

Kenai Peninsula Borough Community & Fiscal Projects

MEMORANDUM

TO: Brent Hibbert, Assembly President
Members, Kenai Peninsula Borough Assembly

THRU: Charlie Pierce, Mayor *CP*
Brandi Harbaugh, Finance Director *BH*

FROM: Brenda Ahlberg, Community & Fiscal Projects Manager *BH*

DATE: September 9, 2021

RE: Ordinance 2021-19-13, Appropriating Commercial Passenger Vessel Tax Proceeds Received from the State of Alaska under the Federal Pass-Through Program, American Rescue Plan Act of 2021 in the Amount of \$612,640 and Allocating \$577,195 to the City of Seward and \$35,445 to the City of Homer (Mayor)

The State of Alaska Commercial Passenger Vessel Tax Program ("CPV"), originally enacted in 2006 provides for the levy and collection of this tax and the disposition of the proceeds. The taxes are deposited into a state fund called the CPV tax account. A portion of the proceeds are disbursed to the first seven ports of call each year. If ports of call are located in a city within a borough, \$2.50 per passenger is distributed to the city and to the borough in which the city is located. Both the City of Seward and the City of Homer have qualified for these funds.

This year, the State of Alaska fiscal year 2022 operating budget funded the CPV program using the American Rescue Plan Act (ARPA) of 2021. The U.S. Treasury Interim Guidance restricts the use of these funds to each city to eligible pay-go critical infrastructure projects under the revenue replacement category. Therefore, the cities' approved projects under the borough's ARPA allocation cannot exceed the cities' revenue replacement calculation as restricted in the U.S. Treasury, ARPA Interim Guidance. Each city has provided a request letter describing funding intent for eligible projects (enclosed). The cities must confirm that the use of funds will comply with the Interim Guidance.

Subrecipient grant agreements will be executed on a reimbursement basis to each city. The Community & Fiscal Projects Manager shall oversee the program.

Attachments: City of Homer and City of Seward Request Letters

FINANCE DEPARTMENT FUNDS/ACCOUNT VERIFIED	
Acct. No.	<u>271.94910.21CPV.49999</u>
Amount:	<u>\$612,640</u>
By: <i>PP</i>	Date: <u>9/7/2021</u>