ADMINISTRATIVE GUIDELINES
SALES OF GOODS AND SERVICES ONBOARD CRUISE SHIPS
Procedure 404

CBJ 69.05.040(4) was amended by the CBJ Assembly on June 8, 2026, under Ordinance 2026-26 and takes effect on **October 1, 2026**.

CBJ 69.05.040(4) exempts the following transactions:

> *Sales of goods which are transported into the City and Borough on a cruise ship, which do not leave the cruise ship, and where the entire transaction, both payment and delivery, take place on board the cruise ship outside of the Gastineau Channel and Stephens Passage. In addition, sales of services where the entire transaction, both payment and performance of the service, take place on board the cruise ship outside of Gastineau Channel and Stephens Passage.*
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> *For purposes of this exemption, "cruise ship" means a commercial passenger vessel that carries passengers, but does not include any vessels:*
> *a) Authorized to carry fewer than twenty passengers:*
> *b) That do not provide overnight transportation for at least twenty passengers for hire; or*
> *c) That are operated by the United States, State of Alaska, or a foreign government.*
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> *For the purposes of this exemption, Gastineau Channel and Stephens Passage means that body of water adjacent to Juneau and Douglas, Alaska and that body of water surrounding Douglas, Alaska, north of False Arden, and south of the southern tip of Shelter Island.*

Designated Waters: For purposes of this guideline, "designated waters" refers to Gastineau Channel and Stephens Passage as defined in CBJ 69.05.040(4) above.

Application of the Exemption

Under this exemption, certain onboard sales may qualify for exemption when the transaction occurs within the City and Borough of Juneau boundaries but outside the designated waters.

The designated waters are only a portion of the waters within CBJ boundaries; therefore, a cruise ship may be within CBJ boundaries while traveling outside the designated waters.

Onboard transactions occurring within the designated waters do not qualify for this exemption and are subject to the Juneau 5% sales tax. Retail sales of alcoholic beverages are also subject to the additional 3% liquor tax.

Cruise Ship Definition

For purposes of this exemption, a cruise ship is a commercial passenger vessel that:

- Is authorized to carry 20 or more passengers;
- Provides overnight transportation for at least 20 passengers for hire; and
- Is not operated by a government entity.

Transactions That May Qualify for the Exemption

- Sales of goods when both payment and delivery to the passenger occur onboard the cruise ship outside the designated waters;
- Sales of services when both payment and performance of the service occur onboard the cruise ship outside the designated waters; and
- Pre-cruise payments for goods and services received onboard the ship when payment occurs before the cruise ship enters CBJ boundaries.

Transactions That Do Not Qualify

- Goods, services, or rentals sold on board a ship within the designated waters;
- Goods sold on day tours or daily excursions;
- Tours or boat charters occurring within the City and Borough of Juneau; or
- Goods or services purchased onboard a cruise ship but delivered or performed off the ship; and
- Goods or services delivered or performed onboard a cruise ship but paid for off the ship.

Shore Excursions and Tours

The cruise ship exemption does not apply to shore excursions, sightseeing tours, or other services performed within the City and Borough of Juneau simply because they are booked or paid for onboard a cruise ship.

Tours and excursions conducted within CBJ are generally subject to Juneau sales tax, regardless of whether the customer books directly with the tour operator, through a cruise line, or through another third-party seller.

The cruise ship exemption applies specifically to qualifying onboard transactions and does not extend to tours or other services performed off the ship within CBJ.

Resale

Goods purchased by cruise lines for resale may qualify for exemption from sales tax under CBJ 69.05.040(32) – Resale of Goods. For more information on the Resale of Goods exemption, please see procedure 432 of the Administrative Guidelines.