

ALASKA STATE LEGISLATURE



REPRESENTATIVE ANDY JOSEPHSON

May 12, 2021

House Finance Members,

The following attempts to clarify, answer, and/or expand on some of the questions raised regarding HB 104 at our committee meeting the morning of Friday, May 7, 2021.

- Rep. Lebon inquired about the distribution of vehicle registration fees. Currently, these fees are used to pay for Department of Motor Vehicles operations, until operational costs have been covered; at that time, all additional funds received are directed towards the general fund.

If enacted, HB104 would impose an additional \$100 biennial registration fee on electric and alternative fuel vehicles and an additional \$50 biennial registration on plug-in hybrid vehicles. The base vehicle registration fee would continue to be directed towards DMV operations and/or the general fund, with the additional fee directed to the special highway fuel tax account. AS 43.40.010(g) describes this account and states that the legislature may appropriate funds from it for a variety of highway-related matters, including road maintenance and construction.

- Rep. Wool inquired about other states which provide an option for a marine fuels tax refund. According to the American Boating Association (<https://americanboating.org/fueltax.asp>) and the Wyoming DOT (http://www.dot.state.wy.us/home/business_with_wydot/fuel_tax/off_road_refund.html), several states offer rebates for marine fuels, under varying scenarios, with differing levels of specificity provided. They are as follows:
 - Alaska: Fuel purchased at the marine fuel rate but used for off-road motor vehicles could receive a \$0.03/gal rebate.
 - California: A Gasoline Tax Refund program exists, which allows for a refund for some off-highway fuel uses.
 - Connecticut: A partial refund may be applied for, if 200 gallons or more of marine fuel have been purchased for recreational boating in a calendar year.
 - Delaware: All gasoline used for operating motorboats is eligible for a full refund of the motor fuel tax.
 - Massachusetts: All gasoline used in watercraft is eligible for a refund of the motor fuel tax.
 - Missouri: fuel for watercraft can be sold at a marina without the application of the motor fuel tax, and fuel purchased elsewhere for exclusive use in watercraft may receive a full refund of the 17 cent motor fuel tax.
 - Nebraska: A mechanism exists for requesting a refund.

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- North Carolina: Off-highway users of motor fuels may apply for a refund of their motor fuels taxes paid.
 - Texas: Off-highway users of motor fuels may apply for a refund of their motor fuels taxes paid.
 - Virginia: All motor fuel taxes used in a recreational, pleasure boat, or ship are eligible for a refund, provided that at least 5 gallons were purchased on each receipt submitted.
 - Washington: Recreational boaters are eligible for a partial refund, provided that the minimum tax paid is \$20.
 - Wyoming: Non-highway use of diesel fuel may be refunded the 23 cent motor fuel tax.
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- Rep. Ortiz asked about the fiscal impact of the proposed commercial fishing refund. According to the Department of Revenue's fiscal note, "the department does not have sufficient information to estimate the revenue impact of the allowed refund of \$0.05 per gallon for marine fuel used by a vessel for commercial fishing." Therefore, the fiscal note assumes that half of the marine fuel tax increase would be refunded. Prior to the application of the commercial fishing refund, DOR's fiscal note estimates \$5.4M-\$5.7M in annual receipts from this increase. Therefore, the fiscal impact of the commercial fishing refund is assumed to be between \$2.7M and \$2.85M annually.
 - Rep. Johnson referenced funds utilized for trail and shelter construction and maintenance. The specific account designated for this purpose is filled by revenues derived from taxes on off-road motor fuel uses.
 - Rep. Lebon inquired about the usage of marine fuels funds for ports and harbors. Presently, taxes levied on marine fuels are designated to an account for the maintenance and construction of water and harbor facilities, and HB 104 does not change that linkage. Consequently, any additional revenue raised from the marine fuels tax would be designated for this purchase.

I look forward to any additional questions committee members may have.

Thanks,

A handwritten signature in blue ink that reads "Andy Josephson".