

CS FOR HOUSE BILL NO. 243(TRA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - SECOND SESSION

BY THE HOUSE TRANSPORTATION COMMITTEE

Offered: 2/2/00

Referred: Finance

Sponsor(s): HOUSE TRANSPORTATION COMMITTEE BY REQUEST

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to taxes on motor fuel used in or on boats and watercraft; and
2 providing for an effective date."

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

4 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new
5 section to read:

6 **PURPOSE.** It is the purpose of the legislature to encourage municipalities to assume
7 responsibility for port and harbor facilities within their boundaries that are currently
8 maintained by the state and to impose taxes on motor fuel used in or on boats and watercraft
9 to produce revenues to maintain those port and harbor facilities.

10 * **Sec. 2.** AS 29.45 is amended by adding a new section to read:

11 **Article 5A. Municipal Motor Fuel Tax.**

12 **Sec. 29.45.750. Tax on transfers or consumption of motor fuel used in or**
13 **on boats and watercraft.** A municipality may levy and collect a tax of three cents
14 a gallon on motor fuel

1 (1) sold or transferred within the municipality that is to be used in or
2 on boats and watercraft of all descriptions; or

3 (2) consumed by a user in or on boats and watercraft of all
4 descriptions.

5 * **Sec. 3.** AS 43.40.010(a) is amended to read:

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

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

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

10 is

11 **(A) in a qualified municipality that levies a tax of three**
12 **cents a gallon specifically on the sale or transfer of motor fuel used in and**
13 **on watercraft, two [FIVE] cents a gallon; for purposes of this**
14 **subparagraph, a qualified municipality is one**

15 **(i) that has assumed possession of and responsibility**
16 **for operation and maintenance of all state port and harbor facilities**
17 **within its boundaries except those owned by a public corporation**
18 **of the state or owned by a state agency and used for state purposes;**

19 **(ii) within which the state does not retain operation**
20 **or maintenance responsibility for port or harbor facilities except**
21 **those port or harbor facilities owned by a public corporation of the**
22 **state or owned by a state agency and used for state purposes; or**

23 **(iii) within which the state has never had port or**
24 **harbor facilities or operation or maintenance responsibility for port**
25 **or harbor facilities;**

26 **(B) except as provided in (A) of this paragraph, five cents**
27 **a gallon;**

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

30 (4) the tax rate on motor fuel that is blended with alcohol is the same
31 tax rate a gallon as other motor fuel; however,

1 (A) in an area and during the months in which fuel containing
 2 alcohol is required to be sold, transferred, or used in an effort to attain air
 3 quality standards for carbon monoxide as required by federal or state law or
 4 regulation, the tax rate on motor fuel that is blended with alcohol is six cents
 5 a gallon less than the tax on other motor fuel not described in (1) - (3) of this
 6 subsection;

7 (B) notwithstanding (A) of this paragraph, through June 30,
 8 2004, the tax on motor fuel sold or otherwise transferred within the state is
 9 eight cents a gallon less than the tax on other motor fuel not described in (1) -
 10 (3) of this subsection if the motor fuel

11 (i) is at least 10 percent alcohol by volume, has been
 12 produced from the processing of lignocellulose derived from wood, and
 13 was produced in a facility that processes lignocellulose from wood, but
 14 this reduction in the rate of tax applies to motor fuel sold or transferred
 15 that contains alcohol that was produced only during the first five years
 16 of the facility's processing of lignocellulose from wood; or

17 (ii) is at least 10 percent alcohol by volume, has been
 18 produced from the processing of waste seafood, and was produced in
 19 a facility that processes alcohol from waste seafood, but this reduction
 20 in the rate of tax applies to motor fuel sold or transferred that contains
 21 alcohol that was produced only during the first five years of the
 22 facility's processing of alcohol from waste seafood.

23 * Sec. 4. AS 43.40.010(b) is amended to read:

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

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

28 (2) the tax on motor fuel used in and on watercraft of all descriptions
 29 is

30 **(A) in a qualified municipality that levies a tax of three**
 31 **cents a gallon specifically on the user's consumption of motor fuel used in**

1 and on watercraft, two [FIVE] cents a gallon; for purposes of this
 2 subparagraph, a qualified municipality is one

3 (i) that has assumed possession of and responsibility
 4 for operation and maintenance of all state port and harbor facilities
 5 within its boundaries except those owned by a public corporation
 6 of the state or owned by a state agency and used for state purposes;

7 (ii) within which the state does not retain operation
 8 or maintenance responsibility for port or harbor facilities except
 9 those port or harbor facilities owned by a public corporation of the
 10 state or owned by a state agency and used for state purposes; or

11 (iii) within which the state has never had port or
 12 harbor facilities or operation or maintenance responsibility for port
 13 or harbor facilities;

14 (B) except as provided in (A) of this paragraph, five cents
 15 a gallon;

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

18 (4) the tax rate on motor fuel that is blended with alcohol is the same
 19 tax rate a gallon as other motor fuel; however,

20 (A) in an area and during the months in which fuel containing
 21 alcohol is required to be sold, transferred, or used in an effort to attain air
 22 quality standards for carbon monoxide as required by federal or state law or
 23 regulation, the tax rate on motor fuel that is blended with alcohol is six cents
 24 a gallon less than the tax on other motor fuel not described in (1) - (3) of this
 25 subsection;

26 (B) notwithstanding (A) of this paragraph, through June 30,
 27 2004, the tax on motor fuel consumed by a user within the state is eight cents
 28 a gallon less than the tax on other motor fuel not described in (1) - (3) of this
 29 subsection if the motor fuel

30 (i) is at least 10 percent alcohol by volume, has been
 31 produced from the processing of lignocellulose derived from wood, and

1 was produced in a facility that processes lignocellulose from wood, but
2 this reduction in the rate of tax applies to motor fuel consumed by a
3 user that contains alcohol that was produced only during the first five
4 years of the facility's processing of lignocellulose from wood; or

5 (ii) is at least 10 percent alcohol by volume, has been
6 produced from the processing of waste seafood, and was produced in
7 a facility that processes alcohol from waste seafood, but this reduction
8 in the rate of tax applies to motor fuel consumed by a user that contains
9 alcohol that was produced only during the first five years of the
10 facility's processing of alcohol from waste seafood.

11 * **Sec. 5.** This Act takes effect July 1, 2000.