



LEGISLATIVE RESEARCH SERVICES

Alaska State Legislature
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RECEIVED

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June 15, 2009

Memorandum

TO: Representative Kurt Olson
FROM: Patricia Young, Manager
RE: Local Taxes on Fuel in River and Coastal Communities in Alaska
LRS Report 09.300

You asked for information on the taxation by non-governmental organizations of fuel distributed to coastal and river communities in Alaska. You were particularly interested in taxes on fuel and transportation of fuel levied by village councils or other tribal entities.

Briefly, under Article X, Section 2, of the state constitution, all local government powers are vested in boroughs and cities and the state may delegate taxing powers to organized boroughs and cities only. Thus, in order to levy taxes, a tribal entity would need to incorporate as a city or borough.¹

Attached you will find two tables showing sales and special tax information for communities around Alaska:

- Table 1 lists municipalities, sales tax, special taxes, and revenues from each.
- Table 2 lists coastal and river communities with sales or special taxes.

We also attach the following two recent documents on the cost of fuel in Alaska:

- "Study of the Components of Delivered Fuel Costs in Alaska, January 2009 Update," Institute of Social and Economic Research, University of Alaska; and
- "Current Community Conditions: Fuel Prices across Alaska," February 2009 Update, Division of Community and Regional Affairs, Alaska Department of Commerce, Community, and Economic Development.

I hope this is helpful. Please let us know if you have questions or need additional information.

¹ The exception to this is the Annette Island Reserve—a federal Indian reservation—under the jurisdiction of the Metlakatla Indian Community.

Table 1: 2008 Municipal Sales Tax, Special Tax and Revenues

Municipality	Sales Tax	Revenues	Special Tax	Revenues
Adak	3%	\$528,697	\$0.02/Gal Fuel Transfer Tax	\$40,233
Akhiok	No		No	
Akiak	NR		NR	
Akutan	No		1% Raw Fish Tax	\$420,784
Alakanuk	4%	\$57,463	No	
Aleknagik	5%	\$130,873	5% Bed Tax	\$4,318
Aleutians East Borough	No		2% Raw Fish Tax	\$4,231,898
Allakaket	NR		NR	
Ambler	NR		NR	
Anaktuvuk Pass	NR		NR	
Municipality of Anchorage	No		12% Bed Tax/ 8%Car Rental/69.3 mill Tobacco	\$20,209,303/\$5,088,735/\$16,559,744
Anderson	No		8% Utility Tax	\$19,466
Angoon	NR		NR	
Aniak	2%	\$52,719	No	
Anvik	No		No	
Atka	No		2% Raw Fish Tax/ 10% Bed Tax	\$74,740/\$3,096
Atkasuk	No		No	
Barrow	NR		NR	
Bethel	6%	\$6,801,070	3% Room / 6% Alcohol / 6% Gaming	\$86,662/\$69,208/\$594,150
Bettles	No		\$0.02/gal. Fuel Transfer Tax	1017
Brevig Mission	3%	\$23,790	No	
Bristol Bay Borough	No		3% Raw Fish Tax/10% Bed Tax	\$1,150,000/\$94,500
Buckland	0.06	71468.59	No	
Cheforak	2%	\$36,492	No	
Chevak	NR		NR	
Chignik	No		Landing Tax 1% Salmon, 2% Other / 1% Proc. Tax	\$61,082/\$8,401/\$68,073
Chuathbaluk	No		No	
Clarks Point	NR		NR	
Coffman Cove	No		No	
Cold Bay	No		10% Bed Tax / \$.04/gal. Fuel Tax	\$16,479/\$46,999
Cordova	6%	\$2,745,924	6% Bed Tax/6% Vehicle Rental Tax	\$90,587/\$12,749
Craig	0.05	1440913	6% Liquor Tax	\$104,260
Deering	0.03	17506	No	
Delta Junction	No		No	
Denali Borough	No		Sev.Tax \$.05/yard gravel-.05 ton-coal; Bed Tax 7%	\$55,567/\$1,922,905
Dillingham	6%	\$2,407,193	10% Bed & Liquor Tax / 6% Gaming Tax	\$53,740/\$210,757/\$120,632
Diomedes	0.03	9014.57	No	
Eagle	No		No	
Eek	2%	\$27,500	No	
Egegik	No		3% Raw Fish Tax	434367
Ekwook	No		No	
Elim	0.03	44512	No	
Emmonak	0.03	146648	No	
Fairbanks	No		8% Bed Tax/ 5% Alcohol Tax/ 8% Tobacco Tax	\$2,685,417/\$1,523,004/\$625,209
Fairbanks North Star Borough	No		8% Bed Tax/ 5% Alcohol Tax/ 8% Tobacco Tax	\$1,824,572/\$1,427,475/\$989,508
False Pass	3%	\$22,382	6% Bed Tax	
Fort Yukon	0.03		No	
Galena	0.03	140783	No	
Gambell	3%	\$70,357	No	
Golovin	No		No	
Goodnews Bay	No		No	
Grayling	NR		NR	
Gustavus	0.02	187737	4% Bed Tax	\$2097
Haines Borough	6%	\$2,553,521	4% Bed Tax	77107
Holy Cross	No		No	
Homer	5%	\$7,408,500	No	
Hoonah	NR		NR	
Hooper Bay	0.04	233507	No	
Houston	2%	\$164,896	No	
Hughes	No		No	

