

# **Senate Bill 115**

## **Motor Fuel Tax**

# **Senator Click Bishop**

**February 3, 2020**

**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>
<b>Highway Fuel</b>	<b>\$.08</b>	<b>\$.16</b>
<b>Marine Fuel</b>	<b>\$.05</b>	<b>\$.10</b>
<b>Aviation Fuel</b>	<b>\$.047</b>	<b>\$.047</b>
<b>Jet Fuel</b>	<b>\$.032</b>	<b>\$.032</b>
<b>Off-Road Use Refund</b>	<b>\$.06</b>	<b>\$.12</b>

# 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 50<sup>th</sup> to 48<sup>th</sup> 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 (36<sup>th</sup>) and aviation fuel (40<sup>th</sup>).**



# **Questions?**