

**HOUSE BILL NO. 278**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - FIRST SESSION

**BY REPRESENTATIVE MOSES**

**Introduced: 5/9/97**

**Referred: Transportation, Finance**

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

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

14 \* **Sec. 2.** AS 43.40.010(a), as repealed and reenacted by sec. 3, ch. 127, SLA 1994, is

1 amended to read:

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

4 (1) the tax on aviation gasoline is four cents a gallon; **and**

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

7 (3)] the tax on all aviation fuel other than gasoline is two and one-half  
8 cents a gallon.

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

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

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

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

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

18 \* **Sec. 4.** AS 43.40.010(b), as repealed and reenacted by sec. 5, ch. 127, SLA 1994, is  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

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

22 (1) the tax on aviation gasoline consumed is four cents a gallon; **and**

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

25 (3)] the tax on all aviation fuel other than gasoline is two and one-half  
26 cents a gallon.

27 \* **Sec. 5.** AS 43.40.010(c) is amended to read:

28 (c) Every dealer who sells or otherwise transfers motor fuel in the state shall  
29 collect the tax at the time of sale, and remit the total tax collected, **together with the**  
30 **tax return required by AS 43.40.075,** during each calendar month of each year to the  
31 department by the last day of each succeeding month. Every user shall likewise remit

1 the tax accrued on motor fuel actually used by the user during each month, **together**  
 2 **with the tax return required by AS 43.40.075.** If the monthly tax **remittance and**  
 3 **return are** [IS] timely filed, one percent of the total monthly tax due, limited to a  
 4 maximum of \$100, may be deducted and retained to cover the expense of accounting  
 5 and filing the monthly tax **remittance and** return. [AT THE TIME THE  
 6 REMITTANCE IS MADE, EACH DEALER OR USER SHALL SUBMIT A  
 7 STATEMENT TO THE DEPARTMENT SHOWING ALL FUEL WHICH THE  
 8 DEALER OR USER HAS DISTRIBUTED OR USED DURING THE MONTH.]

9 \* **Sec. 6.** AS 43.40.010(f) is amended to read:

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

14 **(1) an amount equal to 37.5 percent of the proceeds from the**  
 15 **revenue from the tax may be appropriated for the purpose of paying refunds**  
 16 **under AS 43.40.150 to municipalities**

17 **(A) that, during the state fiscal year in which the refund is**  
 18 **payable, expend or propose to expend an amount at least equal to the**  
 19 **amount received by the municipality as a refund under AS 43.40.150 for**  
 20 **water and harbor facilities that are**

21 **(i) municipally owned and operated; or**

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

29 **(B) for new or expanded water and harbor facilities to be**  
 30 **constructed by a municipality, but only if the municipality has presented**  
 31 **to the commissioner of transportation and public facilities a plan for the**

1           construction of new or expanded facilities in the municipality, and the  
 2           commissioner of transportation and public facilities finds, and certifies to  
 3           the commissioner of revenue, that the making of the refund payment under  
 4           this subparagraph will materially assist the municipality in planning,  
 5           designing, constructing, and operating the new or expanded water and  
 6           harbor facilities; and

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

9   \* **Sec. 7.** AS 43.40 is amended by adding a new section to read:

10                   **Sec. 43.40.075. Tax return filing requirements.** (a) A person subject to the  
 11           motor fuel tax shall file a return, made under penalty of unsworn falsification, on a  
 12           form prescribed by the department, reporting

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

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

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

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

23   \* **Sec. 8.** AS 43.40 is amended by adding a new section to read:

24                           **Article 2. Watercraft Fuel Tax Refunds to Municipalities.**

25                           **Sec. 43.40.150. Refunds to municipalities.** (a) Except as provided in (b) of  
 26           this section, the commissioner shall pay from appropriations under AS 43.40.010(f)(1)

27                                   (1) to each unified municipality, to each city located in the unorganized  
 28           borough, and to each city located in a borough if the borough does not exercise  
 29           responsibility for water and harbor facilities on an areawide or nonareawide basis the  
 30           tax revenue collected in the municipality from taxes levied on motor fuel used in and  
 31           on watercraft of all descriptions under this chapter that is deposited in the special

1 watercraft fuel tax account and is allocable under AS 43.40.010(f)(1);

2 (2) to each city located within a borough that exercises responsibility  
3 for water and harbor facilities on an areawide basis, or exercises that responsibility on  
4 a nonareawide basis and all water and harbor facilities within cities within the borough  
5 are owned and operated by cities, 50 percent of the amount of tax revenue collected  
6 in the city from taxes levied on motor fuel used in and on watercraft of all descriptions  
7 under this chapter that is deposited in the special watercraft fuel tax account and is  
8 allocable under AS 43.40.010(f)(1); and

9 (3) to each borough that exercises responsibility for water and harbor  
10 facilities on an areawide basis, or exercises that responsibility on a nonareawide basis  
11 and all water and harbor facilities within cities within the borough are owned and  
12 operated by cities,

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

26 (2) if the sale or transfer occurred within a municipality other than the  
27 municipality in which the motor fuel was purchased or stored, the person shall submit  
28 to the department a statement disclosing the motor fuel sales or transfers that the  
29 person made during the preceding calendar month outside the municipality in which  
30 the motor fuel was purchased or stored.

31 (e) In this section, "tax revenue collected," as used with reference to a

1 municipality, means the revenue derived from the tax levied on motor fuel used in and  
2 on watercraft of all descriptions under this chapter that is collected in the municipality  
3 in which the final sale or transfer occurred.

4 \* **Sec. 9.** CONDITIONAL EFFECT OF SECTIONS 2 AND 4. Sections 2 and 4 of this  
5 Act take effect only if, under sec. 6, ch. 127, SLA 1994, secs. 3 and 5, ch. 127, SLA 1994,  
6 take effect because the Department of Transportation and Public Facilities, before January 1,  
7 2000, increases the fee it charges under AS 02.15.090(a) for the privilege of landing aircraft  
8 at rural airports, as that term is defined in 17 AAC 40.795(2), above the amount of the fee in  
9 effect on January 1, 1994.

10 \* **Sec. 10.** (a) If secs. 2 and 4 of this Act take effect under sec. 9 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. 9 of this Act; or

14 (2) the day after the day that sec. 9 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. 9 of this Act.

18 \* **Sec. 11.** Except as provided in sec. 10 of this Act, this Act takes effect July 1, 1997.