



THE STATE  
of **ALASKA**  
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**Department of Law**

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May 31, 2019

**SENT VIA U.S. MAIL AND EMAIL**

The Honorable Patricia A. Seitz  
United State District Court for the Southern District of Florida  
Wilkie D. Ferguson, Jr. United States Courthouse  
400 North Miami Avenue, Room 11-4  
Miami, FL 33128  
seitz@flsd@uscourts.gov

Re: *USA v. Princess Cruise Lines, Ltd.*

Dear Judge Seitz:

The State of Alaska has been following *United States of America v. Princess Cruise Lines, Ltd.*, and is aware that the defendant was arraigned on alleged probation violations. The parties have recently agreed on a proposed joint resolution, and the Court is holding a hearing to discuss the proposed resolution and determine whether a contested hearing remains necessary. While that might resolve the probation violation issues, in the event contested issues are in fact taken up at the hearing, Alaska wishes to apprise the Court of the grave economic impacts to Alaska's communities of any prohibition of Carnival Corporation from docking in Alaska ports.

Media outlets have reported that the Court has considered, alongside revocation of probation, a temporary ban on Carnival vessels from docking its ships at U.S. ports.<sup>1</sup> Alaska wholly understands the seriousness of the allegations—some stem from significant discharges of pollution into Alaska waters—and Alaska feels strongly that cruise ship operators must comply with state and federal environmental laws. However, Alaska asks that the Court consider the collateral impacts that a temporary ban would have on Alaska communities that are blameless in this matter. The cruise ship industry plays a vital role in the economy of Alaska and its coastal communities, and even a temporary ban on Carnival vessels would have deleterious impacts. Alaska respectfully requests that the Court forego implementing any ban on Carnival when assessing penalties.

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<sup>1</sup> See, e.g., Taylor Dolven, *Federal judge threatens to temporarily block Carnival ships from docking at U.S. ports*, Miami Herald, April 16, 2019, available at <https://www.miamiherald.com/news/business/tourism-cruises/article229069589.html>.

Alaska’s visitor industry drives the economy of many of its communities, and, statewide, it remains one of Alaska’s primary growing economic sectors.<sup>2</sup> Cruise lines play a predominant role in this industry. Of the 2.2 million visitors that travelled to Alaska in 2017, 49 percent travelled by cruise ship.<sup>3</sup> During this same period, revenue earned by payments from cruise lines accounted for 27 percent of Alaska’s “revenues resulting from out-of-state visitors”—the largest share of all visitor-related revenues.<sup>4</sup> The reach of the cruise ship industry in Alaska is ubiquitous, significantly impacting jobs, labor income, and economic output in the state. A ban on Carnival vessels—which comprise the majority of cruise ships in Alaska waters—would be a major blow to the state’s economy. Such a prohibition would remain disruptive even if it was only temporary as Alaska’s visitor economy relies on a short summer season.<sup>5</sup>

At a local level, where the impact of and reliance on the cruise ship industry is even more striking, a ban on Carnival vessels would be devastating. Alaska’s coastal communities are largely remote—with access only by air or sea. The ability of cruise lines to bring visitors to these areas is vital to their economies. For example, in the City of Ketchikan, tourism (and particularly cruise ships) has replaced timber as the leading industry. Of Ketchikan’s 2019 projected sales tax revenue of \$12.5 million, approximately \$4 million is estimated to be directly or indirectly attributable to tourism. Further, of the 1.2 million cruise ship passengers expected to arrive this year in Ketchikan (a community of just over 8,000 year-round residents), Carnival will account for 56 percent of these visitors. In the City of Skagway, “[t]he travel industry is the most important segment of Skagway’s economy, providing business opportunities, employment and government revenue for the City . . . virtually no other basic economic sectors exist.”<sup>6</sup> Cruise ships almost make up the entirety of the travel industry’s presence in Skagway, composing 1.3 of the approximately 1.4 million seasonal visitors in 2018.<sup>7</sup> Even in the larger City of Juneau—

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<sup>2</sup> McDowell Group, *Economic Impact of Alaska’s Visitor Industry 2017*, at 21 (November 2018), available at [https://www.commerce.alaska.gov/web/Portals/6/pub/TourismResearch/VisitorImpacts2016-17Report11\\_2\\_18.pdf?ver=2018-11-14-120855-690](https://www.commerce.alaska.gov/web/Portals/6/pub/TourismResearch/VisitorImpacts2016-17Report11_2_18.pdf?ver=2018-11-14-120855-690).

<sup>3</sup> *Id.* at 8.

<sup>4</sup> *See id.* at 15 (providing that state revenues resulting from out-of-state visitors totaled \$125.6 million and revenues resulting from cruise ship payments totaled \$33.3 million).

<sup>5</sup> *See id.* at 8 (explaining that “[t]he [2017] summer (May-September) market represented 86 percent of all visitors . . .”).

<sup>6</sup> Southeast Strategies & Dean Runyan Associates, *Skagway Economic Impact Study*, at 5 (February 23, 2000), available at [http://www.deanrunyan.com/doc\\_library/SkagwayImp2000.pdf](http://www.deanrunyan.com/doc_library/SkagwayImp2000.pdf).

<sup>7</sup> *See* James A. Van Altvorst, Van Altvorst & Associates, *A Review: 2019 Cruise Ship Presence Skagway, Alaska, A Report Prepared for Municipality of Skagway*, at 7 (April 8, 2019) (providing graph that depicts seasonal visitor statistics for 2018), available at [https://www.skagway.org/sites/default/files/fileattachments/clerk039s\\_office/page/28411/2019\\_skg\\_cpv\\_update\\_2019\\_04\\_08\\_1.pdf](https://www.skagway.org/sites/default/files/fileattachments/clerk039s_office/page/28411/2019_skg_cpv_update_2019_04_08_1.pdf).

Alaska's capital—the visitor industry accounts for \$13.5 million in municipal tax revenues, \$109 million in labor income, and 12 percent of jobs.<sup>8</sup> Cruise ships in turn account for over 90 percent of visitor volume in Juneau.<sup>9</sup> These and many other Alaska communities are invested in the ongoing ability of cruise lines to provide access for visitors. Banning Carnival vessels from Alaska's ports would result in lasting, potentially unrecoverable damage.

To be clear, Alaska agrees that any cruise ship operator must comply with state and federal environmental laws and needs to be held accountable for noncompliance. However, Alaska respectfully requests that the Court consider the potential collateral economic outfall on Alaska and its local communities when deciding what penalties are appropriate in this matter. Alaska is confident that a punishment could be imposed that avoids the unnecessarily harmful impact that would result from banning Carnival vessels from U.S. ports. Thank you for your consideration.

Sincerely,



Kevin G. Clarkson  
Attorney General

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<sup>8</sup> McDowell Group, *Juneau Visitor Profile and Impacts*, at 5 (March 21, 2019).

<sup>9</sup> *Id.* at 31.