

**ALASKA STATE LEGISLATURE**  
**HOUSE TRANSPORTATION STANDING COMMITTEE**

February 23, 2017  
1:37 p.m.

**MEMBERS PRESENT**

Representative Louise Stutes, Co-Chair  
Representative Adam Wool, Co-Chair  
Representative Matt Claman  
Representative Harriet Drummond  
Representative Chuck Kopp  
Representative Mark Neuman  
Representative Colleen Sullivan-Leonard

**MEMBERS ABSENT**

Representative David Eastman (alternate)  
Representative Gabrielle LeDoux (alternate)

**COMMITTEE CALENDAR**

HOUSE BILL NO. 131

"An Act relating to relocation assistance for federally assisted public construction and improvement projects and programs; and providing for an effective date."

- MOVED HB 131 OUT OF COMMITTEE

HOUSE BILL NO. 60

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

- MOVED CSHB 60(TRA) OUT OF COMMITTEE

HOUSE BILL NO. 132

"An Act relating to transportation network companies and transportation network company drivers."

- BILL HEARING CANCELED

**PREVIOUS COMMITTEE ACTION**

BILL: HB 131

SHORT TITLE: RELOCATION ASSISTANCE FOR FED. PROJ/PROG  
SPONSOR(s): TRANSPORTATION

02/15/17	(H)	READ THE FIRST TIME - REFERRALS
02/15/17	(H)	TRA, FIN
02/21/17	(H)	TRA AT 1:30 PM BARNES 124
02/21/17	(H)	Heard & Held
02/21/17	(H)	MINUTE(TRA)
02/23/17	(H)	TRA AT 1:30 PM BARNES 124

BILL: HB 60

SHORT TITLE: MOTOR FUEL TAX;TRANSPORTATION MAINT. FUND  
SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

01/18/17	(H)	READ THE FIRST TIME - REFERRALS
01/18/17	(H)	TRA, FIN
01/31/17	(H)	TRA AT 1:30 PM BARNES 124
01/31/17	(H)	Heard & Held
01/31/17	(H)	MINUTE(TRA)
02/07/17	(H)	TRA AT 1:30 PM BARNES 124
02/07/17	(H)	Heard & Held
02/07/17	(H)	MINUTE(TRA)
02/09/17	(H)	TRA AT 1:30 PM BARNES 124
02/09/17	(H)	Heard & Held
02/09/17	(H)	MINUTE(TRA)
02/14/17	(H)	TRA AT 1:30 PM BARNES 124
02/14/17	(H)	Heard & Held
02/14/17	(H)	MINUTE(TRA)
02/16/17	(H)	TRA AT 1:30 PM BARNES 124
02/16/17	(H)	-- MEETING CANCELED --
02/21/17	(H)	TRA AT 1:30 PM BARNES 124
02/21/17	(H)	Heard & Held
02/21/17	(H)	MINUTE(TRA)
02/23/17	(H)	TRA AT 1:30 PM BARNES 124

#### **WITNESS REGISTER**

MATT GRUENING, Staff  
Representative Louise Stutes  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Discussed Amendment 1 during the hearing on  
HB 60.

#### **ACTION NARRATIVE**

[1:37:09 PM](#)

CO-CHAIR ADAM WOOL called the House Transportation Standing Committee meeting to order at 1:37 p.m. Representatives Kopp, Sullivan-Leonard, Neuman, Drummond, Claman, Wool, and Stutes were present at the call to order.

**HB 131-RELOCATION ASSISTANCE FOR FED. PROJ/PROG**

[1:37:52 PM](#)

CO-CHAIR WOOL announced that the first order of business would be HOUSE BILL NO. 131, "An Act relating to relocation assistance for federally assisted public construction and improvement projects and programs; and providing for an effective date.

[1:38:10 PM](#)

CO-CHAIR STUTES moved to report HB 131, as amended, out of committee with individual recommendations and the accompanying fiscal notes.

REPRESENTATIVE NEUMAN objected for discussion purposes.

