

SENATE BILL NO. 311

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-SIXTH LEGISLATURE - SECOND SESSION

BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 3/26/10
Referred: Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to a corporation income tax credit for contributions to a qualified
2 trade association awarded a contract by the Department of Commerce, Community, and
3 Economic Development for planning and executing a destination tourism marketing
4 campaign made by a person that derives income from the sale of goods or services to
5 visitors to the state; relating to the excise tax on passengers traveling on commercial
6 passenger vessels providing overnight accommodations in the state's marine waters; and
7 providing for an effective date."

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

9 * **Section 1.** AS 43.20 is amended by adding a new section to article 1 to read:

10 **Sec. 43.20.047. Tourism marketing tax credit.** (a) A person that derives
11 income from the sale of goods and services to visitors to the state by providing
12 overnight accommodations, sightseeing tours, recreational activities, attractions, air,
13 ground, or marine transportation, or passenger or recreational vehicle rentals is entitled

1 to a credit against the tax due under this chapter for a cash contribution made after
2 December 31, 2009, that

3 (1) is accepted by the qualified trade association;

4 (2) is used for the destination tourism marketing campaign that was
5 planned and executed under the contract issued under AS 44.33.125(a);

6 (3) is not used to provide the person making the contribution with
7 control over the usage of their contribution to confer a direct benefit to the person; and

8 (4) does not exceed the maximum amount of credit for the contribution
9 determined under (b) and (c) of this section.

10 (b) The total amount of cash contributions made by all persons to the qualified
11 trade association in a calendar year that are eligible for a credit under this section may
12 not exceed the amount described in (c) of this section. When the total amount of cash
13 contributions equals or exceeds the amount described in (c) of this section, the
14 qualified trade association shall advise contributors and the department that additional
15 contributions may not qualify for the tax credit for that calendar year. A contribution
16 for which a credit was not granted under this subsection may not be taken as a credit in
17 another calendar year.

18 (c) The total amount of cash contributions received by the qualified trade
19 association that is eligible for a tax credit for calendar year 2010 may not exceed
20 \$20,000,000. The total amount of cash contributions received by the qualified trade
21 association that is eligible for a tax credit for a calendar year after 2010 shall be
22 determined by the department based on the percentage of change in the amount of tax
23 collected under AS 43.52.010 - 43.52.099 (vehicle rental taxes) during the two
24 previous fiscal years. The department shall publish its determination by December 1 of
25 the year before the year for which the limitation is applicable.

26 (d) A credit or portion of a credit under this section may not be used to reduce
27 to below zero a person's total tax liability under this chapter for a calendar year. Any
28 unused credit or portion of a credit not used under this section may not be applied in a
29 subsequent calendar year.

30 (e) A person may not claim a credit under this section for a contribution that
31 was deducted when determining the tax under AS 43.20.011(e).

1 (f) In this section, "qualified trade association" means the qualified trade
2 association that is awarded a contract under AS 44.33.125(a).

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

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

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

10 **Sec. 43.52.210. Rate of tax.** The tax imposed by AS 43.52.200 - 43.52.295 is
11 levied at a rate of **\$34.50** [\$46] a passenger per voyage.

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

13 (a) The proceeds from the tax **imposed under AS 43.52.200 - 43.52.295** [ON
14 TRAVEL ON COMMERCIAL PASSENGER VESSELS PROVIDING
15 OVERNIGHT ACCOMMODATIONS IN THE STATE'S MARINE WATER] shall
16 be deposited in a special "commercial vessel passenger tax account" in the general
17 fund. The legislature may appropriate money from this account for the purposes
18 described in (b) [AND (c)] of this section, for state-owned port and harbor facilities,
19 other services **and infrastructure** to properly provide for **commercial passenger**
20 vessel or **passenger** [WATERCRAFT] visits, to enhance the safety and efficiency of
21 interstate and foreign commerce, and such other lawful purposes as determined by the
22 legislature.

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

24 (b) For each voyage of a commercial passenger vessel providing overnight
25 accommodations, the commissioner shall identify the first five ports of call in the state
26 and the number of passengers on board the vessel at each port of call. Subject to
27 appropriation by the legislature, the commissioner shall distribute to each port of call
28 \$5 per passenger of the tax revenue collected from the tax **imposed** [LEVIED] under
29 AS 43.52.200 - 43.52.295. If the port of call is a city located within a borough not
30 otherwise unified with the borough, the commissioner shall, subject to appropriation
31 by the legislature, distribute \$2.50 per passenger to the city and \$2.50 to the borough.

1 Each port of call receiving funds under this section shall use the funds in a manner
 2 calculated to improve port and harbor facilities and other services **and infrastructure**
 3 to properly provide for **commercial passenger** vessel or **passenger** [WATERCRAFT]
 4 visits and to enhance the safety and efficiency of interstate and foreign commerce.

5 * **Sec. 6.** AS 43.52.250 is amended by adding new subsections to read:

6 (b) The tax imposed by AS 43.52.200 - 43.52.295 shall be reduced by the total
 7 amount of a tax on a passenger traveling on commercial passenger vessels imposed on
 8 the passenger by a municipality.

9 (c) The tax reduction under (b) of this subsection only applies to taxes
 10 imposed by a municipality that did not elect to receive funds under AS 43.52.200 -
 11 43.52.295 by December 17, 2007.

12 (d) The tax reduction under (b) of this section may not exceed 50 percent of
 13 the tax rate levied under AS 43.52.210.

14 * **Sec. 7.** AS 43.52 is amended to add a new section to read:

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

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

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

22 * **Sec. 8.** AS 43.52.295(4) is amended to read:

23 (4) "voyage" means any trip or itinerary lasting more than 72 hours **in**
 24 **the state's marine waters.**

25 * **Sec. 9.** AS 43.52.230(c) is repealed.

26 * **Sec. 10.** This Act takes effect immediately under AS 01.10.070(c).