

CS FOR HOUSE BILL NO. 63(RLS)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - FIRST SESSION

BY THE HOUSE RULES COMMITTEE

Offered: 4/23/97

Referred: Rules

Sponsor(s): REPRESENTATIVES THERRIAULT, Davies, Kelly, Brice

A BILL

FOR AN ACT ENTITLED

1 "An Act amending the definition of 'motor fuel' under the state's motor fuel tax
2 to add, as a part of the tax exemption set out in that definition, exemption from
3 the tax for fuel sold for use in jet propulsion aircraft operating in flights that
4 continue from foreign countries, to add exemption from the tax for certain
5 number 6 'residual fuel oil,' also known as bunker fuel, and to delete the
6 exemption from the tax for fuel that is at least 10 percent alcohol by volume;
7 and repealing ch. 42, SLA 1994, the Act providing for the imposition of a
8 different tax levy on residual fuel oil used in and on certain watercraft until
9 June 30, 1998; and providing for an effective date."

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

11 * **Section 1.** AS 43.40.015(d) is amended to read:

12 (d) A certificate of use is not required

1 (1) for fuel exempted under AS 43.40.100(2)(C) [, (F),] or **(J)** [(K)];
 2 and

3 (2) for fuel exempted under **AS 43.40.100(2)(I)** [AS 43.40.100(2)(J)]
 4 other than fuel sold or transferred under this exemption to a person who is engaged in
 5 construction or mining activity.

6 * **Sec. 2.** AS 43.40.100(2) is amended to read:

7 (2) "motor fuel" means fuel used in an engine for the propulsion of a
 8 motor vehicle or aircraft, and fuel used in and on watercraft for any purpose, or in a
 9 stationary engine, machine, or mechanical contrivance **that** [WHICH] is run by an
 10 internal combustion motor; "motor fuel" does not include

11 (A) fuel consigned to foreign countries;

12 (B) fuel sold for use in jet propulsion aircraft operating in
 13 flights to foreign countries **or in flights that continue from foreign countries**;

14 (C) fuel used in stationary power plants operating as public
 15 utility plants and generating electrical energy for sale to the general public;

16 (D) fuel used by nonprofit power associations or corporations
 17 for generating electric energy for resale;

18 (E) fuel used by charitable institutions;

19 (F) [FUEL WHICH IS AT LEAST 10 PERCENT ALCOHOL
 20 BY VOLUME];

21 (G) fuel sold or transferred between qualified dealers;

22 **(G)** [(H)] fuel sold to federal, state, and local government
 23 agencies for official use;

24 **(H)** [(I)] fuel used in stationary power plants that generate
 25 electrical energy for private residential consumption;

26 **(I)** [(J)] fuel used to heat private or commercial buildings or
 27 facilities;

28 **(J)** [(K)] fuel used for other nontaxable purposes as prescribed
 29 by regulations adopted by the department; [OR]

30 **(K)** [(L)] fuel used in stationary power plants of 100 **kilowatts**
 31 [KW] or less that generate electrical power for commercial enterprises not for

1 resale; or

2 (L) residual fuel oil used in and on watercraft if the residual
3 fuel oil is sold or transferred in the state or consumed by a user; for
4 purposes of this subparagraph, "residual fuel oil" means the heavy refined
5 hydrocarbon known as number 6 fuel oil that is the residue from crude oil
6 after refined petroleum products have been extracted by the refining
7 process and that may be consumed or used only when sufficient heat is
8 provided to the oil to reduce its viscosity rated by kinetic unit and to give
9 it fluid properties sufficient for pumping and combustion;

10 * Sec. 3. Chapter 42, SLA 1994, is repealed.

11 * Sec. 4. This Act takes effect July 1, 1997.