[1:38:39 PM](#)

REPRESENTATIVE NEUMAN said that he had a chance to speak with both the commissioner and the legislative liaison for the Department of Transportation & Public Facilities (DOT&PF) and he would be continuing to work on any issues that may arise.

REPRESENTATIVE NEUMAN removed his objection. [There being no further objection, HB 131 was reported from the House Transportation Standing Committee.]

[1:39:02 PM](#)

The committee took an at-ease from 1:39 p.m. to 1:42 p.m.

**HB 60-MOTOR FUEL TAX;TRANSPORTATION MAINT. FUND**

[1:42:11 PM](#)

CO-CHAIR WOOL announced that the next order of business would be HOUSE BILL NO. 60, "An Act relating to the motor fuel tax; relating to the disposition of revenue from the motor fuel tax; relating to a transportation maintenance fund; and providing for an effective date." [Before the committee, adopted as a work

draft on 2/20/17, was the proposed committee substitute (CS) for HB 60, Version 30-GH1794, Nauman, 2/20/17.]

[1:42:33 PM](#)

CO-CHAIR STUTES moved that the committee adopt Amendment 1 to Version D, labeled 30-GH1794\D.2, Nauman, 2/21/17, which read:

Page 6, line 26:

Delete "**commercial watercraft**"

Insert "**watercraft engaged in commercial fishing**"

Page 6, line 27, following "**paid**":

Insert "**; in this paragraph, "commercial fishing" means the taking of, fishing for, or possession of fish, shellfish, or other fishery resources with the intent of disposing of them for profit or by sale**"

Page 7, line 7:

Delete "commercial watercraft"

Insert "watercraft engaged in commercial fishing"

Page 7, line 8, following "paid":

Insert "**; in this paragraph, "commercial fishing" means the taking of, fishing for, or possession of fish, shellfish, or other fishery resources with the intent of disposing of them for profit or by sale**"

CO-CHAIR WOOL objected for discussion purposes.

[1:42:50 PM](#)

MATT GRUENING, Staff, Representative Stutes, Alaska State Legislature, stated that Amendment 1 would fix an error from the previously drafted committee substitute. He noted that Amendment 1 would allow the three-cent rebate to apply only to commercial fishing vessels and vessels actively engaged in commercial fishing activities. He explained that the use of the term "commercial watercraft" in Version D unfortunately would include a lot of other types of activity that were not intended to be eligible for the rebate. He said that Amendment 1 would not only clarify the definition, but also would put into the bill a definition of commercial fishing as, "the taking of, fishing for, or possession of fish, shellfish, or other fisheries resources with the intent of disposing for them for profit or by sale".

[1:43:43 PM](#)

REPRESENTATIVE NEUMAN moved that the committee adopt a conceptual amendment to Amendment 1, which read as follows:

For the purposes of this chapter, commercial fishing vessel means a vessel, homeported or registered in the state that is engaged in the catching, by any method or means, of a salt or freshwater fishery resource.

CO-CHAIR WOOL objected for discussion purposes.

REPRESENTATIVE NEUMAN stated that he supports Amendment 1. He cited that the reason for his conceptual amendment is to ensure that the reduction in rates is exclusively for Alaska based vessels and not non-Alaska based vessels. He disclosed that his conceptual amendment could have some issues with the Interstate Commerce clause. He noted that he did not want the state to have to pay a fine of \$70 million like it did a couple years ago in the case of the State v. Olsen (ph). He said that he would continue to work on the issue.

Representative Neuman withdrew his conceptual amendment.

[1:45:02 PM](#)

REPRESENTATIVE SULLIVAN-LEONARD inquired whether the proposed definition of commercial fishing would pertain to Upper Cook Inlet fishing businesses such as sport fishing and tourism groups.

CO-CHAIR WOOL deferred to Co-Chair Stutes.

