




CITY AND BOROUGH OF SITKA

A COAST GUARD CITY

MEMORANDUM

To: Mayor Eisenbeisz and Assembly Members
From: John Leach, Municipal Administrator 
Date: July 20, 2023
Subject: Commercial Passenger Vessel Excise Tax Fund

Background

On August 12, 2008, Ordinance 2008-29 was passed to establish a Marine Passenger Fee Fund, the uses allowed from the proceeds the CBS receives from the State of Alaska, and the procedures to appropriate such proceeds as allowed by law.

Analysis

Changes to the appropriation procedures were most recently incorporated by Ordinance 2016-32 which removed the public process for project proposal submission.

The purpose of this ordinance is to:

- a. change the nomenclature of the fund and the excise tax to be consistent with the state of Alaska; and
- b. clarify and streamline the process by which the fund is administered.

The changes proposed in this ordinance will also reinstitute a public proposal process if the Assembly determines there is a sufficient amount of funding available to initiate a call for public proposals.

Fiscal Note

There are no direct costs associated with the changes proposed in this ordinance. The balance in the CPV Excise Tax Fund as of June 30, 2023 is \$2.1M, which factors in the marginal expenses through June 30, 2023 and direct overhead expenses for calendar 2022 as defined in the Cost Allocation Study conducted in the beginning of FY23.

Recommendation

Pass Ordinance 2023-17 to reinstitute a public proposal process for the use of CPV Excise Tax Funds.

CITY AND BOROUGH OF SITKA
ORDINANCE NO. 2023-17

AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA AMENDING TITLE 4 “REVENUE AND FINANCE” OF THE SITKA GENERAL CODE BY UPDATING CHAPTER 4.05 “MARINE PASSENGER FEE FUND”

1. **CLASSIFICATION.** This ordinance is of a permanent nature and is intended to be a part of the Sitka General Code of the City and Borough of Sitka, Alaska.

2. **SEVERABILITY.** If any provision of this ordinance or any application thereof to any person or circumstance is held invalid, the remainder of this ordinance and application thereof to any person and circumstances shall not be affected thereby.

3. **PURPOSE.** The specific purposes of this ordinance are to:
a. change the nomenclature of the fund and the excise tax to be consistent with the state of Alaska; and
b. clarify and streamline the process by which the fund is administered.

4. **ENACTMENT.** NOW, THEREFORE, BE IT ENACTED by the Assembly of the City and Borough of Sitka that the Sitka General Code Title 4, entitled “Revenue and Finance”, Chapter 4.05 “Marine Passenger Fee Fund” be amended to read as follows (new language underlined; deleted language stricken):

Title 4
REVENUE AND FINANCE

Chapters:

* * *

~~4.05 Marine Passenger Fee Fund~~ Commercial Passenger Vessel Excise Tax Fund

* * *

Chapter 4.05

~~Marine Passenger Fee Fund~~ Commercial Passenger Vessel Excise Tax Fund

Sections:

- 4.05.010 Establish fund.
- 4.05.020 Use of proceeds.
- 4.05.030 Procedures.

4.05.010 Establish fund.

A special revenue fund is established to accept the proceeds of the commercial passenger vessel (CPV) excise tax collected by the state of Alaska and passed through to the city and borough of Sitka. The proceeds shall be placed in the ~~marine passenger~~ CPV excise tax fund.

4.05.020 Use of proceeds.

The proceeds of the ~~marine passenger~~ CPV excise tax fund shall be appropriated to address the impacts caused by the marine passenger ship industry in full compliance with all state and

53 federal regulations governing the use of these funds. ~~CPET~~ CPV excise tax funds may be used
54 for but are not limited to:

55 A. For the design, construction, operation and maintenance of municipally owned port and
56 harbor facilities engaged in interstate and foreign commerce and interstate marine passenger
57 transportation;

58 B. For the design, construction, operation and maintenance of municipally owned facilities with
59 the exclusive purpose of enhancing the safety and efficiency of interstate and foreign commerce
60 and interstate marine passenger transportation;

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62 C. To pay for personnel, supply, equipment, related to costs which enhance the safety and
63 efficiency of interstate and foreign commerce and interstate marine passenger transportation if
64 such costs are directly and exclusively related to the safety and efficiency of interstate and
65 foreign commerce and interstate marine passenger transportation, or, if such costs can be
66 determined by an auditable allocation method which calculates the percentage of total costs
67 which are attributable to interstate and foreign commerce and interstate marine passenger
68 transportation;

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70 D. For the municipal portion of the costs of the design and construction of facilities funded
71 through a matching grant from State of Alaska Commercial Passenger Vessel Excise Tax
72 proceeds and with the approval of the State of Alaska.

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74 **4.05.030 Procedures.**

75 ~~A. The administrator will notify the Assembly on an annual or as needed basis when there is a~~
76 ~~sufficient balance in the Marine Passenger Fee Fund for a solicitation of project proposals.~~
77 ~~Upon approval of the Assembly, the Administrator will initiate a call for proposals consistent with~~
78 ~~the use of CPET funds per section 4.05.020. The Assembly will review and select proposals for~~
79 ~~funding.~~

80 A. No later than the second regular assembly meeting in March of every calendar year, the
81 administrator will notify the assembly of the projected balance available in the CPV excise tax
82 fund for the upcoming fiscal year after operational expenses consistent with Section 4.05.020
83 have been incorporated.

84 B. Upon approval of the assembly, the administrator will initiate a call for public proposals
85 consistent with the use of CPV excise tax funds per Section 4.05.020.

86 C. By September 30 of every calendar year, the administrator will present to the assembly
87 proposals consistent with the use of CPV excise tax funds per Section 4.05.020. The assembly
88 will review and select proposals for funding.

89 BD. Project funds shall be transferred or expended from the ~~marine passenger fee~~ CPV
90 excise tax fund only to the extent approved by the assembly.

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5. **EFFECTIVE DATE.** This ordinance shall become effective on the day after the date of its passage.

PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska this 22nd day of August, 2023.

Steven Eisenbeisz, Mayor

ATTEST:

Sara Peterson, MMC
Municipal Clerk

1st reading: 8/8/2023
2nd and final reading: 8/22/2023

Sponsor: Administrator