

**SENATE BILL NO. 25**

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTIETH LEGISLATURE - FIRST SESSION

BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 1/18/17

Referred: Transportation, Finance

**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; relating to a transportation maintenance fund; and providing for an  
3 effective date."

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

5 \* **Section 1.** AS 29.60.800(a) is amended to read:

6 (a) There is established the harbor facility grant fund consisting of money  
7 appropriated to the fund. Each fiscal year, the legislature may appropriate money to  
8 the fund from the watercraft fuel tax account (AS 43.40.010(f)) **in the transportation**  
9 **maintenance fund (AS 43.40.040)** and from the fisheries business tax collected under  
10 AS 43.75.015 after payments to municipalities are made under AS 43.75.130. The  
11 legislature may make other appropriations to the fund. The legislature may appropriate  
12 to the fund income earned on money in the fund.

13 \* **Sec. 2.** AS 43.40.010(a) is amended to read:

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

1 tax of **16** [EIGHT] cents a gallon on all motor fuel sold or otherwise transferred within  
2 the state, except that

3 (1) the tax on aviation gasoline is **nine and four-tenths** [FOUR AND  
4 SEVEN-TENTHS] cents a gallon;

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

7 (3) the tax on all aviation fuel other than gasoline is **six and four-**  
8 **tenths** [THREE AND TWO-TENTHS] cents a 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. 3.** AS 43.40.010(a), as amended by sec. 2 of this Act, is amended to read:

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

19 (1) the tax on aviation gasoline is **14.1** [NINE AND FOUR-TENTHS]  
20 cents a gallon;

21 (2) the tax on motor fuel used in and on watercraft of all descriptions is  
22 **15** [10] cents a gallon;

23 (3) the tax on all aviation fuel other than gasoline is **nine and six-**  
24 **tenths** [SIX AND FOUR-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(b) is amended to read:

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

3 (1) the tax on aviation gasoline consumed is nine and four-tenths  
4 [FOUR AND SEVEN-TENTHS] cents a gallon;

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

7 (3) the tax on all aviation fuel other than gasoline is six and four-  
8 tenths [THREE AND TWO-TENTHS] cents a 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), as amended by sec. 4 of this Act, is amended to read:

16 (b) In addition to the surcharge levied under AS 43.40.005, there is levied a  
17 tax of 24 [16] cents a gallon on all motor fuel consumed by a user, except that

18 (1) the tax on aviation gasoline consumed is 14.1 [NINE AND FOUR-  
19 TENTHS] cents a gallon;

20 (2) the tax on motor fuel used in and on watercraft of all descriptions is  
21 15 [10] cents a gallon;

22 (3) the tax on all aviation fuel other than gasoline is nine and six-  
23 tenths [SIX AND FOUR-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(e) is amended to read:

31 (e) Sixty percent of the proceeds of the revenue from the motor fuel taxes on

1 aviation fuel, excluding the amount determined to have been spent by the state in its  
 2 collection, shall be refunded to a municipality owning and operating or leasing and  
 3 operating an airport in the proportion that the revenue was collected at the municipal  
 4 airport. All other proceeds of the motor fuel taxes on aviation fuel shall be paid into a  
 5 special aviation fuel tax account in the general fund. The legislature may appropriate  
 6 [FUNDS] from this account for **direct capital**, [OR] **operating, or maintenance** costs  
 7 of **airport infrastructure** [AIRPORTS].

8 \* **Sec. 7.** AS 43.40.010(f) is amended to read:

9 (f) The proceeds from the revenue from the tax on motor fuel used in boats  
 10 and watercraft of all descriptions shall be deposited in a special watercraft fuel tax  
 11 account in the **transportation maintenance** [GENERAL] fund. The legislature may  
 12 appropriate from this account for **direct capital, operating, or maintenance costs of**  
 13 water and harbor **infrastructure and** facilities.

