

CS FOR HOUSE BILL NO. 60(TRA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTIETH LEGISLATURE - FIRST SESSION

BY THE HOUSE TRANSPORTATION COMMITTEE

Offered: 2/24/17

Referred: Finance

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

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the motor fuel tax; relating to the disposition of revenue from the**
2 **motor fuel tax; establishing and relating to a transportation maintenance fund; and**
3 **providing for an effective date."**

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

5 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
6 to read:

7 LEGISLATIVE INTENT. It is the intent of the legislature that

8 (1) except as provided in AS 43.40.010(e), all proceeds from the tax on
9 aviation fuel imposed under AS 43.40.010 be expended for the direct capital, operating, or
10 maintenance costs of airport infrastructure;

11 (2) all proceeds from the tax on motor fuels used in boats and watercraft
12 imposed under AS 43.40.010 be expended for the direct capital, operating, or maintenance
13 costs of water and harbor infrastructure and facilities;

14 (3) all proceeds from the tax on motor fuel used in snow vehicles, unless a

1 refund is applied for under AS 43.40.050(a), be expended for trail staking and shelter
2 construction and maintenance; and

3 (4) all proceeds from the tax on motor fuels imposed under AS 43.40.010,
4 except as provided in AS 43.40.010(e), (f), and (j), be expended for direct capital, operating,
5 or maintenance costs of highways and highway infrastructure, construction of highway
6 projects and ferries, and other highway costs.

7 * **Sec. 2.** AS 29.60.800(a) is amended to read:

8 (a) There is established the harbor facility grant fund consisting of money
9 appropriated to the fund. Each fiscal year, the legislature may appropriate money to
10 the fund from the watercraft fuel tax account (AS 43.40.010(f)) **in the transportation**
11 **maintenance fund (AS 43.40.045)** and from the fisheries business tax collected under
12 AS 43.75.015 after payments to municipalities are made under AS 43.75.130. The
13 legislature may make other appropriations to the fund. The legislature may appropriate
14 to the fund income earned on money in the fund.

15 * **Sec. 3.** AS 43.40.010(a) is amended to read:

16 (a) In addition to the surcharge levied under AS 43.40.005, there is levied a
17 tax of **16** [EIGHT] cents a gallon on all motor fuel sold or otherwise transferred within
18 the state, except that

19 (1) the tax on aviation gasoline is **9.4** [FOUR AND SEVEN-TENTHS]
20 cents a gallon;

21 (2) the tax on motor fuel used in and on watercraft of all descriptions is
22 **10** [FIVE] cents a gallon;

23 (3) the tax on all aviation fuel other than gasoline is **6.4** [THREE AND
24 TWO-TENTHS] cents a gallon; and

25 (4) the tax rate on motor fuel that is blended with alcohol is the same
26 tax rate a gallon as other motor fuel; however, in an area and during the months in
27 which fuel containing alcohol is required to be sold, transferred, or used in an effort to
28 attain air quality standards for carbon monoxide as required by federal or state law or
29 regulation, the tax rate on motor fuel that is blended with alcohol is six cents a gallon
30 less than the tax on other motor fuel not described in (1) - (3) of this subsection.

31 * **Sec. 4.** AS 43.40.010(a), as amended by sec. 3 of this Act, is amended to read:

1 (a) In addition to the surcharge levied under AS 43.40.005, there is levied a
 2 tax of 24 [16] cents a gallon on all motor fuel sold or otherwise transferred within the
 3 state, except that

4 (1) the tax on aviation gasoline is 14.1 [9.4] cents a gallon;

5 (2) the tax on motor fuel used in and on watercraft of all descriptions is
 6 15 [10] cents a gallon;

7 (3) the tax on all aviation fuel other than gasoline is 9.6 [6.4] cents a
 8 gallon; and

9 (4) the tax rate on motor fuel that is blended with alcohol is the same
 10 tax rate a gallon as other motor fuel; however, in an area and during the months in
 11 which fuel containing alcohol is required to be sold, transferred, or used in an effort to
 12 attain air quality standards for carbon monoxide as required by federal or state law or
 13 regulation, the tax rate on motor fuel that is blended with alcohol is six cents a gallon
 14 less than the tax on other motor fuel not described in (1) - (3) of this subsection.

