

Senate Bill 115

Motor Fuel Tax

Senator Click Bishop

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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 (per DOT&PF)

Average Miles per Year per Vehicle = 15,000 (per Kelley Blue Book)

Average Miles Per Gallon (24.2 (cars) + 17.5 (trucks) / 2) = 20.85 (per DOT&PF)

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

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

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 48th with New Jersey (\$10.5 cents/gallon) and Vermont (\$12.1 cents/gallon) being lower.

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

Questions?