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Cruise association president: Ketchikan taxes not a concern

By NICK BOWMAN

KETCHIKAN DAILY NEWS

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KETCHIKAN — Cruise Line International Association President John Binkley says the group's suit against Juneau shouldn't concern Ketchikan.

CLIA filed a suit on Tuesday alleging that Juneau has misused millions of dollars in revenue from its municipal commercial passenger vessel taxes — head taxes — since 2001.

While an elaborate whale statue and a man-made park project on the Juneau waterfront have attracted attention, included in CLIA's suit is a request to prohibit "imposing or collecting (head taxes) in any amount."

Juneau levies an \$8 head tax on top of the state's \$34.50 CPV tax. The City of Ketchikan levies its own \$7 tax on top of the state's, but Binkley told the Ketchikan Daily News on Wednesday that Ketchikan's spending or taxes in general aren't issues for the association.

"It really is just an issue of what the expenditures are," Binkley said during a phone interview. "In Juneau's case, we've felt for some time that the expenditures have strayed farther and farther from the dock."

He said CLIA has "worked closely with Ketchikan and we have a good relationship with them."

CLIA is asking the U.S. District Court for Alaska for a permanent injunction against

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Page 1 of 4
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1/4

imposing “excessive” head taxes, imposing any head taxes at all, and “further use of the revenues from (head taxes) to fund activities that are unrelated to and do not benefit the vessels and cruise passengers.”

Juneau is the only community named in the lawsuit, but the constitutional questions raised by CLIA could have far-reaching consequences in Southeast.

“It depends on where the courts would draw the line,” Binkley said, noting that if the courts threw out Juneau head taxes, “that would be a precedent that was set.”

In the Alaska Legislature and in court, the cruise industry for years has strained against local and state head taxes.

In an April 2014 speech to Ketchikan Visitors Bureau membership, Binkley, a former state representative, singled out Juneau head tax spending as unacceptable.

Meanwhile, the Legislature commissioned an audit of its own CPV program. Late last year auditors examined municipal books to determine how state head tax dollars, which are separate from local programs, have been spent.

Binkley said the lawsuit against Juneau isn’t connected to the state’s audit.

“There’s two distinct issues,” he said. “They really don’t they don’t have anything to do with each other.”

Throughout the audit process, local and state lawmakers have commented that while some Juneau spending was questionable, other communities had behaved correctly, including Ketchikan.

However, there are some similarities between Juneau spending listed in CLIA’s complaint and how Ketchikan has spent head tax dollars.

CLIA argues Juneau has spent \$2 million for city bus services and \$594,000 for the Juneau International Airport during the past 15 years.

In southern Southeast, head taxes have been used by the Ketchikan Gateway Borough to subsidize both the Ketchikan International Airport and the borough’s transit system, but the borough only received head tax money from the state. It doesn’t levy its own tax.

Where the two communities are similar, Juneau has used \$22 million for transit something Ketchikan governments have never done.



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ment expenses —

Borough Attorney Scott Brandt-Erichsen said that because Juneau is the only community named in the suit, what it “means for anybody else is not totally clear.”

He didn’t have any comment about how some of Juneau’s spending compares to that of the borough, but said he sees several main questions to ask the Borough Assembly.

“What, if anything, does the City of Ketchikan or the Ketchikan Gateway Borough want to do about (the suit)?” Brandt-Erichsen said. “Do we want to try to participate in some fashion? Do we just want to see what happens? Do we care?”



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- State
- Sports
- Opinion
- Letters
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- Outdoors
- Neighbors
- Events Calendar
- Slideshows
- Classifieds

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