

FY17 OPERATING BUDGET AMENDMENT

#9

OFFERED IN: The Senate Finance Committee

TO: SB 139

OFFERED BY: Senator Kelly

Part A) Amend sec. 24, Fund Transfers, by adding a new subsection to read:

(j) An amount equal to the interest earned on amounts in the aviation fuel tax account (AS 43.40.010(e)) during the fiscal year ending June 30, 2017, is appropriated to the aviation fuel tax account (AS 43.40.010(e)).

Part B) Amend sec. 27, Shared Taxes:

DELETE: (b) The amount necessary, estimated to be \$200,000, to refund to local governments their share of an aviation fuel tax or surcharge under AS 43.40 for the fiscal year ending June 30, 2017, is appropriated from the proceeds of the aviation fuel tax or surcharge levied under AS 43.40 to the Department of Revenue for that purpose.

ADD: (b) An amount equal to the proceeds of aviation fuel taxes or surcharges levied under AS 43.40 and collected during the fiscal year ending June 30, 2015, estimated to be \$141,800, is appropriated from the aviation fuel tax account (AS 43.40.010(e)) to the Department of Revenue to refund to local governments their share of the proceeds of taxes or surcharges levied under AS 43.40 for the purpose of paying capital and operating costs of airports for the fiscal year ending June 30, 2017.

Part C)

DEPARTMENT: Transportation and Public Facilities

APPROPRIATION: Administration and Support
ALLOCATION: Commissioner's Office

ADD: \$47,900 Rural Airport Receipts 1244 (Other)

DELETE: \$47,900 GF/ Program Receipts 1005 (DGF)

APPROPRIATION: Administration and Support
ALLOCATION: Statewide Administrative Services

ADD: \$138,700 Rural Airport Receipts 1244 (Other)

DELETE: \$138,700 GF/ Program Receipts 1005 (DGF)

APPROPRIATION: Administration and Support
ALLOCATION: Statewide Aviation

ADD: \$3,061,900 Rural Airport Receipts 1244 (Other)
\$254,900 Rural Airport Receipts I/A 1245 (Other)

DELETE: \$3,061,900 GF/ Program Receipts 1005 (DGF)
\$254,900 Interagency Receipts 1007 (Other)

APPROPRIATION: Highways, Aviation and Facilities
ALLOCATION: Central Region Highways and Aviation

ADD: \$678,500 Rural Airport Receipts 1244 (Other)

DELETE: \$678,500 GF/ Program Receipts 1005 (DGF)

APPROPRIATION: Highways, Aviation and Facilities
ALLOCATION: Northern Region Highways and Aviation

ADD: \$1,608,200 Rural Airport Receipts 1244 (Other)

DELETE: \$1,608,200 GF/ Program Receipts 1005 (DGF)

APPROPRIATION: Highways, Aviation and Facilities
ALLOCATION: Southcoast Region Highways and Aviation

ADD: \$381,700 Rural Airport Receipts 1244 (Other)

DELETE: \$381,700 GF/ Program Receipts 1005 (DGF)

APPROPRIATION: Highways, Aviation and Facilities
ALLOCATION: Central Region Highways and Aviation

ADD: \$1,426,100 Aviation Fuel Tax Revenue 1239 (Other)

DELETE: \$1,426,100 General Funds 1004

APPROPRIATION: Highways, Aviation and Facilities
ALLOCATION: Northern Region Highways and Aviation

ADD: \$2,471,700 Aviation Fuel Tax Revenue 1239 (Other)

DELETE: \$2,471,700 General Funds 1004

APPROPRIATION: Highways, Aviation and Facilities
ALLOCATION: Southcoast Region Highways and Aviation

ADD: \$828,300 Aviation Fuel Tax Revenue 1239 (Other)

DELETE: \$828,300 General Funds 1004

EXPLANATION:

In January 2015, the FAA contacted the Department of Revenue regarding tracking the proceeds of the aviation fuel tax to ensure that the state was meeting federal requirements (federal register volume 64, number 30, page 7716--February 16, 1999). The federal government requires proceeds of aviation fuel taxes—and other revenue from airports constructed with federal receipts—to be spent for capital or operating costs of airports. Previously, the State (and FAA) considered expenditure tracking unnecessary because annual state expenditures on airports far exceeded annual aviation revenue.

Three fund codes were created in response to the federal concern for more explicit tracking. Code 1239 (Aviation Fuel Tax) will be used to track appropriations of aviation fuel tax collections, code 1244 (Rural Airport Receipts) will be used to track appropriations of rural airport lease/ other receipts, and code 1245 (Rural Airport Receipts I/A) will be used to track appropriations of rural airport lease/ other receipts from other state agencies. The codes are classified as dedicated (Other) funds (due to the federally restricted use of airport revenue) and may be used in the DOT&PF budget for capital or operating appropriations for airports. The reclassification of expenditures from general funds to dedicated revenue will also require the Department of Revenue to reclassify the revenue stream as restricted revenue.

Aviation Fuel Tax receipts will be appropriated based on the most recent closed fiscal year's actual tax collections. So for FY17, the appropriation level would be the amount of FY15 collections, which were \$4.7 million.

This amendment is a net zero fund source change.