



Commercial Passenger Vessel Tax: Revenue, Expenditures, and Local Priorities

Fiscal Years 2010 – 2019

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ABSTRACT

As required by Alaska Statute 43.52.260, the Alaska Department of Commerce, Community, and Economic Development (DCCED) is required to prepare a Commercial Passenger Vessel (CPV) Tax report describing projected needs of port communities to safely and efficiently host passengers and summarizing the extent to which appropriations of tax proceeds have been used to defray hosting costs. Legislation requires a report every three years; however, DCCED has opted to report on the previous 10-year period of CPV Tax collection and distribution (2010 – 2019) to provide a comprehensive picture of trends and change over time.

This report provides an overview of CPV Tax generated revenue, shared taxes, legislative named-recipient appropriations, and port community expenditures dating back to the implementation of the 2006 Citizen's Initiative, and later amended by Senate Bill 312 during the 2010 Legislative Session. To provide additional context, a brief review of longitudinal cruise visitation and significance to Alaska's economy is also discussed.

Of noteworthy importance, multiple state agencies are involved with CPV Tax administration, revenue distribution, and reporting – each generating information in a variety of formats and using a variety of timeframes (i.e., fiscal year or calendar year). Furthermore, municipal expenditures and projects oftentimes occur over multiple fiscal years. To simplify, DCCED reports CPV Tax revenue and collection on a fiscal year, municipal expenditures by project, total value, and approximate time frame, and legislative appropriations by legislative session. While the final summary information is aligned across state agencies, caution is warranted in comparing information strictly by timeframe.

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INTRODUCTION

Alaska Statute 43.52.260 requires the Alaska Department of Commerce, Community, and Economic Development (DCCED) to prepare a triennial Commercial Passenger Vessel (CPV) Excise Tax Report that describes the “projected needs of communities to safely and efficiently host passengers and summarizes the extent to which appropriations of tax proceeds have been used to defray hosting costs.”

The information in this report adds to information published in two previous reports:

- Commercial Passenger Vessel Excise Tax: Community Needs, Priorities, Shared Revenue, and Expenditures (Fiscal Years 2007-2016), Alaska Department of Commerce, Community, and Economic Development (January 2017)
<https://www.commerce.alaska.gov/web/Portals/6/pub/TourismResearch/00%20CPV%20Report%20FINAL.pdf>
- A Performance Audit of the Department of Commerce, Community, and Economic Development and Department of Revenue Commercial Passenger Vessel (CPV) Tax Program, Alaska State Legislature, Division of Legislative Audit (February 2016)
<http://legaudit.akleg.gov/docs/audits/special/dor/30083rpt.pdf>

To prepare the CPV Excise Tax Report, the DCCED Division of Community and Regional Affairs (DCRA) contacted 18 city and/or borough governments that had received CPV Excise Tax revenue (CPV revenue) between FY2010 and FY2019. Managers, finance directors, harbor masters, grant managers, economic development directors, and/or planners contributed information on (1) how a community identifies needed infrastructure and services necessary to host cruise ships and their passengers, (2) the community’s priorities for spending CPV revenue in the future, and (3) how the community has spent CPV revenues through FY2016. This information is summarized in the *Community Profiles* section of this report.

In addition, this report includes trends in Alaska cruise passenger volume, an overview of CPV revenue, and a summary of CPV-related legislative grants. The information is presented as follows:

- Total cruise passengers by calendar year
- CPV revenue distribution by fiscal year
- Local government expenditures by project and total value
- Legislative appropriations by the fiscal year for which the money is appropriated

ALASKA'S ECONOMY AND THE VISITOR INDUSTRY

VISITOR INDUSTRY

Total Alaska visitor volume steadily increased between 2010 and 2018, with an all-time high number of visitors arriving in Alaska via multiple transportation modes during the 2018 summer season (Table 1). The cruise market has steadily increased from 2010 to 2018. The air transportation market has grown every year since 2012, with a particularly notable 13% single-year increase from 2014 to 2015. The highway/ferry markets have shown more volatility than either air or cruise; however, this market grew by 42% from 2014 to 2018 (McDowell Group, 2018).

Alaska's visitor industry is in an era of long-term growth as evidenced by an overall 32.2 percent increase in summer visitation from 2010 to 2018 (McDowell Group, 2018).

The visitor industry impacts all of Alaska's regions, most urban communities, and many rural communities. The most recent regional data was estimated for summer 2016 when Southeast received more than 1.2 million visitors (1,212,000), followed by Southcentral (975,000) and the Interior (543,000) (Table 2).

CRUISE INDUSTRY

The cruise industry is a critical part of Alaska's visitor industry, responsible for over half of Alaska's summer visitor count. The Alaska cruise industry had record-setting years in 2016, 2017, and 2018 in terms of passenger volume (McDowell Group, 2018).

In the summer of 2018, over two million out-of-state visitors came to Alaska; 1,169,000 (57%) via cruise ship; 760,100 (37%) via air; and 97,200 (5%) via highway and/or ferry (Figure 1) (McDowell Group, 2019).

Compared to other stalwarts of Alaska's economy, namely fisheries and mining, the cruise industry is a relatively young industry. While commercial passenger vessels have been plying Alaska's waters since the 1940s (i.e., steamships), the modern cruise industry found its foothold and underwent significant expansion during the 1970s and 1980s.

Recent summer seasons have been at all-time high passenger volumes. Alaska received its first summer with one million cruise passengers in 2016, and summer passenger volume continued to increase consecutively in 2017, 2018, and 2019 (McDowell Group, 2019).

**Table 1. 2010 – 2018 Summers:
Transportation Market Visitor Volume**

Year	Visitor Volume
2010	570,000
2011	600,000
2012	580,000
2013	610,000
2014	620,000
2015	700,000
2016	740,000
2017	750,000
2018	760,000
Total	5,900,000

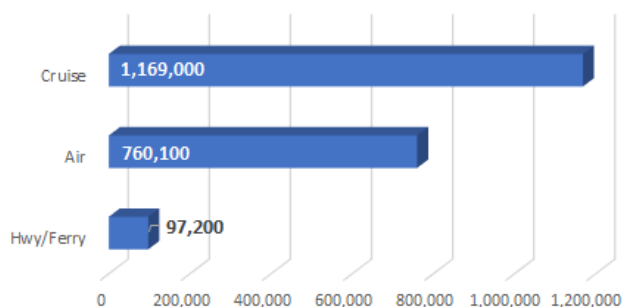
Source: McDowell Group, 2019 (Rounded to nearest 100)

**Table 2. 2011 & 2016 Summers:
Regional Visitor Volume**

Region	Visitor Volume
Southeast	1,212,000
Southcentral	975,000
Interior	543,000
Southwest	450,000
Far North	380,000

Source: McDowell Group, 2016

**Figure 1: Transportation Market Visitor Volume -
Summer 2018**



CPV REVENUE OVERVIEW

The State of Alaska collected the CPV Excise Tax for the first time during calendar year 2007. Initially, the first five ports of call were eligible to receive \$5 for each passenger who paid the CPV Excise Tax; however, this increased to seven ports of call in the 2011 cruise season distributed (§ 13ch 101 SLA 2010). The Alaska Department of Revenue (DOR) distributed a portion of the 2007 taxes during FY2007 and the remainder during FY2008. Since that time, DOR distributes taxes in the January after collection. For instance, 2018 CPV Excise Taxes were distributed to the communities in January 2019 (FY2019).

Table 3. 2010 – 2019: Community Cruise Passenger Volume

Community	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Change 2010-19
Anchorage	12,828	14,939	10,030	499	5,280	11,017	10,904	12,305	14,238	13,689	6.7%
Haines	32,259	27,176	31,007	32,378	29,133	42,515	41,685	51,209	53,995	60,304	86.9%
Homer	12,828	14,990	8,833	254	5,662	11,399	10,071	12,788	14,814	14,812	15.5%
Hoonah	122,974	127,866	120,786	124,320	142,416	150,434	159,132	155,496	189,000	267,013	117.1%
Juneau	879,310	875,947	927,941	978,559	953,055	976,367	1,004,774	1,061,853	1,138,702	1,294,598	47.2%
Ketchikan	828,929	844,412	894,320	948,685	896,084	944,525	947,972	1,009,160	1,052,480	1,185,753	43.0%
Kodiak	19,372	14,715	11,551	3,231	8,809	13,559	15,208	16,733	21,194	26,259	35.6%
Nome	-	-	-	-	-	-	-	342	992	4,172	-
Petersburg*	-	-	-	-	-	-	-	2,488	3,125	5,416	-
Seward	136,129	132,779	136,892	125,183	141,442	183,124	191,469	185,066	213,854	237,925	74.8%
Sitka	144,383	129,380	110,714	99,920	90,182	117,546	122,944	172,678	151,735	212,662	47.3%
Skagway	697,060	708,981	755,681	821,874	819,239	815,541	817,308	845,328	956,016	1,036,452	48.7%
Unalaska	956	707	1,371	1,285	2,652	4,112	6,526	5,533	2,881	8,336	772.0%
Valdez	469	332	-	382	-	-	-	342	-	12,438	2,552.0%
Whittier	126,866	130,312	170,758	202,336	162,002	146,528	129,894	133,969	175,375	193,790	52.8%
Wrangell	3,869	4,719	678	6,417	5,171	7,471	7,926	11,003	11,974	17,309	22.4%

Source: Cruise Line Agencies of Alaska, 2019 (Includes only CLAA serviced passengers)

* Petersburg has received no CPV Excise Tax revenue to date

Fifteen Alaska ports have received CPV revenue since 2010. Although exact passenger counts have fluctuated over the past ten years, Juneau consistently received the largest quantity of passengers, followed by Ketchikan and Skagway (Table 3).

When Alaska lawmakers increased the number of eligible ports of call, they also approved changes to the way the CPV Excise Tax would be distributed. When eligible ports of call are cities located in a borough, the city and the borough each receive \$2.50 of the \$5 passenger fee.

Since FY2010, 18 municipalities have shared in \$145,865,121 of CPV taxes, not including additional legislative appropriations (Table 4). In total, nine boroughs (including those designated “City and Borough”) received \$108,725,158 (74.5%) and nine cities received \$37,139,963 (25.5%). Three borough governments (i.e., Kenai Peninsula Borough, Ketchikan Gateway Borough, and Kodiak Island Borough) share the \$5 per passenger allocation with the city governments of the port communities (i.e., Homer, Ketchikan, Kodiak, and Seward) that host the cruise passengers.

Table 4: FY2010 - FY2019^a: Total Shared with Municipalities

Municipality
Municipality of Anchorage
Haines Borough
City of Hoonah
City and Borough of Juneau*
Kenai Peninsula Borough
City of Homer
City of Seward
Ketchikan Gateway Borough
City of Ketchikan*
Kodiak Island Borough
City of Kodiak
City of Nome [^]
City and Borough of Sitka
Municipality of Skagway
City of Unalaska
City of Valdez
City of Whittier
City and Borough of Wrangell
Total

^aFY2012 marks first year municipality participated in shared revenue program.

[^]FY2018 marks first year municipality participated in shared revenue program

* FY2019 figures are estimates until Shared Taxes Report release in Spring 2020

Source: Alaska Department of Revenue, Tax Division (based on FY2019 estimates)

Notably, two municipalities account for over half (52.1%) of all shared revenue since FY2010: The Municipality of Skagway (27.2%) and the City and Borough of Juneau (24.9%). The Ketchikan Gateway Borough (14.8%) and the City of Ketchikan (11.8%) combine for more than a quarter (26.6%) of shared revenue, followed by the City of Whittier (5.4%) and the City of Hoonah (5.2%). The remaining shared revenue, totaling \$15,682,515 (10.7%), is shared with the remaining 12 municipalities. The seven municipalities receiving the least shared revenue received only \$1,130,889 (0.8%). The City of Nome received the least amount of revenue at only \$8,715 (< 0.1%).

The City and Borough of Juneau and the City of Ketchikan did not receive shared revenue payments until FY2012, as municipalities with passenger head taxes were prohibited from receiving state CPV Excise Tax revenue. Once Senate Bill 312 was enacted, municipalities with a local commercial passenger vessel tax were allowed to participate in the state’s tax and revenue sharing program. The statewide levy rate was \$46.00 per passenger through the 2010 cruise season and decreased by legislation to \$34.50 per passenger in 2011. Following the passage of Senate Bill 312, the City and Borough of Juneau and the City of Ketchikan joined the Municipality of Skagway and the Ketchikan Gateway Borough as significant beneficiaries of the CPV tax from 2012 onward.

BOROUGH GOVERNMENT

From FY2010 to FY2019, nine borough governments shared in nearly \$109 million of CPV Tax shared revenue (Table 5). On average, each borough received approximately \$12.1 million over ten years; however, the median, roughly \$4.1 million, is a more representative figure due to several high and low outliers. The City and Borough of Juneau received its first shared revenue payment in 2012 after Senate Bill 312 was implemented, which allowed municipalities with a local tax to also share in the state tax.

