

Hello Juneau Assembly.

Currently we are expecting more than 1.8 million tourists this season. This has the potential to bring in an enormous amount of tax revenue to Juneau. However, aside from the head tax, which is severely limited in what the city can use it for, there is very little if any tourist targeted taxation. There was talk of a sales tax hike during the summer cruise ship months, but permanent Juneau residence will be bearing the brunt of this tax even more than the cruise passenger that spend only 8hrs in town. If systems could be put in place to make tourists pay an average of 6 dollars more in targeted tax it would more than fill the purported whole in Juneau's budget. There would be no need to cut any city run services and the Juneau residents would not bear any extra burden. I believe this is the best possible outcome for this budget dilemma and below I have outlined a few of my ideas on how to do this.

Juneau charges an 8-dollar head tax for every passenger that arrives in Juneau which adds up to around 13million dollars. The problem is that this money can only be used to benefit cruise ship tourism by federal law. The city owns 2 of the 4 cruise docks downtown. If the city was to lease one of the two cruise docks to a cruise line or cruise port developer, the head tax fee could be waived for tourists tied to that dock and the 8 dollars as well as all other city fees incurred such as moorage could be rolled into the lease agreement. This would free up that money from all head tax regulations allowing the city to use that money for what Juneau citizens need not what cruise lines want. A long-term binding contract could also stop the loss of some cruise revenue to new ports that are being built like the one on the back side of Douglas and head tax revenue could still be collected on all ports in city limits not under lease agreement.

I believe an agreement like this could be reached and should be solicited because it is already happening. Currently the world's largest cruise port developer, Global Ports Holdings, brought a proposal exactly like this to Haines and it is currently being considered among Haines residents. Before the offer in Haines Global Port Holdings approached Ketchikan with a similar deal. Ketchikan chose not to take the deal and I could not find the specifics as to what the deal included or why Ketchikan chose not to. I would say that a few calls to Ketchikan's ports might give Juneau a great idea of exactly what one of these proposals would look like should this path be pursued.

I also believe that outside large port developers like Global Port Holdings, a specific cruise line might be very interested in securing a dock lease. If anyone does a little digging on the new Gold Belt project on the backside of Douglas it becomes quite clear that this is a cruise port being built by Royal Caribbean using Gold Belt to secure the lands and labor for the project.

If Royal Caribbean is willing to build its own ports, then I would expect that other cruise lines would be willing to secure one through a lease agreement. No matter what, it does not hurt to explore options and solicit bids.

Another area that could easily generate millions to city coffers is the whale watching industry. Currently there are around 350,00 whale watching patrons annually. There is a small fee of less than 700 dollars and a 2-dollar per person tax to operate out of Juneau. Tour operators are generating around 60,000,000 in combined annual income and have had docks, bus parking lots, gangways and restrooms all built to accommodate the increased harbor traffic whale watching has created. I believe we are considered the number one whale watching port in Alaska, possibly globally. I would suggest that the city increases the per person tax for each whale watching patron. For example, a 5-dollar **(or more)** increase would yield the city 1,750,000 more restriction free revenue. Whale watching tour providers will pass this 5-dollar fee on to their patrons and I can guarantee that a 5-dollar increase will not dissuade a single patron that is willing to pay more than 2,000-dollars for a 7-day Alaska cruise. If every whale watching company increases at the exact same amount at the exact same time, there will be no noticeable difference to the consumer. No one loses.

If this was to be put in place I would word it in a way that will limit any loopholes. I would strongly suspect that if a new Juneau Douglas bridge is not built there will be quite a bit of water taxi travel from the proposed Royal Caribbean/Gold Belt port. There may be a bus ride one way and water taxi tour back. That could be hundreds of thousands of passengers. I would keep this in mind.

I don't know how feasible these ideas are, but I wanted to present to the assembly examples of how I would like to see the budget restructured and to show there may be more constructive ways to meet this city's fiscal needs than to cut services. I also would like to say I would support a small increase in sales tax during the cruise season, no more than 3 percent, but I would like to see some more oversight in city spending. If these ideas were implemented along with more like them and the city had more money to spend that does not mean it should spend it irresponsibly.

Sincerely,

Luke Thorington

