

Kenai Peninsula Borough

Grants Administration & Community Liaison

MEMORANDUM

TO: Brent Johnson, Assembly President
Members, KPB Assembly

THRU: Peter A. Micciche, Mayor *PAM*
Brandi Harbaugh, Finance Director *BH*

FROM: Elizabeth Hardie, Grants Administrator & Community Liaison *EH*

DATE: March 21, 2024

RE: Ordinance 2023-19-41, Appropriating and Allocating Commercial Passenger Vessel Tax Proceeds Received from the State of Alaska in the Amount of \$456,337.50 to the City of Seward (Mayor)

In the August 22, 2006 election, Alaska voters approved the initiative in Ballot Measure No. 2, which imposed a tax on passengers travelling for at least 72 hours aboard a vessel with 250 or more berths, that anchors or moors in Alaska waters with the intent to allow passengers to disembark. The initiative enacted statutes AS 43.52.200 - AS 43.52.295 that provide for the levy and collection of this tax and the disposition of the proceeds.

The taxes are deposited into a state fund called the Commercial Passenger Vessel (“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.


Since 2007, the tax proceeds collected for the Borough have been awarded to the City of Seward and City of Homer by way of grant agreements. This year the City of Seward has qualified for these funds, and the Borough has accordingly received proceeds from the CPV account. The City of Homer had no commercial vessel passengers in CY2023 pursuant to the State of Alaska Department of Revenue’s email dated 02/27/2024. Therefore, their allocation is \$0.00.

Qualifying cities must provide a request letter describing funding intent for eligible projects (see attached). The city must confirm that the use of funds will comply with State of Alaska Department of Commerce, Community & Economic Development, “Commercial Vessel Passenger Tax Program” as governed by AS 43.52.200 - 43.52.295; specifically, AS 43.52.230(b), “shall use the funds for port facilities, harbor infrastructure, and other services provided to the commercial passenger vessels and the passengers on board those vessels.”

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This ordinance will approve the 2023 calendar year appropriations to be allocated to the City of Seward which will be executed by way of a grant agreement. The Grants Administrator shall oversee the program.

Your consideration is appreciated.

FINANCE DEPARTMENT FUNDS/ACCOUNT VERIFIED	
Acct. No.	<u>271.94910.24CPV.49999</u>
Amount:	<u>\$456,337.50</u>
By:	<u></u>
Date:	<u>3/20/2024</u>

Attachments:
City of Seward Letter 02/28/2024
Email confirmation State of Alaska 02/27/2024