

## Motor Fuel Tax

### AS 43.40

#### Description

Alaska levies a motor fuel tax and surcharge on motor fuel sold, transferred or used within Alaska. The Department of Revenue's Tax Division collects motor fuel taxes primarily from wholesalers and distributors that hold "qualified dealer" licenses issued by the division.

(A qualified dealer is a person who refines, imports, manufactures, produces, compounds or wholesales refined or motor fuel.)

#### Rates

Fuel Type	Rate/Gallon
Highway	\$0.08
Marine	\$0.05
Aviation Gasoline	\$0.047
Jet Fuel	\$0.032

In addition to the tax rates, there is a motor fuel surcharge, which is \$0.0095 a gallon. It went into effect July 1, 2015.

#### Returns

Taxpayers are required to file their tax returns electronically using [Revenue Online](#).

Taxpayers file tax returns and make tax payments monthly. There are four separate returns:

- ▶ Gasoline
- ▶ Diesel
- ▶ Aviation
- ▶ Gasohol

The due date is the last day of the month following the month of sale or taxable use. Taxpayers may deduct 1% of the tax and surcharge due, limited to a maximum of \$100 per return, as a credit for timely filing to cover the expense of accounting and filing the monthly return.

#### Exemptions

Motor fuel tax exemptions – Fuel sold for heating, for use by federal, state and local government agencies, and charitable institutions, and for sales or transfers between qualified dealers; fuel sold for use in foreign flights (jet fuel), and as exports; and for fuel sold as bunker fuel (residual fuel oil or #6 fuel oil).

Surcharge exemptions – Sales of liquefied petroleum gas and aviation fuel; and refined fuels that are sold for use by federal and state government agencies, municipalities and electric cooperatives, sold or transferred between qualified dealers, and fuel that is sold to be refined and used outside the United States.

#### Refunds

Consumers may claim a refund for the full tax rate or surcharge if the consumer paid the full tax rate or surcharge at the time of purchase and then used the fuel for exempt purposes. Consumers may also claim a partial refund of the tax if a higher rate was paid at the time of purchase or if the consumer used the fuel for partially exempt purposes.

Resellers, usually retailers, may claim a refund for the full tax if the reseller paid the tax, then sold the fuel for exempt use and did not collect the tax.

## Deferrals

For diesel specifically, municipalities and federally recognized tribes may elect to defer the payment of tax on diesel purchased for their own official use and for resale to residents of the municipality or tribal members by filing [Form 539](#) with the Tax Division. The municipalities and federally recognized tribes must receive approval prior to receiving untaxed fuel.

A list of approved municipalities and tribes is available on [Revenue Online](#). (Select "Search for a License," then "Motor Fuel Tax Deferral Query.") Then, if the fuel for which taxes were deferred ends up being sold for a taxable use, the municipality or tribe must file a tax return and pay the tax.

## Disposition of Revenue

The Tax Division deposits tax revenue from each fuel type into a specific revenue account for that fuel type in the General Fund, then the Legislature may appropriate that money for a use related to the specific fuel type.

For example, proceeds from tax on motor fuel used in boats and watercraft are deposited in a special watercraft fuel tax revenue account in the General Fund. The Legislature may appropriate that money for water and harbor facilities.

In another example, proceeds from tax on motor fuel used in highway vehicles are deposited in a special highway fuel tax revenue account in the General Fund, and the Legislature may appropriate that money for the Alaska Department of Transportation and Public Facilities.

For aviation fuel, the Tax Division shares with the respective municipalities 60% of taxes attributable to aviation fuel sales at municipally owned or operated airports. A [current list of Airport Sponsors](#) is available on the Alaska Department of Transportation and Public Facilities' Statewide Aviation Division webpage.

The Tax Division calculates the amount due to the municipalities based on reports filed by qualified dealers. Qualified dealers who collect tax at municipal airports must attach Schedule 532A to the aviation return.

## History

The motor fuel tax dates back to 1945 when the Territorial Legislature imposed a tax of \$0.01 per gallon on all motor fuel. Over time, the Alaska Legislature enacted separate tax rates for each of the fuel types as they exist today. The Legislature has also changed tax rates through the years.

**1994** – The Legislature enacted a tax decrease for bunker fuel. The tax rate decreased from \$0.05 to \$0.01 per gallon on bunker fuel sales exceeding 4.1 million gallons. The tax decrease expired on June 30, 1998.

**1997** – The Legislature repealed the gasohol exemption, and enacted a provision that reduces the tax on gasohol from \$0.08 to \$0.02 per gallon in areas and at times when the use of gasohol is required. However, gasohol has not been required since the winter of 2002-2003. Gasohol is currently taxed at the full tax rate of \$0.08 per gallon.

– Legislation was also passed that fully exempted gasohol blended with at least 10% alcohol derived from wood or seafood waste. (The legislation expired on June 30, 2004, as mentioned below.)

– The Legislature expanded the foreign flight exemption to include flights originating from foreign countries in addition to the existing exemption for flights with a foreign destination. The legislation included a permanent exemption for bunker fuel (residual fuel oil known as #6 fuel oil), which nullified the 1994 bunker fuel tax rate reduction.

**1998** – The Legislature authorized taxpayers to take a "bad debt" credit for sales deemed to be worthless and for sales to persons who filed bankruptcy. The provision expired July 1, 2008.

