

# ALASKA STATE LEGISLATURE



REPRESENTATIVE ANDY JOSEPHSON

## **Sponsor Statement for CSHB 104(FIN)am**

### **Refined Fuels Surcharge and Motor Fuels Tax Holiday**

CSHB 104 (FIN) am increases the existing surcharge on refined fuels by \$.0055 per gallon- bringing the total surcharge amount to a penny and a half. The current surcharge of \$.0095 was put in place in 2015. Less revenue has been actualized than was projected from this surcharge, leading to a need for this increase.

The bill will allow the Spill Prevention and Response Unit of Department of Environmental Conservation (DEC) to be fully funded without any UGF support and is supported by the Commissioner of the DEC. This modest increase aims to keep the Oil and Hazardous Substance Release Prevention Account solvent.

The cost of this increase to the typical urban driver per year, per car, is in the range of \$4.00. (This amount will vary depending on the user).

The department expects to see about \$3.5 million in additional revenue through this legislation. The upstream oil industry will see no direct impact from this legislation as the surcharge is not part of the nickel per barrel TAPS throughput tax.

In addition, an amendment adopted on the House floor added a provision to HB 104 suspending the tax on motor fuels for one year. The tax holiday will take effect on the first day of the month following the bill's enactment and will expire on June 30, 2022.

There was language included in the amendment to ensure entities selling motor fuel would pass the saving from the tax pause onto consumers. This should equate to a decrease of 8 cents per gallon at the gas pump for Alaskans. Additionally, taxes on Marine Fuel and Aviation Fuel would also be suspended for this period.