

Kenai Peninsula Borough

Grants Administration & Community Liaison

MEMORANDUM

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

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

FROM: Brenda Ahlberg, Emergency Manager *BA*

DATE: October 26, 2023

RE: Ordinance 2023-19-28, Appropriating Commercial Passenger Vessel Tax Proceeds Received from the State of Alaska in the Amount of \$304,177.50 and Allocating \$303,825 to the City of Seward and \$352.50 to the City of Homer (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. Both the City of Seward and the City of Homer have qualified for these funds, and the Borough has accordingly received proceeds from the CPV account.

The tax proceeds collected for the Borough have been awarded to the City of Seward and City of Homer by way of grant agreements since 2007. Each city must provide a request letter describing funding intent for eligible projects (see attached). The cities 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."

This ordinance will approve the 2022 calendar year appropriations to be allocated to the City of Seward and the City of Homer, which will be executed by way of grant agreements. The Grants Administrator shall oversee the program.

Your consideration is appreciated.

Attachments:
City of Seward Letter 08/28/23
City of Homer Letter provided at public hearing

FINANCE DEPARTMENT FUNDS/ACCOUNT VERIFIED	
Acct. No.	<u>271.94910.23CPV.49999</u>
Amount:	<u>\$304,177.50</u>
By:	<u><i>CJ</i></u> Date: <u>10/26/2023</u>