Table 1: 2008 Municipal Sales Tax, Special Tax and Revenues

Municipality	Sales Tax	Revenues	Special Tax	Revenues
Huslia	No		No	
Hydaburg	4%	\$29,250	No	
Juneau, City & Borough of	5%	\$39,175,428	7% Bed Tx/ 3% Liquor Tx/ \$.30 Pack Tobacco Tx	\$1,184,151/\$826,600/\$578,473
Kachemak	No		No	
Kake	5%	\$167,354	Fisheries Business Tax	\$5,686
Kaktovik	No		No	
Kaltag	No		No	
Kasaan	No		No	
Kenai	3%	\$5,052,508	No	
Kenai Peninsula Borough	2%/3%	\$23,801,181	No	
Ketchikan	4%	9639828	7% Bed Tax	518652
Ketchikan Gateway Borough	3%	8566429	4% Bed Tax	50813
Kiana	NR		NR	
King Cove	4%	\$1,820,357	2% Fishery Tax/Bus. Impact tax-flat rate	Fish Tax in Sales Tax/ \$87,500
Kivalina	2%	\$24,088	NR	
Klawock	6%	540791	6% Bed Tax	1272
Kobuk	NR		NR	
Kodiak	6%	8838679	5% Bed Tax	146438
Kodiak Island Borough	No		1.05% Severance/5% Bed /911 Tax \$0.75-Line	\$2,467,705/\$79,182/\$46,038
Kotlik	3%	\$78,313	No	
Kotzebue	6%	2589153	6% Bed Tax / 6% Alcohol Tax / 6% Gaming	\$48,362/\$38,084/\$317,962
Koyuk	2%	25776	NR	
Koyukuk	No		No	
Kupreanof	No		No	
Kwethluk	5%	\$96,835	No	
Lake & Peninsula Borough	No		2% Raw Fish Tax / 6% Bed Tax	\$970,401/\$142,149
Larsen Bay	3%	9231	\$5 per day / per person bed tax	14970
Lower Kalskag	NR		NR	
Manokotak	2%	\$27,952	No	
Marshall	4%	\$54,006	No	
Matanuska-Susitna Borough	No		5% Bed Tax, Tobacco Excise Tax 5.29%	\$694,895/\$4,513,921
McGrath	No		10% Bed Tax	20107
Mekoryuk	2%	170502	No	
Metlakatla	No		No	
Mountain Village	3%	\$114,449	No	
Napakiaik	3%	46962	No	
Napaskiak	No		No	
Nenana	4%	97923	No	
New Stuyahok	No		No	
Newhalen	No		No	
Nightmute	2%	6432	No	
Nikolai	NR		NR	
Nome	5%	4306322	4% Bed Tax	97243
Nondalton	3%	\$500	No	
Noorvik	NR		NR	
North Pole	4%	2351143	No	
North Slope Borough	No		No	
Northwest Arctic Borough	No		No	
Nulqsut	No		7% Bed Tax	45872
Nulato	No		No	
Nunam Iqua (Sheldon Point)	4%	10474	No	
Nunapitchuk	3%	59582	No	
Old Harbor	3%	11923	5% Bed Tax	1136
Ouzinkie	3%	\$8,577	No	
Palmer	3%	\$4,416,001	No	
Pelican	4%	77604	10% Bed Tax	2260
Petersburg	6%	2747146	4% Bed Tax	41731
Pilot Point	No		3% Raw Fish	480902
Pilot Station	4%	\$67,701	No	
Platinum	NR		NR	

