



# The Juneau Chamber of Commerce

9301 Glacier Hwy, Suite 110 • Juneau AK 99801

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Wells Fargo Bank of Alaska  
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March 3, 2017

Honorable Mayor Ken Koelsch, and  
Assembly  
City and Borough of Juneau  
155 South Seward  
Juneau, Alaska 99801

RE: Sales tax exemption for retail sales onboard cruise ships

Dear Mayor Koelsch and Assembly;

In 2017, over 1 million passengers are expected to arrive via cruise ship in Juneau. These passengers, on average, are expected to spend \$179 per person while they are in our city which will generate over \$8 million in sales taxes to be remitted to the City and Borough of Juneau (CBJ). Cruise passengers also generate a total of \$13 million in state and local passenger taxes which has been available to the CBJ for port infrastructure. Spending by these passengers and the tax revenue generated by them make up a significant portion of Juneau's economy.

The CBJ Assembly has proposed an ordinance to clarify the existing code. Specifically, the ordinance would make it clear that the small amount of sales onboard cruise ships are not subject to the local sales tax. Currently, the CBJ does not enforce collection of sales taxes for goods and services purchased while ships are in the borough therefore, this proposal will in no way reduce revenues to the city. The Juneau Chamber of Commerce supports this exemption as it codifies what is currently in practice.

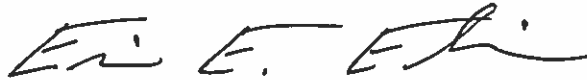
The Chamber supports tax policies that encourage spending and investment in the private sector. Given that cruise ship passengers already pay a head tax, as well as sales taxes on all tours, goods and services purchased while they are ashore in Juneau, it is a reasonable public policy accommodation to exempt sales on board ships in light of the extensive tax already generated by the industry.

Requiring collection of tax for sales occurring on board will place an undue burden on cruise ships as they will be forced to provide additional record keeping for taxable and non-taxable sales as their ships maneuver in and out of CBJ waters. This will ultimately result in shortened port stays in Juneau as cruise companies seek to minimize their regulatory burden which will result in less money spent in local businesses, and ultimately less money into CBJ coffers.

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The Juneau Chamber of Commerce supports CBJ efforts to clarify the sales tax code and encourage spending by cruise ship passengers in our local businesses. This will send a clear message that Juneau is "open for business" and that we support continued growth in the tourism sector.

Respectfully,

A handwritten signature in black ink, appearing to read "Eric E. Eriksen". The signature is fluid and cursive, with the first name "Eric" being the most prominent.

Eric E. Eriksen  
President  
Juneau Chamber of Commerce