

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number 1
 Bill Version HB 102
 (H) Publish Date 1/18/11

Identifier (file name) LL1989-DOR-TAX-1-14-11 Dept. Affected Revenue
 Title Motor Fuel Tax Suspension Appropriation Taxation and Treasury
 Allocation Tax Division
 Sponsor Rules Committee
 Requester By Request of the Governor OMB Component Number 2476

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING		0.0	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES								
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CHANGE IN REVENUES		0.0	(35,567.0)	(38,800.0)	(3,233.0)			
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other Interagency Receipts								
TOTAL		0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2011) cost _____

POSITIONS

Full-time								
Part-time								
Temporary								

Why this fiscal note differs from previous version

fiscal note version 1

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Phone (907) 269-6628
 Date/Time 1/14/11; 10:43am
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Analysis

Bill Language:

This bill would suspend the motor fuel tax for 24 months starting on July 1, 2011 through June 30, 2013. Although the statutes state that the legislature may appropriate the revenue from motor fuel tax for specific purposes, including highway construction and maintenance and water and harbor facilities, all motor fuel tax receipts are paid into the General Fund. Current law also provides that sixty percent of taxes collected on aviation fuel sales at municipal airports are shared with the respective municipalities. Unless a specific appropriation is made to those municipalities through this or other legislation, municipalities would not receive revenue sharing for the period in which the fuel tax is suspended. Motor fuel distributors will continue to be required to provide information showing the amount of motor fuel used in the state so the Department can provide reports to the Federal Highway Administration and ensure Alaska does not lose federal highway funding as a result of the suspension.

Revenues:

Information from fuel tax collections is provided below. FY 2008, FY 2009 and FY 2010 are actual collections and shared tax amounts from motor fuel tax. FY 2011 and FY 2012 are forecasts.

	Tax Collections	Shared Aviation Tax
FY 2008 (actual)	\$42,000,000	\$148,000
FY 2009 (actual)	\$10,100,000	\$144,000
FY 2010 (actual)	\$28,800,000	\$130,566
FY 2011 (forecast)	\$38,500,000	\$140,000
FY 2012 (forecast)	\$38,800,000	\$140,000

It is important to note that the motor fuel tax was previously suspended during the period September 1, 2008 through August 31, 2009. Actual amounts collected in FY 2009 and FY 2010 reflect that suspension. Although the tax was suspended, there was a special appropriation to municipalities to ensure they received the amount of shared tax revenue from aviation fuel sales that they would have received had the fuel tax not been suspended. The reduction in revenue shown for FY 2012 and FY 2013 on the first page of this fiscal note would be further reduced by the municipal revenue share identified in the table above for FY 2012 and FY 2013 if a similar appropriation is made during this suspension period.

Under current law, motor fuel tax collected in a particular month is required to be remitted to the Department of Revenue by the end of the following month. Since the effective date of this legislation is July 1, 2011, taxpayers will be required to remit motor fuel tax for motor fuel sales made in June 2011 by July 31, 2011. Therefore, we expect to collect one month of revenue in FY 2012. There will be no revenue collected in FY 2013 and in FY 2014 revenue will be reduced by one month of activity to account for the suspension of the tax through June 2013.

Expenditures:

Department of Revenue can administer the provisions of this bill utilizing existing resources. There will be no reduction in expenditures as the Department will continue to process tax returns and report to the Federal Highway Administration.