

**SENATE CS FOR CS FOR HOUSE BILL NO. 122(FIN)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered: 5/13/95

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**

31 (A) **water and harbor facilities that are**

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(i) municipally owned and operated; or

(ii) state facilities, other than facilities of the Alaska marine highway system, and that become municipally owned and operated water and harbor facilities by transfer from the state; appropriations may be made for the purpose of paying these refunds to a municipality only after transfer of all state water and harbor facilities in the municipality from the state to the municipality; or

(B) new or expanded water and harbor facilities to be constructed by a municipality, but only if the municipality has presented to the commissioner of transportation and public facilities a plan for the construction of new or expanded facilities in the municipality, and the commissioner of transportation and public facilities finds, and certifies to the commissioner of revenue, that the making of the refund payment under this subparagraph will materially assist the municipality in planning, designing, constructing, and operating the new or expanded water and harbor facilities; and

(2) the balance of the proceeds from the revenue from the tax may be appropriated for water and harbor facilities.

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

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

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

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

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

(c) The return, including all required schedules, documentation, and reports,

1 shall be filed with the tax remitted by the deadline for remittance of the motor fuel tax  
2 established in AS 43.40.010(c).

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

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

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

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

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

17 (3) to each borough

18 (A) the tax revenue collected in the area of the borough outside  
19 cities from taxes levied on motor fuel used in and on watercraft of all  
20 descriptions under this chapter that is deposited in the special watercraft fuel  
21 tax account and is allocable under AS 43.40.010(f)(1); and

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

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

28 (1) to each city that is located in a borough incorporated after the  
29 effective date of this Act the following percentages of the tax revenue collected in the  
30 city from taxes levied on motor fuel used in and on watercraft of all descriptions under  
31 this chapter that is deposited in the special watercraft fuel tax account and is allocable

1 under AS 43.40.010(f)(1):

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

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

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

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

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

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

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

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

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

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

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

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

31 (2) if the sale or transfer occurred within a municipality other than the

1           municipality in which the motor fuel was purchased or stored, the person shall submit  
2           to the department a statement disclosing the motor fuel sales or transfers that the  
3           person made during the preceding calendar month outside the municipality in which  
4           the motor fuel was purchased or stored.

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

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