14 \* **Sec. 8.** AS 43.40.010(g) is amended to read:

15 (g) The proceeds of the revenue from the tax on all motor fuels, except as  
 16 provided in (e), (f) and (j) of this section, shall be deposited in a special highway fuel  
 17 tax account in the **transportation maintenance** [STATE GENERAL] fund. The  
 18 legislature may appropriate from **the account** [IT] for expenditure by the Department  
 19 of Transportation and Public Facilities directly or as matched with available federal-  
 20 aid highway money for **direct capital, operating, or maintenance costs** of highways  
 21 **and highway infrastructure**, construction of highway projects and ferries included in  
 22 the program provided for in AS 19.10.150, including approaches, appurtenances and  
 23 related facilities and acquisition of rights-of-way, [or] easements, **or surveys** [AND  
 24 OTHER HIGHWAY COSTS INCLUDING SURVEYS, ADMINISTRATION, AND  
 25 RELATED MATTERS]. All departments of the state government authorized to spend  
 26 funds collected from taxes imposed by this chapter shall perform, when feasible, all  
 27 construction or reconstruction projects by contract after the projects have been  
 28 advertised for competitive bids, except that, when feasible, arrangements shall be  
 29 made with political subdivisions to carry out the construction or reconstruction  
 30 projects. If it is not feasible for the work to be performed by state engineering forces,  
 31 the commissioner of transportation and public facilities may contract on a professional

1 basis with private engineering firms for road design, bridge design, and services in  
 2 connection with surveys. If more than one private engineering firm is available for the  
 3 work the contracts shall be entered into on a negotiated basis.

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

5 (h) All motor fuel tax receipts shall be paid into the general fund and  
 6 distributed to the proper accounts in the general fund, **and for receipts under (f), (g),**  
 7 **and (j) of this section, into the proper accounts in the transportation maintenance**  
 8 **fund**. Valid motor fuel tax refund claims shall be paid from the highway fuel tax  
 9 account in the **transportation maintenance** [GENERAL] fund.

10 \* **Sec. 10.** AS 43.40.010(j) is amended to read:

11 (j) The proceeds from the tax on motor fuel used in snow vehicles and, unless  
 12 a tax refund is applied for under AS 43.40.050(a), other internal combustion engines  
 13 not used in or in conjunction with a motor vehicle licensed to be operated on public  
 14 ways shall be deposited in a special nonpublic highway use account in the  
 15 **transportation maintenance** [GENERAL] fund. The legislature may appropriate  
 16 from this account to the Department of Transportation and Public Facilities for trail  
 17 staking and shelter construction and maintenance.

18 \* **Sec. 11.** AS 43.40.030(a) is amended to read:

19 (a) Except as specified in AS 43.40.010(j), a person who uses motor fuel to  
 20 operate an internal combustion engine is entitled to a motor fuel tax refund of **12** [SIX]  
 21 cents a gallon if

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

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

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

27 \* **Sec. 12.** AS 43.40.030(a), as amended by sec. 11 of this, Act is amended to read:

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

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

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

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

5 \* **Sec. 13.** AS 43.40 is amended by adding a new section to read:

6 **Sec. 43.40.040 Transportation maintenance fund.** (a) There is established in  
7 the general fund the transportation maintenance fund consisting of money  
8 appropriated to the fund and the accounts set out in (b) of this section. The legislature  
9 may appropriate from this fund for purposes consistent with this chapter.

10 (b) The transportation maintenance fund includes the

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

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

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

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

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

17 \* **Sec. 14.** AS 43.40.070(a) is amended to read:

18 (a) Upon approval of a refund claim of the motor fuel tax by the department, a  
19 disbursement shall be made from the highway fuel tax account in the **transportation**  
20 **maintenance** [GENERAL] fund in favor of the applicant in the amount of the claim.

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

23 APPLICABILITY. (a) AS 43.40.010(a), as amended by sec. 2 of this Act, applies to  
24 motor fuel sold or transferred in the state on or after the effective date of sec. 2 of this Act.

25 (b) AS 43.40.010(b), as amended by sec. 4 of this Act, applies to motor fuel  
26 consumed by a user on or after the effective date of sec. 4 of this Act.

27 (c) AS 43.40.030(a), as amended by sec. 10 of this Act, applies to a motor fuel tax  
28 refund on motor fuel used on or after the effective date of sec. 10 of this Act.

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

31 TRANSITION: REGULATIONS. The Department of Revenue may adopt regulations

1 necessary to implement the changes made by this Act. The regulations take effect under  
2 AS 44.62 (Administrative Procedure Act), but not before the effective date of the law  
3 implemented by the regulation.

4 \* **Sec. 17.** Section 16 of this Act takes effect immediately under AS 01.10.070(c).

5 \* **Sec. 18.** Sections 3, 5, and 12 of this Act take effect July 1, 2018.

6 \* **Sec. 19.** Except as provided in secs. 17 and 18 of this Act, this Act takes effect July 1,  
7 2017.