

SENATE CS FOR CS FOR HOUSE BILL NO. 122(FIN) am S

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Amended: 5/16/96

Offered: 5/13/95

Sponsor(s): REPRESENTATIVES MOSES, Grussendorf, Mackie

A BILL

FOR AN ACT ENTITLED

1 "An Act imposing a reporting requirement on certain sales, transfers, and
2 consumption or uses of motor fuel, increasing the motor fuel tax on motor fuel
3 used in and on watercraft, and authorizing payment of a portion of that tax as
4 refunds to municipalities; and providing for an effective date."

5 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

6 * **Section 1.** AS 43.40.010(a) is amended to read:

7 (a) There is levied a tax of eight cents a gallon on all motor fuel sold or
8 otherwise transferred within the state, except that

9 (1) the tax on aviation gasoline is four and seven-tenths cents a gallon;

10 and

11 (2) [THE TAX ON MOTOR FUEL USED IN AND ON
12 WATERCRAFT OF ALL DESCRIPTIONS IS FIVE CENTS A GALLON; AND

13 (3)] the tax on all aviation fuel other than gasoline is three and two-
14 tenths cents a gallon.

1 * **Sec. 2.** AS 43.40.010(b) is amended to read:

2 (b) There is levied a tax of eight cents a gallon on all motor fuel consumed
3 by a user, except that

4 (1) the tax on aviation gasoline consumed is four and seven-tenths cents
5 a gallon; **and**

6 (2) [THE TAX ON MOTOR FUEL USED IN AND ON
7 WATERCRAFT OF ALL DESCRIPTIONS IS FIVE CENTS A GALLON; AND

8 (3)] the tax on all aviation fuel other than gasoline is three and two-
9 tenths cents a gallon.

10 * **Sec. 3.** AS 43.40.010(c) is amended to read:

11 (c) Every dealer who sells or otherwise transfers motor fuel in the state shall
12 collect the tax at the time of sale, and remit the total tax collected, **together with the**
13 **tax return required by AS 43.40.075,** during each calendar month of each year to the
14 department by the last day of each succeeding month. Every user shall likewise remit
15 the tax accrued on motor fuel actually used by the user during each month, **together**
16 **with the tax return required by AS 43.40.075.** If the monthly tax **remittance and**
17 **return** **are** [IS] timely filed, one percent of the total monthly tax due, limited to a
18 maximum of \$100, may be deducted and retained to cover the expense of accounting
19 and filing the monthly tax **remittance and** return. [AT THE TIME THE
20 REMITTANCE IS MADE, EACH DEALER OR USER SHALL SUBMIT A
21 STATEMENT TO THE DEPARTMENT SHOWING ALL FUEL WHICH THE
22 DEALER OR USER HAS DISTRIBUTED OR USED DURING THE MONTH.]

23 * **Sec. 4.** AS 43.40.010(f) is amended to read:

24 (f) The proceeds from the revenue from the tax on motor fuel used in **or on**
25 [BOATS AND] watercraft of all descriptions shall be deposited in a special watercraft
26 fuel tax account in the general fund. The legislature may appropriate from this
27 account **as follows:**

28 **(1) an amount equal to 37.5 percent of the proceeds from the**
29 **revenue from the tax may be appropriated for the purpose of paying refunds**
30 **under AS 43.40.150 to municipalities**

31 **(A) that, during the state fiscal year in which the refund is**

1 payable, expend or propose to expend an amount at least equal to the
2 amount received by the municipality as a refund under AS 43.40.150 for
3 water and harbor facilities that are

4 (i) municipally owned and operated; or

5 (ii) state facilities, other than facilities of the Alaska
6 marine highway system, and that become municipally owned and
7 operated water and harbor facilities by transfer from the state;
8 appropriations may be made for the purpose of paying these
9 refunds to a municipality only after transfer of all state water and
10 harbor facilities in the municipality from the state to a
11 municipality; or

12 (B) for new or expanded water and harbor facilities to be
13 constructed by a municipality, but only if the municipality has presented
14 to the commissioner of transportation and public facilities a plan for the
15 construction of new or expanded facilities in the municipality, and the
16 commissioner of transportation and public facilities finds, and certifies to
17 the commissioner of revenue, that the making of the refund payment under
18 this subparagraph will materially assist the municipality in planning,
19 designing, constructing, and operating the new or expanded water and
20 harbor facilities; and

21 (2) the balance of the proceeds from the revenue from the tax may
22 be appropriated for water and harbor facilities.

23 * Sec. 5. AS 43.40 is amended by adding a new section to read:

24 Sec. 43.40.075. TAX RETURN FILING REQUIREMENTS. (a) A person
25 subject to the motor fuel tax shall file a return, made under penalty of unsworn
26 falsification, on a form prescribed by the department, reporting

27 (1) motor fuel sold, transferred, and used in the state by category
28 defined by the department; and

29 (2) sales, transfers, and uses of motor fuel that are exempt from
30 taxation under this chapter.

