

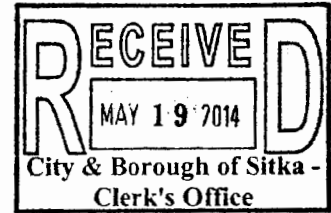
DISCUSSION/DIRECTION/DECISION

Recommend discussion first

Port and Harbor Commission Request

I move that Sitka Harbor Department receive ____% of the revenues generated by vessel tax with ____% dedicated to the General Fund to cover administrative fees.

Sitka Ports & Harbors Commission
Sitka, AK 99835
May 12, 2014



Sitka City & Borough Assembly
Assembly Members
Sitka, AK 99835

Dear Sitka City & Borough Assembly:

Currently there is a city property tax levied against all registered vessel owners within the city and borough of Sitka (CBS). It is our understanding that the CBS allocates ten dollars of the tax revenues generated by each vessel to the harbor fund with the rest of the tax revenue going to the general fund.

After much discussion it is our belief that the current allocations of vessel taxes should be revised to favor the harbor fund. The Sitka Ports & Harbors Commission respectfully requests that the harbor receive eighty percent of the tax revenues generated by the vessel tax with the general fund receiving twenty percent to cover administrative fees. The tax revenues generated will be dedicated to offset the rising costs within the harbor system.

The harbor users are responsible for all harbor infrastructure including electrical system repairs and replacement, water system repairs and replacement as well as harbor replacement. We haven't found any logical justification for the current vessel tax allocation but are open to discussion in case we are missing something. The fact that the harbor system is an enterprise fund and is expected to pay its own way seemingly justifies our position that the harbor fund should receive the bulk of the vessel tax receipts

Sincerely,

A handwritten signature in black ink, appearing to be "Steve K...", with a long horizontal line extending to the right.

Sitka Ports & Harbors Commission

A handwritten signature in black ink that reads "David A. Gmelch".

A handwritten signature in black ink, appearing to be "M. Peterson", with a long horizontal line extending to the right.

A handwritten signature in black ink that reads "M. Peterson".

Memo

To: Ports and Harbors Commission
From: Jay Sweeney, CFAO
Date: May 19, 2014
Re: Vessel Property Tax Questions

Dear Commission members,

The following are answers to questions regarding vessel property tax posed at your May 12th, 2014 meeting:

- \$104,729.50 was the property tax on vessels in FY2014. This declined from \$106,720 in FY 2013.
- The Harbor Fund received \$22,290 in vessel assessment fees in FY 2014. This is \$10 of the property tax collected on each vessel passed through to the Harbor fund. Thus, taxes were assessed on 2,290 vessels. \$22,050 was passed through in FY2013.
- If 80% of property taxes were passed through to the Harbor Fund, the amount of the pass through would be approximately \$83,780. This would be an increase of \$61,490 over what is currently passed through to the Harbor Fund. It would also represent a decrease in overall revenue available to the General Fund.
- If 80% of property taxes, or an additional \$61,490 were passed through to the Harbor Fund, this would represent the equivalent of \$1.52/linear foot/year, or 12.7 cents/linear foot/month. For the owner of a 48 foot commercial fishing vessel, this would represent the equivalent of an offset of \$15.20 to each quarterly moorage bill.

Regards,

Jay