

Alaska State Legislature

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REPRESENTATIVE Paul Seaton

District 35

Sponsor Statement

HB 24

“An Act relating to commercial passenger vessel operators; and providing for an effective date.”

The budget of the State of Alaska is predominantly funded by oil revenue, taxes on the oil industry, taxes on the fishing industry, a corporate income tax, and a variety of sales and use taxes.

The cruise industry pays no corporate income tax, sales tax, or passenger tax to the State of Alaska. The industry earns a generous income in the waters and communities of Alaska, taking advantage of our harbors, airports, railroads, roads, and hospitals. HB 24 is intended to help support the costly state and local infrastructure that the cruise ship industry and its passengers enjoy by collecting a single \$75 per passenger per voyage tax from the company or corporation that operates the vessel.

HB 24 is estimated to generate approximately 60 million dollars annually. One third of the tax collected (approximately 20 million dollars) will be divided between ports of call and destination ports in order to support the larger infrastructure needed to accommodate the operators of large vessels and the many passengers they carry. With the remaining 40 million dollars the legislature may consider developing matching marketing grants to promote tourism in coastal and interior Alaska. Additionally, the legislature may view these funds as a recurrent source of revenue that could contribute to statewide community revenue sharing.

HB 24 requires the cruise ship industry to contribute its fair share to the state. In doing so, it helps ensure adequate maintenance of the state and local accommodations and services the cruise industry enjoys and provides a recurrent source of revenue that could be used for improving Alaskan communities.