

**CS FOR HOUSE BILL NO. 156(TRA)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - FIRST SESSION

BY THE HOUSE TRANSPORTATION COMMITTEE

Offered: 3/31/03

Referred: Finance

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act increasing the tax on motor fuel to be used in motor vehicles, other than  
2 aircraft and watercraft, and increasing the tax refund for motor fuel used in motor  
3 vehicles not licensed to be operated on public roadways; repealing the special tax rates  
4 on blended fuels; relating to tax refunds for government agency purchases of motor  
5 fuel; relating to the fund into which the proceeds of the motor fuel tax is paid; and  
6 providing for an effective date."

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

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

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

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

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

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

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

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

14 (B) NOTWITHSTANDING (A) OF THIS PARAGRAPH,  
15 THROUGH JUNE 30, 2004, THE TAX ON MOTOR FUEL SOLD OR  
16 OTHERWISE TRANSFERRED WITHIN THE STATE IS EIGHT CENTS A  
17 GALLON LESS THAN THE TAX ON OTHER MOTOR FUEL NOT  
18 DESCRIBED IN (1) - (3) OF THIS SUBSECTION IF THE MOTOR FUEL

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

29 (ii) IS AT LEAST 10 PERCENT ALCOHOL BY  
30 VOLUME, HAS BEEN PRODUCED FROM THE PROCESSING OF  
31 WASTE SEAFOOD, AND WAS PRODUCED IN A FACILITY

1                    THAT PROCESSES ALCOHOL FROM WASTE SEAFOOD, BUT  
 2                    THIS REDUCTION IN THE RATE OF TAX APPLIES TO MOTOR  
 3                    FUEL SOLD OR TRANSFERRED THAT CONTAINS ALCOHOL  
 4                    THAT WAS PRODUCED ONLY DURING THE FIRST FIVE  
 5                    YEARS OF THE FACILITY'S PROCESSING OF ALCOHOL FROM  
 6                    WASTE SEAFOOD].

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

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

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

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

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

16                    (4) THE TAX RATE ON MOTOR FUEL THAT IS BLENDED  
 17                    WITH ALCOHOL IS THE SAME TAX RATE A GALLON AS OTHER MOTOR  
 18                    FUEL; HOWEVER,

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

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

1 (i) IS AT LEAST 10 PERCENT ALCOHOL BY  
 2 VOLUME, HAS BEEN PRODUCED FROM THE PROCESSING OF  
 3 LIGNOCELLULOSE DERIVED FROM WOOD, AND WAS  
 4 PRODUCED IN A FACILITY THAT PROCESSES  
 5 LIGNOCELLULOSE FROM WOOD, BUT THIS REDUCTION IN  
 6 THE RATE OF TAX APPLIES TO MOTOR FUEL CONSUMED BY  
 7 A USER THAT CONTAINS ALCOHOL THAT WAS PRODUCED  
 8 ONLY DURING THE FIRST FIVE YEARS OF THE FACILITY'S  
 9 PROCESSING OF LIGNOCELLULOSE FROM WOOD; OR

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

19 \* **Sec. 3.** AS 43.40.010(g) is amended to read:

20 (g) The proceeds of the revenue from the tax on all motor fuels, except as  
 21 provided in (e), (f), and (j) of this section, shall be **paid into a state fund entitled**  
 22 **"highway maintenance revenue fund" and shall be used** [DEPOSITED IN A  
 23 SPECIAL HIGHWAY FUEL TAX ACCOUNT IN THE STATE GENERAL FUND.  
 24 THE LEGISLATURE MAY APPROPRIATE FUNDS FROM IT] for expenditure by  
 25 the Department of Transportation and Public Facilities directly or as matched with  
 26 available federal-aid highway money for maintenance of highways, construction of  
 27 highway projects and ferries included in the program provided for in AS 19.10.150,  
 28 including approaches, appurtenances, and related facilities and acquisition of rights-of-  
 29 way or easements, and other highway costs including surveys, administration, and  
 30 related matters. All departments of the state government authorized to spend funds  
 31 collected from taxes imposed by this chapter shall perform, when feasible, all

1 construction or reconstruction projects by contract after the projects have been  
 2 advertised for competitive bids, except that, when feasible, arrangements shall be  
 3 made with political subdivisions to carry out the construction or reconstruction  
 4 projects. If it is not feasible for the work to be performed by state engineering forces,  
 5 the commissioner of transportation and public facilities may contract on a professional  
 6 basis with private engineering firms for road design, bridge design, and services in  
 7 connection with surveys. If more than one private engineering firm is available for the  
 8 work the contracts shall be entered into on a negotiated basis.

9 \* **Sec. 4.** AS 43.40.010(h) is amended to read:

10 (h) All motor fuel tax receipts shall be paid into the **highway maintenance**  
 11 **revenue fund or into the** general fund, **as appropriate. If paid into the general**  
 12 **fund, the receipts shall be** [AND] distributed to the proper accounts in the general  
 13 fund. Valid motor fuel tax refund claims shall be paid from the highway **maintenance**  
 14 **revenue fund or from the related** [FUEL] tax account in the general fund, **as**  
 15 **appropriate.**

16 \* **Sec. 5.** AS 43.40.030(a) is amended to read:

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

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

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

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

25 \* **Sec. 6.** AS 43.40.035 is amended by adding a new subsection to read:

26 (c) For fuel sold to federal, state, and local government agencies for official  
 27 use and purchased with a government credit card, the credit card issuer may apply for  
 28 a refund of any motor fuel tax assessed on the purchases so long as the motor fuel tax  
 29 is not billed by the credit card issuer to the government agency making the purchase.

30 \* **Sec. 7.** AS 43.40.050(c) is amended to read:

31 (c) A reseller who claims a refund or credit under **AS 43.40.035(a)**

1 [AS 43.40.035] shall present the refund claim to the department or to the supplier of  
 2 that reseller by affidavit on a form provided by the department. The claim shall  
 3 include the name, address, and occupation of the applicant, the nature of the business  
 4 of the applicant, and a description sufficient to identify the reason for the refund or  
 5 credit. The claim shall be supported by documentation required by the department.

6 \* **Sec. 8.** AS 43.40.050 is amended by adding a new subsection to read:

7 (d) A credit card issuer who claims a refund under AS 43.40.035 shall present  
 8 the refund claim to the department on a form prescribed by the department and shall  
 9 provide any documentation required by the department.

10 \* **Sec. 9.** AS 43.40.070 is amended to read:

11 **Sec. 43.40.070. Refund warrants.** Upon approval of a refund claim by the  
 12 department, a warrant shall be drawn on the highway **maintenance revenue fund or**  
 13 **from the related** [FUEL] tax account in the general fund, **as appropriate,** in favor of  
 14 the applicant in the amount of the claim.

15 \* **Sec. 10.** The uncodified law of the State of Alaska is amended by adding a new section to  
 16 read:

17 CONTINGENT EFFECT. This Act takes effect only if a constitutional amendment  
 18 proposed by the Twenty-Third Alaska State Legislature repealing sec. 7, art. IX, Constitution  
 19 of the State of Alaska, is adopted by the voters under sec. 1, art. XIII, Constitution of the State  
 20 of Alaska.

21 \* **Sec. 11.** This Act takes effect on the effective date of the constitutional amendment  
 22 specified in sec. 10 of this Act.