CO-CHAIR STUTES stated that the proposed Amendment 1 would not encapsulate the user groups Representative Sullivan-Leonard mentioned. She explained that the reasoning is because sports fishermen and tourism groups do not pay the same fees that commercial fishermen are required to pay. She elaborated that sport fishermen and tourism groups don't pay a raw fish tax and the licensing fees are not nearly equivalent to what the licensing fees are for commercial fishermen.

REPRESENTATIVE SULLIVAN-LEONARD offered her belief that sport fishermen and tourism groups pay an increased rate for fuel.

CO-CHAIR WOOL shared that he was unsure but offered his belief that if sport fishermen pay the same price for fuel, then they would pay the same fuel tax as other user groups.

REPRESENTATIVE SULLIVAN-LEONARD shared her understanding that sport fishermen and tourism groups would absorb the increase for their businesses but would not have the same benefits as other commercial fishing businesses.

CO-CHAIR WOOL offered his belief that the intent is to use the revenue from taxes for harbors and ports, so sport and commercial fishermen will probably see some of the same benefits if their boats are in a harbor or port. He clarified that the amendment would be just a rebate, "for a certain class of ... individuals or companies that have fishing ... as their primary business and also of a certain ... size".

REPRESENTATIVE SULLIVAN-LEONARD stated that her concern is that one group is seeking a rebate over and above other groups that also have businesses surrounding fishing, which makes an inequity.

REPRESENTATIVE NEUMAN, in regard to Co-Chair Stutes' previous comment about licenses, said that although sport fishermen pay less for licenses, they do not use nearly the amount of resources that commercial fishermen do. He noted that fish are a resource that belongs to all Alaskans. Representative Neuman added that he would like to see the committee do what it can to support commercial fishing all around the state. He cited an economic impact statement from six years ago that showed a \$1.25 billion impact to the state through sport fisheries. He added that just from the Cook Inlet fishery alone over \$750 thousand a year is added to the local economy. He noted the importance of the fishing industry all around the state, but its particular importance to Southeast and Southwest Alaska. Representative Neuman reiterated that sport fishermen still have to carry a commercial license and their boats can only be used for commercial fishing.

[1:49:01 PM](#)

CO-CHAIR WOOL said, "I agree they're a commercial operation. I think initially the intent was having to do with an impending fishing tax which I don't think sport fisherman are paying fishing tax".

CO-CHAIR STUTES confirmed that is correct. She explained that there is an anticipated increase for interim use permits by "lifting the lid off" of the Alaska Commercial Fisheries Entry Commission (CFEC) permit. She said that neither the CFEC permit increase nor an impending fisheries tax would affect sport fishermen. She said that currently commercial fisheries pay an "off the top, three percent, raw-fish sales tax."

[1:50:17 PM](#)

CO-CHAIR WOOL removed his objection to the motion to adopt Amendment 1.

REPRESENTATIVE SULLIVAN-LEONARD objected.

[1:50:43 PM](#)

A roll call vote was taken. Representatives Kopp, Claman, Neuman, Drummond, Wool, and Stutes voted in favor of Amendment 1. Representative Sullivan-Leonard voted against it. Therefore, Amendment 1 was adopted by a vote of 6-1.

[1:51:22 PM](#)

REPRESENTATIVE KOPP moved that the committee adopt Amendment 2, labeled 30-GH1794\D.1, Nauman, 2/21/17, which read:

Page 3, line 2:

Delete "24"

Insert "20"

Page 3, line 4:

Delete "14.1"

Insert "11.75"

Page 3, line 6:

Delete "15"

Insert "12.5"

Page 3, line 7:

Delete "9.6"

Insert "eight"

Page 4, line 1:

Delete "24"

Insert "20"

Page 4, line 2:  
Delete "14.1"  
Insert "11.75"

Page 4, line 4:  
Delete "15"  
Insert "12.5"

Page 4, line 5:  
Delete "9.6"  
Insert "eight"

Page 7, line 1:  
Delete "18"  
Insert "15"

CO-CHAIR STUTES objected for discussion purposes.

