

Date: February 1, 2020

To: CBJ Visitor Industry Task Force

From: Ann Metcalfe, 624 6<sup>th</sup> Street, Juneau

RE: Comments during Public Testimony, February 1, 2020

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Thank you to the Task Force for this opportunity to give public testimony on the impacts of tourism in Juneau. I appreciate the work of the task force members and applaud you for taking on this important issue. We all enjoy sharing and showing off Juneau to our summer visitors, and many residents depend on them financially through their businesses, yet the public discussion is so polarized. Let's take that divisiveness off the table, and figure out how to make tourism work.

**Supply and Demand.** Our little bit of paradise called Juneau is in short supply, yet contrary to the laws of supply and demand we are both meeting the demand thus *overusing* the resource with all the resulting negative effects, yet not charging for that privilege. We are selling Juneau short.

We are already at a tipping point for the number of visitors, and yet the industry is floating projections of twice that volume in a short period of time. Juneau is made to feel as if charging the fair price will make the cruise industry select other destinations. This is simply not true. Cruise ships will continue to call even if we were to increase the head tax, remove the sales tax exemptions they currently enjoy, and actually limit the hours and places that guided tours may operate. Case in point: Norwegian Cruise Lines knows the value of paradise. They paid \$20 million dollars for a waterfront parcel, *five times* the city's assessment of value.

**Sales Tax.** Juneau has two exemptions that benefit the cruise industry:

- 1) Meals and purchases onboard the ship while docked in Juneau are exempt (cost around \$50k to \$100k), and
- 2) The commissions charged by the cruise ships on shore side excursions they sell on board. I am hopeful the city knows what we are leaving on the table for this exemption, because just doing some back of the napkin estimates using a 20% markup on \$25 a head yields a quarter of a million dollars.

We need to eliminate these exemptions. These taxes are all passed on to the passengers, who do not question them and will not factor them into their decision to cruise to Juneau.

If we are going to continue to charge sales tax on food and basic utilities to those least able to afford it in Juneau, any exemption granted to cruise ship passengers who have the disposable income to take a cruise is indefensible.

**Public Health & Safety.** We don't adequately measure the total costs of tourism, the "externalities." Public health and safety agencies are woefully unprepared to deal with the effects of a large fire, explosion, collision or other serious event were it to occur on a cruise ship. We no longer have a trained set of volunteer firefighters and our hospital has less than 60 beds. We rely heavily on our volunteer search and rescue organizations to locate all the tourists who wander off and go missing each year. We are strained now. Doubling the number of visitors is only going to exacerbate an already precarious position.

**Manage and Charge a Fair Price.** To me, the answer is active management by the City and charging the fair price.

The TBMP voluntary guidelines have worked to a degree, but we are at the point where we need to have more local control of tourism through ordinances that allow for *residents* to have more of a voice in numbers of visitors, hours and areas of access, etc.

And we need to stop worrying that if we charge the fair price, "they will not come." They will always come, and the visitor industry needs to pay its fair share of the costs of basic infrastructure needs such as roads, police and fire services, health care, runways, trail maintenance, and even bathrooms, all of which are used by visitors.

Thank you again, for this opportunity to publicly comment.