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**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF ALASKA**

CRUISE LINES INTERNATIONAL
ASSOCIATION ALASKA, *et al.*,

Plaintiffs,

v.

THE CITY AND THE BOROUGH OF
JUNEAU, ALASKA, *et al.*,

Defendants.

Case No. 1:16-cv-00008-HRH

DECLARATION OF JIM CALVIN

The undersigned, Jim Calvin, under penalty of 28 U.S.C. § 1746, certifies that the statements set forth in this instrument are true and correct.

1. My name is Jim Calvin. I currently am the managing principal of McDowell Group and the firm's senior economic analyst. I have been with McDowell Group since 1986. My specialties include economic and socioeconomic impact analyses, cost/benefit analyses,

business feasibility studies, community economic planning, and local, regional, and statewide economic profiles.

2. I hold a master's degree in Mineral Economics from the University of Alaska, Fairbanks.
3. I am over the age of twenty-one and have personal knowledge of the facts set forth herein.
If called upon as a witness, I could and would testify competently thereto under oath.
4. This Declaration is based on my review and analysis of public records, information, and data concerning cruise-related revenues generated by the City and Borough of Juneau ("CBJ" or "Juneau").
5. The following estimates related to passenger and crew spending are derived from multiple sources, including Alaska Visitor Statistics Program data, confidential tour sales from a number of cruise lines and tour operators, and executive interviews with key industry personnel.
6. The following data related to cruise industry spending is extrapolated from recent cruise impact studies conducted by McDowell Group.
7. The cruise ship industry provides numerous sources of revenue for CBJ.
8. Revenue generated by the cruise ship industry for CBJ may be direct, indirect, or induced.
9. Specifically, revenues generated by the cruise ship industry for CBJ include: direct spending on CBJ services, sales tax, property tax, hotel/motel tax, and CBJ fees.
10. Direct revenues include sales taxes and fees paid directly by cruise ship passengers, crew, and cruise lines.
11. Indirect revenues include fees and taxes paid by businesses serving cruise ship passengers, and not paid directly by passengers. Examples of this type of revenue are waterfront vendor

permit fees, property taxes paid by businesses that cater to the cruise ship industry, and sales taxes paid by those businesses.

12. Induced revenues include sales and property tax and other payments to CBJ by cruise line employees residing in Juneau and employees of business that serve the cruise ship passengers.

Sales Tax Revenue

13. CBJ collects sales taxes on purchases of goods and services within Juneau. Those funds are used for general CBJ operations and capital projects.
14. CBJ sales tax revenue is generated by cruise ship passenger, crew, and cruise line purchases in Juneau of goods and services.
15. CBJ has a 5 percent sales tax.
16. In FY 2016, CBJ collected \$46.1 million in general sales tax.
17. CBJ's 5 percent sales tax is also charged on all cruise ship tariffs charged by private dock owners (South Franklin Dock, Goldbelt Seadrome Marina, and AJ Juneau Dock). This charge is separate from the Marine Passenger Fee and Port Development Fee.
18. An estimated 17 percent, or \$8.0 million, of the \$46.1 million that CBJ collected in sales tax in FY 2016 resulted from taxable spending by cruise ship passengers, crew, and the cruise lines.
19. During the 2016 cruise season, approximately 1,015,000 cruise ship passengers arrived in Juneau.
20. While in Juneau, passengers spend money on tours, retail items, food and beverages, and services. The largest category of passenger spending is tours and activities.

21. During the 2016 cruise season, approximately \$74.2 million was spent by passengers on tours and activities (net of commissions); \$51.1 million on gifts, souvenirs, and clothing; \$11.6 million on food and beverage; and \$1.9 million on miscellaneous items (including transportation, medical services, and lodging).
22. Not all passenger spending is taxable by CBJ, including commissions retained by cruise lines for tour purchases and flightseeing portions of tours.
23. In summer 2016, cruise ship passengers had an estimated \$138.8 million in taxable spending on goods and services in Juneau, generating an estimated \$6.9 million in sales tax revenue for CBJ.
24. In summer 2016, an estimated 25,000 cruise ship crew members came to Juneau.
25. Based on inflation-adjusted results from a previous crew member survey by McDowell Group, on average each crew member spends an estimated \$315 in Juneau during the cruise season.
26. Based on this average, crew members spent an estimated \$7.9 million in Juneau, generating approximately \$400,000 in sales tax revenue in 2016.
27. Cruise line spending in Juneau includes purchases of food, supplies, utilities, transportation, fuel, accommodations, and other services. This spending generates sales tax revenue to CBJ.
28. Port dues paid for use of public docks, other State of Alaska (“State”) fees, and local government fees are not taxable cruise ship spending items.
29. In summer 2016, of the total estimated \$26.4 million in cruise ship spending in Juneau, an estimated \$12.7 million is taxable, generating approximately \$600,000 in sales tax revenue for the CBJ.

Property Tax Revenue

30. All property in Juneau is taxed for general obligation debt and area wide services such as education, ambulance, libraries, parks and landscape maintenance, and capital projects. Property within the Roaded and Fire Services Areas is taxed to fund additional services, including fire, police, streets, transit, and parks and recreation.
31. The FY 2016 mill rate for properties within the Roaded and Fire Service Areas, which includes downtown, was 10.76 (\$1,076 for every \$100,000 of assessed property value), with exemptions for senior citizens and disabled veterans.
32. CBJ collected \$47.5 million in property taxes in FY 2016.
33. An estimated 3 percent of property taxes in Juneau are generated by properties dependent on the cruise industry. This estimate accounts for most retail properties in downtown, major tour companies, and privately owned dock properties. This percentage excludes any induced impacts, such as property tax payments made by cruise ship industry employees or property owners who rent housing to cruise industry employees.
34. Based on this percentage, and the FY 2016 mill rate of 10.76, an estimated \$1.5 million of the total \$47.5 million in property taxes is related to the cruise ship industry.

