

FISCAL NOTE

STATE OF ALASKA
2010 LEGISLATIVE SESSION

Fiscal Note Number: 3
 Bill Version: HCS CSSB 312(FIN)
 (H) Publish Date: 4/17/10

Identifier (file name): CSSB 312-REV-TAX-04-15-10 Dept. Affected: Revenue
 Title: Reduce CPV Tax RDU: Taxation and Treasury
 Component: Tax Division
 Sponsor: Senate Finance Committee
 Requester: House Finance Committee Component Number: 2476

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2011	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING		0.0	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES								
CHANGE IN REVENUES ()		0.0	(3,100.0)	(22,000.0)	(22,000.0)	(22,000.0)	(22,000.0)	(22,000.0)

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other Interagency Receipts								
TOTAL		0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2010) cost: _____

POSITIONS

Full-time								
Part-time								
Temporary								

ANALYSIS: (Attach a separate page if necessary)

See Attached

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 Division: Tax Division
 Approved by: Ginger Blaisdell, Director
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Phone (907) 269-6628
 Date/Time 4-15-2010 8:30 a.m.
 Date 04-15-10; 8:38am

FISCAL NOTE #3

STATE OF ALASKA
2010 LEGISLATIVE SESSION

BILL NO. HCS CSSB 312(FIN)

ANALYSIS CONTINUATION

Bill Language:

This bill will reduce the commercial passenger vessel (CPV) excise tax from \$46 per passenger to \$34.50 per passenger traveling on a commercial passenger vessel in state marine waters. The bill would allow a reduction in the amount of the state tax for taxes paid to a municipality that levies its own passenger fee. The reduction could not exceed the amount of municipal taxes levied as of December 2007 or \$15 per passenger. All revenues collected from the CPV tax would be deposited in the commercial vessel passenger tax account in the general fund. No revenues would be deposited in the current regional cruise ship impact fund to which 25% of the current CPV tax is deposited. The language which created the regional cruise ship impact fund would be repealed. Currently, the Department of Revenue shares \$5 with the first five ports of call. Communities that levy their own tax do not currently receive revenue sharing from the state tax. This bill would, not only allow revenue sharing by those communities with their own passenger tax, but would expand revenue sharing to the first 7 ports of call. During the last three cruise ship seasons, no vessel had more than 5 ports of call. It is anticipated that there will be at least two vessels in the future that will visit up to 7 ports of call with approximately 19,000 total passengers. This bill would not affect the amount of revenue sharing to each community. It will remain at \$5 per passenger. This bill also does not change the current split between boroughs and cities. Boroughs that are not unified with cities where ships visit will continue to receive \$2.50 per passenger in sharing and the city will receive the same. Under current law, communities that revenue share cannot adopt their own passenger fee. This bill would repeal that section of current law and will allow communities that receive revenue sharing to adopt their own passenger fee.

Currently revenue collected from the large passenger vessel gambling tax is deposited into the commercial vessel passenger tax account. This bill would require gambling tax revenues be deposited into the general fund.

Revenues:

This bill will become effective October 31, 2010. Therefore, reduction in revenues experienced as a result of this legislation would not take effect until May 2011 when the 2011 cruise ship season begins. As a result, DOR expects cruise ship revenues to decline by \$3.1 million in FY 2011. In FY 2012 and thereafter, commercial passenger vessel tax revenues would decline by approximately \$22 million each year due to the reduction in the CPV tax from \$46 to \$34.50 per passenger and the further reduction allowed for passenger fees paid to municipalities. Although this bill does not change the rate at which the state shares CPV tax with communities that do not levy a passenger fee, this bill will allow all communities, even those that levy a fee, to revenue share and the number of ports that will share will increase from 5 to 7. Under current law, we expect passenger fee sharing to be approximately \$8.5 million each year. Under this bill, we expect passenger fee sharing to increase by approximately \$6.4 million (\$6.2 to share with municipalities that levy their own fee and \$200,000 to the additional 2 ports of call) to total municipal revenue sharing of \$14.9 million each year.

Expenditures:

The provisions of this bill can be implemented using existing resources.