15 * **Sec. 5.** AS 43.40.010(b) is amended to read:

16 (b) In addition to the surcharge levied under AS 43.40.005, there is levied a
 17 tax of 16 [EIGHT] cents a gallon on all motor fuel consumed by a user, except that

18 (1) the tax on aviation gasoline consumed is 9.4 [FOUR AND
 19 SEVEN-TENTHS] cents a gallon;

20 (2) the tax on motor fuel used in and on watercraft of all descriptions is
 21 10 [FIVE] cents a gallon;

22 (3) the tax on all aviation fuel other than gasoline is 6.4 [THREE AND
 23 TWO-TENTHS] cents a gallon; and

24 (4) the tax rate on motor fuel that is blended with alcohol is the same
 25 tax rate a gallon as other motor fuel; however, in an area and during the months in
 26 which fuel containing alcohol is required to be sold, transferred, or used in an effort to
 27 attain air quality standards for carbon monoxide as required by federal or state law or
 28 regulation, the tax rate on motor fuel that is blended with alcohol is six cents a gallon
 29 less than the tax on other motor fuel not described in (1) - (3) of this subsection.

30 * **Sec. 6.** AS 43.40.010(b), as amended by sec. 5 of this Act, is amended to read:

31 (b) In addition to the surcharge levied under AS 43.40.005, there is levied a

1 tax of 24 [16] cents a gallon on all motor fuel consumed by a user, except that

2 (1) the tax on aviation gasoline consumed is 14.1 [9.4] cents a gallon;

3 (2) the tax on motor fuel used in and on watercraft of all descriptions is
4 15 [10] cents a gallon;

5 (3) the tax on all aviation fuel other than gasoline is 9.6 [6.4] cents a
6 gallon; and

7 (4) the tax rate on motor fuel that is blended with alcohol is the same
8 tax rate a gallon as other motor fuel; however, in an area and during the months in
9 which fuel containing alcohol is required to be sold, transferred, or used in an effort to
10 attain air quality standards for carbon monoxide as required by federal or state law or
11 regulation, the tax rate on motor fuel that is blended with alcohol is six cents a gallon
12 less than the tax on other motor fuel not described in (1) - (3) of this subsection.

13 * **Sec. 7.** AS 43.40.010(e) is amended to read:

14 (e) Sixty percent of the proceeds of the revenue from the motor fuel taxes on
15 aviation fuel, excluding the amount determined to have been spent by the state in its
16 collection, shall be refunded to a municipality owning and operating or leasing and
17 operating an airport in the proportion that the revenue was collected at the municipal
18 airport. All other proceeds of the motor fuel taxes on aviation fuel shall be paid into a
19 special aviation fuel tax account in the state general fund. **Except as otherwise**
20 **provided in this subsection, each fiscal year, the** [THE] legislature may appropriate
21 **the balance of the** [FUNDS FROM THIS] account for **direct** capital, [OR] operating,
22 **or maintenance** costs of **airport infrastructure** [AIRPORTS]. **Money remaining in**
23 **the special aviation fuel tax account at the end of a fiscal year does not lapse and**
24 **remains available for appropriation under this subsection.**

25 * **Sec. 8.** AS 43.40.010(f) is amended to read:

26 (f) The proceeds from the revenue from the tax on motor fuel used in boats
27 and watercraft of all descriptions shall be deposited in a special watercraft fuel tax
28 account in the **transportation maintenance** [GENERAL] fund (**AS 43.40.045**).
29 **Except as otherwise provided in this subsection, each fiscal year, the** [THE]
30 legislature may appropriate **the balance of the** [FROM THIS] account for **direct**
31 **capital, operating, or maintenance costs of** water and harbor **infrastructure and**

1 facilities. **Money remaining in the special watercraft fuel tax account at the end of**
 2 **a fiscal year does not lapse and remains available for appropriation under this**
 3 **subsection.**