Table 5. FY2010 - FY2019: CPV Tax Revenue Shared with Borough Governments

Fiscal Year	Municipality of Anchorage	City and Borough of Sitka	Municipality of Skagway	City and Borough of Wrangell	City and Borough of Juneau	Haines Borough	Kenai Peninsula Borough	Ketchikan Gateway Borough	Kodiak Island Borough	Total Boroughs
2010	\$865	\$1,078,480	\$3,904,825	\$26,180	-	\$204,635	\$391,138	\$2,313,793	\$25,487	\$7,945,403
2011	\$63,575	\$706,505	\$3,455,540	\$2,510	-	\$154,270	\$406,080	\$2,088,312	\$15,763	\$6,892,555
2012	\$66,190	\$414,130	\$3,470,720	\$19,350	\$4,096,730	\$146,680	\$357,553	\$1,947,248	\$32,622	\$10,551,223
2013	\$48,570	\$135,355	\$3,728,105	\$1,730	\$4,151,020	\$154,080	\$364,975	\$1,977,770	\$23,473	\$10,585,078
2014	\$2,975	\$302,985	\$4,062,215	\$31,430	\$4,598,565	\$140,635	\$307,578	\$2,240,210	\$4,600	\$11,691,193
2015	\$26,200	\$157,340	\$4,008,335	\$24,065	\$4,393,395	\$144,020	\$361,658	\$2,032,375	\$13,925	\$11,161,313
2016	\$54,110	\$218,350	\$4,028,545	\$38,845	\$4,460,365	\$206,430	\$474,225	\$2,141,633	\$30,255	\$11,652,758
2017	\$53,870	\$309,510	\$4,053,375	\$39,630	\$4,622,160	\$185,095	\$486,380	\$2,163,570	\$30,887	\$11,944,477
2018	\$59,900	\$405,115	\$4,201,435	\$51,415	\$4,769,390	\$224,270	\$489,697	\$2,252,487	\$37,625	\$12,491,334
2019 [#]	\$70,025	\$396,800	\$4,725,415	\$48,970	\$5,271,135	\$255,675	\$558,070	\$2,440,982	\$42,752	\$13,809,824
Total	\$446,280	\$4,124,570	\$39,638,510	\$284,125	\$36,362,760	\$1,815,790	\$4,197,354	\$21,598,380	\$257,389	\$108,725,158

2019 figures are estimates provided by the Alaska Department of Revenue and are subject to change until the release of the Annual Shared Taxes Report in Spring 2020
Source: Alaska Department of Revenue, *Annual Shared Taxes Report, FY2007 - FY2018*

CITY GOVERNMENT

From FY2010 to FY2019, nine city governments shared in more than \$37 million of CPV Tax shared revenue (Table 6). Total shared revenue, by city, ranges from \$8,715 (City of Nome) to \$17,196,277 (City of Ketchikan). Total cruise passenger volume varies by city; five of the cities receive few visitors while the other four are heavily visited by cruise vessels and passengers. The Cities of Nome, Unalaska, Homer, Valdez, and Kodiak receive infrequent cruise vessels and are subsequently small beneficiaries of the CPV tax revenue: \$260,000 or less apiece over ten years. In contrast, the Cities of Ketchikan, Hoonah, Seward, and Whittier are large beneficiaries of shared revenue with \$4 million to \$17.2 million received over ten years. The City of Ketchikan’s first shared revenue payment was in 2012 after Senate Bill 312 was implemented, which allowed municipalities with a local tax to also share in the state tax; however, in prior years the City of Ketchikan was a frequent beneficiary of Ketchikan Gateway Borough shared revenue.

Table 6. FY2010 - FY2019: CPV Tax Revenue Shared with City Governments

Fiscal Year	City of Homer	City of Hoonah	City of Ketchikan	City of Kodiak	City of Nome	City of Seward	City of Unalaska	City of Valdez	City of Whittier	Total Cities
2010	\$3,725	\$640,015	-	\$25,487	-	\$387,413	\$7,620	\$31,730	\$1,045,550	\$2,141,540
2011	\$31,788	\$1,130,220	-	\$15,763	-	\$374,293	\$3,000	\$2,335	\$695,790	\$2,253,189
2012	\$0 ¹	\$636,345	\$1,947,248	\$32,622	-	\$324,865	\$1,310	\$1,650	\$637,265	\$3,581,305
2013	\$21,710	\$610,105	\$1,977,770	\$23,473	-	\$343,265	\$4,120	-	\$828,865	\$3,809,308
2014	\$33,542*	\$626,225	\$2,240,210	\$4,600	-	\$306,723	\$4,165	\$1,265	\$950,635	\$4,167,365
2015	\$13,925	\$688,980	\$2,032,375	\$13,925	-	\$347,733	\$1,650	-	\$791,550	\$3,890,138
2016	\$27,055	\$722,575	\$2,141,633	\$30,255	-	\$447,170	\$8,155	-	\$721,325	\$4,098,168
2017	\$27,630	\$771,595	\$2,163,570	\$30,887	-	\$458,750	\$6,505	-	\$620,340	\$4,079,277
2018	\$31,532	\$788,005	\$2,252,487	\$37,625	\$8,715	\$458,165	\$18,125	\$1,710	\$674,320	\$4,270,684
2019 [#]	\$35,815	\$932,125	\$2,440,982	\$42,752	-	\$522,255	\$3,205	-	\$871,855	\$4,848,989
Total	\$226,722	\$7,546,190	\$17,196,275	\$257,389	\$8,715	\$3,970,632	\$57,855	\$38,690	\$7,837,495	\$37,139,963

[#] 2019 figures are estimates provided by the Alaska Department of Revenue and are subject to change until the release of the Annual Shared Taxes Report in Spring 2020

* Homer received shared revenue for FY2012 in January 2014, so this revenue is counted in FY2014

Source: Alaska Department of Revenue, *Annual Shared Taxes Report, FY2007 - FY2012*

CPV-RELATED LEGISLATIVE GRANTS

In addition to shared CPV revenue, the Alaska State Legislature appropriated \$5 million in grants to the City of Ketchikan from the Commercial Vessel Passenger Tax Account for fiscal years 2017-2020. The City of Ketchikan was the only municipality to receive funding through this account during this period; however, grants totaling \$10.3 million were appropriated to Hoonah Cruise Ship Dock Company, a Native Corporation affiliate (\$3.6 million); Alaska Railroad, a quasi-public corporation (\$5.5 million); and Marine Exchange of Alaska, a non-profit organization (\$1.2 million).

Legislative grants were appropriated for dock construction, repair, planning, and enhancements as well as for vessel tracking. Table 7 provides information about grants to each recipient by the fiscal year in which the grants were distributed (FY2017 to FY2020).

Table 7. 2017 – 2020 Commercial Vessel Passenger Tax Account Legislative Grants

Year	Recipient	Project	Amount
2017	Marine Exchange of Alaska, Inc.	Alaska Vessel Tracking System Upgrades and Expansion	\$400,000.00
2018	Alaska Railroad	Seward Cruise Ship Terminal Planning and Design	\$300,000.00
2018	Alaska Railroad	Seward Dock Safety Enhancements	\$1,200,000.00
2018	Hoonah Cruise Ship Dock Company	Inner Point Sophia Phase 1 New Dock Mooring Buoys	\$2,000,000.00
2018	Hoonah Cruise Ship Dock Company	Outer Point Sophia Dock Safety Improvements	\$500,000.00
2018	Marine Exchange of Alaska, Inc.	Alaska Vessel Tracking System Upgrades and Expansion	\$400,000.00
2018	City of Ketchikan	Port of Ketchikan Cruise Ship Berths	\$2,000,000.00
2019	Hoonah Cruise Ship Dock Company	Cruise Ship Tender Dock Reconstruction	\$1,105,000.00
2019	Marine Exchange of Alaska, Inc.	Alaska Vessel Tracking System Upgrades and Expansion	\$400,000.00
2019	City of Ketchikan	Cruise Ship Berths Expansion	\$3,000,000.00
2020	Alaska Railroad	Seward Dock Replacement	\$3,100,000.00
2020	Alaska Railroad	Replacement of Dock in Seward	\$909,883.80
Total			\$15,314,883.80

Source: DCRA Community Aid & Accountability

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- **Municipality of Anchorage**
- **Haines Borough**
- **City of Homer**
- **City of Hoonah**
- **City and Borough of Juneau**
- **Kenai Peninsula Borough**
- **Ketchikan Gateway Borough**
- **City of Ketchikan**
- **Kodiak Island Borough**
- **City of Kodiak**
- **City of Nome**
- **City of Seward**
- **City and Borough of Sitka**
- **Municipality of Skagway**
- **City of Unalaska**
- **City of Valdez**
- **City of Whittier**
- **City and Borough of Wrangell**

MUNICIPALITY OF ANCHORAGE

Unified Home Rule Borough

2018 Population: 295,365

FY2010 to FY2019 CPV Excise Tax Revenue: \$446,280



PROFILE

The Municipality of Anchorage is located in Southcentral Alaska at the base of the Chugach Mountains along the coast of Cook Inlet. Anchorage is home to the state’s main air hub, the Ted Stevens Anchorage International Airport. Paved highways connect Anchorage with Fairbanks, Valdez, the Kenai Peninsula, Denali National Park and Preserve, and Wrangell-St. Elias National Park and Preserve. The Alaska Railroad’s main passenger depot, also located in Anchorage, runs from Seward to Fairbanks.

Anchorage Cruise Ship Visitors 2010 to 2019		
Calendar Year	Ship Calls	Passengers
2010	9	12,828
2011	11	14,939
2012	8	10,030
2013	1	499
2014	4	5,280
2015	9	11,017
2016	9	10,904
2017	11	12,305
2018	10	14,238
2019	10	13,689
Total	82	105,729

Source: Cruise Line Agencies of Alaska.

Although a major transportation hub for air, highway, and rail travel, Anchorage receives only a modest amount of cruise visitors. Over the past decade, Anchorage has hosted 82 cruise ship calls and over 100,000 cruise passengers. Holland America Line’s Maasdam visited the Port of Anchorage every other Monday from May to September in 2018 and 2019. In 2019, Anchorage also had the first visit of the Queen Elizabeth II visiting the Port in May with approximately 1,900 visitors. These visits allow passengers to enjoy the land and water tours in Anchorage and the surrounding areas and take advantage of the unique shopping experience available in downtown Anchorage.

PROJECTED NEEDS OF COMMUNITY

The Municipality of Anchorage appropriates shared CPV revenue to the Port of Alaska through the annual budget process. Because of the relatively small number of cruise vessels the city receives each year, the Municipality of Anchorage uses CPV revenue to augment funding for operational costs to maintain port infrastructure.

Priority Projects for CPV Revenue	
Category	Description
Port Facilities	Operational costs and security

Source: Port of Anchorage.

CPV REVENUE DISTRIBUTION

Between FY2010 and FY2019, the Municipality of Anchorage received \$446,280 in CPV revenue, ranging from a low distribution of \$865 for FY2010 to a high distribution of \$70,025 for FY2019.

CPV Revenue Distribution FY2010 to FY2019		
Fiscal Year	Amount	Passengers [^]
2010	\$865	173
2011	\$63,575	12,715
2012	\$66,190	13,238
2013	\$48,570	9,714
2014	\$2,975	595
2015	\$26,200	5,240
2016	\$54,110	10,822
2017	\$53,870	10,774
2018	\$59,900	11,980
2019	\$70,025*	14,005
Total	\$446,280*	89,256

Source: Alaska Department of Revenue, Tax Division.

* 2019 revenue distribution amounts are preliminary until Spring 2020

[^] Only includes passengers that pay the CPV Excise Tax. Fiscal year disbursements are based on passenger numbers during the prior calendar year.

LEGISLATIVE GRANTS

In addition to sharing in CPV revenue, the Municipality of Anchorage received nearly \$11.5 million in legislative grants from the Commercial Vessel Passenger Tax Account, primarily for port infrastructure.

CPV-Related Legislative Grants		
Fiscal Year	Project	Amount
2010	Egan Center cruise passenger staging upgrades	\$1,000,000
2010	Port of Anchorage expansion	\$10,000,000
2012	Alaska Aviation Museum energy and safety improvements	\$495,000
Total		\$11,495,000

Sources: Alaska Division of Community and Regional Affairs and Alaska State Legislature, Division of Legislative Audit, Audit 04-30083-16.

CPV REVENUE EXPENDITURES

The Port of Anchorage uses CPV revenue for port facilities stabilizing and enhancement work to wharf and fender piles. These projects ensure the Port can continue to operate and receive cruise ship passengers in a safe and secure environment.

CPV Revenue Expenditures FY2007 to FY2019		
Category	Description	Expenditures
Port Facilities	Wharf Pile Enhancement Project (Port of Anchorage)	\$392,410
Total		\$392,410

Sources: Port of Anchorage and Alaska State Legislature Alaska State Legislature, Division of Legislative Audit, Audit 04-30083-16.

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HAINES BOROUGH

Non-Unified Home Rule Borough

2018 Population: 2,480

FY2010 to FY2019 CPV Excise Tax Revenue: \$1,815,790

PROFILE

Haines Borough is located on the shores of Lynn Canal between the Chilkoot and Chilkat Rivers, 80 air miles northwest of Juneau. The community's proximity to Glacier Bay National Park, the Chilkat Bald Eagle Preserve, Kluane National Park, and Tatshenshini-Alsek Provincial Park is a draw for visitors. In the Alaska cruise market, the community's ability to attract cruise ships is highly dependent upon the availability of Glacier Bay permits, overall growth of the cruise market, and docking capacity in Skagway.

Haines Cruise Ship Visitors 2010 to 2019		
Calendar Year	Ship Calls	Passengers
2010	44	32,259
2011	21	27,176
2012	22	31,007
2013	21	32,378
2014	20	29,133
2015	29	42,515
2016	29	41,685
2017	47	51,209
2018	54	53,995
2019	66	60,304
Total	353	401,661

Source: Cruise Line Agencies of Alaska. Estimates do not include Un-cruise Adventures or Alaskan Dream Cruises.

Haines received 353 ship calls and more than 400,000 total cruise visitors between 2010 and 2019. Cruise visitation peaked at more than 60,000 visitors during 2019. During 2020, Haines will see Holland America Line's ships in port, as well as additional visits from Princess Cruises and several small niche cruise ships.

PROJECTED NEEDS OF COMMUNITY

The borough manager, harbor master, tourism director, finance director, and public facilities director, recommend projects to the assembly to be funded by the CPV Excise Tax revenue. The appropriation process requires a minimum of three public meetings and two public hearings. The assembly also conducts a budget work session devoted to the Capital Improvement Program, which includes CPV projects.

The borough also considers visitors' input on infrastructure. In a 2011 study of cruise and fast ferry visitors, cruise visitors said a continuous walkway along the waterfront was most important to them, followed by better directional signage.

Finally, the *Haines Borough 2025 Comprehensive Plan* addresses future priorities for cruise vessel infrastructure, including major repairs at the Port Chilkoot Cruise Ship Dock. Development of a walkway project, now described as the Portage Cove Interpretive Trail, continues with state and local funding. Consultation with James Corner Field Operations provides a plan for interconnectivity with the cruise ship dock, the Chilkoot Indian Association dock facility, and local parks, sidewalks, trails, and streets.

Priority Projects for CPV Revenue	
Category	Description
Port Facilities	Wooden dock and gangway replacement on Port Chilkoot Cruise Ship Dock
Port Facilities	Port facility improvements: double berth, moorage float, new viewing/queuing area, and benches on Port Chilkoot Cruise Ship Dock
Port Facilities	Continuation of waterfront access from the PC Dock to adjacent parks, trails, and harbor. Providing safe, interpretive, and accessible walkways during and after the Haines Small Boat Harbor expansion.

