



Alaska State Legislature

Senator Anna MacKinnon — Senate District G

MEMORANDUM

To: Representative Mike Hawker
Chair, Legislative Budget and Audit Committee

FROM: Senator Anna MacKinnon
Co-Chair, Senate Finance Committee *Anna J. MacKinnon*

Date: March 27, 2015

Re: Special Audit Request

The commercial passenger vessel (CPV) tax is a \$34.50 tax collected for each passenger traveling on commercial vessels that provide overnight accommodations and allow passengers to embark or disembark. The proceeds from the tax are deposited in a subfund of the general fund. A portion of the tax is shared with the first seven ports of call in the state at the rate of \$5.00 per passenger and must be used for port facilities, harbor infrastructure, and other services provided to the commercial passenger vessels and the passengers on board those vessels.

Under AS 52.53.230, the legislature may also appropriate CPV funds for projects that (1) improve port and harbor infrastructure, (2) provide services to commercial passenger vessels and the passengers on board those vessels, or (3) improve the safety and efficiency of the interstate and foreign commerce activities in which the vessels and the passengers on board those vessels are engaged.

It has been asserted that some communities are “stock piling” their CPV shared taxes and not using them on appropriate projects. To ensure that the tax program is meeting its intent, I respectfully request an audit of the CPV tax program to include the following objectives and any other related concerns the Legislative Auditor identifies during the audit:

- Identify the inception-to-date balance of unspent CPV shared tax revenues for each impacted community. Determine whether balances are reasonable given the intent of the tax program.
- Evaluate each community’s use of the CPV shared tax revenues and determine whether the revenues were used for port facilities, harbor infrastructure, and other services provided to the commercial passenger vessels and the passengers on board those vessels.
- Identify the amount and purpose of appropriations made to communities under AS 52.53.230(d) by community. Report on the whether the projects that received appropriations have been initiated as expected. For those projects that have not been initiated, report the cause of the delay and the unexpended balance of the appropriation.

I appreciate the committee’s consideration of this special audit request.