

DOT&PF's Input for Motor Fuel Tax FAQ

1. What is the current aviation fuel tax rate?

The current aviation fuel tax rate is 3.2 cents per gallon on jet fuel and 4.7 cents per gallon on aviation gas.

2. How much revenue was collected in past years through aviation fuel taxes?

In FY14 aviation fuel tax revenues collected were \$4.1M on jet fuel (~130 million gallons) and \$450K on aviation gas (~10 million gallons).

3. How much revenue is anticipated by increasing the aviation fuel tax rate to 10 cents per gallon?

Based on FY14 usage numbers, approximately \$13M in jet fuel and \$1M in aviation gas may be collected. This represents an increase of ~\$9.5M in aviation fuel tax revenue.

4. Where does aviation fuel tax revenue go?

Aviation fuel tax revenue flows into the state general fund.

5. Are there any restrictions on what aviation fuel tax revenue is used for?

Per FAA federal grant obligations, revenue generated through aviation fuel taxes must be invested back into the airport or airport system and may not be used for other purposes.

6. Who is exempt from paying aviation fuel taxes?

In addition to sales between qualified dealers, the following sales and uses are exempt from motor fuel tax: heating, federal, state, and local government agencies, foreign flights (jet fuel), exports, charitable institutions, and bunker fuel (residual fuel oil or #6 fuel oil).

7. Does any other entity benefit from fuel tax revenue other than the State of Alaska?

Local airport sponsors (communities/municipalities who own and operate their own airport) receive back 60% of the aviation fuel tax revenue collected at their airports each year as part of a revenue sharing program managed by the Department of Revenue.

8. What is the current Alaska highway motor-fuel tax rate?

The current highway motor-fuel tax rate is 8.0 cents a gallon with a refined fuel surcharge of 0.95 cents for a total of 8.95 cents per gallon. The current motor-fuel tax rate of 8.0 cents was set in 1970 while the surcharge was added by HB 158 effective July 1, 2015 (FY16).

9. How much revenue was collected in past years through the motor-fuel tax?

In FY15 state motor-fuel tax receipts contributed \$21.9M for gasoline (~274.1 million gallons) and \$10.1M for diesel (~125.8 million gallons). A five year average (FY11-FY15) shows a \$21.5M (268.8 million gallons) annual average from gasoline and \$9.8M (122.7 million gallons) from diesel.

10. How much revenue is anticipated by increasing the highway motor-fuel tax to 16.0 cents per gallon?

Based on FY15 gallons sold, approximately \$43.8M from gasoline and \$20.2M from diesel would be generated by the new tax rate. This represents an increase of \$32M in highway motor-fuel tax revenue.

11. Where does highway motor-fuel tax revenue go?

Highway motor-fuel tax revenue flows into the state general fund.

12. What is the national average state motor-fuel tax?

According to a January 1, 2016 report from the American Petroleum Institute, the national average for state motor-fuels is 20.91 cents per gallon of gasoline and 20.17 cents per gallon of diesel.

13. What is the current Alaska motor-fuel tax for marine use?

The current tax on motor-fuel used in and on watercraft of all descriptions is 5.0 cents per gallon.