REPRESENTATIVE KOPP stated that Amendment 2 is in response to testimony heard from the trucking and aviation industries. He said that while the industries overall support a motor fuel tax increase, they cautioned Alaska against how quickly and dramatically the increase would be implemented. He said Amendment 2 would keep the governor's budget intact, as proposed, because the budget includes the first \$40 million infusion and the amendment speaks only to the portion of the proposed legislation that would take effect July 1, 2019, on the second increase. He added that Amendment 2 would limit the second increase by 50 percent of what was previously proposed.

REPRESENTATIVE KOPP clarified that Amendment 2 would lessen the tax increases proposed in Section 4 of Version D, as follows: proposed motor tax from 24 cents to 20 cents; aviation gasoline from 14.1 cents to 11.75 cents; and motor fuel used in and on watercraft from 15 cents to 12.5 cents. Representative Kopp said that the same changes in Section 4 are repeated in Section 6. He said Amendment 2 would also change the rebate from the currently purposed 12 cents to a rebate of 15 cents.

REPRESENTATIVE KOPP said that although adding legislative intent language is not as prescriptive as statutory law, he recognized the difficulty in putting language into statute. He explained that Amendment 2 would allow for a chance to assess the successfulness of the fuel tax increase. He offered his belief that the dollar amount is responsive to industry concerns about having time to change business models. He added that the time

and amount proposed in Amendment 2 would show whether or not industry could absorb the cost itself or if the cost would have to be passed along to consumers. He stated that his main concern is for the increases to not go "too much, too fast." Representative Kopp shared that if in two years the department feels more money is needed in the fund, then it can request the additional money.

[1:54:44 PM](#)

REPRESENTATIVE SULLIVAN-LEONARD shared her appreciation for Amendment 2. She indicated the maker of the proposal has considered both constituents and industry. She stated that Amendment 2 could help to "soften the blow" of absorbing such a large tax increase.

[1:55:14 PM](#)

REPRESENTATIVE CLAMAN [objected to Amendment 2] but expressed appreciation for the spirit behind it. He said that HB 60 is slightly different from last year's motor fuel tax increase bill. He offered his belief that with the state's current fiscal situation, Alaska really needs the second increase. Representative Claman stated his belief that Alaska cannot continue to support its highways during a time of fiscal deficit. He noted that even after the second increase Alaska's fuel tax rate would still be one of the lowest in the nation. He said that he is also cognizant that motor fuel taxes have not been increased in more than 30 years.

REPRESENTATIVE NEUMAN said that while he appreciates the attempt to try to reduce the increase, he does not support the increase at all. He called attention to the over 34,000 Matanuska-Susitna (Mat-Su) residents that drive 100 miles round trip every day, into Anchorage to support the state's economy. Representative Neuman stated that he would not support an increase unless it was fair and balanced. He elaborated that it is not fair to expect the Mat-Su commuters to pay hundreds of extra dollars a month.

CO-CHAIR WOOL said that Representative Claman raised a good point that Alaska has not raised motor fuel taxes since the '70s. He stated his belief that it would not be so simple to come back asking to increase the motor fuel tax again if the proposed increases are not enough. He said that while he supports taking a year between increases, he also recognizes that the state needs revenue. He said that means if \$20 million

is taken out of the proposed increase \$20 million will have to be moved from somewhere else to make up for it.

[1:58:45 PM](#)

CO-CHAIR STUTES said that she likes the idea behind Amendment 2, but she also recognizes the state is facing a huge financial void. She credited Representative Kopp for the idea of skipping a year on increasing the motor fuel tax she included in the adopted Amendment 1.

[1:59:56 PM](#)

REPRESENTATIVE DRUMMOND shared that she grew up in New York City (NYC) where there are high sales and income taxes. She added that the population in NYC continues to grow, which shows that people are perfectly willing to pay for the privilege of living in a place like NYC that is supported by high taxes, fees, and tolls. She requested clarification of the numbers in relation to the proposed increases. Representative Drummond questioned Representative Neuman's previous comment that Mat-Su commuters would pay hundreds of dollars in extra fuel taxes. She said that when she did the math, she figured 25,000 miles annually driven, 100 miles a day, and an average of 25 miles to the gallon for a total of \$160 additional a year that would be paid in the first iteration of fuel tax increases. She said that she recognizes the high cost to commute but that is just a part of life. She suggested that now might be a good time to get a commuter rail system started from Mat-Su to Anchorage.

