

HOUSE BILL NO. 156

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - FIRST SESSION

BY THE HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 3/5/03

Referred: Transportation, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act increasing the motor fuel tax and repealing the special tax rates on blended
2 fuels; and providing for an effective date."

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

4 * **Section 1.** AS 43.40.010(a) is amended to read:

5 (a) There is levied a tax of 20 [EIGHT] cents a gallon on all motor fuel sold or
6 otherwise transferred within the state, except that

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

8 (2) the tax on motor fuel used in and on watercraft of all descriptions is
9 five cents a gallon; **and**

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

12 (4) THE TAX RATE ON MOTOR FUEL THAT IS BLENDED
13 WITH ALCOHOL IS THE SAME TAX RATE A GALLON AS OTHER MOTOR
14 FUEL; HOWEVER,

1 (A) IN AN AREA AND DURING THE MONTHS IN WHICH
2 FUEL CONTAINING ALCOHOL IS REQUIRED TO BE SOLD,
3 TRANSFERRED, OR USED IN AN EFFORT TO ATTAIN AIR QUALITY
4 STANDARDS FOR CARBON MONOXIDE AS REQUIRED BY FEDERAL
5 OR STATE LAW OR REGULATION, THE TAX RATE ON MOTOR FUEL
6 THAT IS BLENDED WITH ALCOHOL IS SIX CENTS A GALLON LESS
7 THAN THE TAX ON OTHER MOTOR FUEL NOT DESCRIBED IN (1) -
8 (3) OF THIS SUBSECTION;

9 (B) NOTWITHSTANDING (A) OF THIS PARAGRAPH,
10 THROUGH JUNE 30, 2004, THE TAX ON MOTOR FUEL SOLD OR
11 OTHERWISE TRANSFERRED WITHIN THE STATE IS EIGHT CENTS A
12 GALLON LESS THAN THE TAX ON OTHER MOTOR FUEL NOT
13 DESCRIBED IN (1) - (3) OF THIS SUBSECTION IF THE MOTOR FUEL

14 (i) IS AT LEAST 10 PERCENT ALCOHOL BY
15 VOLUME, HAS BEEN PRODUCED FROM THE PROCESSING OF
16 LIGNOCELLULOSE DERIVED FROM WOOD, AND WAS
17 PRODUCED IN A FACILITY THAT PROCESSES
18 LIGNOCELLULOSE FROM WOOD, BUT THIS REDUCTION IN
19 THE RATE OF TAX APPLIES TO MOTOR FUEL SOLD OR
20 TRANSFERRED THAT CONTAINS ALCOHOL THAT WAS
21 PRODUCED ONLY DURING THE FIRST FIVE YEARS OF THE
22 FACILITY'S PROCESSING OF LIGNOCELLULOSE FROM
23 WOOD; OR

24 (ii) IS AT LEAST 10 PERCENT ALCOHOL BY
25 VOLUME, HAS BEEN PRODUCED FROM THE PROCESSING OF
26 WASTE SEAFOOD, AND WAS PRODUCED IN A FACILITY
27 THAT PROCESSES ALCOHOL FROM WASTE SEAFOOD, BUT
28 THIS REDUCTION IN THE RATE OF TAX APPLIES TO MOTOR
29 FUEL SOLD OR TRANSFERRED THAT CONTAINS ALCOHOL
30 THAT WAS PRODUCED ONLY DURING THE FIRST FIVE
31 YEARS OF THE FACILITY'S PROCESSING OF ALCOHOL FROM

1 WASTE SEAFOOD].

2 * **Sec. 2.** AS 43.40.010(b) is amended to read:

3 (b) There is levied a tax of **20** [EIGHT] cents a gallon on all motor fuel
4 consumed by a user, except that

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

7 (2) the tax on motor fuel used in and on watercraft of all descriptions is
8 five cents a gallon; **and**

9 (3) the tax on all aviation fuel other than gasoline is three and two-
10 tenths cents a gallon [; AND

11 (4) THE TAX RATE ON MOTOR FUEL THAT IS BLENDED
12 WITH ALCOHOL IS THE SAME TAX RATE A GALLON AS OTHER MOTOR
13 FUEL; HOWEVER,

14 (A) IN AN AREA AND DURING THE MONTHS IN WHICH
15 FUEL CONTAINING ALCOHOL IS REQUIRED TO BE SOLD,
16 TRANSFERRED, OR USED IN AN EFFORT TO ATTAIN AIR QUALITY
17 STANDARDS FOR CARBON MONOXIDE AS REQUIRED BY FEDERAL
18 OR STATE LAW OR REGULATION, THE TAX RATE ON MOTOR FUEL
19 THAT IS BLENDED WITH ALCOHOL IS SIX CENTS A GALLON LESS
20 THAN THE TAX ON OTHER MOTOR FUEL NOT DESCRIBED IN (1) -
21 (3) OF THIS SUBSECTION;

22 (B) NOTWITHSTANDING (A) OF THIS PARAGRAPH,
23 THROUGH JUNE 30, 2004, THE TAX ON MOTOR FUEL CONSUMED
24 BY A USER WITHIN THE STATE IS EIGHT CENTS A GALLON LESS
25 THAN THE TAX ON OTHER MOTOR FUEL NOT DESCRIBED IN (1) -
26 (3) OF THIS SUBSECTION IF THE MOTOR FUEL

27 (i) IS AT LEAST 10 PERCENT ALCOHOL BY
28 VOLUME, HAS BEEN PRODUCED FROM THE PROCESSING OF
29 LIGNOCELLULOSE DERIVED FROM WOOD, AND WAS
30 PRODUCED IN A FACILITY THAT PROCESSES
31 LIGNOCELLULOSE FROM WOOD, BUT THIS REDUCTION IN

1 THE RATE OF TAX APPLIES TO MOTOR FUEL CONSUMED BY
 2 A USER THAT CONTAINS ALCOHOL THAT WAS PRODUCED
 3 ONLY DURING THE FIRST FIVE YEARS OF THE FACILITY'S
 4 PROCESSING OF LIGNOCELLULOSE FROM WOOD; OR

5 (ii) IS AT LEAST 10 PERCENT ALCOHOL BY
 6 VOLUME, HAS BEEN PRODUCED FROM THE PROCESSING OF
 7 WASTE SEAFOOD, AND WAS PRODUCED IN A FACILITY
 8 THAT PROCESSES ALCOHOL FROM WASTE SEAFOOD, BUT
 9 THIS REDUCTION IN THE RATE OF TAX APPLIES TO MOTOR
 10 FUEL CONSUMED BY A USER THAT CONTAINS ALCOHOL
 11 THAT WAS PRODUCED ONLY DURING THE FIRST FIVE
 12 YEARS OF THE FACILITY'S PROCESSING OF ALCOHOL FROM
 13 WASTE SEAFOOD].

14 * **Sec. 3.** AS 43.40.030(a) is amended to read:

15 (a) Except as specified in AS 43.40.010(j), a person who uses motor fuel to
 16 operate an internal combustion engine is entitled to a refund of 18 [SIX] cents a gallon
 17 if

18 (1) the tax on the motor fuel has been paid;

19 (2) the motor fuel is not aviation fuel, or motor fuel used in or on
 20 watercraft; and

21 (3) the internal combustion engine is not used in or in conjunction with
 22 a motor vehicle licensed to be operated on public ways.

23 * **Sec. 4.** This Act takes effect July 1, 2003.