

ALASKA STATE LEGISLATURE

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HB 397: Surcharge on Crude Oil; Arctic Trans Fund

Sponsor Statement

Version O

HB 397 is a proactive bill. It assures that when the current 9 cent federal excise tax on refineries in the United States is not in place, that a per barrel surcharge will automatically be activated on producers in Alaska. All Alaska oil is refined in the United States. The State surcharge only applies when there is no federal tax collected, or the federal tax is reduced below 9 cents per barrel. The State per barrel surcharge is not applicable when the federal per barrel tax on refineries is reauthorized at the 9 cent or higher rate.

In 2017, the federal government did not reauthorize the 9 cent per barrel excise tax on crude oil refined in the United States. This tax capitalizes the federal Oil Spill Response Fund under USC 4611. As part of the Bipartisan Budget Act of 2018, the federal excise tax was reauthorized on March 1, 2018 but will expire again at the end of 2018 unless it is again reauthorized.

This bill also creates the *Arctic Transportation and Resource Access Fund (ATRAF)* within the General Fund. The State surcharge would be deposited into the ATIF. The fund is intended to help develop transportation and infrastructure capital projects north of 68 degrees latitude. Replacement of ice roads with year-round gravel commercial toll roads will create safer transportation and enhance the economics of development for industry and local communities.