

## DOT&PF's Input for Motor Fuel Tax FAQ

**1. What is the current aviation fuel tax rate?**

The current aviation fuel tax rate is 3.2 cents per gallon on jet fuel and 4.7 cents per gallon on aviation gas.

**2. How much revenue was collected in past years through aviation fuel taxes?**

In FY14 aviation fuel tax revenues collected were \$4.1M on jet fuel ( ~130 million gallons) and \$450K on aviation gas (~10 million gallons).

**3. How much revenue is anticipated by increasing the aviation fuel tax rate to 10 cents per gallon?**

Based on FY14 usage numbers, approximately \$13M in jet fuel and \$1M in aviation gas may be collected. This represents an increase of ~\$9.5M in aviation fuel tax revenue.

**4. Where does aviation fuel tax revenue go?**

Aviation fuel tax revenue flows into the state general fund.

**5. Are there any restrictions on what aviation fuel tax revenue is used for?**

Per FAA federal grant obligations, revenue generated through aviation fuel taxes must be invested back into the airport or airport system and may not be used for other purposes.

**6. Who is exempt from paying aviation fuel taxes?**

In addition to sales between qualified dealers, the following sales and uses are exempt from motor fuel tax: heating, federal, state, and local government agencies, foreign flights (jet fuel), exports, charitable institutions, and bunker fuel (residual fuel oil or #6 fuel oil).

**7. Does any other entity benefit from fuel tax revenue other than the State of Alaska?**

Local airport sponsors (communities/municipalities who own and operate their own airport) receive back 60% of the aviation fuel tax revenue collected at their airports each year as part of a revenue sharing program managed by the Department of Revenue.

**8. What is the current Alaska highway motor-fuel tax rate?**

The current highway motor-fuel tax rate is 8.0 cents a gallon with a refined fuel surcharge of 0.95 cents for a total of 8.95 cents per gallon. The current motor-fuel tax rate of 8.0 cents was set in 1970 while the surcharge was added by HB 158 effective July 1, 2015 (FY16).

**9. How much revenue was collected in past years through the motor-fuel tax?**

In FY15 state motor-fuel tax receipts contributed \$21.9M for gasoline (~274.1 million gallons) and \$10.1M for diesel (~125.8 million gallons). A five year average (FY11-FY15) shows a \$21.5M (268.8 million gallons) annual average from gasoline and \$9.8M (122.7 million gallons) from diesel.

**10. How much revenue is anticipated by increasing the highway motor-fuel tax to 16.0 cents per gallon?**

Based on FY15 gallons sold, approximately \$43.8M from gasoline and \$20.2M from diesel would be generated by the new tax rate. This represents an increase of \$32M in highway motor-fuel tax revenue.

**11. Where does highway motor-fuel tax revenue go?**

Highway motor-fuel tax revenue flows into the state general fund.

**12. What is the national average state motor-fuel tax?**

According to a January 1, 2016 report from the American Petroleum Institute, the national average for state motor-fuels is 20.91 cents per gallon of gasoline and 20.17 cents per gallon of diesel.

**13. What is the current Alaska motor-fuel tax for marine use?**

The current tax on motor-fuel used in and on watercraft of all descriptions is 5.0 cents per gallon.