



February 6, 2017

Senator Bert Stedman
Chair Senate Transportation Committee
State Capitol, Room 30
Juneau, AK 99801

RE: WRITTEN TESTIMONY ON SB25 CONCERNING MOTOR FUEL TAX INCREASE

Dear Senator Stedman and the Senate Transportation Committee:

The Alaska Airmen Association is a general aviation organization that represents over 2000 members. Our mission is to “promote general aviation in Alaska.” Membership includes pilots, mechanics, aircraft owners and others that have an interest in aviation. On behalf of our membership, thank you for the opportunity to submit the following written testimony concerning Senate Bill 25.

The Alaska Airmen Association supports SB25.

While no one wants to pay more in taxes, this increase is a small price to pay to help maintain and improve the Alaska Aviation System of 240 rural airports that so many residents rely on for goods, services, healthcare, subsistence, and recreation. We also support the Department of Transportation & Public Facilities (DOT&PF) efforts to cut cost and streamline their operations and agree that cost cutting alone will not solve the State’s budget crisis.

While the proposed increase would initially double Aviation Gasoline (AVGAS) and Jet fuel taxes the first year then triple the current tax the second year, it only slightly more than compensates for inflation. In 1994 the current AVGAS tax rate of 4.7 cents was set and if adjusted for inflation would have been 8 cents in 2016. <http://www.westegg.com/inflation/>

The average Alaska Airmen member currently pays between \$20 and \$70 in AVGAS taxes annually. If the tax rate increases as proposed our average member would pay between \$60 and \$210 per year in 2018.

The Alaska Airmen Association strongly supports the provision in SB25 that stipulates the revenues collected be tracked in a separate account within the General Fund, and in compliance with FAA grant assurances, is used to maintain the airport system. The Alaska Airmen Association also feels that a fuel tax is the most balanced and most equitable means to generate revenue for the Alaska aviation system. The more one uses the system the more one pays. The current method of collecting fuel tax revenue also provides the greatest “return on investment” to the State. There is no need to form new divisions or levels of government to collect revenues as would be necessary with other options of generating additional revenue.

Thank you for tackling the hard issues of the State’s funding shortfall. The Alaska Airmen Association looks forward to continuing our work with DOT&PF and the Legislature on this matter.

Sincerely,

Adam White
Government Affairs