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City Clerk

June 5, 2000

Dear Mayor Egan and Members of the Assembly,

When NWCA first learned of the Marine Passenger Fee proposition and subsequent ordinance, we expressed strong concern that the measure had all the makings of a "tax grab." It appears that our concerns were well founded. In our view, the Finance Committee's recent allocations clearly do not reflect the spirit or intent of the ordinance.

Specifically, the Finance Committee has decided to allocate a substantial amount (\$977,400 in the current fiscal year, or approximately one-third of the total proceeds) for use in General Governmental Operations. In addition, almost \$500,000 in operations expenditures have been included in the list of projects placed before the Proceeds Committee.

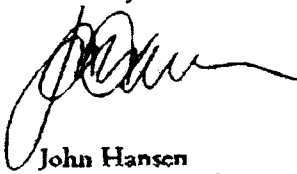
We submit to you that this allocation is not consistent with the purpose and intent of the original proposition, which Juneau residents approved on October 5 1999, nor with the City/Borough ordinance approved by the Assembly on January 24, 2000. Nor do we believe that the allocation is consistent with the City and Borough's constitutional obligation to confine the use of fee proceeds to compensation for costs directly attributable to cruise ship traffic.

As stated in the ordinance, the purpose of the fee is to address the costs to the City and Borough for services and infrastructure usage by cruise ship passengers visiting Juneau, including: emergency service, transportation impacts and recreation infrastructure use, and to mitigate impacts of increased utilization of City and Borough services by cruise ship passengers. Furthermore, the ordinance, in section 69.20.120 sets out a schedule of eligible projects.

NWCA testified on behalf of all our member lines on January 24. We stated, then, as we have before, that it is our interpretation that funds collected must be used for the purposes set out in the proposition and defined in the ordinance. We also underscored that the U.S. Constitution does not permit the assessment of fees of this nature to underwrite the general cost of government.

We understand that the Assembly will have the Finance Committee recommendations on the agenda for decision this evening. For the reasons outlined above, NWCA urges the Assembly not to approve the allocations as proposed by the Finance Committee.

Sincerely



John Hansen  
President, North West CruiseShip Association

Exhibit EK  
Page 1 of 1