



February 6, 2016

Representative Neal Foster, Co-Chair
Representative Shelley Hughes, Co-Chair House
Transportation Committee
State Capitol, Room 17
Juneau, AK 99801

RE: WRITTEN TESTIMONY ON HB249 CONCERNING MOTOR FUEL TAX INCREASE

Dear Representatives Foster and Hughes and the House Transportation Committee:

The Alaska Airmen Association is a general aviation organization that represents over 2000 members. Our mission is to “promote general aviation in Alaska.” Membership includes pilots, mechanics, aircraft owners and others that have an interest in aviation. On behalf of our membership, thank you for the opportunity to submit the following written testimony pertaining to House Bill 249.

The Alaska Airmen Association supports HB 249.

While no one wants to pay more in taxes, this increase is a small price to pay to help maintain and improve the Alaska Aviation System of 247 rural airports that so many residents rely on for goods, services, healthcare, subsistence and recreation. We also support the Department of Transportation & Public Facilities (DOT&PF) efforts to cut cost and streamline their operations and agree that cost cutting alone will not solve the State’s budget crisis.

While the proposed increase would more than double taxes on Aviation Gasoline (AVGAS) and triple Jet fuel taxes, it only slightly more than compensates for inflation. The current AVGAS tax rate of 4.7 cents was set in 1994 and if adjusted for inflation would have been 8 cents in 2015. <http://www.westegg.com/inflation/>

The average Alaska Airmen member currently pays between \$20 and \$70 in AVGAS taxes annually. If the tax rate increased to 10 cents a gallon our average member would pay between \$45 and \$150 per year.

The Alaska Airmen Association strongly supports the recommendation of the Governors Aviation Advisory Board to index any tax increases so that if the price of oil comes back to previous levels the tax burden of the citizen would be lessened. We also feel that a fuel tax is the most balanced and most equitable means to generate revenue for the Alaska aviation system. The more one uses the system the more one pays. The current method of collecting fuel tax revenue also provides the greatest “return on investment” to the State. There is no need to form new divisions or levels of government to collect revenues as would be necessary with other options considered by DOT&PF.

Thank you for tackling the hard issues of the State’s funding shortfall. The Alaska Airmen Association looks forward to continuing our work with DOT&PF and the Legislature on this issue.

Sincerely,

Adam White
Government Affairs