Hotel Tax Revenue

35. Under CBJ Code 69.07.010 through 69.07.140, CBJ's hotel/motel room tax is 7 percent of gross room receipts.
36. Proceeds from this tax are placed in the CBJ Visitor Services Special Revenue Fund which funds Centennial Hall Convention Center operations, the Juneau Convention and Visitors Bureau, and tourism marketing. The hotel tax is levied on room rentals in addition to the 5 percent CBJ sales tax.
37. CBJ collected \$1.5 million in hotel taxes in FY 2016.

38. Based on an estimated \$600,000 in spending on accommodations by passengers and cruise lines, CBJ collected an estimated \$42,000 in hotel tax revenue in 2016.

Marine Passenger Fee Revenue

39. CBJ assesses a Marine Passenger Fee (“MPF”) of \$5 per cruise ship passenger per visit.

This fee is intended to enhance visitor experiences and assist with the costs the city bears in providing services and infrastructure for cruise ships and passengers.

40. CBJ exempts from the application of the MPF (1) ships carrying 20 or fewer passengers, (2) ships without overnight berths or overnight accommodations, (3) non-commercial ships or ships operated by nonprofit entities as determined by the U.S. Internal Revenue Service, and (4) ships operated by the State, the U.S. government, or a foreign government.

41. The fees are deposited in the Marine Passenger Fee Special Revenue Fund, which is intended to mitigate the cost of tourism and tourism development in Juneau. Monies in the Marine Passenger Fee Special Revenue Fund are transferred to other general, special revenue, or enterprise funds.

42. In FY 2016, CBJ collected \$4.9 million in MPF revenues.

Port Development Fee Revenue

43. CBJ assesses a \$3 per passenger Port Development Fee (“PDF”) on every vessel that docks in Juneau carrying passengers for compensation.

44. CBJ exempts from the application of the PDF (1) vessels having accommodations for 12 or fewer passengers, (2) vessels traveling only between CBJ and points within 100 miles of CBJ port facilities, and (3) noncommercial vessels or vessels owned and operated by the State, the U.S. government, or a foreign government.

45. The fees are deposited in the Port Development Fund, which is used for capital improvements to port facilities. Monies in the Port Development Fund are also transferred to other general, special revenue, or enterprise funds.
46. In FY 2016, CBJ collected \$2.9 million in Port Development Fund revenues.

Port Dues Revenue

47. Under CBJ Municipal Code 85.02.105, CBJ charges port dues for all vessels carrying passengers for compensation that dock at publicly-owned docks.
48. Dockage rates are calculated based on vessel registered net tonnage at \$0.55 per net ton.
49. CBJ exempts from the application of port dues (1) vessels having accommodations for 12 or fewer passengers, (2) vessels traveling only between CBJ and points within 100 miles of CBJ port facilities, and (3) noncommercial vessels or vessels owned and operated by the State, the U.S. government, or a foreign government.
50. Port dues are deposited in the CBJ Port Development Fund.
51. Wharfage fees, also termed port maintenance fees, total \$3.00 per linear foot at CBJ docks and a flat fee of \$600 per day at tendering docks.
52. In FY 2016, CBJ collected \$1.4 million in revenues for charges for services and licenses, permits, and fees.

State Commercial Passenger Vessel Tax Revenue

53. The State's Commercial Passenger Vessel Tax ("CPV Tax") is assessed on passengers traveling on commercial passenger vessels that anchor or moor in the State's marine waters for more than 72 hours. The tax applies only to vessels with at least 250 berths or other overnight accommodations for passengers.

54. The Department of Revenue's Tax Division is responsible for collecting the CPV Tax and distributing \$5 per passenger to the first 7 ports communities visited. Another portion of the tax is distributed as grants to local communities and other qualified recipients.
55. Since FY 2011, CBJ has received distributions of the CPV Tax proceeds.
56. In FY 2016, CBJ collected \$4.5 million in CPV Tax revenue.

CBJ's Total Revenue from Cruise-Related Activity

57. In total, for FY 2016, cruise-related activities generated an estimated \$23 million in revenue for CBJ. Of that \$23.2 million, approximately \$13.7 million was generated by the MPF, PDF, port dues, and State CPV Tax. Sales and property tax payments made by workers employed in cruise-dependent enterprises are not included in the \$23.2 million total.

[signature page follows]

I, Jim Calvin, declare and certify that I have read the foregoing Declaration and know its contents. Pursuant to 28 U.S.C. § 1746, I declare and certify under penalty of perjury that the foregoing is true and correct.

EXECUTED at Juneau, ALASKA, this 17th day of October, 2017.



Jim Calvin

DATED: October 24, 2017

Respectfully submitted,

By: /s/ C. Jonathan Benner

C. Jonathan Benner (*pro hac vice*)

Kathleen E. Kraft (*pro hac vice*)

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Herbert H. Ray, Jr. (Alaska Bar No. 8811201)

Keesal, Young & Logan, LLC

Attorneys for Plaintiffs Cruise Line

International Association Alaska and Cruise

Lines International Association

CERTIFICATE OF SERVICE

I certify that on October 24, 2017, I caused a true and correct copy of the foregoing document to be filed using the Court's Electronic Case Files System ("ECF"). The document is available for review and downloading via the ECF system, and will be served by operation of the ECF system upon all counsel of record.

/s/ Kathleen E. Kraft

Kathleen E. Kraft