

**CS FOR HOUSE BILL NO. 122(STA)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE STATE AFFAIRS COMMITTEE

Offered: 3/20/95  
Referred: Finance

Sponsor(s): REPRESENTATIVES MOSES, Grussendorf, Mackie

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act authorizing payment of a portion of the tax on motor fuel used in and  
2 on watercraft as refunds to municipalities, and imposing a reporting requirement  
3 on certain sales or transfers of that motor fuel; and providing for an effective  
4 date."

5 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

6 \* **Section 1.** AS 43.40.010(f) is amended to read:

7 (f) The proceeds from the revenue from the tax on motor fuel used in or on  
8 [BOATS AND] watercraft of all descriptions shall be deposited in a special watercraft  
9 fuel tax account in the general fund. The legislature may appropriate from this  
10 account for the purposes of paying refunds to municipalities under AS 43.40.150  
11 and for water and harbor facilities.

12 \* **Sec. 2.** AS 43.40 is amended by adding a new section to read:

13 **ARTICLE 2. WATERCRAFT FUEL TAX REFUNDS TO MUNICIPALITIES.**

14 Sec. 43.40.150. REFUNDS TO MUNICIPALITIES. (a) Except as provided

1 in (b) of this section, the commissioner shall pay

2 (1) to each unified municipality and to each city located in the  
3 unorganized borough 50 percent of the amount of tax revenue collected in the  
4 municipality from taxes levied on motor fuel used in and on watercraft of all  
5 descriptions under this chapter and deposited in the special watercraft fuel tax account  
6 under AS 43.40.010(f);

7 (2) to each city located within a borough 25 percent of the amount of  
8 tax revenue collected in the city from taxes levied on motor fuel used in and on  
9 watercraft of all descriptions under this chapter and deposited in the special watercraft  
10 fuel tax account under AS 43.40.010(f); and

11 (3) to each borough

12 (A) 50 percent of the amount of tax revenue collected in the  
13 area of the borough outside cities from taxes levied on motor fuel used in and  
14 on watercraft of all descriptions under this chapter and deposited in the special  
15 watercraft fuel tax account under AS 43.40.010(f); and

16 (B) 25 percent of the amount of tax revenue collected in cities  
17 located within the borough from taxes levied on motor fuel used in and on  
18 watercraft of all descriptions under this chapter and deposited in the special  
19 watercraft fuel tax account under AS 43.40.010(f).

20 (b) Notwithstanding the provisions of (a)(2) and (a)(3)(B) of this section, the  
21 commissioner shall pay

22 (1) to each city that is located in a borough incorporated after the  
23 effective date of this Act the following percentages of the tax revenue collected in the  
24 city from taxes levied on motor fuel used in and on watercraft of all descriptions under  
25 this chapter and deposited in the special watercraft fuel tax account under  
26 AS 43.40.010(f):

27 (A) 45 percent of the taxes collected during the calendar year  
28 in which the borough is incorporated;

29 (B) 40 percent of the taxes collected during the first calendar  
30 year after the calendar year in which the borough is incorporated;

31 (C) 35 percent of the taxes collected during the second calendar

1 year after the calendar year in which the borough is incorporated; and  
2 (D) 30 percent of the taxes collected during the third calendar  
3 year after the calendar year in which the borough is incorporated; and

4 (2) to each borough that is incorporated after the effective date of this  
5 Act the following percentages of the tax revenue collected in the cities located within  
6 the borough from taxes levied on motor fuel used in and on watercraft of all  
7 descriptions under this chapter and deposited in the special watercraft fuel tax account  
8 under AS 43.40.010(f):

9 (A) 5 percent of the taxes collected during the calendar year in  
10 which the borough is incorporated;

11 (B) 10 percent of the taxes collected during the first calendar  
12 year after the calendar year in which the borough is incorporated;

13 (C) 15 percent of the taxes collected during the second calendar  
14 year after the calendar year in which the borough is incorporated; and

15 (D) 20 percent of the taxes collected during the third calendar  
16 year after the calendar year in which the borough is incorporated.

17 (c) Notwithstanding the provisions of (b) of this section, a city may adopt an  
18 ordinance to transfer a portion of the funds received under (b)(1) of this section to the  
19 borough in which the city is located.

20 (d) If a person sells or transfers motor fuel used in or on a watercraft of any  
21 description within a municipality other than the municipality in which the motor fuel  
22 was purchased or stored, the person shall submit to the department a statement  
23 disclosing the motor fuel sales or transfers that the person made during the preceding  
24 calendar month outside the municipality in which the motor fuel was purchased or  
25 stored.

26 (e) In this section, "tax revenue collected," as used with reference to a  
27 municipality, means the revenue derived from the tax levied on motor fuel used in and  
28 on watercraft of all descriptions under this chapter that is collected in the municipality  
29 in which the final sale or transfer occurred.

30 \* **Sec. 3.** This Act takes effect July 1, 1995.