

**PROGRAM 1 – SHARED TAXES, COMMERCIAL PASSENGER  
VESSEL EXCISE TAXES  
DEPARTMENT OF REVENUE  
AND  
DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT**

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**I. PROGRAM OBJECTIVES**

Payments are made to municipalities for the purpose of improving port facilities, harbor infrastructure, and other services provided to the commercial passenger vessels and the passengers on board those vessels as outlined in AS 43.52.230.

**II. PROGRAM PROCEDURES**

The proceeds from the tax imposed under AS 43.52.200 – 43.52.295 shall be deposited in a special “Commercial Vessel Passenger Tax Account” in the general fund. The Legislature may appropriate money from this account for the following two reasons:

(A) For each voyage of a commercial passenger vessel, the commissioner of Revenue shall identify the first seven ports of call in the state and the number of passengers subject to the tax imposed under AS 43.52.200 – 43.52.295 on board at each port of call. Subject to annual appropriation by the legislature, the commissioner shall distribute to each port of call \$5 for each passenger subject to the tax imposed. IF the port of call is a city located within a borough not otherwise unified with the borough, the commissioner shall distribute \$2.50 for each passenger to the city and \$2.50 to the borough.

(B) In addition to making the payments as described above, the State of Alaska Legislature may appropriate money from the Commercial Vessel Passenger Tax Account to port and harbor infrastructure, services provided to the vessels and passengers, or to improve safety and efficiency of the interstate and foreign commerce activities the vessels and passengers are engaged in. These projects are through Department of Commerce and Economic Development.

**III. COMPLIANCE REQUIREMENTS AND SUGGESTED AUDIT PROCEDURES**

**A. TYPES OF SERVICES ALLOWED OR UNALLOWED –**

**COMPLIANCE REQUIREMENTS:**

1. Payments received by a city or borough under (A) above shall use the funds for one of the following:
  - a) Port Facilities
  - b) Harbor Infrastructure
  - c) Other services provided to the commercial passenger vessels and the passengers on board those vessels.
2. Payments received for projects under (B) above shall use the funds for the particular project identified which must be for one or more of the following:

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- a) Improve Port and Harbor Infrastructure
- b) Provide services to commercial passenger vessels and the passengers on board those vessels
- c) 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

**B. ELIGIBILITY –**

The Auditor is not expected to verify eligibility

**C. MATCHING, LEVEL OF EFFORT AND/OR EARMARKING REQUIREMENTS**

There are no matching or level of effort requirements. The auditor should determine the funds have been spent for their intended purpose as required in A. Types of Services Allowed or Unallowed.

**D. REPORTING REQUIREMENTS –**

There are no requirements for periodic reporting on the use of the funds.

**E. SPECIAL TEST AND PROVISIONS –**

**Compliance Requirements:** The grant agreement will identify any other compliance requirements to which the recipient is to adhere.

**Suggested Audit Procedures:** Review the grant agreement, identify any other applicable compliance provisions, including the “standard provisions,” and verify that the requirements were met.