

CS FOR HOUSE BILL NO. 122(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: 4/28/95

Referred: Rules

Sponsor(s): REPRESENTATIVES MOSES, Grussendorf, Mackie

A BILL

FOR AN ACT ENTITLED

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

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

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

7 (a) There is levied a tax of eight cents a gallon on all motor fuel sold or
8 otherwise transferred within the state, except that

9 (1) the tax on aviation gasoline is four and seven-tenths cents a gallon;

10 **and**

11 (2) [THE TAX ON MOTOR FUEL USED IN AND ON
12 WATERCRAFT OF ALL DESCRIPTIONS IS FIVE CENTS A GALLON; AND

13 (3)] the tax on all aviation fuel other than gasoline is three and two-
14 tenths cents a gallon.

1 * **Sec. 2.** AS 43.40.010(b) is amended to read:

2 (b) There is levied a tax of eight cents a gallon on all motor fuel consumed
3 by a user, except that

4 (1) the tax on aviation gasoline consumed is four and seven-tenths cents
5 a gallon; **and**

6 (2) [THE TAX ON MOTOR FUEL USED IN AND ON
7 WATERCRAFT OF ALL DESCRIPTIONS IS FIVE CENTS A GALLON; AND

8 (3)] the tax on all aviation fuel other than gasoline is three and two-
9 tenths cents a gallon.

10 * **Sec. 3.** AS 43.40.010(c) is amended to read:

11 (c) Every dealer who sells or otherwise transfers motor fuel in the state shall
12 collect the tax at the time of sale, and remit the total tax collected, **together with the**
13 **tax return required by AS 43.40.075**, during each calendar month of each year to the
14 department by the last day of each succeeding month. Every user shall likewise remit
15 the tax accrued on motor fuel actually used by the user during each month, **together**
16 **with the tax return required by AS 43.40.075**. If the monthly tax **remittance and**
17 **return are** [IS] timely filed, one percent of the total monthly tax due, limited to a
18 maximum of \$100, may be deducted and retained to cover the expense of accounting
19 and filing the monthly tax **remittance and** return. [AT THE TIME THE
20 REMITTANCE IS MADE, EACH DEALER OR USER SHALL SUBMIT A
21 STATEMENT TO THE DEPARTMENT SHOWING ALL FUEL WHICH THE
22 DEALER OR USER HAS DISTRIBUTED OR USED DURING THE MONTH.]

23 * **Sec. 4.** AS 43.40.010(f) is amended to read:

24 (f) The proceeds from the revenue from the tax on motor fuel used in **or on**
25 [BOATS AND] watercraft of all descriptions shall be deposited in a special watercraft
26 fuel tax account in the general fund. The legislature may appropriate from this
27 account **as follows:**

28 (1) **an amount equal to 37.5 percent of the proceeds from the**
29 **revenue from the tax may be appropriated for the purpose of paying refunds to**
30 **municipalities under AS 43.40.150 for water and harbor facilities; and**

31 (2) **the balance of the proceeds from the revenue from the tax may**

1 **be appropriated** for water and harbor facilities.

2 * **Sec. 5.** AS 43.40 is amended by adding a new section to read:

3 Sec. 43.40.075. TAX RETURN FILING REQUIREMENTS. (a) A person
4 subject to the motor fuel tax shall file a return, made under penalty of unsworn
5 falsification, on a form prescribed by the department, reporting

6 (1) motor fuel sold, transferred, and used in the state by category
7 defined by the department; and

8 (2) sales, transfers, and uses of motor fuel that are exempt from
9 taxation under this chapter.

10 (b) The motor fuel tax return must show the type of motor fuel sold,
11 transferred, or used, the nature of any exemption, to whom exempt fuel was sold or
12 transferred, and other information required on the form.

13 (c) The return, including all required schedules, documentation, and reports,
14 shall be filed with the tax remitted by the deadline for remittance of the motor fuel tax
15 established in AS 43.40.010(c).

16 * **Sec. 6.** AS 43.40 is amended by adding a new section to read:

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

18 Sec. 43.40.150. REFUNDS TO MUNICIPALITIES. (a) Except as provided
19 in (b) of this section, the commissioner shall pay from appropriations under
20 AS 43.40.010(f)(1)

21 (1) to each unified municipality and to each city located in the
22 unorganized borough the tax revenue collected in the municipality from taxes levied
23 on motor fuel used in and on watercraft of all descriptions under this chapter that is
24 deposited in the special watercraft fuel tax account and is allocable under
25 AS 43.40.010(f)(1);

26 (2) to each city located within a borough 50 percent of the amount of
27 tax revenue collected in the city from taxes levied on motor fuel used in and on
28 watercraft of all descriptions under this chapter that is deposited in the special
29 watercraft fuel tax account and is allocable under AS 43.40.010(f)(1); and

30 (3) to each borough

31 (A) the tax revenue collected in the area of the borough outside

1 cities from taxes levied on motor fuel used in and on watercraft of all
2 descriptions under this chapter that is deposited in the special watercraft fuel
3 tax account and is allocable under AS 43.40.010(f)(1); and

4 (B) 50 percent of the amount of tax revenue collected in cities
5 located within the borough from taxes levied on motor fuel used in and on
6 watercraft of all descriptions under this chapter that is deposited in the special
7 watercraft fuel tax account and is allocable under AS 43.40.010(f)(1).

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

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

15 (A) 90 percent of the taxes collected during the calendar year
16 in which the borough is incorporated;

17 (B) 80 percent of the taxes collected during the first calendar
18 year after the calendar year in which the borough is incorporated;

19 (C) 70 percent of the taxes collected during the second calendar
20 year after the calendar year in which the borough is incorporated; and

21 (D) 60 percent of the taxes collected during the third calendar
22 year after the calendar year in which the borough is incorporated; and

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

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

30 (B) 20 percent of the taxes collected during the first calendar
31 year after the calendar year in which the borough is incorporated;

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

3 (D) 40 percent of the taxes collected during the third calendar
4 year after the calendar year in which the borough is incorporated.

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

8 (d) If a person sells or transfers motor fuel used in or on a watercraft of any
9 description, in addition to the information required on the tax return filed under
10 AS 43.40.075,

11 (1) the person must report the location in which the motor fuel was first
12 sold or transferred; and

13 (2) if the sale or transfer occurred within a municipality other than the
14 municipality in which the motor fuel was purchased or stored, the person shall submit
15 to the department a statement disclosing the motor fuel sales or transfers that the
16 person made during the preceding calendar month outside the municipality in which
17 the motor fuel was purchased or stored.

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

22 * **Sec. 7.** This Act takes effect July 1, 1995.