

**GOVERNOR'S COUNCIL ON DISABILITIES AND SPECIAL EDUCATION,  
STATEWIDE INDEPENDENT LIVING COUNCIL OF ALASKA  
ALASKA MOBILITY COALITION**



GOVERNOR'S COUNCIL  
ON DISABILITIES &  
SPECIAL EDUCATION



**2¢ for Transit  
Making the  
Fuel Tax Work for All Alaskans**

**WHAT IS IT?**

Alaska hasn't raised the tax on motor fuel in decades, making the amount paid by Alaskans the absolute lowest amount in the nation. Even with the proposed the motor fuel tax is increased, Alaskans will still be paying below average on motor fuel taxes.

- The highway fuel tax rate was last increased in 1970. The last time the marine rate was changed was in 1977; the aviation fuel rates are the rates that have increased most recently, and that was over twenty years ago!

PROPOSED RATES			
Type of Tax	Current Rate	FY18 Rate	FY19 Rate
Marine Fuel Tax	5¢ per gallon	10¢ per gallon	15¢ per gallon
Jet Fuel Tax	32¢ per gallon	64¢ per gallon	96¢ per gallon
Aviation Fuel Tax	47¢ per gallon	94¢ per gallon	\$1.44 per gallon
Highway Fuel Tax	8¢ per gallon	16¢ per gallon	24¢ per gallon

**HOW WIL THE HIGHWAY TAX BE USED?**

- Support highway maintenance, including the Alaska Marine Highway operation and maintenance.
- Help offset the cost of the operation maintenance of community transit programs across the state of Alaska.

**RECOMMENDATION**

- Use 1¢ per gallon of the new highway tax rate (approximately \$4 million dollars in FY18) for the community transit program.
- Use 2¢ per gallon of the new highway tax rate (approximately \$8 million dollars in FY19) for the community transit program.

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**WHY IS THIS IMPORTANT?**

The State of Alaska hasn't increase the taxes on motor fuel in decades. The taxes being stagnant has acted as a subsidy for distributors and wholesalers; yet now, the State of Alaska has a budget crisis and needs to review all options.

- Community transit programs make sense (and cents). Every \$1 invested in public transportation generates approximately \$4 in economic returns<sup>1</sup>.
- Alaska's population aged 65 or older is expected to grow at the fastest rate (86 percent) over the projection period; the next largest growth rate is those between the ages 0-19 years.<sup>2</sup>
- Groups that rely on public transportation include our Elders, youth, those with disabilities, those from a lower socio-economic area of town, as well as those who are concerned about the environment, choose not to drive, or are visiting Alaska.
- Community and public transportation gives Alaskans access to employment opportunities, healthcare appointments, school, shopping, and community activities.

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<sup>1</sup> American Public Transit Association webpage, Public Transportation Benefits  
(<http://www.apta.com/mediacenter/ptbenefits/Pages/default.aspx>)

<sup>2</sup> Alaska Population Projections 2015-2045, page 5(<http://live.laborstats.alaska.gov/pop/projections/pub/popproj.pdf>)