

HOUSE BILL NO. 263

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE WILLIAMS

Introduced: 4/25/97

Referred: Transportation, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act repealing the exemption from the motor fuel tax for fuel that is at
2 least 10 percent alcohol by volume, and establishing a motor fuel tax exemption
3 for motor fuel that is produced from the processing of lignocellulose, that is
4 at least 10 percent alcohol by volume, and that is produced during the first
5 five years of a facility's processing of lignocellulose from wood; and providing
6 for an effective date."

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

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

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

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

12 (2) the tax on motor fuel used in and on watercraft of all descriptions
13 is five cents a gallon; [AND]

1 (3) the tax on all aviation fuel other than gasoline is three and two-
2 tenths cents a gallon; **and**

3 **(4) the tax is not due on the motor fuel sold or otherwise**
4 **transferred within the state that**

5 **(A) is at least 10 percent alcohol by volume and has been**
6 **produced from the processing of lignocellulose derived from wood; and**

7 **(B) was produced in a facility that processes lignocellulose**
8 **from wood and was produced only during the first five years of the**
9 **facility's processing of lignocellulose from wood.**

10 * **Sec. 2.** AS 43.40.010(a), as repealed and reenacted by sec. 3, ch. 127, SLA 1994, is
11 amended to read:

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

14 (1) the tax on aviation gasoline is four cents a gallon;

15 (2) the tax on motor fuel used in and on watercraft of all descriptions
16 is five cents a gallon; [AND]

17 (3) the tax on all aviation fuel other than gasoline is two and one-half
18 cents a gallon; **and**

19 **(4) the tax is not due on the motor fuel sold or otherwise**
20 **transferred within the state that**

21 **(A) is at least 10 percent alcohol by volume and has been**
22 **produced from the processing of lignocellulose derived from wood; and**

23 **(B) was produced in a facility that processes lignocellulose**
24 **from wood and was produced only during the first five years of the**
25 **facility's processing of lignocellulose from wood.**

26 * **Sec. 3.** AS 43.40.010(b) is amended to read:

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

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

31 (2) the tax on motor fuel used in and on watercraft of all descriptions

1 is five cents a gallon; [AND]

2 (3) the tax on all aviation fuel other than gasoline is three and two-
3 tenths cents a gallon; **and**

4 **(4) the tax is not due on the motor fuel sold or otherwise**
5 **transferred within the state that**

6 **(A) is at least 10 percent alcohol by volume and has been**
7 **produced from the processing of lignocellulose derived from wood; and**

8 **(B) was produced in a facility that processes lignocellulose**
9 **from wood and was produced only during the first five years of the**
10 **facility's processing of lignocellulose from wood.**

11 * **Sec. 4.** AS 43.40.010(b), as repealed and reenacted by sec. 5, ch. 127, SLA 1994, is
12 amended to read:

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

15 (1) the tax on aviation gasoline consumed is four cents a gallon;

16 (2) the tax on motor fuel used in and on watercraft of all descriptions
17 is five cents a gallon; [AND]

18 (3) the tax on all aviation fuel other than gasoline is two and one-half
19 cents a gallon; **and**

20 **(4) the tax is not due on the motor fuel sold or otherwise**
21 **transferred within the state that**

22 **(A) is at least 10 percent alcohol by volume and has been**
23 **produced from the processing of lignocellulose derived from wood; and**

24 **(B) was produced in a facility that processes lignocellulose**
25 **from wood and was produced only during the first five years of the**
26 **facility's processing of lignocellulose from wood.**

27 * **Sec. 5.** AS 43.40.015(d) is amended to read:

28 (d) A certificate of use is not required

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

30 and

31 (2) for fuel exempted under **AS 43.40.100(2)(I)** [AS 43.40.100(2)(J)]

1 other than fuel sold or transferred under this exemption to a person who is engaged in
2 construction or mining activity.

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

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

8 (A) fuel consigned to foreign countries;

9 (B) fuel sold for use in jet propulsion aircraft operating in
10 flights to foreign countries;

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

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

15 (E) fuel used by charitable institutions;

16 (F) [FUEL WHICH IS AT LEAST 10 PERCENT ALCOHOL
17 BY VOLUME;

18 (G)] fuel sold or transferred between qualified dealers;

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

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

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

25 **(J)** [(K)] fuel used for other nontaxable purposes as prescribed
26 by regulations adopted by the department; or

27 **(K)** [(L)] fuel used in stationary power plants of 100 **kilowatts**
28 [KW] or less that generate electrical power for commercial enterprises not for
29 resale;

30 * **Sec. 7.** CONDITIONAL EFFECT OF SECTIONS 2 AND 4. Sections 2 and 4 of this
31 Act take effect only if, under sec. 6, ch. 127, SLA 1994, secs. 3 and 5, ch. 127, SLA 1994,

1 take effect because the Department of Transportation and Public Facilities, before January 1,
2 2000, increases the fee it charges under AS 02.15.090(a) for the privilege of landing aircraft
3 at rural airports, as that term is defined in 17 AAC 40.795(2), above the amount of the fee in
4 effect on January 1, 1994.

5 * **Sec. 8.** Sections 1, 3, and 5 - 7 of this Act take effect July 1, 1997.

6 * **Sec. 9.** (a) If secs. 2 and 4 of this Act take effect under sec. 7 of this Act and sec. 6,
7 ch. 127, SLA 1994, they take effect on the later of

8 (1) the 30th day after the effective date of the landing fee increase described
9 in sec. 7 of this Act; or

10 (2) the day after the day that sec. 7 of this Act becomes law.

11 (b) The commissioner of transportation and public facilities shall promptly notify the
12 commissioner of revenue, the lieutenant governor, and the revisor of statutes of a landing fee
13 increase described in sec. 7 of this Act.