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

5 (g) The proceeds of the revenue from the tax on all motor fuels, except as
 6 provided in (e), (f) and (j) of this section, shall be deposited in a special highway fuel
 7 tax account in the **transportation maintenance** [STATE GENERAL] fund
 8 **(AS 43.40.045).** **Except as otherwise provided in this subsection and**
 9 **AS 43.40.070(a), each fiscal year, the** [THE] legislature may appropriate **the entire**
 10 **balance of the account** [FUNDS FROM IT] for expenditure by the Department of
 11 Transportation and Public Facilities directly or as matched with available federal-aid
 12 highway money for **direct capital, operating, or** maintenance **costs** of highways **and**
 13 **highway infrastructure**, construction of highway projects and ferries included in the
 14 program provided for in AS 19.10.150, including approaches, appurtenances, and
 15 related facilities and acquisition of rights-of-way, [OR] easements, **or surveys.** **Money**
 16 **remaining in the special highway fuel tax account at the end of a fiscal year does**
 17 **not lapse and remains available for appropriation under this subsection** [AND
 18 OTHER HIGHWAY COSTS INCLUDING SURVEYS, ADMINISTRATION, AND
 19 RELATED MATTERS]. All departments of the state government authorized to spend
 20 funds collected from taxes imposed by this chapter shall perform, when feasible, all
 21 construction or reconstruction projects by contract after the projects have been
 22 advertised for competitive bids, except that, when feasible, arrangements shall be
 23 made with political subdivisions to carry out the construction or reconstruction
 24 projects. If it is not feasible for the work to be performed by state engineering forces,
 25 the commissioner of transportation and public facilities may contract on a professional
 26 basis with private engineering firms for road design, bridge design, and services in
 27 connection with surveys. If more than one private engineering firm is available for the
 28 work the contracts shall be entered into on a negotiated basis.

29 * **Sec. 10.** AS 43.40.010(h) is amended to read:

30 (h) All motor fuel tax receipts shall be paid into the general fund and
 31 distributed to the proper accounts in the general fund **and, for receipts under (f), (g),**

1 **and (j) of this section, into the proper accounts in the transportation maintenance**
 2 **fund (AS 43.40.045).** Valid motor fuel tax refund claims shall be paid from the
 3 highway fuel tax account in the **transportation maintenance** [GENERAL] fund.

4 * **Sec. 11.** AS 43.40.010(j) is amended to read:

5 (j) The proceeds from the tax on motor fuel used in snow vehicles and, unless
 6 a tax refund is applied for under AS 43.40.050(a), other internal combustion engines
 7 not used in or in conjunction with a motor vehicle licensed to be operated on public
 8 ways shall be deposited in a special nonpublic highway use account in the
 9 **transportation maintenance** [GENERAL] fund **(AS 43.40.045).** **Except as**
 10 **otherwise provided in this subsection, each fiscal year, the** [THE] legislature may
 11 appropriate **the balance of the** [FROM THIS] account to the Department of
 12 Transportation and Public Facilities for trail staking and shelter construction and
 13 maintenance. **Money remaining in the special nonpublic highway use account at**
 14 **the end of a fiscal year does not lapse and remains available for appropriation**
 15 **under this subsection.**

16 * **Sec. 12.** 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

19 **(1)** an internal combustion engine is entitled to a motor fuel tax refund
 20 of **12** [SIX] cents a gallon if

21 **(A)** [(1)] the tax on the motor fuel has been paid;

22 **(B)** [(2)] the motor fuel is not aviation fuel, or motor fuel used
 23 in or on watercraft; and

24 **(C)** [(3)] the internal combustion engine is not used in or in
 25 conjunction with a motor vehicle licensed to be operated on public ways; **or**

26 **(2)** **a watercraft engaged in commercial fishing is entitled to a**
 27 **motor fuel tax refund of three cents a gallon if the tax on the motor fuel has been**
 28 **paid; in this paragraph, "commercial fishing" means the taking of, fishing for, or**
 29 **possession of fish, shellfish, or other fishery resources with the intent of disposing**
 30 **of them for profit or by sale.**