Table 1: 2008 Municipal Sales Tax, Special Tax and Revenues

Municipality	Sales Tax	Revenues	Special Tax	Revenues
Point Hope	3%	\$104,421	No	
Port Alexander	4%	\$25,979	6% Bed Tax	\$3,317
Port Heiden	No		NR	
Port Lions	No		5% Bed Tax	\$6,049
Quinhagak	3%	\$103,683	No	
Ruby	No		No	
Russian Mission	NR		NR	
St. George	NR		NR	
St. Mary's	3%	\$105,484	Alcohol Use Tax 3%	\$2,651
St. Michael	NR		NR	
Saint Paul	3%	386817	Fish Tax 3%	685607
Sand Point	3%	641789	7% Bed Tax/2% Raw Fish Tax	\$8,669/\$595,703
Savoonga	3%	43675	No	
Saxman	4%	\$101,170	No	
Scammon Bay	2%	\$24,208	No	
Selawik	5%	156849	No	
Seldovia	2%/4.5%	169152	No	
Seward	4%	4069981	4% Bed Tax	343162
Shageluk	No		No	
Shaktoolik	NR		NR	
Shishmaref	NR		NR	
Shungnak	2%	38362	No	
Sitka, City & Borough of	5%/6%	9901347	6% Bed Tax/50 mill tobacco	\$394,024/\$440,364
Municipality of Skagway	4%	\$5,866,592	8% Bed Tax	\$161,617
Soldotna	3%	\$7,447,481	No	
Stebbins	3%	59358	No	
Tanana	2%	23953	No	
Teller	3%	13581	No	
Tenakee Springs	2%	\$13,581	Bed Tax 6%	\$519
Thorne Bay	5%	\$279,356	Bed Tax 4%	4785
Togiak	2%	90430	2% Raw Fish Tax	62767
Toksook Bay	2%	37013	No	
Unalakleet	5%	221909	No	
Unalaska	3%	\$11,036,560	2% Raw Fish Tax/ 5% Bed Tx	\$4,690,713/\$210,245
Upper Kalskag	No		No	
Valdez	No		6% Bed Tax	375206
Wainwright	No		No	
Wales	NR		NR	
Wasilla	3%	\$12,072,865	No	
White Mountain	1%	\$16,733	No	
Whittier	5%	\$422,755	Sales tax summer only / \$2.50 Pass. Trans. Tax	\$127,490
Wrangell	7%	\$2,361,803	6% Bed Tax	\$35,538
Yakutat, City & Borough of	4%	\$758,269	1% Fish Tax/8% Bed & Car Rent/4% Sevr. Tax	\$33,693/\$147,168/\$169,006
TOTAL SALES TAX REPORTED		\$ 196,949,022		\$82,979,639

SOURCE: "Table 2--2008 Municipal Sales Tax, Special Tax and Revenues," *Alaska Taxable 2008*, Department of Commerce, Community & Economic Development, January 2009.

