

Why Alaskans Support the Cruise Ship Ballot Initiative

The Cruise Ship Ballot Initiative (CSBI) is on the August statewide primary ballot because Alaskans believe the cruise industry should play by the same rules as everyone else. The CSBI addresses numerous points – all of the significant double-standards and evasions enjoyed by the cruise lines that are unfair to Alaskans and bad for Alaska’s economy and environment. Here’s what the CSBI will do:

1. CRUISE SHIPS SHOULD MEET ALL ALASKA WATER QUALITY STANDARDS

Cruise ships are the only major polluters of Alaska waters not required to have a discharge permit or meet all of Alaska’s Water Quality Standards. Cruise ships are only regulated under fecal bacteria and suspended solids standards; they avoid federal permitting by hiding behind an exemption intended for fishing vessels and other ships with a minimal crew and small number of passengers. Every other industry and municipality must meet standards for chemicals, metals, hydrocarbons and toxicity, and prove compliance every month.

A new permitting program will not be necessary to ensure compliance. Alaska has been collecting a fee of \$1/passenger to implement the existing DEC monitoring program since 2001. The mechanism is already in place, it is simply underutilized.

Discharge compliance, wastewater treatment equipment maintenance, and logbook verification will be monitored by onboard observers, paid for by \$4 of the head tax. Alaska has had observers in the ocean fishing fleet for nearly 30 years; it’s effective and cost efficient. The cruise industry’s repeated felony convictions demand verification and oversight. Today they essentially self-regulate – it’s like hiring a convicted thief to be a bank teller.

Alaskans will have the right to sue the cruise lines for illegally dumping wastes or falsifying records, just like under the Clean Water Act, which applies to everyone else. The citizen’s suit provision includes the standard practice of allowing courts to award portions of penalties to whistleblowers and other individuals who provide information leading to convictions.

2. TAXES ON GAMBLING PROFITS AND MARINE OPERATIONS

Every gaming operator in Alaska, except the cruise industry, pays 33% of their profits to charity and taxes. Under the CSBI, cruise lines will pay gambling taxes at the same rate paid by everyone else.

The cruise lines were exempted by our Legislature in 1998 from paying corporate income taxes on marine revenue. Under the CSBI, cruise lines will again pay at the same rate as all other corporations.

3. AMEND STATE DISCLOSURE LAW TO INCLUDE COMMISSIONS

Since 1994, Alaska consumer protection law has required oral and written disclosure to cruise passengers when shore-based businesses promoted onboard result in commissions to the ships. These promotions are typically presented as “advice” while in reality they are “advertisements.” The cruise ships have rarely if ever complied with this law and the State has not enforced it. The CSBI would amend existing law to require disclosure of the amount of the commission or kickback. Full disclosure of markups and kickbacks will help local businesses compete for tourism dollars. No local business would have to report anything.

4. PASSENGER TAX

Alaskans routinely pay tourism taxes on rental cars, hotel beds, and tours to support other economies when they travel. Cruise passengers pay head taxes in the Caribbean, the Mediterranean, and in California, as well as in Juneau and Ketchikan. Passengers on a one-week Alaska cruise spend over \$3000/person on ship and airline tickets, hotels, restaurants, tours, shopping, gambling, and alcohol. The threat that they will stop coming to Alaska because of a \$50 fee, less than it costs to fill a pickup truck with gas, insults our common sense.

Projected annual CSBI revenues of over \$60 million will go into the general fund. The public cannot designate funds through the initiative process, however, the federal Maritime Transportation Securities Act requires the money be spent on “servicing the industry.” Given this restriction, we believe the Alaska legislature will disperse the revenue fairly to Alaska communities. We are recommending \$5 to each port of call, a portion for State facilities, and a fund for non-port of call communities impacted by the industry. Communities that prefer their own head tax can opt out of the statewide head tax program.

At current passenger levels Haines would receive \$165,000/season, Sitka would receive \$1.25 million, and Juneau and Skagway would each receive \$4.5 million.

The cruise industry sells our natural resources, wildlife experiences, and majestic views. Cruise ship traffic results in wear and tear on our docks, roads, public bathrooms and clinics. Visitor traffic impacts our trails, view-sheds, fish and wildlife resources, and the quality of our lives. Docking fees don’t come close to covering these costs and occasional gifts are no substitute for charging a fair and reasonable tax for what we provide. The cruise industry has raised its own prices by 20% or more in the past two years, an increase of much more than \$50, which has not turned passengers towards cheaper destinations. Meanwhile, every year the ships get larger, and so do their profits. Carnival Cruise Lines, which owns Holland America and Princess, made over 2 billion dollars in profits in 2005.

This CSBI is on the ballot because community and legislative efforts to regulate the cruise lines and get a fair deal have been defeated by their lobbying and public relations campaigns year after year. Only a statewide initiative can succeed. The CSBI, written and staffed by Alaskans, has been almost entirely volunteer-based. By contrast, the Vancouver-based North West Cruise Association opposition is being orchestrated by international public relations teams and paid for with money from Miami cruise line executives, who have amassed fantastic wealth by registering their ships in foreign ports to avoid paying U.S. taxes, wages and benefits. They can easily afford to play by Alaska’s rules like everyone else.

The CSBI will help keep our waters clean and protect our fisheries. The cruise lines and their passengers will pay legitimate taxes, and local businesses will have a better chance to compete for tourism dollars. This is not an effort to drive tourism away – there is simply nothing in the CSBI to make that happen. Alaskans who have read the initiative know it will be good for local communities and all of Alaska. I urge you to vote YES for Alaska this August, and help pass the cruise ship ballot initiative.

Please visit www.responsiblecruising.org or contact initiative co-authors Gershon Cohen (766-3005) and Joe Geldhof (586-8193) for more information.