Source: Haines Borough.

CITY OF HOMER

First Class City

2018 Population: 5,443

FY2010 to FY2019 CPV Excise Tax Revenue: \$226,723



PROFILE

The City of Homer, located within the Kenai Peninsula Borough, has more than 5,000 residents. Commercial fishing has been the traditional mainstay of the Homer economy; however, the city also has a growing arts community and tourism is becoming increasingly important. Homer is also a gateway to destinations such as Kachemak Bay State Park and Lake Clark National Park and Preserve.

Homer primarily hosts small and medium-sized cruise ships. Holland America Line vessels regularly visited Homer between 2008 and 2012. Since 2015, cruise traffic has stabilized, with annual passenger numbers between 10,000 and 15,000 visitors. Throughout the past 10 years, Homer has hosted 92 ship calls and over 100,000 passengers.

Homer Cruise Ship Visitors 2010 to 2019		
Calendar Year	Ship Calls	Passengers
2010	9	12,828
2011	14	14,990
2012	7	8,833
2013	1	254
2014	5	5,662
2015	10	11,399
2016	9	10,071
2017	11	12,788
2018	12	14,814
2019	14	14,812
Total	92	106,451

Source: Cruise Line Agencies of Alaska.

PROJECTED NEEDS OF COMMUNITY

To plan for the community’s cruise vessel and passenger needs, the harbor master, city manager, and public works director identify priority projects and propose them to the Ports and Harbor Commission. The commission sends approved projects to the city council to be vetted through the public process.

Priority Projects for CPV Revenue	
Category	Description
Other CPV Services	Cruise ship passenger staging amenities (benches and signage at drop off points)
Port Facilities	Cruise ship staging area/restroom
Port Facilities	Restroom and cruise ship passenger staging area on the Homer Spit at Ramp 2

Source: City of Homer.

CPV REVENUE DISTRIBUTION

When eligible ports of call, such as Homer, are cities located in a borough, the city and the borough each receive \$2.50 of every \$5 passenger fee shared with the port community. From FY2010 to FY2019, the City of Homer’s share of CPV Excise Tax revenue is \$226,723, with the revenue peaking at \$35,815 in FY2019.

CPV Revenue Distribution FY2010 to FY2019		
Fiscal Year	City Share	Passengers [^]
2010	\$3,725	1,490
2011	\$31,788	12,715
2012	#	-
2013	\$21,710	8,684
2014	\$33,542 [#]	13,417
2015	\$13,925	5,570
2016	\$27,055	10,822
2017	\$27,630	11,052
2018	\$31,532	12,613
2019	\$35,815 [*]	14,326
Total	\$226,722[*]	90,689

Source: Alaska Department of Revenue, Tax Division.

^{*} 2019 revenue distribution amounts are preliminary until Spring 2020

[^] Only includes passengers that pay the CPV Excise Tax. Fiscal year disbursements are based on passenger numbers during the prior calendar year.

[#]In January 2016, Homer received shared revenue due in FY2012 in January 2014.

The Kenai Peninsula Borough assembly passed an ordinance making the borough's share of the CPV Excise Tax available to Homer and Seward through a grant process. The ordinance stipulates that the funds must be used for port and harbor improvements that benefit cruise ship passengers for purposes that comply with AS 43.52.200-298, SB 256, and HB 310. Homer and Seward city managers submit letters to the Kenai Peninsula Borough mayor to request funding.

The grant request must specify how the project meets the expenditure requirements established in State Law. Homer has received an additional \$94,977.50 in grants from the Kenai Peninsula Borough that was the Borough's share of CPV revenue from 2016 to 2018.

LEGISLATIVE GRANTS

In addition to sharing in CPV revenue, the City of Homer has received one legislative grant from the Commercial Vessel Passenger Tax Account for cruise ship dock infrastructure.

CPV-Related Legislative Grants		
Fiscal Year	Project	Amount
2012	Cruise ship dock and passenger facility improvements	\$6,000,000
Total		\$6,000,000

Sources: Alaska Division of Community and Regional Affairs and Alaska State Legislature, Division of Legislative Audit, Audit 04-30083-16.

CPV REVENUE EXPENDITURES

Homer used its prior share of CPV revenue for harbor restrooms and a passenger staging area. Since 2014, the City of Homer has let the state CPV revenue accumulate to apply to larger capital improvement projects, specifically the restroom at the cruise ship passenger staging area at Ramp 2 in the Port & Harbor.

The new Ramp 2 restroom was constructed in 2018-2019; the City has utilized these funds to leverage additional Land and Water Conservation grant funds for meaningful improvements to Port Facilities. The City expects to complete project financing in FY2020, following receipt of FY2019 CPV revenue in early 2020.

CPV Revenue Expenditures FY2007 to FY2019		
Category	Description	Expenditures
Harbor Infrastructure	Cruise ship passenger staging area	\$31,000
Other CPV Services	Guard house restrooms	\$30,000
Port Facilities	Ramp 2 staging area restroom	\$169,530
Port Facilities	Ramp 3	\$35,000
Total		\$265,530

Sources: City of Homer and Alaska State Legislature, Division of Legislative Audit, Audit 04-30083-16

RELATED INFORMATION

- City of Homer. 2011. *Homer Spit Comprehensive Plan*. (<http://www.cityofhomer-ak.gov/planning/spit-comprehensive-plan-2011>)
- City of Homer. 2011. *Proposed Layout for Staging at Ramp 2 Including New Restrooms*.

CONTACT

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CITY OF HOONAH

First Class City

2018 Population: 789

FY2010 to FY2019 CPV Excise Tax Revenue: \$7,546,190



PROFILE

The City of Hoonah is a Tlingit community of approximately 750 residents located on the northeast shore of Chichagof Island, 40 air miles west of Juneau. Icy Strait Point, owned by Huna Totem Corporation, is currently Hoonah's largest employer, with local Tlingit residents comprising 85 percent of the staff

Between 2010 and 2019, Hoonah received 817 ship calls and more than 1.5 million visitors. Visitation has rapidly increased from 2017 to 2019, with a 72% increase during that period. Over a quarter-million visitors came to Hoonah in 2019.

Hoonah Cruise Ship Visitors 2010 to 2019		
Year	Ship Calls	Passengers
2010	63	122,974
2011	73	127,866
2012	63	120,786
2013	64	124,320
2014	73	142,416
2015	75	150,434
2016	78	159,132
2017	84	155,496
2018	107	189,000
2019	137	267,013
Total	817	1,559,437

Source: Cruise Line Agencies of Alaska. Estimates do not include Un- cruise Adventures or Alaskan Dream Cruises.

PROJECTED NEEDS OF COMMUNITY

After gathering input from the planning commission and the public on an annual basis, the city council approves a prioritized list of projects to be funded by the CPV Excise Tax. Priority projects include a sewer force main to Icy Strait Point, additional restrooms, and public safety services.

Priority Projects for CPV Revenue	
Category	Description
Other CPV Services	Replacement and upgrade of municipal sewer treatment plant and install a sewer force main to Icy Strait Point
Other CPV Services	Additional restrooms
Other CPV Services	Public safety services

Source: City of Hoonah.

CPV REVENUE DISTRIBUTION

Since FY2010, the City of Hoonah has received over \$7.5 million in shared CPV revenue. The highest distribution amount was \$1,130,220 received in FY2011.

CPV Revenue Distribution FY2010 to FY2019		
Fiscal Year	Amount	Passengers [^]
2010	\$640,015	128,003
2011	\$1,130,220	226,044
2012	\$636,345	127,269
2013	\$610,105	122,021
2014	\$626,225	125,245
2015	\$688,980	137,796
2016	\$722,575	144,515
2017	\$771,595	154,319
2018	\$788,005	157,601
2019	\$932,125*	186,425
Total	\$7,546,190*	1,509,238

Source: Alaska Department of Revenue, Tax Division.

* 2019 revenue distribution amounts are preliminary until Spring 2020

[^] Only includes passengers that pay the CPV Excise Tax. Fiscal year disbursements are based on passenger numbers during the prior calendar year.

LEGISLATIVE GRANTS

In addition to receiving CPV revenue, the City of Hoonah has received grants from the Commercial Vessel Passenger Tax Account. The grants paid for a new berthing facility, harbor improvements, and a cruise ship mooring buoy system.



CITY AND BOROUGH OF JUNEAU

Unified Home Rule Borough

2018 Population: 32,247

FY2012 to FY2019 CPV Excise Tax Revenue: \$36,362,760

PROFILE

The City and Borough of Juneau (CBJ) is located on the mainland of Southeast Alaska in the heart of the Inside Passage. Juneau is one of Alaska’s oldest cities, established in 1880 before the Klondike Gold Rush of 1898. The city and borough provide access to some of the region’s top attractions including Glacier Bay National Park and Preserve, Tracy Arm-Fords Terror Wilderness Area, and Admiralty Island National Monument.

The CBJ received more than 5,000 ship calls and 10 million cruise visitors between 2010 and 2019, with visitors peaking at nearly 1.3 million during 2019. Following a 14 percent decrease in cruise passengers between 2009 and 2010, cruise passenger numbers have rebounded, exceeding the one million passenger mark during 2016 for the first time in seven years. Passenger numbers continue to increase, due to both a greater number of ships and the larger size of those ships.

Juneau Cruise Ship Visitors 2010 to 2019		
Calendar Year	Ship Calls	Passengers
2010	584	879,310
2011	476	875,947
2012	485	927,941
2013	511	978,559
2014	498	953,055
2015	489	976,367
2016	480	1,004,774
2017	508	1,061,853
2018	524	1,138,702
2019	583	1,294,598
Total	5,138	10,191,106

Source: Cruise Line Agencies of Alaska. Estimates do not include UnCruise Adventures or Alaskan Dream Cruises.

PROJECTED NEEDS OF COMMUNITY

During 2010, the CBJ Assembly approved a plan to invest CPV Excise Tax revenue in the construction of cruise ship berths that can handle larger Panamax-class cruise ships. The completion of the new Juneau

cruise ship berths in 2017 has expanded the passenger capacity of the port by 50% since 2010.

CBJ continues to develop its uplands to support the increased passenger and pedestrian traffic along the waterfront with careful and deliberate planning efforts to meet future needs.

Specifically, in 2019, CBJ awarded a \$12.4M construction project to expand the waterfront seawalk and to create a bus transportation staging area. Additionally, in 2019, CBJ awarded a contract to dredge a basin at its Statter Harbor facility which will be used to construct floats for the charter vessel fleet. This multi-phase project will install the floats which will be in use by the whale watching and fishing charters in May 2021.

Priority Projects for CPV Revenue	
Category	Description
Port Facilities	Cruise ship berth enhancement
Port Facilities	Cruise ship berth electrification
Port Facilities	Land acquisition, uplands development for staging and waterfront seawalk
Port Facilities	Waterfront and pedestrian safety improvements
Harbor Facility	Harbor dredging, float and uplands

Source: City and Borough of Juneau.

CPV REVENUE DISTRIBUTION

The CBJ has had a \$5 per passenger Marine Passenger Fee since 1999 when Juneau voters passed Proposition 1. This report does not address receipts, priorities, and expenditures of Juneau’s Marine Passenger Fee. Initially, the fee precluded the city from receiving shared CPV revenue; legislative changes during 2010 permitted revenue sharing to communities that levied cruise ship passenger taxes. The CBJ received its first CPV revenue disbursement in FY2012.

Fiscal Year	
2012	
2013	
2014	
2015	
2016	
2017	
2018	
2019	
Total	

Source: Alaska Department of Revenue, Tax Division.

* 2019 revenue distribution amounts are preliminary until Spring 2020

^ Only includes passengers that pay the CPV Excise Tax. Fiscal year disbursements are based on passenger numbers during the prior calendar year.

LEGISLATIVE GRANTS

In addition to receiving shared CPV revenue, the CBJ has received more than \$17 million since FY2009 in legislative grants from the Commercial Vessel Passenger Tax Account for cruise passenger and cruise industry-related infrastructure and services projects.

CPV-Related Legislative Grants		
Fiscal Year	Project	Amount
2009	Commercial passenger vessel dock retaining wall repair and replacement	\$1,500,000
2009	Airport cruise passenger baggage and facility safety improvements	\$1,300,000
2010	Cruise ship dock improvements	\$2,500,000
2010	Auke Bay seawalk construction	\$800,000
2011	Cruise ship dock improvements	\$9,000,000
2015	Last Chance Basin well field	\$1,350,000
2015	Salmon Creek water treatment	\$650,000
Total		\$17,100,000

Sources: Alaska Division of Community and Regional Affairs and Alaska State Legislature, Division of Legislative Audit, Audit 04-30083-16.

CPV REVENUE EXPENDITURES

CPV revenues are combined with funds from the CBJ Port Development Fee to pay down bonds obtained for cruise ship berth enhancement.

CPV Revenue Expenditures FY2007 to FY2019		
Category	Description	Expenditures
Port Facilities	Cruise berth improvements	\$13,122,000
Port Facilities	Waterfront seawalk	\$438,000
Port Facilities	Downtown Waterfront Improvement (Phase I)	\$17,000,000
Harbor Facilities	Statter Harbor Improvement (Phase III)	\$5,000,000
Total		\$35,560,000

Sources: City and Borough of Juneau and Alaska State Legislature, Division of Legislative Audit, Audit 04-30083-16.

RELATED INFORMATION

- City and Borough of Juneau. *Biennial Budget for Fiscal Year 2020: Capital Projects.*
- City and Borough of Juneau. *Statter Harbor Phase III(A)* (<https://beta.juneau.org/harbors/project-archive/entry/54459>).
- City and Borough of Juneau. *Port of Juneau Cruise Ship Berths Site Plan.* (https://beta.juneau.org/index.php?gf-download=2019%2F05%2FSITEPLANforCBJwith1100x130withoutbathymetry.pdf&form-id=113&field-id=4&hash=a5a241b7cbb203731654e747c6057165c303f0c6f662ed4bfd78027b1653e1f9&TB_iframe=true)
- City and Borough of Juneau. *Marine Park to Taku Dock Urban Design Plan.* (https://beta.juneau.org/index.php?gf-download=2019%2F04%2FMarineParktoTakuDockUrbanDesignPlanwithAppendixFINALFeb26.pdf&form-id=113&field-id=4&hash=57f01380acae99bd5fbcc36824d627cba9333ca8622cbb52c4f05911048ba90&TB_iframe=true).
- City and Borough of Juneau. *Marine Park to Taku Dock Urban Design Plan – additional documents.* (<https://beta.juneau.org/harbors/project-archive/entry/45502>).
- City and Borough of Juneau. *Harbor Facilities – Downtown Cruise Ship Berths and Statter Harbor.* (<https://beta.juneau.org/harbors/facilities>).

