

Dear Juneau Assembly,

The CBJ Assembly has wisely requested the opinion of Juneau citizens regarding the subject of seasonal tourism, and its effects on our community. Many of us living in Juneau have found seasonal tourism to be incompatible with our way of life. More and more people are coming to visit our little town, and the brunt of the increase happens only over a few months. Although the industry itself is not ostensibly unethical, it has caused many unwanted side effects, especially to our housing and labor market. The seasonal economy has created three (3) major problems for us to examine:

1-Housing) The seasonal economy requires more housing during the Summer than Juneau can sustain, making it nearly impossible for year round residents to find a permanent place to live. Conversely, when the season is through, the jobs clear out also, leaving a large part of downtown Juneau empty. The hump caused by enormous crowds coming in June and July is displacing the year-round housing market, and investors from abroad are swift to take advantage of this trend. Large corporations are securing swaths of rental housing only to levy huge commissions on the properties that are being crammed full of seasonal workers. Those units remain empty all Winter long, exacerbating Juneau's homelessness problem.

2-Labor) This cyclical boom-and-bust economy cannot support itself with local labor, and therefore resorts to unsustainable hiring practices, such as **J1B** Visa workers from foreign countries who do not form any meaningful part of Juneau's local economy. Most of the jobs during a seasonal economy are filled by foreigners working for outside interests.

3-Monoculture) When the boats first started coming in the early 80's, most of the businesses downtown were owned and run by locals. Today millions of dollars each year go into offshore bank accounts resulting from an immense international industry that has squeezed out the independent tourist of yesteryear. The cruise ship industry has an agenda: cram as many passengers into as short a season as possible so that it can free up its ships to work the Winter season in St. Thomas. The season is just as long as it ever was, but every year there are nearly 10% more tourists and therefore more ships. Those new passengers overwhelmingly arrive during between May and August, creating a flash flood of tourists for just a few months of the year. It has become clear that we have allowed outside interest to monopolize the tourism industry in Juneau. Cruise ship tourism cannot create its own economy; rather it draws away from other economic sources, creating a monoculture. With the enormous influx of tourism during a dramatically lopsided season, the cruise ship economy is creating a monoculture that is shading out local businesses, and making downtown Juneau a far less palatable place to live.

Solutions

1-Regulation) During the first open public assembly meeting on the subject, many suggested restricting the number of ships or visitors coming to Juneau, as has been done in Venice, Italy. But regulation quickly turns into a bureaucratic quagmire. My attorney tells me that regulations of this sort tend to run into legal problems in the United States, as governments are not allowed "*to impose filter or construct barriers intended to slow, hinder, diminish, discourage or impede the travel of visitors within the United States.*" Whatever the case, the mere

question of policing the visitor industry in any meaningful way implies an increased load on our infrastructure and concomitant expense. Included in the expense of regulation has to be the unintended harm caused to local businesses as they wade through extra meters of red tape. We wouldn't want, for example, such regulations to impede or discourage independent travelers simply because an invisible cap had been reached, if such restrictions were even legal. There has to be a better way.

2-Taxes) Progressive taxation is Juneau's most wieldy tool for both balancing the economy and also leveling out the playing field for year-round businesses. If these ships wish to use our port, let them use it year round, and on our terms, not theirs. A tax is the sharp scalpel of government. The adroit use of taxes can fill our coffers, get out of debt and reestablish balance in our economy. **Property tax** is one aspect of our fiscal ecosystem that could bear some beneficial tweaking. There are some wealthy land-owners in Juneau make a habit of buying up empty lots in commercial locations. I propose a *flat tax*: property tax based on relative potential based on comparable adjacent properties. This is to help level out the playing field for other would-be business owners whose dreams might be stifled by this form of property monopolization. Land titles are not baseball cards. There could also be a graduated property tax for non-resident property owners, along with a special fee for unutilized and underutilized structures. There is a cost to our community when a building gets boarded up for 7 months or when there is a fire. If the owners of said property do nothing to restore the premises, an *ad valorem* tax increase could be attached to such a property as compensation for being underutilized.

2a-Seasonal Dock/Waterfront Fees) In a seasonal economy, there is a cost for unused waterfront for unused docks. If Norwegian Cruise Lines, for example, wishes to use its recently-acquired waterfront dock space for only part of the year, that waterfront is still privately owned, and should be either leased out during the off-season or the owners could be charged an *ad valorem* fee for the loss of our waterfront. This fee should apply to any and all waterfront that us unused during part of the year.

2b-Luxury Tax) Juneau has a bed tax of 7%, liquor tax of 3% - these are both indirect taxes, added to sales tax. They tax dying industries that no longer see the revenues that they used to. The one business that IS booming in Juneau is tourism, which seems to be crowding other sectors of our economy, which are noticeably shrinking. A luxury tax is a tax on positional goods and services. It amounts to an indirect tax (like the liquor and bed tax), focused exclusively on goods and services whose value is dependent on scarcity. The sorts of things that we see more of during the tourist season. If Juneau took in the revenue of the real value of those goods, we could

- 1) *level the playing field, at least in part, giving other businesses a chance to compete with the onslaught of the cruise ship economy.*
- 2) *discourage the shortening, boom-and-bust seasonal mentality. If goods sold to wealthy clients bear an indirect tax during the season, said tax could be reduced during the off-season, giving leverage to off-seasonal tourism.*
- 3) *fill Juneau's coffers, for expensive projects, like the JACC. We'd be able to afford those projects, along with the upkeep of our buildings.*

There is a causal relationship between seasonal tourism and homelessness. There is a causal relationship between the cruise ship economic monoculture and our impoverished, dwindling population. What is most disconcerting to me is how much we have allowed outside, even foreign interests to dictate our market economy. The cruise ships will still come to Juneau even if we tax their businesses, and even if we require them to extend the tourist season. In the long run, balance benefits everyone; there is no gain in exploitation. The way that we deal with tourism, and the way that we shape our tax structure relating thereto, is determinate on whether Juneau becomes a successful model for other cities or simply another cautionary tale of cultural exploitation.

Respectfully,

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