**2003** – The Legislature enacted legislation that made it easier for the state to issue motor fuel excise tax refunds for credit card purchases made by federal, state and local government agencies.

**2004** – The 1997 provision that exempted gasohol blended with at least 10% alcohol derived from wood or seafood waste from the motor fuel tax expired on June 30, 2004. Beginning the next day, July 1, 2004, all gasohol has been taxed at the rate of \$0.08 per gallon, the current rate.

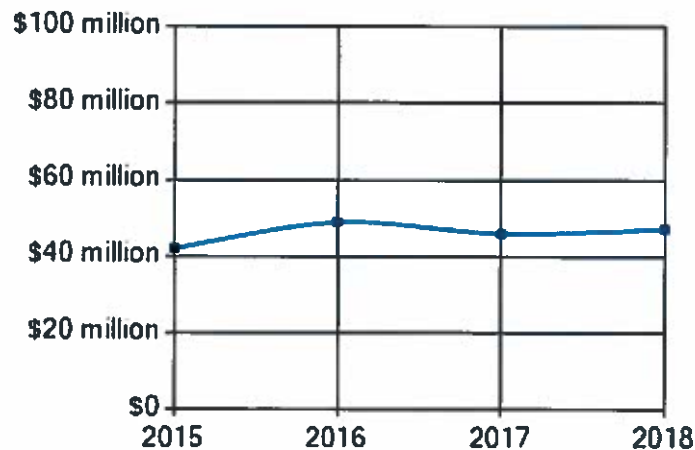
**2008** – The Legislature in a special session suspended the motor fuel tax on all fuel types effective Sept. 1, 2008, through Aug. 31, 2009. Motor fuel distributors were required to file monthly reports of all fuel sales during the period of suspension.

**2009** – The motor fuel tax suspension continued until Aug. 31, 2009. The motor fuel tax was reinstated the next day, on Sept. 1, 2009.

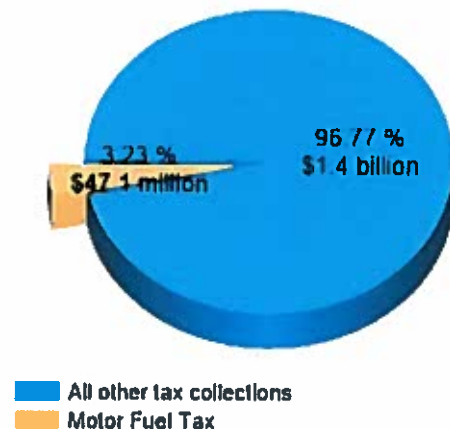
**2015** – House Bill 158, effective July 1, 2015, added a surcharge of \$0.0095 a gallon on refined fuel sold, transferred or used in Alaska. Refined fuels exempt from the surcharge when sold are liquefied petroleum gas and aviation fuel, as well as refined fuels for use by federal and state government agencies, to be sold or transferred between qualified dealers, and fuel sold to be refined and used outside the United States. The surcharge is collected in the same manner as the motor fuel tax.

<b>Gallons</b>	<b>Fiscal Year</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Highway Fuel		369,230,096	366,035,525	370,470,349	374,209,493
Marine Fuel		110,570,346	109,067,821	119,178,582	107,101,975
Jet Fuel		130,502,936	137,352,645	138,389,441	127,544,195
Aviation Gasoline		9,175,739	9,470,564	9,652,514	10,195,669
<b>Total</b>		<b>619,479,117</b>	<b>621,926,555</b>	<b>637,690,886</b>	<b>619,051,332</b>

**Tax Collections  
from FY 2015 - FY 2018**



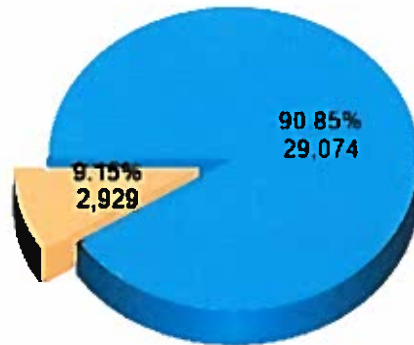
**Tax Collections  
for FY 2018**



## Collections Summary

Fiscal Year	2018	2017	2016	2015
Highway Fuel	\$30,555,948	\$29,311,111	\$31,825,609	\$31,958,656
Marine Fuel	5,706,226	5,417,976	5,908,628	5,076,030
Jet Fuel	4,067,053	4,092,083	4,164,742	4,371,630
Aviation Gasoline	438,612	442,531	453,521	496,319
Diesel Surcharge	3,619,750	3,952,961	4,078,839	
Gasoline Surcharge	2,729,633	2,662,537	2,464,760	
Penalties and Interest	31,391	65,240	24,139	116,949
<b>Total Tax</b>	<b>\$47,148,613</b>	<b>\$45,944,439</b>	<b>\$48,920,238</b>	<b>\$42,019,584</b>
General Fund	47,049,908	45,820,059	48,773,877	41,877,783
Aviation Tax Shared with Municipalities	(98,705)	(124,380)	(146,361)	(141,801)

## Returns filed for FY 2018



■ All other tax returns ■ Motor Fuel Tax

## Filing Information

Fiscal Year	2018	2017	2016	2015
Number of Returns	2,929	2,995	3,204	3,253
Number of Taxpayers	110	265	116	119