



LAWS OF ALASKA

2003

Source
CSHB 216(FIN)

Chapter No.

AN ACT

Relating to and limiting municipal taxation of refined fuel and wholesale sales of fuel, and to the bulk fuel revolving loan fund.

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

THE ACT FOLLOWS ON PAGE 1

AN ACT

1 Relating to and limiting municipal taxation of refined fuel and wholesale sales of fuel, and to
2 the bulk fuel revolving loan fund.

3 _____

4 * **Section 1.** AS 29.10.200(51) is amended to read:

5 (51) AS 29.45.650(c), (d), (e), [AND] (f), **(i), and (j)** (sales and use
6 tax);

7 * **Sec. 2.** AS 29.10.200(52) is amended to read:

8 (52) AS 29.45.700(d) **and (e)** (sales and use tax);

9 * **Sec. 3.** AS 29.45 is amended by adding a new section to read:

10 **Sec. 29.45.101. Limitation on taxation of fuel.** A municipality may not levy
11 or collect a property tax under AS 29.45.010 or 29.45.055 on refined fuel unless the
12 fuel has been physically loaded, unloaded, or stored in the municipality.

13 * **Sec. 4.** AS 29.45.650(a) is amended to read:

14 (a) Except as provided in AS 04.21.010(c), AS 29.45.750, and in (f), [AND]

1 (h), (i), and (j) of this section, a borough may levy and collect a sales tax on sales,
2 rents, and on services provided in the borough. The sales tax may apply to any or all
3 of these sources. Exemptions may be granted by ordinance.

4 * **Sec. 5.** AS 29.45.650 is amended by adding new subsections to read:

5 (i) A borough may not levy or collect a sales or use tax on (1) the physical
6 transfer of refined fuel, unless the transfer is made in connection with a sale or use in
7 the borough, or (2) wholesale sales or transfers of fuel refined in the borough. A sale
8 is in the borough if the fuel is delivered to the buyer in the borough. A use is in the
9 borough if the fuel is consumed in the borough. This subsection applies to home rule
10 and general law municipalities.

11 (j) The prohibitions on the levy and collection of a sales or use tax on refined
12 fuel in (i) of this section do not apply to a borough if, on the effective date of (i) of this
13 section, the borough is

14 (1) levying and collecting a sales or use tax on the sale, use, or transfer
15 of refined fuel under an ordinance adopted before January 1, 2003; or

16 (2) receiving payments in lieu of a sales or use tax on the sale, use, or
17 transfer of refined fuel under an agreement entered into before January 1, 2003.

18 * **Sec. 6.** AS 29.45.700(a) is amended to read:

19 (a) A city in a borough that levies and collects areawide sales and use taxes
20 may levy sales and use taxes on all sources taxed by the borough in the manner
21 provided for boroughs. Except as provided in (d) and (e) of this section, the assembly
22 may by ordinance authorize a city to levy and collect sales and use taxes on other
23 sources.

24 * **Sec. 7.** AS 29.45.700 is amended by adding new subsections to read:

25 (e) A city that levies and collects sales and use taxes may not levy and collect
26 a sales or use tax on (1) the physical transfer of refined fuel, unless the transfer is
27 made in connection with a sale or use in the city, or (2) wholesale sales or transfers of
28 fuel refined in the city. A sale is in the city if the fuel is delivered to the buyer in the
29 city. A use is in the city if the fuel is consumed in the city. This subsection applies to
30 home rule and general law municipalities.

31 (f) The prohibitions on the levy and collection of a sales or use tax on refined

1 fuel in (e) of this section do not apply to a city if, on the effective date of (e) of this
2 section, the city is

3 (1) levying and collecting a sales or use tax on the sale, use, or transfer
4 of refined fuel under an ordinance adopted before January 1, 2003; or

5 (2) receiving payments in lieu of a sales or use tax on the sale, use, or
6 transfer of refined fuel under an agreement entered into before January 1, 2003.

7 * **Sec. 8.** AS 42.45.250(e) is amended to read:

8 (e) Loans made from the bulk fuel revolving loan fund to one borrower in any
9 fiscal year are not subject to AS 42.45.060 and

10 (1) may not exceed **\$300,000** [\$200,000];

11 (2) shall be repaid in one year or less; and

12 (3) may not exceed 90 percent of the wholesale price of the fuel
13 purchased.

14 * **Sec. 9.** Section 4, ch. 100, SLA 2002, is repealed and reenacted to read:

15 Sec. 4. AS 29.45.650(a) is amended to read:

16 (a) Except as provided in AS 04.21.010(c), [AS 29.45.750,] and in (f), (h), (i),
17 and (j) of this section, a borough may levy and collect a sales tax on sales, rents, and
18 on services provided in the borough. The sales tax may apply to any or all of these
19 sources. Exemptions may be granted by ordinance.