CONTACT

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KENAI PENINSULA BOROUGH

Second Class Borough

2018 Population: 58,471

FY2010 to FY2019 CPV Excise Tax Revenue: \$4,194,354

PROFILE

South of Anchorage, the Kenai Peninsula extends 150 miles southwest from the Chugach Mountains, south of Anchorage. The Peninsula is hemmed in on the west by Cook Inlet and on the east by Prince William Sound. Most of the peninsula is part of the Kenai Peninsula Borough, a region of nearly 57,000 residents.

Two borough cities, Seward and Homer, are eligible to receive shared CPV revenue. Between 2010 and 2019, Seward received 624 port calls and nearly 1.7 million passengers. Homer received 92 port calls and over 100,000 passengers.

Cruise ship visits to Seward declined between 2009 and 2013 after Holland America Lines and Princess Cruises redeployed ships to Europe, but visitation reached its highest point in a decade during 2019 with nearly 238,000 visitors. Homer cruise passenger visitors peaked at nearly 15,000 visitors during 2011.

Seward and Homer Cruise Ship Visitors 2010 to 2019				
Calendar Year	Homer Ship Calls	Homer Passengers	Seward Ship Calls	Seward Passengers
2010	9	12,828	56	136,129
2011	14	14,990	54	132,779
2012	7	8,833	51	136,892
2013	1	254	50	125,183
2014	5	5,662	52	141,442
2015	10	11,399	64	183,124
2016	9	10,071	66	191,469
2017	11	12,788	63	185,066
2018	12	14,814	71	213,854
2019	14	14,812	97	237,925
Total	92	106,451	624	1,683,863

Source: Cruise Line Agencies of Alaska.

PROJECTED NEEDS OF COMMUNITY

When eligible ports of call are cities in a borough, such as Homer and Seward, the city and the borough each receive \$2.50 of every \$5 CPV Excise Tax fee. Each year, the Kenai Peninsula Borough Assembly passes an ordinance, accepting and appropriating the borough's share of revenue. The ordinance authorizes the mayor to distribute CPV funds to the port cities through grant agreements. To obtain a grant, the cities submit letters to the borough mayor requesting the funds. They confirm that the proposed projects comply with state statutes requiring funds to be used for port facilities, harbor infrastructure, and other services provided to the commercial passenger vessels and their passengers. The cities provide a final narrative and financial report to the borough after a project is complete.

CPV REVENUE DISTRIBUTION

Between FY2010 and FY2019, the Kenai Peninsula Borough received nearly \$4.2 million in CPV revenue. The highest distribution amount was \$558,070 received in FY2019.

CPV Revenue Distribution FY2010 to FY2019		
Fiscal Year	Amount	Passengers [^]
2010	\$391,138	156,455
2011	\$406,080	162,432
2012	\$357,553	143,021
2013	\$364,975	145,990
2014	\$307,578	123,031
2015	\$361,658	144,663
2016	\$474,225	189,690
2017	\$486,380	194,552
2018	\$489,697	195,879
2019	\$558,070*	223,228
Total	\$4,197,354*	1,678,941

Source: Alaska Department of Revenue, Tax Division.

* 2019 revenue distribution amounts are preliminary until Spring 2020

[^] Only includes passengers that pay the CPV Excise Tax. Fiscal year disbursements are based on passenger numbers during the prior calendar year.

CPV REVENUE EXPENDITURES

The Kenai Peninsula Borough distributed all shared CPV Excise Tax revenue to the City of Homer and the City of Seward for passenger/vessel services and port improvement projects. The Borough does not retain a percentage of the annual distribution.

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CPV Revenue Expenditures FY2007 to FY2019		
Category	Projects	Amount
Other CPV Services	Grant to improve port security and fire protection for cruise ships (Seward)	\$383,653
Other CPV Services	Grant to improve port security and fire protection for cruise ships (Seward)	\$345,748
Port Facilities	Grant for port improvement projects (Homer)	\$2,898
Port Facilities	Grant for port improvement projects (Seward)	\$761,705
Port Facilities	Grant for port improvement projects (Homer)	\$35,513
Port Facilities	Grant for port improvement projects (Seward)	\$324,865
Port Facilities	Grant for port improvement projects (Homer)	\$32,688
Port Facilities	Grant for port improvement projects (Seward)	\$343,265
Port Facilities	Grant for port improvement projects (Homer)	\$21,710
Port Facilities	Grant for port improvement projects (Seward)	\$306,723
Port Facilities	Grant for port improvement projects (Homer)	\$855
Port Facilities	Grant for port improvement projects (Seward)	\$347,733
Port Facilities	Grant for port improvement projects (Homer)	\$13,925
Port Facilities	Grant for port improvement projects (Seward)	\$447,170
Port Facilities	Grant for port improvement projects (Homer)	\$27,055
Port Facilities	Grant for port improvement projects (Seward)	\$522,255
Port Facilities	Grant for port improvement projects (Homer)	\$35,815
Total		\$3,953,576

Source: Kenai Peninsula Borough.



KETCHIKAN GATEWAY BOROUGH

Second Class Borough

2018 Population: 13,843

FY2010 to FY2019 CPV Excise Tax Revenue: \$21,598,382

PROFILE

The Ketchikan Gateway Borough is a region of nearly 14,000 residents located near the southern-most boundary of Alaska in the Southeast Panhandle. It is comprised of the cities of Ketchikan and Saxman. Between 2010 and 2019, Ketchikan received an average of just over 950,000 cruise visitors each year.

Ketchikan Cruise Ship Visitors 2010 to 2019		
Calendar Year	Ship Calls	Passengers
2010	426	828,929
2011	426	844,412
2012	436	894,320
2013	490	948,685
2014	450	896,084
2015	462	944,525
2016	456	947,972
2017	488	1,009,160
2018	487	1,052,480
2019	535	1,185,753
Total	4,656	9,552,320

Source: Cruise Line Agencies of Alaska. Estimates do not include Un- cruise Adventures or Alaskan Dream Cruises.

PROJECTED NEEDS OF COMMUNITY

The Ketchikan Gateway Borough uses an analytical approach to spending CPV revenue. Annually, the borough determines (1) the costs of maintaining infrastructure that cruise passengers and crew rely upon, and (2) costs of delivering public services to the passengers and crew. The borough apportions these costs between residents and visitors based on the proportions of overall use. Borough staff completes the analysis and makes recommendations for expending CPV revenue to the borough assembly. The Ketchikan Gateway Borough Assembly hears public comment on proposed expenditures and makes the final decision on how to spend the CPV revenue.

Priority Projects for CPV Revenue	
Category	Description
Other CPV Services	Visitor safety
Other CPV Services	Visitor center
Other CPV Services	Transit enhancement

Source: Ketchikan Gateway Borough.

CPV REVENUE DISTRIBUTION

When eligible ports of call, such as Ketchikan, are cities located in a borough, the city and the borough each receive \$2.50 of every \$5 passenger fee. Between FY2010 and FY2019, the Ketchikan Gateway Borough's share of CPV revenue was nearly \$21.6 million. The highest distribution was \$2,440,983 received in FY2019.

CPV Revenue Distribution FY2010 to FY2019		
Fiscal Year	Amount	Passengers [^]
2010	\$2,313,793	925,517
2011	\$2,088,312	835,325
2012	\$1,947,248	778,899
2013	\$1,977,770	791,108
2014	\$2,240,210	896,084
2015	\$2,032,375	812,950
2016	\$2,141,633	856,653
2017	\$2,163,570	865,428
2018	\$2,252,487	900,995
2019	\$2,440,982*	976,393
Total	\$21,598,380*	8,639,352

Source: Alaska Department of Revenue, Tax Division.

* 2019 revenue distribution amounts are preliminary until Spring 2020

[^] Only includes passengers that pay the CPV Excise Tax. Fiscal year disbursements are based on passenger numbers during the prior calendar year.

LEGISLATIVE APPROPRIATIONS

The Ketchikan Gateway Borough has not received legislative appropriations from the Commercial Vessel Passenger Tax Account.

CPV REVENUE EXPENDITURES

The Ketchikan Gateway Borough uses CPV revenue to cover the costs of delivering services and maintaining infrastructure for the benefit of the cruise industry. The Borough uses CPV revenue primarily for passenger safety and enhanced passenger services. Examples of expenditures include upgrades to the Borough's transit system, rain and weather shelters, and passenger enhancement projects through the Ketchikan Visitors Bureau, pedestrian safety upgrades (i.e., walkway improvements and street crossing improvements), emergency services upgrades (i.e.,

locator beacons for trail use, emergency services response and equipment, and equipment for the Short Haul Helicopter Program).

CPV Revenue Expenditures FY2007 to FY2019		
Category	Description	Expenditures
Harbor Infrastructure	Creek Street Trestle Berths I-III	\$1,224,000
Harbor Infrastructure	Harbor View Seawalk	\$50,000
Other CPV Services	Administration fees	\$1,160,000
Other CPV Services	Downtown neighborhood CPV planner	\$693,718
Other CPV Services	Distribution/marketing plan	\$186,266
Other CPV Services	A Fish Story	\$160,000
Other CPV Services	An Art/Native Culture Story	\$490,000
Other CPV Services	Deer Mountain Hatchery	\$150,000
Other CPV Services	Hopkins Alley Revitalization Project	\$254,950
Other CPV Services	Maritime education	\$21,000
Other CPV Services	Ketchikan stories	\$325,000
Other CPV Services	Saxman Dewitt Carving P1	\$76,000
Other CPV Services	Saxman Dewitt Carving P2	\$248,868
Other CPV Services	Saxman Totem restoration	\$250,000
Other CPV Services	Sculpture "The Rock"	\$100,000
Other CPV Services	St. John's sprinkler	\$42,000
Other CPV Services	Rainbird Trail	\$30,000
Other CPV Services	Walking tour signs	\$4,000
Other CPV Services	Water Street pedestrian improvements	\$138,000
Other CPV Services	Wayfinding signs	\$26,000
Other CPV Services	Beautification	\$899,912
Other CPV Services	Harbor View Park	\$50,000
Other CPV Services	Historic resources Downtown /Newton survey and inventory	\$15,000
Other CPV Services	Hole in the Wall Harbor	\$199,781
Other CPV Services	Marquee rain canopy	\$186,000
Other CPV Services	Aquatic Center	\$110,000
Other CPV Services	Non-area wide library	\$90,674
Other CPV Services	Recreation	\$275,166
Other CPV Services	Flight simulator rent	\$48,874
Other CPV Services	Ketchikan volunteer rescue squad	\$255,969
Other CPV Services	Service areas (Fire Departments)	\$957,713
Other CPV Services	Southern Southeast Emergency Training Center	\$100,000
Other CPV Services	Herring Cove tourism management	\$92,830

CPV Revenue Expenditures (Continued) FY2007 to FY2019		
Category	Description	Expenditures
Other CPV Services	Seasonal code enforcement officer	\$100,360
Other CPV Services	General Fund (other than Recreation and Transit)	\$1,135,119
Other CPV Services	Public restrooms - First City Players	\$500,000
Other CPV Services	City Park restroom	\$14,000
Other CPV Services	SAN-I-PAK equipment	\$200,000
Other CPV Services	Saxman Totem Row restroom	\$80,000
Other CPV Services	Airport operations support	\$1,758,068
Other CPV Services	Borough transit operations	\$2,928,638
Other CPV Services	Transit bus match	\$183,055
Other CPV Services	Transit bus painting	\$44,000
Other CPV Services	Bus shelters	\$100,000
Other CPV Services	Ketchikan Visitors Bureau	\$2,579,730
Other CPV Services	Centennial Building renovation	\$235,750
Other CPV Services	McDowell Group CPV Impact Survey	\$60,336
Other CPV Services	Renovate Museum restrooms (ADA accessible)	\$235,750
Other CPV Services	Transit Vehicle Tracking System	\$30,000
Other CPV Services	"Our Town" Magazine	\$16,000
Other CPV Services	Story project (kiosk app)	\$30,000
Port Facilities	Berth I improvements	\$156,000
Port Facilities	Berth IV dock improvements	\$50,000
Port Facilities	Berth IV dock improvements	\$204,000
Port Facilities	Drive down dock	\$1,340,000
Port Facilities	Transportation worker credential	\$27,000
Total		\$20,919,527

Sources: Ketchikan Gateway Borough and Alaska State Legislature, Division of Legislative Audit, Audit 04-30083-16.

RELATED INFORMATION

- McDowell Group. 2016. *Ketchikan Cruise Industry Surveys*.
- Ketchikan Gateway Borough. 2016. *CPV Fund*. (<http://www.borough.ketchikan.ak.us/135/Economic-Development>)

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CITY OF KETCHIKAN

Home Rule City

2018 Population: 8,157

FY2010 to FY2019 CPV Excise Tax Revenue: \$17,196,277



PROFILE

Ketchikan, a city of 8,157 residents, is known as Alaska's first city due to its location at the southern tip of the Inside Passage. It is the first city in Alaska that visitors reach as they cruise north and, for many visitors, their first introduction to the beauty and majesty of Alaska. Between 2010 and 2019, Ketchikan received an average of just over 950,000 cruise visitors each year. Passenger traffic has grown steadily since 2014, with a peak of nearly 1.2 million passengers visiting in 2019.

Ketchikan Cruise Ship Visitors 2010 to 2019		
Calendar Year	Ship Calls	Passengers
2010	426	828,929
2011	426	844,412
2012	436	894,320
2013	490	948,685
2014	450	884,503
2015	462	944,525
2016	456	947,972
2017	488	1,009,160
2018	487	1,052,480
2019	535	1,185,753
Total	4,656	9,540,739

Source: Cruise Line Agencies of Alaska.

