

Department of Revenue's Clarification Statement Regarding the Department's Notice of Proposed Changes to Excise Taxes on Travel Aboard Commercial Passenger Vessels dated September 24, 2020 for Proposed Changes to Department Regulations under 15 AAC 52, Transportation Taxes, and Extension to Public Comment Period.

The Department of Revenue has received several comments and questions regarding its Notice of Proposed Changes to Excise Taxes on Travel Aboard Commercial Passenger Vessels dated September 24, 2020 for Proposed Changes to Department Regulations under 15 AAC 52, Transportation Taxes. In light of the public's interest in this matter, the Department offers the below clarification statement and will also respond to each question separately.

The State of Alaska levies an excise tax of \$34.50 on each passenger traveling on a commercial passenger vessel that meets certain qualifications. AS 43.52.200 – 43.52.295. The amount of state tax imposed on a passenger (\$34.50), however, is reduced by the total amount of a tax or fee on a passenger traveling on a commercial passenger vessel that is imposed and collected by a home rule or general law municipality under a law enacted before December 17, 2007, as provided in AS 43.52.255. The City and Borough of Juneau and the City of Ketchikan are the only home rule or general law municipalities that had tax or fee laws enacted before December 17, 2007. Recently, the City of Ketchikan voted to increase its local levy for commercial passenger vessels mooring at a city or privately owned facility and for the lightering of passengers to those facilities, effective April 1, 2021. In light of this local levy increase, the Department determined that it was necessary to clarify through its proposed regulation that the state tax imposed under AS 43.52.200 – 43.52.295 may be reduced only by the total amount of a tax or fee on a passenger traveling on a commercial passenger vessel that is imposed and collected by a home rule or general law municipality under the tax or fee rates enacted before December 17, 2007. Thus, the passenger subject to the state tax imposed under AS 43.52.200 – 43.52.295 is liable for paying (1) the state tax of \$34.50 less the total amount of applicable local levies calculated using the pre-December 17, 2007 rates; and (2) the applicable local levies calculated using the current applicable local rates. What local levies apply to each passenger is based on whether the passenger visits the City and Borough of Juneau, the City of Ketchikan, both, or neither. The proposed regulation will not change how the tax imposed under AS 43.52.200 – 43.52.295 is collected and distributed to port communities and it will not reduce the amount of tax or fees port communities can collect.

The public comment period has been extended. You may comment on the proposed regulation changes, including the costs to private persons of complying with the proposed changes, by submitting written comments to: Susan Jakonis, Income & Excise Tax Specialist, Alaska Department of Revenue, 550 W. 7th Ave., Ste. 500, Anchorage, AK 99501. Additionally, the Department of Revenue will accept comments by electronic mail to susan.jakonis@alaska.gov, or by facsimile at (907) 269-6644. **Comments must be received no later than 4:00 p.m. on Thursday, November 12, 2020.**