

**SENATE BILL NO. 112**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - FIRST SESSION

BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 3/6/03

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.