PROJECTED NEEDS OF COMMUNITY

The City of Ketchikan follows a three-pronged approach to ensure that revenue from the CPV Excise Taxes are only used for port facilities, harbor infrastructure, or other services and amenities provided to passengers traveling on commercial passenger vessels. The first step is a review of federal and state law regarding the use of excise tax revenues assessed against passengers traveling on commercial passenger vessels. Ketchikan's goal is to ensure that programs and capital improvement projects funded from CPV shared revenues benefit passengers in the manner prescribed by federal and state law. The second step is to vet the programs and capital improvement projects with representatives from the cruise industry and other interested parties. Ketchikan

ensures that the proposed programs and capital improvements address the needs and safety of passengers traveling on commercial passenger vessels. The final step involves the general public and the city council in setting the priorities and approving programs and capital improvement projects for funding from CPV revenues. In 2015, the City of Ketchikan revised its accounting for CPV revenues and modified its annual operating and capital budget to make the process more transparent.

Priority Projects for CPV Revenue	
Category	Description
Port Facilities	Debt service for Berth 3 construction
Port Facilities, Harbor Infrastructure, and Other CPV Services	Waterfront promenade reconstructions and seawall repairs (connects port facilities, harbor facilities, and historic downtown)
Visitor Amenities	Restroom facilities, interpretive exhibits, and wayfinding signage
Port Facilities	Planning and design of improvements to accommodate post-Panamax vessels

Source: City of Ketchikan

CPV REVENUE DISTRIBUTION

Ketchikan charges a passenger wharfage fee of \$7 per passenger to offset port facility costs, provide services to ships and passengers who visit Ketchikan, and mitigate the impacts of passenger and ship use of city services. The fee precluded the city from receiving CPV revenue until legislative action during 2010 permitted revenue sharing to communities that levied their own cruise ship passenger taxes. Ketchikan received its first shared revenue disbursement in FY2012.

When eligible ports of call, such as Ketchikan, are cities located in a borough, the city and the borough each receive \$2.50 of every \$5 passenger fee. Between FY2012 and FY2019, the City of Ketchikan's share of CPV revenue was nearly \$17.2 million. The highest distribution was \$2,440,983 received in FY2019.



KODIAK ISLAND BOROUGH

Second Class Borough

2018 Population: 13,136

FY2010 to FY2019 CPV Excise Tax Revenue: \$257,390

Kodiak Island Borough

PROFILE

Kodiak Island Borough is located on the western side of the Gulf of Alaska. It encompasses the largest island in Alaska, which is the second largest in the United States. Kodiak Island is known for the Kodiak brown bear and world-class sport fishing. Kodiak is one of the largest commercial fishing ports in the nation, hosting Alaska’s largest and most diversified fishing fleet. Kodiak is also home to the largest United States Coast Guard Base and the first commercial rocket launch facility.

All cruise visitors to the Kodiak Island Borough utilize the port facilities at the City of Kodiak. Kodiak received 161 cruise ship port calls and more than 150,000 cruise passengers between 2010 and 2019. Cruise visitation peaked at 26,259 cruise visitors during 2019.

Kodiak Cruise Ship Visitors 2010 to 2019		
Calendar Year	Ship Calls	Passengers
2010	21	19,372
2011	15	14,715
2012	12	11,551
2013	7	3,231
2014	10	8,809
2015	12	13,559
2016	15	15,208
2017	20	16,733
2018	19	21,194
2019	30	26,259
Total	161	150,631

Source: Cruise Line Agencies of Alaska.

PROJECTED NEEDS OF COMMUNITY

The Kodiak Island Borough is working with the local chamber and the City of Kodiak to determine how CPV Excise Tax revenue can be used to provide for the safety and service needs of cruise ships and passengers who travel to the island.

CPV REVENUE DISTRIBUTION

When eligible ports of call, such as Kodiak, are cities located in a borough, the city and the borough each receive \$2.50 of each \$5 passenger fee. Between FY2010 and FY2019, the Kodiak Island Borough’s portion of shared CPV revenue was \$257,390. The highest distribution amount was \$42,753 received in FY2019.

CPV Revenue Distribution FY2010 to FY2019		
Fiscal Year	Amount	Passengers [^]
2010	\$25,487	10,195
2011	\$15,763	6,305
2012	\$32,622	13,049
2013	\$23,473	9,389
2014	\$4,600	1,840
2015	\$13,925	5,570
2016	\$30,255	12,102
2017	\$30,887	12,355
2018	\$37,625	15,050
2019	\$42,752*	17,101
Total	\$257,389*	102,956

Source: Alaska Department of Revenue, Tax Division.

* 2019 revenue distribution amounts are preliminary until Spring 2020

[^] Only includes passengers that pay the CPV Excise Tax. Fiscal year disbursements are based on passenger numbers during the prior calendar year.

LEGISLATIVE APPROPRIATIONS

The Kodiak Island Borough has not received legislative appropriations from the Commercial Vessel Passenger Tax Account.

CPV REVENUE EXPENDITURES

The Kodiak Island Borough's portion of shared CPV revenue is relatively small. Since the City of Kodiak owns and operates the port and harbor facilities, the borough will continue to work with the city to provide for the safety and service needs of cruise ships and passengers.

CPV Revenue Expenditures FY2007 - FY2016		
Category	Description	Expenditures
Other CPV Services	Projects with Discover Kodiak and various museums	\$214,636
Total		\$214,636

Sources: Kodiak Island Borough and Alaska State Legislature, Division of Legislative Audit, Audit 04-30083-16.

CONTACT

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CITY OF KODIAK

Home Rule City

2018 Population: 5,942

FY 2010 to FY 2019 CPV Excise Tax Revenue: \$257,390



PROFILE

The City of Kodiak, located on Kodiak Island, is Alaska's largest island and the second largest island in the United States. Known as Alaska's Emerald Isle, Kodiak's verdant landscape and abundant outdoor opportunities make it a popular choice for nature enthusiasts. Commercial fishing accounts for about one-third of the local economy; Kodiak has Alaska's largest and most diversified fishing fleet including 700 home-ported commercial fishing vessels and 500 transient vessels. Kodiak is a renowned sport fishing destination that offers access to all five species of salmon, along with halibut, rockfish, cod, and trout.

Kodiak received 161 cruise ship port calls and more than 150,000 cruise passengers between 2010 and 2019. Cruise visitation has rapidly increased since 2013, peaking at 26,259 passengers during 2019.

Kodiak Cruise Ship Visitors 2010 to 2019		
Calendar Year	Ship Calls	Passengers
2010	21	19,372
2011	15	14,715
2012	12	11,551
2013	7	3,231
2014	10	8,809
2015	12	13,559
2016	15	15,208
2017	20	16,733
2018	19	21,194
2019	30	26,259
Total	161	150,631

Source: Cruise Line Agencies of Alaska.

PROJECTED NEEDS OF COMMUNITY

The City of Kodiak owns Pier 2, a multi-purpose, deep-draft dock, that serves cruise ships. When the city receives CPV Excise Tax revenue, it is deposited into a Cargo Enterprise Fund. The harbormaster and Discover Kodiak director recommend cruise ship facility needs

to community leaders. Approved projects relating to cruise passenger movement, dock security, and safety are funded from the Cargo Enterprise Fund. The city plans to build a covered reception / security / restroom facility to accommodate passengers at Pier 2, but the project is currently unfunded.

Priority Projects for CPV Revenue	
Category	Description
Port facilities	Port-related projects to improve safety, security, and usability of the cruise ship terminal
Port facilities	Planning, designing, and building a public restroom for Pier 2

Source: City of Kodiak.

CPV REVENUE DISTRIBUTION

When eligible ports of call, such as the City of Kodiak, are cities located in a borough, the city and the borough each receive \$2.50 of each \$5 passenger fee. Between FY2010 and FY2019, the City of Kodiak's portion of CPV revenue was \$257,390. The highest distribution amount was \$42,752 received in FY2019.

CPV Revenue Distribution FY2010 to FY2019		
Fiscal Year	Amount	Passengers [^]
2010	\$25,487	10,195
2011	\$15,763	6,305
2012	\$32,622	13,049
2013	\$23,473	9,389
2014	\$4,600	1,840
2015	\$13,925	5,570
2016	\$30,255	12,102
2017	\$30,887	12,355
2018	\$37,625	15,050
2019	\$42,752*	17,101
Total	\$257,389*	102,956

Source: Alaska Department of Revenue, Tax Division.

*2019 revenue distribution amounts are preliminary until Spring 2020

[^] Only includes passengers that pay the CPV Excise Tax. Fiscal year disbursements are based on passenger numbers during the prior calendar year.

LEGISLATIVE GRANTS

In addition to receiving shared CPV tax revenue, the City of Kodiak has received nearly \$3 million since FY2009 in legislative appropriations from the Commercial Vessel Passenger Tax Account to provide cruise passengers with safe walking access from the dock to downtown. The pedestrian pathway was scaled back from original plans due to unforeseen construction complications. The most critical and expensive portion of the planned project was completed in October 2013. The remainder of the pathway, reception, and restroom project requires additional funding.

CPV-Related Legislative Grants		
Fiscal Year	Project	Amount
2009	Cruise Ship/Pier II Master Plan	\$250,000
2010	Pedestrian Improvements Between Cruise Ship Dock (Pier II) and Downtown	\$700,000
2012	Pedestrian Pathway	\$384,000
2012	Pier and Downtown Pedestrian Improvements	\$1,600,000
Total		\$2,934,000

Sources: Alaska Division of Community and Regional Affairs and Alaska State Legislature, Division of Legislative Audit, Audit 04-30083-16.

CPV REVENUE EXPENDITURES

Wide variations in the number of ship calls dramatically impact the amount of CPV revenue that the City of Kodiak receives. In general, the revenues are used for ship and passenger services. The City of Kodiak has pursued funds through the CPV tax appropriation process for infrastructure improvement projects relating to cruise ships.

CPV Revenue Expenditures FY2007 to FY2019		
Category	Description	Expenditures
Other CPV Services	Direct services for ships and passengers including docking and cargo; safety, security, and traffic management; and dockside utilities	\$176,005
Total		\$176,005

Sources: City of Kodiak and Alaska State Legislature, Division of Legislative Audit, Audit 04-30083-16.

RELATED INFORMATION

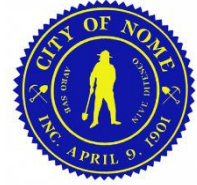
- Dowl HKM. 2012. *Development Concept Plan for Shelikof Street/Jack Hinkel Way to Marine Way.*
- PND Engineers, Inc. 2010. *City of Kodiak Waterfront Master Plan.*

CONTACT

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CITY OF NOME

First Class City, Unorganized Borough
 2018 Population: 3,662
 FY2017 to FY2019 CPV Excise Tax Revenue: \$8,715



PROFILE

Located approximately 540 miles northwest of Anchorage, Nome sits on the Seward Peninsula along Norton Sound. The City of Nome was founded in 1901, just a few years after a major gold strike. Nome is noted both for its gold rush history and as the terminus for the Iditarod Sled Dog Race.

Nome received 24 cruise ship calls and more than 7,000 passengers between 2017 and 2019. Historically, most vessels calling at the Port of Nome have not carried enough passengers to subject them to the CPV Excise Tax. During 2016, the Crystal Serenity made its first port call to Nome. Since that time, Nome has continued to attract new vessels, such as the hybrid-powered MS Roald Amundsen. Cruise visitation during 2019 reached a high of nearly 4,200 passengers.

Nome Cruise Ship Visitors 2017 to 2019		
Calendar Year	Ship Calls	Passengers
2017	6	1,839
2018	5	992
2019	13	4,172
Total	24	7,003

Source: Cruise Line Agencies of Alaska.

PROJECTED NEEDS OF COMMUNITY

Priority projects for the City of Nome include engaging the Corps of Engineers on a feasibility study to expand the Port of Nome into the nation’s first Arctic Deep Draft Port. The City has is also doing some preliminary planning to establish a separate area within the inner harbor to exclusively serve the tenders from larger ships that still need to lighter to shore. Once the Arctic Port study is complete, the report will be submitted to the Chief of Engineers for signature, and the project will move into design and engineering. Building this expanded facility will enable the larger ships to moor safely within the deep draft basin and transfer passengers at the dock, versus doing so on open water.

Priority Projects for CPV Revenue	
Category	Description
Port facilities	Design/Install floats for tenders in harbor basin
Port facilities	Upgrade gravel dock surfacing

Source: City of Nome.

CPV REVENUE DISTRIBUTION

The City of Nome has received \$8,715 in CPV revenue. The sole distribution to date was \$8,715 received during FY2018.

CPV Revenue Distribution FY2017 to FY2019		
Fiscal Year	Amount	Passengers [^]
2017	-	-
2018	\$8,715	1,743
2019	-*	-
Total	\$8,715*	1,743

Source: Alaska Department of Revenue, Tax Division.

*2019 revenue distribution amounts are preliminary until Spring 2020

[^] Only includes passengers that pay the CPV Excise Tax. Fiscal year disbursements are based on passenger numbers during the prior calendar year.

LEGISLATIVE APPROPRIATIONS

Nome has not received legislative appropriations from the commercial Vessel Passenger Tax Account for cruise ship port and harbor infrastructure.

CPV REVENUE EXPENDITURES

The amount of shared revenue the city receives is insufficient to undertake large scale projects. To date, the city has not expended any CPV monies, as the city is working to build the CPV revenue fund in order to begin achieving the smaller improvements listed in this profile. As the number of cruise ship calls at Nome continue to increase, the city is hopeful that these funds can better support larger development projects that will effectively serve vessels and their passengers in Nome.

RELATED INFORMATION

- McDowell Group. 2016. *Port of Nome Strategic Development Plan*

CONTACT

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CITY OF SEWARD

Home Rule City

2018 Population: 2,584

FY2010 to FY2019 CPV Excise Tax Revenue: \$3,970,632



PROFILE

The City of Seward, situated on Resurrection Bay on the east coast of the Kenai Peninsula, is 125 miles south of Anchorage and is the gateway to the Kenai Fjords National Park. Seward is a turnaround port for cross-gulf itineraries and the point of embarkation and disembarkation for many Alaska cruise vacations. Seward received 624 port calls and nearly 1.7 million total cruise visitors between 2010 and 2019, with total passenger counts nearly doubling between 2013 (125,183) and 2019 (237,925).

Seward Cruise Ship Visitors 2010 to 2019		
Calendar Year	Ship Calls	Passengers
2010	56	136,129
2011	54	132,779
2012	51	136,892
2013	50	125,183
2014	52	141,442
2015	64	183,124
2016	66	191,469
2017	63	185,066
2018	71	213,854
2019	97	237,925
Total	624	1,683,863

Source: Cruise Line Agencies of Alaska.

