

From: [Karla Hart](#)
To: [Borough Assembly](#)
Cc: [Rorie Watt](#); [Jeff Rogers](#); [Robert Palmer](#)
Subject: Cruise Tourism and Tax Revenues
Date: Tuesday, December 10, 2019 9:35:42 PM

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Dear Mayor, Assemblymembers, City Manager Watt, Finance Director Rogers, and City Attorney Palmer,

A couple more items for your consideration relating to the cruise industry and attempting to maximize benefits to the community. Note for all of these, if you act quickly they could/should be implemented for the 2020 cruise season. It is not your responsibility that the cruise industry prices and sells way in advance. I sign leases with my renter and then deal with increases in water/sewer and property taxes.

Day Trip for Sightseeing Purposes Tax

Since the cruise industry collects a roughly 50% commission on all of the shore excursions they sell and CBJ exempts their commissions from sales tax we are getting much less revenue than sales volume would indicate. There is a solution for that. My research finds that states and cities across the country that charge and collect various amusement taxes. Our neighbors in Washington have a specific category of “day trips for sightseeing purposes.” <https://app.leg.wa.gov/WAC/default.aspx?cite=458-20-183> I propose that CBJ explore options for imposing a sightseeing day trip tax with revenues going to the general treasury in lieu of the commission waiver.

Further, there is precedent for additional taxes in Juneau on overnight lodging, marijuana, and liquor.

Enforce the Prohibition of Inclusion of Sales Tax in Selling Price

Enforce the policy of CBJ to require separate accounting of the sales tax and, if with written permission a vendor includes sales tax in the sales price, then enforce the requirement that prices be posted in a conspicuous place with sales tax amounts shown. This should include the sales by cruise lines, including online sales, and at the shore excursion sales booths and online sales.

https://beta.juneau.org/index.php?gf-download=2019%2F07%2F130_Inclusion_of_Sales_Tax_in_the_Selling_Price.pdf&form-id=22&field-id=11&hash=f529ac6ecef44ca6adae2c70171942c28762019d93a944e58042c7d491c7a71

https://beta.juneau.org/index.php?gf-download=2019%2F07%2F424_Commissions_on_Travel_Lodging_or_Tours.pdf&form-id=22&field-id=11&hash=c0b0e4565171aa049fa7d36e14370810cb6e53f36f205d49a3c102df3a7f7726

Flight seeing and Taxes

I encourage the city finance and legal staff to review the current status of taxability of flight seeing tours. While researching I found an IRS advisory. There is mention of the Safety-LU provision (a gift from Don Young to the flight seeing industry) on the top of page five. <https://www.irs.gov/pub/irs-wd/1233015.pdf>

Talkeetna is now collecting a 3% sales tax and that tax is applied to flight seeing tours. <https://www.adn.com/alaska-news/mat-su/2017/10/22/water-sewer-sales-tax-meant-to-tap-tourists-meets-resistance-in-talkeetna/>

Kenai is collecting a tax <https://www.alaskajournal.com/2016-09-08/kenai-assembly-passes-sales-tax-changes>. In this article is mention of Kodiak and Wasilla doing the same.

It has been some months since I previously dug into this and I think there may be a provision relating to whether an airport where the tour leaves from receives federal funding of some sort. If this is the case, we should still be able to collect full sales tax from the Northstar (former ERA) heliport and from floatplane traffic taking off in Gastineau Channel. Certainly it is worth a rigorous look by the CBJ professionals to ensure we aren't letting tax revenues slip away.

I appreciate your service and hope that you will do what you can to maximize the returns to the community and residents. While I still want limits and ship free Saturdays, paying less property taxes when I lack peaceful enjoyment of my home for six months of the year due to impacts of flight seeing would be nice. As always, I'm available to discuss these points and I look forward to seeing responses.

Regards,

Karla Hart