

**CS FOR HOUSE BILL NO. 263(TRA)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - FIRST SESSION

BY THE HOUSE TRANSPORTATION COMMITTEE

Offered: 5/9/97

Referred: Finance

Sponsor(s): REPRESENTATIVE WILLIAMS

**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 setting a differential levy for a tax on  
3 motor fuel that is produced from the processing of lignocellulose, that is at  
4 least 10 percent alcohol by volume, and that is produced during the first five  
5 years of a facility's processing of lignocellulose from wood; and providing for  
6 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 rate on motor fuel that is blended with alcohol is the**  
4 **same tax rate a gallon as other motor fuel; however, the tax on motor fuel sold**  
5 **or otherwise transferred within the state that is at least 10 percent alcohol by**  
6 **volume, has been produced from the processing of lignocellulose derived from**  
7 **wood, and was produced in a facility that processes lignocellulose from wood is**  
8 **eight cents a gallon less than the tax on other motor fuel, but this reduction in the**  
9 **rate of tax applies to motor fuel sold or transferred that was produced only**  
10 **during the first five years of the facility's processing of lignocellulose from wood.**

11 \* **Sec. 2.** AS 43.40.010(a), as repealed and reenacted by sec. 3, ch. 127, SLA 1994, is  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

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

15 (1) the tax on aviation gasoline 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 rate on motor fuel that is blended with alcohol is the**  
21 **same tax rate a gallon as other motor fuel; however, the tax on motor fuel sold**  
22 **or otherwise transferred within the state that is at least 10 percent alcohol by**  
23 **volume, has been produced from the processing of lignocellulose derived from**  
24 **wood, and was produced in a facility that processes lignocellulose from wood is**  
25 **eight cents a gallon less than the tax on other motor fuel, but this reduction in the**  
26 **rate of tax applies to motor fuel sold or transferred that was produced only**  
27 **during the first five years of the facility's processing of lignocellulose from wood.**

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

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

31 (1) the tax on aviation gasoline consumed is four and seven-tenths cents

1 a gallon;

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

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

6 **(4) the tax rate on motor fuel that is blended with alcohol is the**  
7 **same tax rate a gallon as other motor fuel; however, the tax on motor fuel**  
8 **consumed or used within the state that is at least 10 percent alcohol by volume,**  
9 **has been produced from the processing of lignocellulose derived from wood, and**  
10 **was produced in a facility that processes lignocellulose from wood is eight cents**  
11 **a gallon less than the tax on other motor fuel, but this reduction in the rate of tax**  
12 **applies to motor fuel sold or transferred that was produced only during the first**  
13 **five years of the facility's processing of lignocellulose from wood.**

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

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

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

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

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

23 **(4) the tax rate on motor fuel that is blended with alcohol is the**  
24 **same tax rate a gallon as other motor fuel; however, the tax on motor fuel**  
25 **consumed or used within the state that is at least 10 percent alcohol by volume,**  
26 **has been produced from the processing of lignocellulose derived from wood, and**  
27 **was produced in a facility that processes lignocellulose from wood is eight cents**  
28 **a gallon less than the tax on other motor fuel, but this reduction in the rate of tax**  
29 **applies to motor fuel sold or transferred that was produced only during the first**  
30 **five years of the facility's processing of lignocellulose from wood.**

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

1 (d) A certificate of use is not required

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

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

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

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

12 (A) fuel consigned to foreign countries;

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

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

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

19 (E) fuel used by charitable institutions;

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

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

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

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

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

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

31 **(K)** [(L)] fuel used in stationary power plants of 100 **kilowatts**

1 [KW] or less that generate electrical power for commercial enterprises not for  
2 resale;

3 \* **Sec. 7.** CONDITIONAL EFFECT OF SECTIONS 2 AND 4. Sections 2 and 4 of this  
4 Act take effect only if, under sec. 6, ch. 127, SLA 1994, secs. 3 and 5, ch. 127, SLA 1994,  
5 take effect because the Department of Transportation and Public Facilities, before January 1,  
6 2000, increases the fee it charges under AS 02.15.090(a) for the privilege of landing aircraft  
7 at rural airports, as that term is defined in 17 AAC 40.795(2), above the amount of the fee in  
8 effect on January 1, 1994.

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

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

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

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

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