31 * **Sec. 13.** AS 43.40.030(a), as amended by sec. 12 of this Act, is amended to read:

1 (a) Except as specified in AS 43.40.010(j), a person who uses motor fuel to
2 operate

3 (1) an internal combustion engine is entitled to a motor fuel tax refund
4 of 18 [12] cents a gallon if

5 (A) the tax on the motor fuel has been paid;

6 (B) the motor fuel is not aviation fuel, or motor fuel used in or
7 on watercraft; and

8 (C) the internal combustion engine is not used in or in
9 conjunction with a motor vehicle licensed to be operated on public ways; or

10 (2) a watercraft engaged in commercial fishing is entitled to a motor
11 fuel tax refund of three cents a gallon if the tax on the motor fuel has been paid; in this
12 paragraph, "commercial fishing" means the taking of, fishing for, or possession of
13 fish, shellfish, or other fishery resources with the intent of disposing of them for profit
14 or by sale.

15 * **Sec. 14.** AS 43.40 is amended by adding a new section to read:

16 **Sec. 43.40.045. Transportation maintenance fund.** (a) The transportation
17 maintenance fund is established in the general fund. The fund consists of money
18 appropriated to the fund and the accounts set out in (b) of this section. The legislature
19 may appropriate from the fund for purposes consistent with this chapter.

20 (b) The transportation maintenance fund includes the

21 (1) special highway fuel tax account (AS 43.40.010(g));

22 (2) special nonpublic highway use account (AS 43.40.010(j));

23 (3) special watercraft fuel tax account (AS 43.40.010(f)).

24 (c) The department may adopt regulations necessary to implement the
25 transportation maintenance fund in a manner consistent with state and federal law.

26 (d) Nothing in this section creates a dedicated fund.

27 * **Sec. 15.** AS 43.40.070(a) is amended to read:

28 (a) Upon approval of a refund claim of the motor fuel tax by the department, a
29 disbursement shall be made from the special highway fuel tax account in the
30 transportation maintenance [GENERAL] fund (AS 43.40.045) in favor of the
31 applicant in the amount of the claim.

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

3 APPLICABILITY. (a) AS 43.40.010(a), as amended by sec. 3 of this Act, applies to
4 motor fuel sold or transferred in the state on or after the effective date of sec. 3 of this Act.
5 AS 43.40.010(a), as amended by sec. 4 of this Act, applies to motor fuel sold or transferred in
6 the state on or after the effective date of sec. 4 of this Act.

7 (b) AS 43.40.010(b), as amended by sec. 5 of this Act, applies to motor fuel
8 consumed by a user on or after the effective date of sec. 5 of this Act. AS 43.40.010(b), as
9 amended by sec. 6 of this Act, applies to motor fuel consumed by a user on or after the
10 effective date of sec. 6 of this Act.

11 (c) AS 43.40.030(a), as amended by sec. 12 of this Act, applies to a motor fuel tax
12 refund on motor fuel used on or after the effective date of sec. 12 of this Act.
13 AS 43.40.030(a), as amended by sec. 13 of this Act, applies to a motor fuel tax refund on
14 motor fuel used on or after the effective date of sec. 13 of this Act.

15 * **Sec. 17.** The uncodified law of the State of Alaska is amended by adding a new section to
16 read:

17 TRANSITION: REGULATIONS. The Department of Revenue may adopt regulations
18 necessary to implement the changes made by this Act. The regulations take effect under
19 AS 44.62 (Administrative Procedure Act), but not before the effective date of the law
20 implemented by the regulation.

21 * **Sec. 18.** Section 17 of this Act takes effect immediately under AS 01.10.070(c).

22 * **Sec. 19.** Sections 4, 6, and 13 of this Act take effect July 1, 2019.

23 * **Sec. 20.** Except as provided in secs. 18 and 19 of this Act, this Act takes effect July 1,
24 2017.