



## KENAI PENINSULA BOROUGH

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MIKE NAVARRE  
BOROUGH MAYOR

### MEMORANDUM

**TO:** Gary Knopp, Assembly President  
Members, Kenai Peninsula Borough Assembly

**THRU:** Mike Navarre, Mayor *P.O. for M.N.*  
Craig Chapman, Director of Finance *C. Chapman*

**FROM:** Brenda Ahlberg, Community & Fiscal Projects Manager *B. Ahlberg*

**DATE:** March 1, 2012

**SUBJECT:** Ordinance 2011-19-79, appropriating Commercial Passenger Vessel Tax Proceeds received from the State of Alaska in the amount of \$357,552.50 and allocating \$324,865 to the City of Seward and \$32,687.50 to the City of Homer

In the August 22, 2006, election the 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.

For the calendar years 2007 through 2010 the tax proceeds were awarded to the City of Seward and City of Homer by way of grant agreements. The use of funds must 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), "federal legislation and court rulings that permit the use of these 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 2011 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. Brenda Ahlberg, the Community & Fiscal Projects Manager, shall oversee the program.

FINANCE DEPARTMENT FUNDS VERIFIED	
Acct. No.	<u>271.27910 FB</u>
Amount	<u>\$357,552.50</u>
By:	<u>C. Ahlberg</u> Date: <u>3/1/12</u>