PROJECTED NEEDS OF COMMUNITY

To help the city safely and efficiently host cruise ship passengers, the City of Seward's administration considers improvements recommended by the city staff, cruise industry, cruise dock owners, and other local stakeholders. The Port and Commerce Advisory Board, Seward Chamber of Commerce, and other interested parties may provide input and suggestions. The city manager works with the city council to prioritize projects to be funded by shared CPV revenue. Use of CPV revenue is authorized via resolution and approved by the Seward City Council.

Priority Projects for CPV Revenue

Category	Description
Other CPV Services	Shuttle bus service
Port Facilities	Cruise ship dock dredging
Port Facilities	Security float completion
Other CPV Services	Sidewalk from cruise ship dock to small boat harbor
Other CPV Services	Passenger corridor safety and aesthetic improvements
Other CPV Services	Cruise dock ambulance service
Port Facilities	Harbor float replacement
Other CPV Services	Cruise ship/dock fire fighting

Source: City of Seward.

CPV REVENUE DISTRIBUTION

When eligible ports of call, such as Seward, are cities located in a borough, the city and the borough each receive \$2.50 of every \$5 passenger fee. Since FY2010, Seward has received nearly \$4 million in shared CPV revenue from the State of Alaska. The highest annual shared revenue distribution from the State of Alaska was \$522,255 received during FY2019.

CPV Revenue Distribution FY2010 to FY2019

Fiscal Year	City Share	Passengers [^]
2010	\$387,413	154,965
2011	\$374,293	149,717
2012	\$324,865	129,946
2013	\$343,265	137,306
2014	\$306,723	122,689
2015	\$347,733	139,093
2016	\$447,170	178,868
2017	\$458,750	183,500
2018	\$458,165	183,266
2019	\$522,255*	208,902
Total	\$3,970,632*	1,588,252

Source: Alaska Department of Revenue, Tax Division.

*2019 revenue distribution amounts are preliminary until Spring 2020

[^] Only includes passengers that pay the CPV Excise Tax. Fiscal year disbursements are based on passenger numbers during the prior calendar year.

In addition to receiving shared CPV revenue directly from the State of Alaska, Seward has also received nearly \$4 million in grants from the Kenai Peninsula Borough between FY2010 and FY2019 after the borough assembly passed an ordinance making the borough's share of the CPV revenue available to Homer and Seward through a grant process. The ordinance stipulates that funds must be used for port and harbor improvements that benefit cruise ship passengers for purposes that comply with state law. Homer and Seward city managers submit letters to the Kenai Peninsula Borough mayor to request funding. The grant request specifies how the project meets the expenditure requirements established in state law.

LEGISLATIVE GRANTS

In addition to shared CPV revenue, Seward received more than \$7 million between FY2010 and FY2019 in legislative grants from the Commercial Vessel Passenger Tax Account for capital projects to upgrade commercial passenger vessel services and infrastructure.

CPV-Related Legislative Grants		
Fiscal Year	Project	Amount
2010	Bus transportation for cruise ship passengers	\$167,000
2010	Dredging cruise ship berthing basins and approaches	\$2,508,000
2011	Commercial passenger vessel harbor security - Coast Guard building relocation	\$300,000
2011	Security and fire protection for commercial passenger vessels	\$2,000,000
2012	Cruise ship boardwalk expansion	\$25,000
2012	Harbor restrooms improvements	\$130,000
2012	Water storage tank	\$1,992,000
Total		\$7,122,000

Sources: Alaska Division of Community and Regional Affairs and Alaska State Legislature, Division of Legislative Audit, Audit 04-30083-16.

CPV REVENUE EXPENDITURES

The City of Seward has used CPV revenue for port and harbor infrastructure and passenger services. Plans for future projects include improved ambulance service to cruise ships, safety and aesthetic improvements to the cruise ship pedestrian walkway, and cruise terminal amenities.

CPV Revenue Expenditures FY2007 - FY2019		
Category	Description	Expenditures
Harbor Infrastructure	Harbor breakwater	\$969,000
Harbor Infrastructure	Harbor breakwater	\$134,980
Other CPV Services	Ambulance service	\$110,000
Other CPV Services	Fire boat outboards	\$50,000
Other CPV Services	Security float for response vessels	\$163,000
Other CPV Services	United States Coast Guard relocation	\$333,000
Other CPV Services	Water storage tank (fire safety)	\$98,000
Other CPV Services	Harbor restroom improvement	\$43,000
Other CPV Services	Bus transportation	\$611,000
Other CPV Services	Dock firefighting safety	\$32,025
Other CPV Services	Shuttle bus service	\$1,284,078
Other CPV Services	Volunteer ambulance	\$40,000
Other CPV Services	Volunteer firefighters	\$20,000
Other CPV Services	Crosswalk signage/flags	\$3,288
Other CPV Services	Library, road upkeep	\$44,717
Port Facilities	Cruise ship terminal	\$201,000
Port Facilities	Dock dredging	\$702,000
Port Facilities	Float replacement	\$1,859,000
Port Facilities	Replace South Harbor Launch Ramp	\$419,119
Total		\$7,117,207

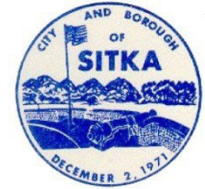
Sources: City of Seward and Alaska State Legislature, Division of Legislative Audit, Audit 04-30083-16.

RELATED INFORMATION

- City of Seward. *2005. 2020 Comprehensive Plan.*
- City of Seward. *Resolution 2016-65 2017. City Legislative Priorities.*
- City of Seward. *Resolution 2016-66 2017. State Legislative Priorities.*
- City of Seward. *Resolution 2016-67 2017. Federal Legislative Priorities.*
- City of Seward. *2016. Seward Shuttle Schedule. City of Seward. 2014. Seward Small Boat Harbor Plan.*

CONTACT

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CITY AND BOROUGH OF SITKA

Unified Home Rule Municipality

2018 Population: 8,652

FY2010 to FY2019 CPV Excise Tax Revenue: \$4,124,570

PROFILE

The City and Borough of Sitka includes most of Baranof Island, South Chichagof Island, and many smaller islands. Most residents live on Sitka Sound facing the Pacific Ocean and surrounded by the Tongass National Forest. The city has picturesque remnants of its Russian heritage; Tlingit culture is also deeply rooted in this small seaside city. Long before Russians or Americans inhabited the area, Tlingits made this area their home.

Sitka received more than 1,400 cruise ship port calls and 1.35 million passengers between 2010 and 2019. In 2016, several new cruise ships and nearly 123,000 cruise passengers visited Sitka. Holland America Line used the Old Sitka Dock instead of anchoring in the Eastern Channel and lightering passengers to town. The decision increased passenger visits and longer time spent in town.

Sitka's passenger count has increased by 73% from 2016 to 2019, with Holland America, Celebrity Cruises, Carnival Cruises, Disney Cruise Lines, and several smaller cruise lines making port calls in 2019.

Sitka Cruise Ship Visitors 2010 to 2019		
Calendar Year	Ship Calls	Passengers
2010	179	144,383
2011	139	129,380
2012	116	110,714
2013	96	99,920
2014	112	90,182
2015	118	117,546
2016	137	122,944
2017	152	172,678
2018	156	151,735
2019	200	212,662
Total	1,405	1,352,144

Source: Cruise Line Agencies of Alaska. Estimates do not include Un-cruise Adventures or Alaskan Dream Cruises.

PROJECTED NEEDS OF COMMUNITY

The City and Borough of Sitka established a Marine Passenger Fund to accept proceeds of the CPV Excise Tax revenue from the State of Alaska. City and

Borough Ordinance No. 2016-32 clarified and streamlined fund administration and stipulated that the assembly appropriate fund proceeds to "address impacts caused by the marine passenger ship industry in full compliance with all state and federal regulations governing the use of these funds."

In 2019, Sitka had an increase of 40% of passengers visiting, reaching 212,662 passengers. The CPV Excise Tax has benefitted these cruise ship passengers by enhancing their safety and efficiency of interstate commerce, in accordance with Federal law.

Priority Projects for CPV Revenue	
Category	Description
Other CPV Services	Crescent Harbor Park restroom expansion
Other CPV Services	Seawalk extension Phase II
Other CPV Services	Lincoln Street modifications at Cathedral
Port Facilities	Crescent Harbor covered shelter at the High Load Dock
Port Facilities	Lightering dock under O'Connell Bridge

Source: City and Borough of Sitka.

The City of Sitka utilizes municipal resources to provide visiting passengers a safe and enjoyable experience, enhancing economic development for all within the community. Along with the efficiency of the implemented bus transport system, the visitors now have an improved downtown walking experience via the completed Phase 1 of the Sitka Seawalk, connecting downtown Sitka to the east end of Lincoln Street. The design of Phase 2 of the Seawalk has begun and will extend to the west end of Lincoln Street. Construction is anticipated to occur in 2021.

Downtown Sitka's lightering facilities and gathering spaces need structural repairs and replacement. With a focus on health and safety, scheduled improvements at Crescent Harbor High Load Dock and Net Shed are a high priority and are planned to be performed by 2021.

Lincoln Street is the primary economic center for the cruise industry in Sitka. CPV funding is planned to be expended to provide an expanded pedestrian zone around the Russian Orthodox Cathedral, a high pedestrian zone and key downtown attraction. This will modify parking and curbs to provide an expanded, attractive, and safer pedestrian area for visitors.

CPV REVENUE DISTRIBUTION

The City and Borough of Sitka received more than \$4.1 million in shared revenue between FY2010 and FY2019. The city's largest distribution was \$1,078,480 during FY2010.

CPV Revenue Distribution		
Fiscal Year	Amount	Passengers [^]
2010	\$1,078,480	215,696
2011	\$706,505	141,301
2012	\$414,130	82,826
2013	\$135,355	27,071
2014	\$302,985	60,597
2015	\$157,340	31,468
2016	\$218,350	43,670
2017	\$309,510	61,902
2018	\$405,115	81,023
2019	\$396,800*	79,360
Total	\$4,124,570*	824,914

Source: Alaska Department of Revenue, Tax Division.

* 2019 revenue distribution amounts are preliminary until Spring 2020

[^] Only includes passengers that pay the CPV Excise Tax. Fiscal year disbursements are based on passenger numbers during the prior calendar year.

LEGISLATIVE GRANTS

Sitka received nearly \$14 million between FY2010 and FY2019 in legislative grants from the Commercial Vessel Passenger Tax Account. The grants have funded harbor infrastructure and Centennial Hall reconstruction.

CPV-Related Legislative Grants		
Fiscal Year	Project	Amount
2010	CPV lightering facility improvements	\$2,000,000
2011	CPV facilities and visitor improvements	\$4,500,000
2011	Crescent Harbor sidewalk widening	\$1,000,000
2012	Commercial passenger vessel and visitor facility improvements	\$3,000,000
2015	Commercial passenger vessel and visitor facility improvements	\$3,300,000
Total		\$13,800,000

Sources: Alaska Division of Community and Regional Affairs and Alaska State Legislature, Division of Legislative Audit, Audit 04-30083-16.

CPV REVENUE EXPENDITURES

The City and Borough of Sitka spends shared CPV revenue primarily on passenger services.

CPV Revenue Expenditures FY2007 to FY2019		
Category	Description	Expenditures
Harbor Infrastructure	Harbor Fund	\$366,000
Port Facilities	MARSEC security	\$44,789
Other CPV Services	Advertising	\$7,000
Other CPV Services	Building repair	\$8,000
Other CPV Services	Contracted services	\$554,000
Other CPV Services	Equipment rentals	\$8,000
Other CPV Services	Interdepartmental Services	\$42,000
Other CPV Services	Telephone	\$14,000
Other CPV Services	Tools and small equipment	\$5,000
Other CPV Services	Maintenance Fund	\$14,000
Other CPV Services	General Fund	\$1,019,000
Other CPV Services	IT Fund	\$18,000
Other CPV Services	Wayfaring signage	\$282,300
Other CPV Services	Cross Trail expansion	\$50,000
Other CPV Services	Seawalk expansion	\$153,000
Other CPV Services	Lincoln Street paving	\$105,000
Other CPV Services	Emergency passenger transportation (landslide)	\$1,950
Other CPV Services	CPET funds for Sitka History Museum	\$50,000
Other CPV Services	Capital Projects (Centennial Hall)	\$1,456,000
Other CPV Services	Bus transportation – Old Sitka Dock to downtown	\$440,000
Other CPV Services	Security personnel at lightering dock gangway	\$18,048
Other CPV Services	Security-related telephone charges	\$1,190
Total		\$4,657,277

Sources: City and Borough of Sitka and Alaska State Legislature, Division of Legislative Audit, Audit 04-30083-16.

RELATED INFORMATION

- City and Borough of Sitka. 2016. *Municipal Code Chapter 4.05 Establishing a Marine Passenger Fee Fund.* (www.codepublishing.com/AK/Sitka/ords/ORD%202016-32.pdf)
- MRV Architects, Jones and Jones, McDowell Group. 2010. *Sitka Passenger Fee Fund Implementation Plan.*

CONTACT

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MUNICIPALITY OF SKAGWAY

First Class Borough

2018 Population: 1,088

FY2010 to FY2019 CPV Excise Tax Revenue: \$39,638,510



PROFILE

Skagway is located 90 miles northeast of Juneau at the northern end of Lynn Canal. As a visitor destination, Skagway is ideally located as a cruise ship port, a transfer site for rail and interior bus tours, and a link for the highway system and the Alaska Marine Highway. The Klondike Gold Rush Historical Park and White Pass and Yukon Railroad are major attractions.

Skagway received 3,820 cruise ship port calls and 8.3 million passengers between 2010 and 2019. Passenger volume peaked at 1 million visitors during 2019. Cruise ship traffic has been relatively stable in recent years, with a slight increase expected in the future.

Skagway Cruise Ship Visitors 2010 to 2019		
Calendar Year	Ship Calls	Passengers
2010	370	697,060
2011	345	708,981
2012	355	755,681
2013	388	821,874
2014	396	819,239
2015	380	815,541
2016	362	817,308
2017	370	845,328
2018	413	956,016
2019	441	1,036,452
Total	3,820	8,273,480

Source: Cruise Line Agencies of Alaska. Estimates do not include Un- cruise Adventures or Alaskan Dream Cruises.

