

Department of Revenue's Response to a Question from Karla Hart, 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.

Question 1:

I've gone back in the legislative history and don't find any recent legislation relating to Commercial Passenger Vessel Excise Tax. What triggered the regulation changes at this time?

Department's Response:

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. The proposed regulation clarifies 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 rates enacted before December 17, 2007, as provided in AS 43.52.255.

For more information, please see the October 22, 2020 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 of Public Comment Period located here: <http://notice.alaska.gov/199565> and <http://tax.alaska.gov/programs/programs/index.aspx?20000>.

Department of Revenue's Response to Questions from Guy Archibald, Staff Scientist, Southeast Alaska Conservation Council, 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.

Question 2:

The proposed Section 52.255 would enact tax reductions in local levies for the City and Borough of Juneau of \$8.00 and for Ketchikan reduced fees for docking at a city-owned or city-leased facility of \$7.00 privately-owned facility of \$4.00; and for lightering passengers to facilities of \$4.00. Currently CBJ charges two fees; \$5 and \$3/passenger (Marine Passenger Fee and Port Development Fee respectively) and receives about \$5/passenger from the State (variously referred to as State MPV or CPV). I have attached the City of Ketchikan's Port Rate webpage.

Does the proposed language reduce the fees on a per person basis?

Department’s Response:

No. The proposed regulation does not change or reduce any local tax or fee levies. It merely clarifies 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 rates enacted before December 17, 2007, as provided in AS 43.52.255.

For more information, please see the October 22, 2020 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 of Public Comment Period located here: <http://notice.alaska.gov/199565> and <http://tax.alaska.gov/programs/programs/index.aspx?20000>.

Question 3:

Ketchikan imposes taxable rates on Passenger dockage, Passenger wharfage and for non-passengers. Which one of these fees is subject to the reduction?

Department’s Response:

The proposed regulation does not change or reduce any local tax or fee levies. It merely clarifies 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 rates enacted before December 17, 2007, as provided in AS 43.52.255. In the City of Ketchikan, the passenger wharfage fee can be used to reduce the state tax imposed under AS 43.52.200 – 43.52.295.

For more information, please see the October 22, 2020 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 of Public Comment Period located here: <http://notice.alaska.gov/199565> and <http://tax.alaska.gov/programs/programs/index.aspx?20000>.

Question 4:

Which one of CBJ’s fees, Marine Passenger or Port Development is subject to reduction?

Department’s Response:

The proposed regulation does not change or reduce any local tax or fee levies. Rather, the proposed regulation merely clarifies that the state tax imposed under AS 43.52.200 – 43.52.295 may be reduced only by the total amount of a tax 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 rates enacted

before December 17, 2007, as provided in AS 43.52.255. In the City and Borough of Juneau, the marine passenger and port development fees can be used to reduce the state tax imposed under AS 43.52.200 – 43.52.295.

For more information, please see the October 22, 2020 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 of Public Comment Period located here: <http://notice.alaska.gov/199565> and <http://tax.alaska.gov/programs/programs/index.aspx?20000>.

Question 5:

Some of these reductions seem to exceed what is currently charged if applied on a per passenger basis. What is the cost to the communities by reducing local tax levies?

Department’s Response:

The proposed regulation does not reduce any local tax or fee levies. Rather, the proposed regulation merely clarifies that the state tax imposed under AS 43.52.200 – 43.52.295 may be reduced only by the total amount of a tax 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 rates enacted before December 17, 2007, as provided in AS 43.52.255.

For more information, please see the October 22, 2020 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 of Public Comment Period located here: <http://notice.alaska.gov/199565> and <http://tax.alaska.gov/programs/programs/index.aspx?20000>.

Question 6:

If some of these levies were put in place to payback bonds floated to build city-owned cruise ship facilities, how might these reductions affect the bond paybacks and accrued interest?

Department’s Response:

The State of Alaska Department of Revenue is unable to comment on city bond issues. However, the proposed regulation does not reduce any local tax or fee levies. Rather, the proposed regulation merely clarifies 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 rates enacted before December 17, 2007, as provided in AS 43.52.255.

For more information, please see the October 22, 2020 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 of Public Comment Period located here: <http://notice.alaska.gov/199565> and <http://tax.alaska.gov/programs/programs/index.aspx?20000>.

Question 7:

What are the purpose and need for these reductions at a time when our SE Alaska communities are struggling with the loss of revenue from other state roll-backs and COVID-19?

Department’s Response:

The City of Ketchikan voted to increase the 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. The proposed regulation is needed to clarify that when calculating the state tax imposed under AS 43.52.200 – 43.52.295, the tax reduction for local levies is calculated using local tax rates that were enacted before December 17, 2007. The proposed regulation does not change or reduce local tax or fee levies.

For more information, please see the October 22, 2020 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 of Public Comment Period located here: <http://notice.alaska.gov/199565> and <http://tax.alaska.gov/programs/programs/index.aspx?20000>.

Department of Revenue’s Response to a Question from Jacob Resneck, Regional News Director, Coast Alaska, 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.

Question 8:

How would this regulation change how CPVET is collected and disbursed to port communities?

Department’s Response:

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.

For more information, please see the October 22, 2020 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 of Public Comment Period located here: <http://notice.alaska.gov/199565> and <http://tax.alaska.gov/programs/programs/index.aspx?20000>.

Department of Revenue’s Response to a Question from Michael Tibbles, 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.

For more information, please see the October 22, 2020 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 of Public Comment Period located here: <http://notice.alaska.gov/199565> and <http://tax.alaska.gov/programs/programs/index.aspx?20000>.

Question 9:

I looked over the proposed DOR regulation regarding CPV fees and it appears that it is adding language which mirrors the offset in statute for local passenger fees paid again[st] (sic) the state tax. Can you confirm this as well as whether the language proposes any substantive change to the CPV fee program?

Department’s Response:

The proposed regulation does not propose any substantive changes to the CPV fee program. Rather, the proposed regulation merely clarifies 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 rates enacted before December 17, 2007, as provided in AS 43.52.255.

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