



# ALASKA STATE LEGISLATURE

## HOUSE LABOR & COMMERCE COMMITTEE

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### Sponsor Statement

#### House Bill 340

*"An Act relating to municipal sales or use taxes on motor fuels; and providing for an effective date"*

House Bill 340 would limit the sales tax charged by municipalities on gasoline and diesel, when used as motor fuel on Alaska's highways, to \$0.08 per gallon.

As the price of gasoline increases, consumers suffer with an ever increasing sales tax liability. When the price of gasoline in my community was at its highest, nearly \$4.70 per gallon, my constituents were paying nearly \$0.30 per gallon in sales tax.

This flat sales tax on a gallon of fuel will provide a small savings at lower price points. If prices increase in the future, consumers will see even greater savings.

In cities within a borough, both the city and the borough would be able to charge the flat tax. This would mean a maximum sales tax of \$0.16 per gallon.

While this cap will lower many municipalities' tax revenue at high fuel prices, at low prices it will mean higher revenue.

I urge your support of this legislation.