

SENATE BILL NO. 178

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIRST LEGISLATURE - FIRST SESSION

BY THE SENATE TRANSPORTATION COMMITTEE BY REQUEST

Introduced: 5/17/99

Referred: Transportation, Finance

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.** PURPOSE AND INTENT. (a) It is the purpose of the legislature to
5 encourage municipalities to assume responsibility for harbors within their boundaries that are
6 currently maintained by the state and to impose taxes on motor fuel used in or on boats and
7 watercraft to produce revenues to maintain those harbors.

8 (b) It is the intent of the legislature that the changes to the rate of tax on motor fuel
9 used in and on watercraft made in this bill continue in effect even if the delayed amendment
10 of AS 43.40.010(a) and (b) under secs. 3, 5, 6, and 7, ch. 127, SLA 1994, and secs. 3, 5, 10,
11 and 12, ch. 88, SLA 1997, takes effect.

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

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

14 **Sec. 29.45.750. Tax on transfers or consumption of motor fuel used in or**

1 **on boats and watercraft.** A municipality may levy and collect a tax on motor fuel

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

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

6 * **Sec. 3.** 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 watercraft of all descriptions

11 is

12 **(A) in a qualified municipality that levies a tax specifically**
13 **on the sale or transfer of motor fuel used in and on watercraft, five cents**
14 **a gallon, less the rate per gallon of the municipal tax on motor fuel used**
15 **in and on watercraft up to a maximum municipal tax of three cents a**
16 **gallon; in no case shall the tax imposed by the state under this paragraph**
17 **be less than two cents a gallon; for purposes of this subparagraph, a**
18 **qualified municipality is one**

19 **(i) that has assumed possession of and responsibility**
20 **for operation and maintenance of all state harbors within its**
21 **boundaries; and**

22 **(ii) within which the state retains no operation or**
23 **maintenance responsibility for harbors;**

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

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

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

30 (A) in an area and during the months in which fuel containing
31 alcohol is required to be sold, transferred, or used in an effort to attain air

1 quality standards for carbon monoxide as required by federal or state law or
 2 regulation, the tax rate on motor fuel that is blended with alcohol is six cents
 3 a gallon less than the tax on other motor fuel not described in (1) - (3) of this
 4 subsection;

5 (B) notwithstanding (A) of this paragraph, through June 30,
 6 2004, the tax on motor fuel sold or otherwise transferred within the state is
 7 eight cents a gallon less than the tax on other motor fuel not described in (1) -
 8 (3) of this subsection if the motor fuel

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

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

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

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

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

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

28 **(A) in a qualified municipality that levies a tax specifically**
 29 **on the user's consumption of motor fuel used in and on watercraft, five**
 30 **cents a gallon, less the rate per gallon of the municipal tax on motor fuel**
 31 **used in and on watercraft up to a maximum municipal tax of three cents**

1 a gallon; in no case shall the tax imposed by the state under this
 2 paragraph be less than two cents a gallon; for purposes of this
 3 subparagraph, a qualified municipality is one

4 (i) that has assumed possession of and responsibility
 5 for operation and maintenance of all state harbors within its
 6 boundaries; and

7 (ii) within which the state retains no operation or
 8 maintenance responsibility for harbors;

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

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

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

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

21 (B) notwithstanding (A) of this paragraph, through June 30,
 22 2004, the tax on motor fuel consumed by a user within the state is eight cents
 23 a gallon less than the tax on other motor fuel not described in (1) - (3) of this
 24 subsection if the motor fuel

25 (i) is at least 10 percent alcohol by volume, has been
 26 produced from the processing of lignocellulose derived from wood, and
 27 was produced in a facility that processes lignocellulose from wood, but
 28 this reduction in the rate of tax applies to motor fuel consumed by a
 29 user that contains alcohol that was produced only during the first five
 30 years of the facility's processing of lignocellulose from wood; or

31 (ii) is at least 10 percent alcohol by volume, has been

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

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