



# CITY AND BOROUGH OF SITKA

A COAST GUARD CITY

## MEMORANDUM

**To:** Mayor Eisenbeisz and Assembly Members

**From:** John Leach, Municipal Administrator 

**Date:** March 17, 2026

**Subject:** Commercial Passenger Vessel Excise Tax Fund Annual Analysis

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### **Background**

On August 12, 2008, Ordinance 2008-29 established the Marine Passenger Fee Fund, including allowable uses of proceeds received from the State of Alaska and the procedures for appropriating those funds.

On August 22, 2022, Ordinance 2023-17 was adopted to:

1. Align the nomenclature of the fund and excise tax with State of Alaska terminology; and
2. Clarify and streamline the administrative and appropriation process.

These updates also formalized a public proposal process to be used if the Assembly determines sufficient funding is available to support a call for proposals.

### **Analysis**

In accordance with SGC 4.55.030:

- A. No later than the second regular Assembly meeting in March of every calendar year, the Administrator will notify the Assembly of the projected balance available in the CPV excise tax fund for the upcoming fiscal year after operations expenses consistent with SGC 4.55.020 have been incorporated.
- B. Upon approval of the Assembly, the Administrator will initiate a call for public proposals consistent with the use of CPS excise tax funds per SGC 4.55.020. The Assembly will review and select proposals for funding.
- C. Project funds shall be transferred or expenses from the CPV excise tax fund only to the extent approved by the Assembly.

Use of the CPV excise tax proceeds must be consistent with the purpose outlined in SGC 4.55.020 and applicable state and federal requirements, including:

- Port and harbor facilities engaged in interstate and foreign commerce and marine passenger transportation.
- Municipally owned facilities with the exclusive purpose of enhancing safety and efficiency of such activities
- Personnel, supplies, equipment, and rental costs that enhance safety and efficiency, either directly or supported by an auditable allocation methodology
- Municipal matching funds for eligible state-funded projects.

These requirements establish a relatively narrow eligibility framework. For facilities that serve multiple users or purposes, CPV funds may only be used for the portion of costs attributable to qualifying activities. As a result, CPV funds may not be used to fully fund projects where only a portion of the facility supports interstate and foreign commerce and marine passenger transportation.

**Fiscal Note**

The table below outlines the projected available fund balance:

<b>Projected CPV balance available</b>	<b>FY2026</b>
Balance prior to FY26 disbursement/expenses	5,145,984.00
Disbursement (March 2026)	2,951,660.00
Expenses through 12/31/2025	(1,349,130.82)
Projected through 6/30/2026	(439,318.48)
Upcoming FY27 Budget	(2,063,300.00)
Other projects (Assembly directed or via proposal process)	
<b>Available balance</b>	<b>4,245,894.70</b>

**Recommendation**

Considering the fund's balance and objectives, the Assembly may choose one or a combination of the following options:

- Direct the Administrator to pursue special Assembly identified projects.
- Retain the fund balance for future large-scale projects or unanticipated needs
- Direct the Administrator to initiate a call for public proposals in accordance with SGC 4.55.020.

Any projects or proposals, whether identified by the Assembly or submitted through a public process, must meet the eligibility requirements outlined in SGC 4.55.020.