31 (b) The motor fuel tax return must show the type of motor fuel sold,

1 transferred, or used, the nature of any exemption, to whom exempt fuel was sold or
2 transferred, and other information required on the form.

3 (c) The return, including all required schedules, documentation, and reports,
4 shall be filed with the tax remitted by the deadline for remittance of the motor fuel tax
5 established in AS 43.40.010(c).

6 * **Sec. 6.** AS 43.40 is amended by adding a new section to read:

7 **ARTICLE 2. WATERCRAFT FUEL TAX REFUNDS TO MUNICIPALITIES.**

8 Sec. 43.40.150. REFUNDS TO MUNICIPALITIES. (a) Except as provided
9 in (b) of this section, the commissioner shall pay from appropriations under
10 AS 43.40.010(f)(1)

11 (1) to each unified municipality, to each city located in the unorganized
12 borough, and to each city located in a borough if the borough does not exercise
13 responsibility for water and harbor facilities on an areawide or nonareawide basis the
14 tax revenue collected in the municipality from taxes levied on motor fuel used in and
15 on watercraft of all descriptions under this chapter that is deposited in the special
16 watercraft fuel tax account and is allocable under AS 43.40.010(f)(1);

17 (2) to each city located within a borough that exercises responsibility
18 for water and harbor facilities on an areawide basis, or exercises that responsibility on
19 a nonareawide basis and all water and harbor facilities within cities within the borough
20 are owned and operated by cities, 50 percent of the amount of tax revenue collected
21 in the city from taxes levied on motor fuel used in and on watercraft of all descriptions
22 under this chapter that is deposited in the special watercraft fuel tax account and is
23 allocable under AS 43.40.010(f)(1); and

24 (3) to each borough that exercises responsibility for water and harbor
25 facilities on an areawide basis, or exercises that responsibility on a nonareawide basis
26 and all water and harbor facilities within cities within the borough are owned and
27 operated by cities,

28 (A) the tax revenue collected in the area of the borough outside
29 cities from taxes levied on motor fuel used in and on watercraft of all
30 descriptions under this chapter that is deposited in the special watercraft fuel
31 tax account and is allocable under AS 43.40.010(f)(1); and

(B) 50 percent of the amount of tax revenue collected in cities located within the borough from taxes levied on motor fuel used in and on watercraft of all descriptions under this chapter that is deposited in the special watercraft fuel tax account and is allocable under AS 43.40.010(f)(1).

(b) Notwithstanding the provisions of (a)(2) and (a)(3)(B) of this section, the commissioner shall pay

(1) to each city that is located in a borough incorporated after the effective date of this Act the following percentages of the tax revenue collected in the city from taxes levied on motor fuel used in and on watercraft of all descriptions under this chapter that is deposited in the special watercraft fuel tax account and is allocable under AS 43.40.010(f)(1):

(A) 90 percent of the taxes collected during the calendar year in which the borough is incorporated;

(B) 80 percent of the taxes collected during the first calendar year after the calendar year in which the borough is incorporated;

(C) 70 percent of the taxes collected during the second calendar year after the calendar year in which the borough is incorporated; and

(D) 60 percent of the taxes collected during the third calendar year after the calendar year in which the borough is incorporated; and

(2) to each borough that is incorporated after the effective date of this Act the following percentages of the tax revenue collected in the cities located within the borough from taxes levied on motor fuel used in and on watercraft of all descriptions under this chapter that is deposited in the special watercraft fuel tax account and is allocable under AS 43.40.010(f)(1):

(A) 10 percent of the taxes collected during the calendar year in which the borough is incorporated;

(B) 20 percent of the taxes collected during the first calendar year after the calendar year in which the borough is incorporated;

(C) 30 percent of the taxes collected during the second calendar year after the calendar year in which the borough is incorporated; and

(D) 40 percent of the taxes collected during the third calendar

1 year after the calendar year in which the borough is incorporated.

2 (c) Notwithstanding the provisions of (b) of this section, a city may adopt an
3 ordinance to transfer a portion of the funds received under (b)(1) of this section to the
4 borough in which the city is located.

5 (d) If a person sells or transfers motor fuel used in or on a watercraft of any
6 description, in addition to the information required on the tax return filed under
7 AS 43.40.075,

8 (1) the person must report the location in which the motor fuel was first
9 sold or transferred; and

10 (2) if the sale or transfer occurred within a municipality other than the
11 municipality in which the motor fuel was purchased or stored, the person shall submit
12 to the department a statement disclosing the motor fuel sales or transfers that the
13 person made during the preceding calendar month outside the municipality in which
14 the motor fuel was purchased or stored.

15 (e) In this section, "tax revenue collected," as used with reference to a
16 municipality, means the revenue derived from the tax levied on motor fuel used in and
17 on watercraft of all descriptions under this chapter that is collected in the municipality
18 in which the final sale or transfer occurred.

19 * **Sec. 7.** This Act takes effect July 1, 1995.