodations tax.

26           **Sec. 43.52.250. Disposition of receipts.** Subject to appropriation by the  
27 legislature, the commissioner shall pay to each

28                   (1) unified municipality and to each city located in the unorganized  
29 borough 25 percent of the amount of tax revenue collected from the excise tax levied  
30 under AS 43.52.200 - 43.52.250 on the provision of overnight accommodations as part  
31 of an all-inclusive tour package in that municipality or city;

1 (2) city located within a borough 12.5 percent of the amount of tax  
 2 revenue collected from the excise tax levied under AS 43.52.200 - 43.52.250 on the  
 3 provision of overnight accommodations as part of an all-inclusive tour package in that  
 4 city;

5 (3) borough except the unorganized borough

6 (A) 25 percent of the amount of tax revenue collected from the  
 7 excise tax levied under AS 43.52.200 - 43.52.250 on the provision of overnight  
 8 accommodations as part of an all-inclusive tour package in the area of the  
 9 borough outside cities; and

10 (B) 12.5 percent of the amount of tax revenue collected from  
 11 the excise tax levied under AS 43.52.200 - 43.52.250 on the provision of  
 12 overnight accommodations as part of an all-inclusive tour package in cities  
 13 located within the borough.

14 **Article 4. Excise Tax on Overnight Accommodations**  
 15 **on Commercial Passenger Vessels.**

16 **Sec. 43.52.300. Levy of excise tax on overnight accommodations on**  
 17 **commercial passenger vessels.** There is imposed an excise tax on overnight  
 18 accommodations provided on commercial passenger vessels in Alaska waters.

19 **Sec. 43.52.310. Rate of tax.** The tax imposed by AS 43.52.300 - 43.52.350  
 20 is levied at a rate of \$3 a passenger for each night of accommodations provided.

21 **Sec. 43.52.320. Liability for payment of tax.** The tax imposed by  
 22 AS 43.52.300 - 43.52.350 shall be collected and is due and payable to the department

23 (1) by the person who provides overnight accommodations aboard a  
 24 commercial vessel for which the tax is payable; and

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

27 **Sec. 43.52.330. Tax not applicable.** The provisions of AS 43.52.300 -  
 28 43.52.350 do not apply to persons transported on a vessel of the Alaska marine  
 29 highway system.

30 **Sec. 43.52.340. Prohibition on local levies.** A municipality may not impose  
 31 any form of tax on overnight accommodations on commercial passenger vessels. This

1 section applies to home rule and general law municipalities.

2 **Sec. 43.52.350. Disposition of receipts.** (a) The commissioner shall  
 3 determine the total number of visitors to each municipality arriving on commercial  
 4 passenger vessels providing overnight accommodations subject to the tax imposed by  
 5 AS 43.52.300 - 43.52.350. The commissioner shall calculate a ratio for each  
 6 municipality, the numerator of which is the total number of visitors to a municipality  
 7 arriving on commercial passenger vessels providing overnight accommodations subject  
 8 to the tax imposed by AS 43.52.300 - 43.52.350, and the denominator of which is the  
 9 total number of visitors to all municipalities arriving on commercial passenger vessels  
 10 providing overnight accommodations subject to the tax imposed by AS 43.52.300 -  
 11 43.52.350.

12 (b) Subject to appropriation by the legislature, the commissioner shall pay to  
 13 each

14 (1) unified municipality and to each city located in the unorganized  
 15 borough that portion of 25 percent of the amount of tax revenue collected from the  
 16 excise tax levied under AS 43.52.300 - 43.52.350 on the provision of overnight  
 17 accommodations on commercial passenger vessels that corresponds to the ratio for that  
 18 municipality or city determined under (a) of this section;

19 (2) city located within a borough one-half of that portion of 25 percent  
 20 of the amount of tax revenue collected from the excise tax levied under AS 43.52.300  
 21 - 43.52.350 on the provision of overnight accommodations on commercial passenger  
 22 vessels that corresponds to the ratio for that city determined under (a) of this section;

23 (3) borough except the unorganized borough

24 (A) one-half of that portion of 25 percent of the amount of tax  
 25 revenue collected from the excise tax levied under AS 43.52.300 - 43.52.350  
 26 on the provision of overnight accommodations on commercial passenger vessels  
 27 that corresponds to the ratio for each city within the borough, as determined  
 28 under (a) of this section; and

29 (B) 25 percent of the amount of tax revenue collected from the  
 30 excise tax levied under AS 43.52.300 - 43.52.350 on the provision of overnight  
 31 accommodations on commercial passenger vessels that corresponds to the ratio

1 for the borough, as determined under (a) of this section, less the ratios for any  
 2 cities within the borough, as determined under (a) of this section.

3 **Article 5. Definitions.**

4 **Sec. 43.52.499. Definitions.** In this chapter,

5 (1) "all-inclusive tour package" means food, transportation, overnight  
 6 accommodations, and tours, fishing, hunting, and other services and experiences sold  
 7 together to visitors as a package for a single price;

8 (2) "commercial passenger vessel" means a boat or vessel that is used  
 9 in the common carriage of passengers in commerce that provides overnight  
 10 accommodations for 15 or more passengers;

11 (3) "night" means the period from 9:00 p.m. to 6:00 a.m. Alaska time,  
 12 or any portion of that period;

13 (4) "passenger" means a person whom a common carrier has contracted  
 14 to carry from one place to another;

15 (5) "transient lodging" means lodging or space provided in a hotel,  
 16 rooming or apartment house, motel, bed and breakfast, or similar lodging facility or  
 17 under a similar arrangement that provides temporary lodging or living quarters.

18 \* **Sec. 3.** This Act takes effect only if a bill establishing the Tourism Development and  
 19 Marketing Council is passed by the Twenty-First Alaska State Legislature and becomes law.

20 \* **Sec. 4.** If this Act takes effect, it takes effect on the effective date of the bill establishing  
 21 the Tourism Development and Marketing Council passed by the Twenty-First Alaska State  
 22 Legislature.