Table 2: Coastal and River Communities with Sales Tax and/or Special Taxes

Municipality	Type of Municipality	Population	Sales Tax	Special Tax
Adak	Second Class City	136	3%	\$0.02/Gal Fuel Transfer Tax
Alakanuk	Second Class City	680	4%	
Aleknagik	Second Class City	237	5%	5% Bed Tax
Aniak	Second Class City	506	2%	
Bethel	Second Class City	5,650	6%	3% Room / 6% Alcohol / 6% Gaming
Bettles	Second Class City	28		\$0.02/gal. Fuel Transfer Tax
Brevig Mission	Second Class City	328	3%	
Buckland	Second Class City	461	6%	
Chefornak	Second Class City	449	2%	
Cold Bay	Second Class City	72		10% Bed Tax / \$.04/gal. Fuel Tax
Cordova	Home Rule City	2,192	6%	6% Bed Tax/6% Vehicle Rental Tax
Craig	First Class City	1,053	5%	6% Liquor Tax
Deering	Second Class City	133	3%	
Dillingham	First Class City	2,404	6%	10% Bed & Liquor Tax / 6% Gaming Tax
Diomedea	Second Class City	144	3%	
Eek	Second Class City	284	2%	
Elim	Second Class City	309	3%	
Emmonak	Second Class City	777	3%	
False Pass	Second Class City	46	3%	6% Bed Tax
Fort Yukon	Second Class City	591	3%	
Galena	First Class City	609	3%	
Gambell	Second Class City	662	3%	
Gustavus	Second Class City	473	2%	4% Bed Tax
Haines Borough	Home Rule Borough	2,257	5.5%	4% Bed Tax
Homer	First Class City	5,502	4.5%	
Hooper Bay	Second Class City	1,150	4%	
Houston	Second Class City	1,587	2%	
Hydaburg	First Class City	353	4%	
Juneau, City & Borough of	Unified Home Rule	30,305	5%	7% Bed Tx/ 3% Liquor Tx/ \$.30 Pack Tobacco Tx
Kake	First Class City	535	5%	
Kenai	Home Rule City	6,971	3%	
Kenai Peninsula Borough	Second Class Borough	52,370	2% / 3%	
Ketchikan	Home Rule City	7,728	3.5%	7% Bed Tax
Ketchikan Gateway Borough	Second Class Borough	13,160	2.5%	4% Bed Tax
King Cove	First Class City	756	4%	2% Fishery Tax/Bus. impact tax-flat rate
Kivalina	Second Class City	398	2%	NR
Klawock	First Class City	743	5.5%	6% Bed Tax
Kodiak	Home Rule City	5,689	6%	5% Bed Tax
Kotlik	Second Class City	599	3%	
Kotzebue	Second Class City	3,133	6%	6% Bed Tax / 6% Alcohol Tax / 6% Gaming
Koyuk	Second Class City	347	2%	NR
Kwethluk	Second Class City	721	5%	
Larsen Bay	Second Class City	83	3%	\$5 per day / per person bed tax
Manokotak	Second Class City	431	2%	
Marshall	Second Class City	388	4%	
Mekoryuk	Second Class City	208	2%	
Mountain Village	Second Class City	784	3%	
Municipality of Skagway	First Class Borough	845	4%	8% Bed Tax
Napakiak	Second Class City	378	3%	
Nenana	Home Rule City	357	4%	
Nightmute	Second Class City	244	2%	
Nome	First Class City	3,495	5%	4% Bed Tax
Nondalton	Second Class City	196	3%	
North Pole	Home Rule City	1,945	4%	
Nunam Iqua (Sheldon Point)	Second Class City	152	4%	
Nunapitchuk	Second Class City	545	3%	
Old Harbor	Second Class City	187	3%	5% Bed Tax
Ouzinkie	Second Class City	155	3%	
Palmer	Home Rule City	5,504	3%	
Pelican	First Class City	110	4%	10% Bed Tax

Table 2: Coastal and River Communities with Sales Tax and/or Special Taxes

Municipality	Type of Municipality	Population	Sales Tax	Special Tax
Petersburg	Home Rule City	3,071	6%	4% Bed Tax
Pilot Station	Second Class City	580	4%	
Point Hope	Second Class City	704	3%	
Port Alexander	Second Class City	60	4%	6% Bed Tax
Quinhagak	Second Class City	643	3%	
Saint Paul	Second Class City	447	3%	Fish Tax 3%
Sand Point	First Class City	992	3%	7% Bed Tax/2% Raw Fish Tax
Savoonga	Second Class City	712	3%	
Saxman	Second Class City	438	3.5%	
Scammon Bay	Second Class City	517	2%	
Selawik	Second Class City	828	5%	
Seldovia	First Class City	429	2% / 4.5%	
Seward	Home Rule City	2,661	4%	4% Bed Tax
Shungnak	Second Class City	269	2%	
Sitka, City & Borough of	Unified Home Rule	8,640	5% / 6%	6% Bed Tax/50 mill tobacco
Soldotna	First Class City	3,982	3%	
St. Mary's	First Class City	521	3%	Alcohol Use Tax 3%
Stebbins	Second Class City	598	3%	
Tanana	First Class City	257	2%	
Teller	Second Class City	256	3%	
Tenakee Springs	Second Class City	102	2%	Bed Tax 6%
Thorne Bay	Second Class City	467	5%	Bed Tax 4%
Togiak	Second Class City	787	2%	2% Raw Fish Tax
Toksook Bay	Second Class City	609	2%	
Unalakleet	Second Class City	724	5%	
Unalaska	First Class City	3,677	2%	2% Raw Fish Tax/ 5% Bed Tx
Wasilla	First Class City	7,025	2.5%	
White Mountain	Second Class City	215	1%	
Whittier	Second Class City	174	5%	Sales tax summer only / \$2.50 Pass. Trans. Tax
Wrangell	Home Rule City	1,947	7%	6% Bed Tax
Yakutat, City & Borough of	Home Rule Borough	621	4%	1% Fish Tax/8% Bed & Car Rent/4% Sevr. Tax

SOURCE: "Table 1--2008 Municipalities: Class, Populations, and Tax Types," *Alaska Taxable 2008*, Department of Commerce, Community & Economic Development, January 2009.