PROJECTED NEEDS OF COMMUNITY

In 2008, Skagway commissioned a study to quantify cruise ship visitor impacts on municipal services and facilities. Municipal department directors identified impacts such as (1) increased staffing levels and facility hours, (2) increased demand for municipal utilities, (3) increased emergency and non-emergency call volume for public safety departments, (4) increased demand for permits and inspections, (5) increased pedestrian and vehicular congestion, and (6) increased public restroom and other facility maintenance. Skagway uses CPV revenue to pay for municipal services or facilities that benefit cruise ship visitors: fire, police, and public works departments

and facilities (e.g., civic center, museum, library, and health center). In addition to identifying passenger service needs, the *Skagway 2020 Comprehensive Plan* identifies port infrastructure and passenger services projects. Work is currently being done to draft the *Skagway 2030 Comprehensive Plan*. Municipal leaders reported no change to the process as of FY2020.

Priority Projects for CPV Revenue	
Category	Description
Port Facilities	Dock and Port Infrastructure
Other CPV Services	Klondike Highway Utility Extension
Other CPV Services	Incinerator Upgrades
Other CPV Services	Wastewater Treatment Plant Upgrades

Source: Municipality of Skagway.

CPV REVENUE DISTRIBUTION

The Municipality of Skagway received nearly \$40 million in CPV shared revenue between FY2010 and FY2019. The highest distribution was \$4.7 million received during FY2019

CPV Revenue Distribution FY2010 to FY2019		
Fiscal Year	Amount	Passengers [^]
2010	\$3,904,825	780,965
2011	\$3,455,540	691,108
2012	\$3,470,720	694,144
2013	\$3,728,105	745,621
2014	\$4,062,215	812,443
2015	\$4,008,335	801,667
2016	\$4,028,545	805,709
2017	\$4,053,375	810,675
2018	\$4,201,435	840,287
2019	\$4,725,415*	945,083
Total	\$39,638,510*	7,927,702

Source: Alaska Department of Revenue, Tax Division.

* 2019 revenue distribution amounts are preliminary until Spring 2020

[^] Only includes passengers that pay the CPV Excise Tax. Fiscal year disbursements are based on passenger numbers during the prior calendar year.

LEGISLATIVE GRANTS

In addition to receiving shared CPV revenue, Skagway received more than \$10 million in legislative grants from the Commercial Vessel Passenger Tax Account.

CPV-Related Legislative Grants		
Fiscal Year	Project	Amount
2009	Seawalk Intermodal Cruise Ship Access Project	\$2,000,000
2010	Municipal wastewater treatment facility improvements	\$2,500,000
2011	Commercial passenger vessel lightering and harbor improvements	\$4,000,000
2011	Municipal wastewater treatment facility improvements	\$800,000
2015	Float extension to serve cruise passenger vessels	\$800,000
Total		\$10,100,000

Sources: Alaska Division of Community and Regional Affairs and Alaska State Legislature, Division of Legislative Audit, Audit 04-30083-16.

CPV REVENUE EXPENDITURES

To date, the Municipality of Skagway has used approximately half of its shared CPV revenue for port infrastructure and passenger services. The municipality plans to use remaining CPV revenue for future port development, as well as engineering and construction of a public safety building.

CPV Revenue Expenditures FY2007 to FY2019		
Category	Description	Expenditures
Harbor Infrastructure	Seawalk/wave barrier	\$3,066,249
Harbor Infrastructure	Small Boat Harbor maintenance building	\$218,240
Harbor Infrastructure	Small Boat Harbor master plan	\$25,000
Harbor Infrastructure	Small Boat Harbor upgrades	\$420,242
Other CPV Services	7th pasture dike	\$4,500
Other CPV Services	AB Hall Improvements	\$10,000
Other CPV Services	Bear-proof garbage lids	\$11,322
Other CPV Services	Bicycle racks	\$9,732
Other CPV Services	Booster station	\$177,628
Other CPV Services	Cemetery improvements	\$7,987
Other CPV Services	Dock security/signage	\$14,806
Other CPV Services	Dyea improvements	\$107,755
Other CPV Services	Fire Department Water Tank Building	\$12,810
Other CPV Services	Fire Department OSHA	\$52,932
Other CPV Services	Fire training facility	\$17,451
Other CPV Services	Incinerator repairs	\$470,932

CPV Revenue Expenditures (Continued) FY2007 to FY2019		
Category	Description	Expenditures
Other CPV Services	924-K loader	\$190,537
Other CPV Services	Library expansion/parking	\$11,166
Other CPV Services	Museum collection	\$48,135
Other CPV Services	Playground equipment	\$228,900
Other CPV Services	Public safety equipment	\$3,358,571
Other CPV Services	Rapuzzi Collection	\$93,502
Other CPV Services	Recreation Center entry	\$178,995
Other CPV Services	Recreation Center expansion	\$28,176
Other CPV Services	Recreation Center improvements	\$195,471
Other CPV Services	Redwood water tank	\$64,245
Other CPV Services	Rural fire suppression	\$488
Other CPV Services	Street light LED conversion	\$58,407
Other CPV Services	Street maintenance	\$285,490
Other CPV Services	Trail maintenance	\$5,490
Other CPV Services	TWIC equipment	\$17,247
Other CPV Services	Upper Dewey Lake Trail	\$9,709
Other CPV Services	Water well exploration	\$66,690
Other CPV Services	WWTP upgrades	\$187,474
Port Facilities	Port Economic Report	\$295,482
Other CPV Services	Water Well #4	\$76,331
Other CPV Services	Garbage Collection Truck	\$90,528
Other CPV Services	Public Restroom Expansion	\$206,869
Other CPV Services	Transfers to General	\$16,835,996
Other CPV Services	Transfers to Garbage	\$1,361,223
Other CPV Services	Transfers to Tourism	\$30,350
Other CPV Services	Transfers to Water/Sewer	\$2,087,380
Total Expenditures		\$30,640,438

Sources: Municipality of Skagway and Alaska State Legislature, Division of Legislative Audit, Audit 04-30083-16.

RELATED INFORMATION

- Blasco, Robert P. and Van Altvorst, James A. 2008. *Allocating Commercial Passenger Vessel Excise Tax Revenues.*
- Sheinberg Associates. 2009. *Municipality of Skagway 2020 Comprehensive Plan.*

CONTACT

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CITY OF UNALASKA

First Class City, Unorganized Borough

2018 Population: 4,333

FY2010 to FY2019 CPV Excise Tax Revenue: \$57,855



PROFILE

Located approximately 900 miles southwest of Anchorage along the Aleutian Island chain, Unalaska sits in the heart of the North Pacific and Bering Sea fisheries and is home to the Port of Dutch Harbor. As the only natural deep-water port in Western Alaska, Unalaska has been significant since the 18th century when Russian fur traders first sailed here.

Unalaska received 80 cruise ship calls and nearly 35,000 passengers between 2010 and 2019. Historically, most vessels calling at the Port of Dutch Harbor have not carried enough passengers to subject them to the CPV Excise Tax. This trend is changing, as most ships visiting Unalaska in 2019 carried more than 250 passengers. Cruise visitation during 2019 reached a decade high of 8,336 passengers.

Unalaska Cruise Ship Visitors 2010 to 2019		
Calendar Year	Ship Calls	Passengers
2010	4	956
2011	3	707
2012	3	1,371
2013	6	1,285
2014	8	2,652
2015	8	4,112
2016	10	6,526
2017	13	5,533
2018	7	2,881
2019	18	8,336
Total	80	34,359

Source: Cruise Line Agencies of Alaska.

PROJECTED NEEDS OF COMMUNITY

Although the City of Unalaska receives a relatively small share of the CPV revenue, the *Unalaska Comprehensive Plan 2020* identifies a need for better facilities to accommodate cruise ships.

Priority projects include improvements to the Unalaska Marine Center dock and completing pedestrian pathways for cruise visitors.

Priority Projects for CPV Revenue	
Category	Description
Port Facilities	Unalaska Marine Center Dock Improvements Project (\$40 M)
Port Facilities	S Curves Pathway Project (\$1 M)

Source: City of Unalaska.

CPV REVENUE DISTRIBUTION

The City of Unalaska has received \$57,855 in CPV revenue between FY2010 and FY2019. The highest distribution was \$18,125 received during FY2018.

CPV Revenue Distribution FY2010 to FY2019		
Fiscal Year	Amount	Passengers [^]
2010	\$7,620	1,524
2011	\$3,000	600
2012	\$1,310	262
2013	\$4,120	824
2014	\$4,165	833
2015	\$1,650	330
2016	\$8,155	1,631
2017	\$6,505	1,301
2018	\$18,125	3,625
2019	\$3,205*	641
Total	\$57,855*	11,571

Source: Alaska Department of Revenue, Tax Division.

* 2019 revenue distribution amounts are preliminary until Spring 2020

[^] Only includes passengers that pay the CPV Excise Tax. Fiscal year disbursements are based on passenger numbers during the prior calendar year.

LEGISLATIVE APPROPRIATIONS

Unalaska has not received legislative appropriations from the commercial Vessel Passenger Tax Account for cruise ship port and harbor infrastructure.

CPV REVENUE EXPENDITURES

The amount of shared revenue the city receives is insufficient to undertake large scale projects. The city uses CPV revenue to augment funding for city services to cruise ship visitors.

CPV Revenue Expenditures FY2010 to FY2019		
Category	Description	Expenditures
Other CPV Services	Operating Costs - Admin Assistant II – General Billing	\$30,020
Total		\$30,020

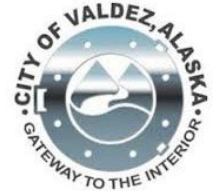
Sources: City of Unalaska and Alaska State Legislature, Division of Legislative Audit, Audit 04-30083-16.

RELATED INFORMATION

- City of Unalaska. 2011. *Unalaska Comprehensive Plan 2020*.

CONTACT

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CITY OF VALDEZ

Home Rule City

2018 Population: 3,903

FY2010 to FY2019 CPV Excise Tax Revenue: \$38,690

PROFILE

The City of Valdez is located on the north shore of Port Valdez, a deep-water fjord in Prince William Sound. It is 305 road miles from Anchorage and 364 road miles south of Fairbanks at the southern terminus of the Trans Alaska Pipeline System. Valdez is an important seaport with a major cargo and container facility. Commercial fishing has also been a key component of the economy.

Valdez is surrounded by some of the world's tallest coastal mountains and offers convenient access to the Columbia Glacier, a popular day trip destination. Valdez also has a strong trail system with 33 miles of trails and four trailheads within less than one mile of the cruise ship dock.

Valdez Cruise Ship Visitors 2010 to 2019		
Calendar Year	Ship Calls	Passengers
2010	1	469
2011	1	332
2012	-	-
2013	1	382
2014	-	-
2015	-	-
2016	-	-
2017	1	342
2018	-	-
2019	13	12,438
Total	17	13,963

Source: Cruise Line Agencies of Alaska.

Since 2010, Valdez has received 17 cruise ships and approximately 14,000 visitors, nearly 90% of whom visited in 2019. Princess Cruises visited Valdez in 2008 and 2009, but reduced statewide capacity during 2010. Holland America and Viking Ocean Cruises returned in 2019. A third operator, Windstar Cruises, is scheduled to enter the Valdez cruise market in 2020. In total, 22 port calls are scheduled for 2020; more ship calls than the past decade combined.

PROJECTED NEEDS OF COMMUNITY

Following a steep decline in cruise ship traffic in the early 2000s, Valdez commissioned a study of the cruise industry and how it viewed the community. The study identified a list of priority actions necessary to strengthen the existing visitor industry. Between 2010 and 2019, the City of Valdez made substantial progress on seven of the identified measures.

- Renovated city dock to facilitate downtown cruise ship berth space
- Expanded harbor facilities, adding 136 slips including tour and passenger vessel space
- Improved uplands for better access to town (e.g., signage, bus turnaround, visitor center, covered terminal space, mooring dolphins)
- Enhanced physical appearance of downtown (e.g., welcome arch, planters, lighting, banners)
- Created several recurring community events
- Improved trails and created park spaces, including Trans-Alaska Pipeline System park
- Utilized Valdez Civic Center for historical and educational shore excursions

Currently, the community's top priorities are maintaining the downtown cruise ship berth and terminal building, further developing uplands, optimizing transportation and pedestrian routing, interpretive and park space, and developing tour packages and excursions.

Priority Projects for CPV Revenue	
Category	Description
Port Facilities	Move cruise ship berth downtown.
Port Facilities	Improve city dock and uplands for better access to downtown area.
Passenger Services	Optimize transportation/pedestrian crossing
Passenger Services	Improved incorporation of interpretive elements

Source: City of Valdez.

REVENUE DISTRIBUTION

Between FY2010 and FY2019, the City of Valdez received \$38,690 in CPV revenue. The highest distribution amount was \$31,730 received in FY2010.

CPV Revenue Distribution		
Fiscal Year	Amount	Passengers [^]
2010	\$31,730	6,346
2011	\$2,335	467
2012	\$1,650	330
2013	-	-
2014	\$1,265	253
2015	-	-
2016	-	-
2017	-	-
2018	\$1,710	342
2019	-*	-
Total	\$38,690*	7,738

Source: Alaska Department of Revenue, Tax Division.

* 2019 revenue distribution amounts are preliminary until Spring 2020

[^] Only includes passengers that pay the CPV Excise Tax. Fiscal year disbursements are based on passenger numbers during the prior calendar year.

LEGISLATIVE GRANTS

In addition to receiving shared CPV tax revenue, the City of Valdez received nearly \$6 million in legislative grants from the Commercial Vessel Passenger Tax Account. The grants paid for cruise ship dock renovation, uplands repair, and an information and interpretive center.

CPV-Related Legislative Grants		
Fiscal Year	Project	Amount
2009	Cruise Ship Dock Renovation and Uplands Repair	\$1,675,000
2010	Dock Improvements	\$3,325,000
2010	City Dock Information and Interpretative Center	\$800,000
Total		\$5,800,000

Sources: Alaska Division of Community and Regional Affairs and Alaska State Legislature, Division of Legislative Audit, Audit 04-30083-16.

CPV REVENUE EXPENDITURES

The amount of shared CPV revenue the City of Valdez receives has been minimal, so the city has used it to offset general funds invested in the city's waterfront revitalization efforts.

