

Senate Bill 115

Motor Fuel Tax

Senator Click Bishop

February 21, 2020
Senate Finance Committee

Motor Fuel Tax History

1945 – Alaska’s first motor fuel tax levied at \$.01/gallon

1970 – Motor fuel tax was increased to \$.08/gallon

1977 – Marine fuel tax was increased to \$.05/gallon

1994 – Aviation fuel tax was increased to \$.047/gallon

Sept. 1, 2008 – Aug. 31, 2009 – Motor fuel tax suspended on all fuel types

2015 – HB 158 added a \$.0095/gallon surcharge on motor fuel intended for spill prevention and response fund

Motor Fuel Tax Rates (cents/gallon)

	<u>Current</u>	<u>SB 115 (proposed)</u>
Highway Fuel	\$.08	\$.16
Marine Fuel	\$.05	\$.10
Aviation Fuel	\$.047	\$.047
Jet Fuel	\$.032	\$.032
Off-Road Use Refund	\$.06	\$.12

Impact on Average Alaska Consumer

Registered Passenger Vehicles (cars and trucks only) = 654,826 ¹

Average Miles per Year per Vehicle = 15,000 ²

Average Miles Per Gallon (24.2 (cars) + 17.5 (trucks) / 2) = 20.85 ³

Gallons of Fuel per Year (15,000/20.85) = 719

Annual Cost per Vehicle (719 x \$.08) = \$57.52

¹ Per Division of Motor Vehicles

² Per Kelley Blue Book

³ Per Department of Transportation & Public Facilities

Electric Vehicle Registration Fee

Electric Vehicle – a vehicle that is powered solely by an electric motor drawing current from rechargeable batteries, fuel cells or other portable sources of electrical current and manufactured primarily for use on public streets, roads and highways.

- **Biennial registration fee increases from \$100 to \$200**
- **Collected by the Division of Motor Vehicles and deposited into the highway maintenance fund**
- **Approximately 600+ in Alaska**

Plug-In Hybrid Vehicle – a vehicle that is capable of using gasoline, diesel fuel, or alternative fuel and is powered in part by electrical energy using a battery storage system capable of being recharged from an external source of electricity and manufactured primarily for use on public streets, roads and highways.

- **Biennial registration fee increases from \$100 to \$150**
- **Collected by the Division of Motor Vehicles and deposited into the highway maintenance fund**
- **Approximately 300+ in Alaska**

Comparison to Other States

Alaska has the lowest tax rate on highway fuel and marine fuel of any state (in most states, the marine rate is the same as the highway rate).

With passage of SB 115, Alaska would remain well below the national average moving from 50th to 41st in comparison to other states.

Alaska currently has a more competitive ranking among other states for jet fuel (36th) and aviation fuel (40th).

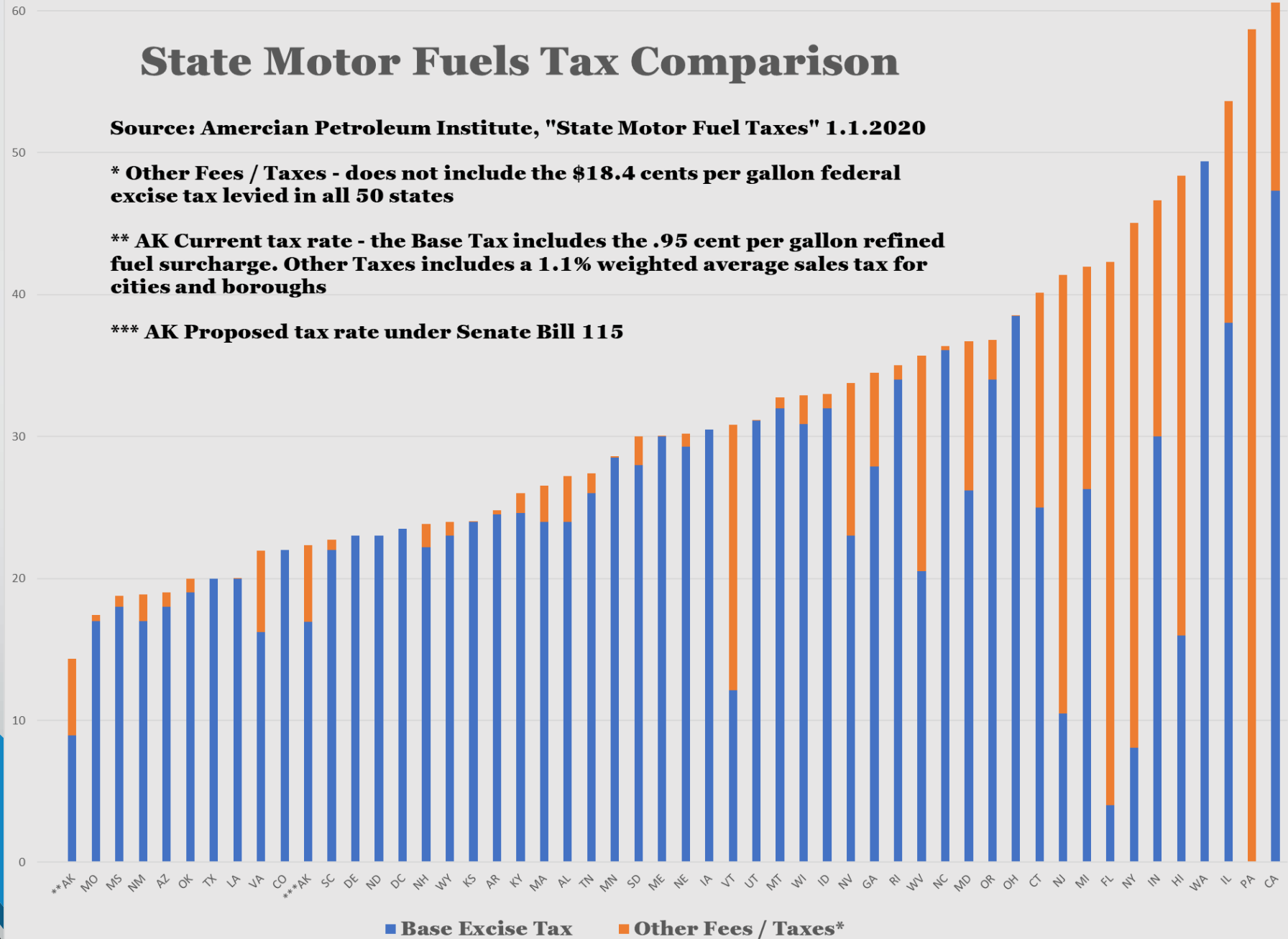
State Motor Fuels Tax Comparison

Source: Amercian Petroleum Institute, "State Motor Fuel Taxes" 1.1.2020

* Other Fees / Taxes - does not include the \$18.4 cents per gallon federal excise tax levied in all 50 states

** AK Current tax rate - the Base Tax includes the .95 cent per gallon refined fuel surcharge. Other Taxes includes a 1.1% weighted average sales tax for cities and boroughs

*** AK Proposed tax rate under Senate Bill 115



Questions?