CPV Revenue Expenditures FY2007 to FY2019		
Category	Description	Expenditures
Other CPV Services	Picnic tables	\$6,000
Other CPV Services	Flowers	\$1,000
Other CPV Services	Landscaping mulch	\$1,000
Other CPV Services	Benches	\$19,000
Other CPV Services	Pennants	\$4,500
Other CPV Services	Signs and welcome banners	\$1,000
Port Facilities	Kelsey Dock Passenger Bridge concrete improvement	\$500
Port Facilities	Kelsey Dock Decking	\$28,000
Port Facilities	Kelsey Dock sea floor soundings and uplands building steel fish in waves art sculpture	\$5,000
Port Facilities	Kelsey dock piling caps and jersey barrier chains	\$1,000
Total		\$67,000

Source: City of Valdez and Alaska State Legislature, Division of Legislative Audit, Audit 04-30083-16.

RELATED INFORMATION

- PND Engineers, Inc. (2007). *Valdez Waterfront Development Master Plan*.

CONTACT

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CITY OF WHITTIER

Second Class City

2018 Population: 245

FY2010 to FY2019 CPV Excise Tax Revenue: \$7,837,495



PROFILE

Whittier is on the southeast shore of the Kenai Peninsula at the head of Passage Canal in Prince William Sound, about 60 miles southeast of Anchorage. The U.S. Army constructed a port and a railroad terminus in Whittier to transport fuel and supplies into Alaska during World War II. A railroad spur and two tunnels were completed during 1943. One rail tunnel was adapted to accommodate both rail and highway vehicles during 2000. Tours, charters, and sportfishing in Prince William Sound attract seasonal visitors.

Whittier Cruise Ship Visitors 2010 to 2019		
Calendar Year	Ship Calls	Passengers
2010	48	126,866
2011	29	130,312
2012	36	170,758
2013	45	202,336
2014	35	162,002
2015	36	146,528
2016	29	129,894
2017	29	133,969
2018	38	175,375
2019	37	193,790
Total	362	1,571,830

Source: Cruise Line Agencies of Alaska.

Whittier is a primary transfer or destination port for cross-gulf cruises. The ships call at Whittier because of its proximity to Anchorage and destinations throughout Southcentral Alaska. Between 2010 and 2019, Whittier received 362 cruise ship calls and more than 1.5 million passengers.

Whittier had seen a loss in cruise visitation due to reduced ship calls between 2013 and 2017 but cruise passenger numbers increased by 45% between 2017 and 2019, nearing its 2013 peak of over 200,000 visitors. Whittier expects to see a further increase in cruise visitors in the next two years as one of its cruise lines expects to increase ship calls to the community.

PROJECTED NEEDS OF COMMUNITY

Cruise ships stop several times a week at a floating dock and embarkation building owned by privately-owned Whittier Dock Enterprises LLC. The dock and building can accommodate a single cruise ship visit each day. The Alaska Railroad owns the facilities where passengers are transferred between the cruise and the rail lines. Since the cruise ship docking facilities are privately owned, the City of Whittier’s goals for expending shared CPV revenue are to (1) provide a safe environment for cruise ship passengers and pedestrians, and (2) enhance opportunities for cruise ship visitors to enjoy the community and to patronize local businesses and charters. Public safety investments are required to meet the first goal, and improvements to the harbor and pedestrian corridors are needed to achieve the second goal.

The Whittier City Council established a Commercial Passenger Vessel Special Revenue Fund to receive shared revenue from the state. The city’s Planning Commission, Port and Harbor Commission, and City Council engage the public in discussions on potential expenditures utilizing CPV funds. Each Commission may suggest, review, and evaluate capital improvement projects for CPV funding and make recommendations to the city council. Through its budgetary authority, the city council appropriates CPV funds for expenditure.

Priority Projects for CPV Revenue	
Category	Description
Other CPV Services	Visitor center
Other CPV Services	Covered walkways/boardwalks
Other CPV Services	Enclosed rest areas, benches, and additional restrooms
Harbor Infrastructure	Harbor float replacement
Other CPV Services	Public Safety Building Construction
Other CPV Services	Public safety equipment

Sources: City of Whittier, Planning Commission, Port and Harbor Commission, and Whittier City Council.

SHARED CPV REVENUE DISTRIBUTION

Between FY2010 and FY2019, the City of Whittier received over \$7.8 million in CPV revenue. The highest distribution was \$1,045,550 in FY2010.

CPV Shared Revenue Distribution FY2010 - FY2019		
Fiscal Year	Amount	Passengers [^]
2010	\$1,045,550	209,110
2011	\$695,790	139,158
2012	\$637,265	127,453
2013	\$828,865	165,773
2014	\$950,635	190,127
2015	\$791,550	158,310
2016	\$721,325	144,265
2017	\$620,340	124,068
2018	\$674,320	134,864
2019	\$871,855*	174,371
Total	\$7,837,495*	1,567,499

Source: Alaska Department of Revenue, Tax Division.

* 2019 revenue distribution amounts are preliminary until Spring 2020

[^] Only includes passengers that pay the CPV Excise Tax. Fiscal year disbursements are based on passenger numbers during the prior calendar year.

LEGISLATIVE GRANTS

In addition to receiving CPV revenue, the City of Whittier received \$325,000 in FY2010 in a legislative appropriation from the Commercial Vessel Passenger Tax Account.

CPV-Related Legislative Grants		
Fiscal Year	Project	Amount
2010	Railroad Station Improvements	\$325,000
Total		\$325,000

Sources: Alaska Division of Community and Regional Affairs and Alaska State Legislature, Division of Legislative Audit, Audit 04-30083-16.

SHARED CPV REVENUE EXPENDITURES

In general, the City of Whittier uses CPV revenues for harbor infrastructure and passenger services, primarily public safety. These services include hiring seasonal paramedics, police officers, and fire protection, along with maintaining vehicles for police, fire and ambulance, which far exceed the needs of the community alone.

Shared CPV Revenue Expenditures FY2007 - FY2019		
Category	Description	Expenditures
Harbor infrastructure	EDA 070105881 - Harbor Project	\$172,000
Harbor infrastructure	Emergency harbor repairs	\$65,000
Harbor infrastructure	Harbor float replacement	\$336,000
Harbor infrastructure	Harbor Project	\$234,000
Harbor infrastructure	Public Facilities' Harbor Facility Grant Program	\$2,000,000
Harbor infrastructure	Transfer to COOP 10-037 matching portion	\$71,000
Harbor infrastructure	Request for Proposal Ad - Public Facilities' Harbor Facility Grant Program	\$1,000
Other CPV Services	Whittier Museum Association contribution	\$55,000
Other CPV Services	Bear proof trash cans – Harbor Project	\$11,000
Other CPV Services	Whittier Creek levee emergency watershed protection	\$6,000
Harbor Infrastructure	Harbor Triangle Area Gazebo construction	\$12,000
Other CPV Services	Public Safety - Emergency medical services equipment purchase	\$43,000
Other CPV Services	Public Safety – ambulance purchase	\$19,000
Other CPV Services	Public Safety - P-12 roof survey	\$29,000
Other CPV Services	Public Safety - vehicle purchase	\$23,000
Other CPV Services	Public Safety - Transfer to Police, Emergency Medical Services, Fire	\$1,169,000
Other CPV Services	Public Safety – building construction ¹	\$1,492,217
Harbor infrastructure	Harbor float replacement (2017)	\$1,500,000
Other CPV Services	Public Safety - Cruise Dock security cameras	\$30,000
Other CPV Services	Parks and trail maintenance and upgrades	\$49,221
Total		\$7,317,438

Sources: City of Whittier and Alaska State Legislature, Division of Legislative Audit, Audit 04-30083-16.

¹Total project budget is \$2,500,000

RELATED INFORMATION

- City of Whittier. 2012. *Whittier Comprehensive Plan Update*.

CONTACT

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CITY AND BOROUGH OF WRANGELL

Unified Home Rule Borough

2018 Population: 2,426

FY2010 to FY2019 CPV Excise Tax Revenue: \$284,125



PROFILE

The City and Borough of Wrangell lies on the northwest tip of Wrangell Island near the mouth of the Stikine River, a historic trade route to the Canadian Interior. Wrangell's economy is based on commercial fishing, tourism, and the marine service and repair industry. The Stikine River and surrounding area attract visitors who engage in fishing, wildlife and glacier viewing, and jetboat and kayak adventure tours. Nearby Anan Wildlife Observatory is renowned for black and brown bear viewing.

Wrangell received 178 cruise ship port calls and 76,537 passengers between 2010 and 2019. Wrangell is mostly a destination for small and medium-sized cruise ships following Norwegian Cruise Lines' exit from the community in 2006; however, in 2019, the Maasdam made three port calls – Wrangell's first visits from a large cruise ship since 2006.

Wrangell Cruise Ship Visitors 2010 to 2019		
Calendar Year	Ship Calls	Passengers
2010	29	3,869
2011	8	4,719
2012	3	678
2013	12	6,417
2014	10	5,171
2015	12	7,471
2016	12	7,926
2017	25	11,003
2018	30	11,974
2019	37	17,309
Total	178	76,537

Source: Cruise Line Agencies of Alaska (CLAA). Data do not include Un-cruise Adventures or Alaskan Dream Cruises.

PROJECTED NEEDS OF COMMUNITY

A recent economic development survey by the Wrangell Cooperative Association indicates Wrangell is more interested in attracting small- to mid-size ships than large ships; however, the City and Borough's comprehensive plan states that residents are also interested in attracting a limited number of large cruise ships. Priorities include pedestrian connections and signage from the cruise ship dock to the Nolan Center and Shakes Island; improved access to trailheads; extending trails; adding restroom facilities at City Dock and Petroglyph Beach State Historic Park; improving the security check point; adding two summer floats; and adding safety handrails to City Dock.

The downtown dock is properly equipped to handle Panamax-size cruise ships, with very good access to and from the dock for arriving and departing cruise ships. Downtown revitalization and improving Wrangell's physical presentation along the waterfront will strengthen Wrangell's viability as a cruise destination.

The Borough Manager, Economic Development Director, Capital Facilities Director, Harbor Master, Wrangell Port Commission, and the Wrangell Convention and Visitor Bureau recommend projects to be funded by the CPV Excise Tax. The Borough Assembly conducts a budget workshop devoted to capital improvements, including CPV projects.

Priority Projects for CPV Revenue	
Category	Description
Other CPV Services	Street banners, information kiosk, benches, and pocket park near cruise ship dock
Other CPV Services	Waterfront access near Cruise Ship Dock and Nolan Center
Other CPV Services	Access to, or extensions of, trails utilized by cruise passengers
Other CPV Services	Restrooms located at City Dock and at Petroglyph Beach State Historic Park
Port Facilities	Two summer floats for lightering passengers and for staging charter tours
Port Facilities	Handrails on City Dock
Port Facilities	Security checkpoint facility improvements

Source: City and Borough of Wrangell.

CPV REVENUE DISTRIBUTION

The City and Borough of Wrangell received \$284,125 in CPV revenue between FY2010 and FY2019. The highest distribution was \$51,415 received in FY2018

CPV Revenue Distribution FY2010 to FY2019		
Fiscal Year	Amount	Passengers [^]
2010	\$26,180	5,236
2011	\$2,510	502
2012	\$19,350	3,870
2013	\$1,730	346
2014	\$31,430	6,286
2015	\$24,065	4,813
2016	\$38,845	7,769
2017	\$39,630	7,926
2018	\$51,415	10,283
2019	\$48,970*	9,794
Total	\$284,125*	56,825

Source: Alaska Department of Revenue, Tax Division.

* 2019 revenue distribution amounts are preliminary until Spring 2020

[^] Only includes passengers that pay the CPV Excise Tax. Fiscal year disbursements are based on passenger numbers during the prior calendar year.

LEGISLATIVE GRANTS

In addition to receiving shared CPV revenue, the City and Borough of Wrangell received just over \$6 million in legislative grants from the Commercial Vessel Passenger Tax Account.

CPV-Related Legislative Grants		
Fiscal Year	Project	Amount
2010	Marine passenger service center	\$2,500,000
2010	Stikine Avenue sidewalk extension/ Front Street	\$390,000
2011	Commercial passenger vessel facility	\$3,250,000
2011	Waterfront master plan	\$75,000
Total		\$6,215,000

Sources: Alaska Division of Community and Regional Affairs and Alaska State Legislature, Division of Legislative Audit, Audit 04-30083-16.

CPV REVENUE EXPENDITURES

The City and Borough of Wrangell did not spend CPV distributions through FY2012 because the community was completing a multi-year downtown revitalization project and chose to wait until its completion to determine the best use for the CPV funds. The City and Borough is currently allowing CPV revenue to accumulate so the funds can be leveraged as a match toward larger projects. Since 2013, the City and

Borough has spent CPV funds on street decorations, park benches, trash receptacles, landscaping, and port fill. Future priorities include improvements to Petroglyph Beach State Historic Park, restrooms near City Dock, a trail extension to Mount Dewey Historical Trail, and summer floats at City Dock.

CPV Revenue Expenditures FY2007 to FY2019		
Category	Description	Expenditures
Other CPV Services	Downtown Revitalization Project (banners, bump outs, and landscaping)	\$14,000
Other CPV Services	Park benches and trash receptacles	\$33,000
Other CPV Services	Additional Landscaping, park bench installation, trash receptacle improvements (bird proofing)	\$13,200
Other CPV Services	Cruise ship dock port fill	\$20,000
Other CPV Services	Petroglyph Beach State Park improvements	\$50,000
Other CPV Services	Mount Dewey Historical Trail extension	\$50,000
Other CPV Services	City Dock summer float	\$85,000
Total		\$265,200

Source: City and Borough of Wrangell and Alaska State Legislature, Division of Legislative Audit, Audit 04-30083-16.

RELATED INFORMATION

- Global Destinations Development, LLC. 2006. *Analysis of Cruise Ship Destination and Marketing Plan.*
- Sheinberg and Associates. 2010. *City and Borough of Wrangell Comprehensive Plan.*
- Corvus Design Inc. 2015. *Wrangell Waterfront Preferred Master Plan.*
- Rain Coast Data. 2015, 2018, 2019. *Wrangell Visitor Economy by the Numbers.*

CONTACT

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STATE OF ALASKA

DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT

DIVISION OF COMMUNITY AND REGIONAL AFFAIRS

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