[2:02:19 PM](#)

CO-CHAIR WOOL pointed out to Representative Drummond that there is a handout, included in the committee packet, giving the exact numbers of 25,000 miles per year and 25 miles per gallon. He added that after the second increase the taxes would be an additional \$240, which equates to about \$5 a week.

REPRESENTATIVE DRUMMOND suggested that drivers start making their own lattes to make up for the extra amount that would be paid in motor fuel taxes.

REPRESENTATIVE KOPP said that he appreciated the comments about getting the railroad going. He explained that Amendment 2 would still permit a \$60 million infusion into Alaska's economy, \$40 million now then another \$20 million in two years. He shared his hope that Alaska's revenue situation would be a little

better than "as bleak as ... we think it could be." He noted that Amendment 2 was not intended to be an argument against Alaska's tax rate tier ranking among states, but asked members to reflect that industry does model its plan on the state rates and when the rate changes rapidly it causes industry to have to readjust.

CO-CHAIR STUTES removed her objection to the motion to adopt Amendment 2.

REPRESENTATIVE CLAMAN maintained his objection.

[2:04:44 PM](#)

A roll call vote was taken. Representative Kopp voted in favor of Amendment 2. Representatives Drummond, Claman, Sullivan-Leonard, Neuman, Stutes, and Wool voted against it. Therefore, Amendment 2 failed to be adopted by a vote of 1-6.

[2:05:50 PM](#)

REPRESENTATIVE NEUMAN moved that the committee adopt Amendment 3, labeled 30-GH1794\D.3, Nauman, 2/23/17. [Amendment 3 is provided at the end of the minutes on HB 60.]

CO-CHAIR WOOL objected for discussion purposes.

REPRESENTATIVE NEUMAN said that he is aware Amendment 3 looks long, but it is mostly just legal jargon discussing each tax. He explained that Amendment 3 would suspend the motor fuel tax if the average price per barrel for North Slope crude oil, in the previous calendar year, went above \$85.

CO-CHAIR STUTES said that although she appreciates the intent, she would like to see the state on a sustainable pathway that is not dependent on fluctuating oil prices but based on what the state can afford. She added her belief that if oil prices go up, then the state could have "a pretty fat savings account" once again and continue on with necessary capital improvements.

[2:07:32 PM](#)

REPRESENTATIVE SULLIVAN-LEONARD stated that she finds Amendment 3 to be very reasonable. She shared that she does not think the state wants to tax its residents to a point that it is onerous. She opined that providing some relief to commuters would be the responsible thing to do. She said that she supports Amendment 3.

REPRESENTATIVE NEUMAN shared his belief that when the price of oil is close to \$100 per barrel the state would again have a balanced budget. He said that Alaska is facing its current budget dilemma because the price of oil per barrel dropped down below \$30. He stated that the legislature had a balanced budget when oil was \$96 dollars a barrel. He said that the legislature has made some very significant reductions over the past few years. Representative Neuman conveyed that last year when the budget was passed the state was at the same per capita spending, based on inflation, as was being spent in 1977. Representative Neuman shared that because of all the other taxes and bills currently facing the legislature, he expected the budget to continue being reduced. He noted the importance in making sure Alaska has a long-term, sustainable budget. He shared his thoughts that relaxing some of the taxes received though royalties and corporation taxes would send a signal to industry that Alaska wants to create an environment conducive to attract industry's investment of its capital dollars. Representative Neuman opined that taking money out of the economy, through taxation, at the start of a recession is the wrong decision. He said that he offered Amendment 3 to show a willingness to place a cap for when oil reaches \$85 a barrel again. He added that under Amendment 3, the marine highway system would get a fuel trigger cap allowing additional money to go to the ferries. Representative Neuman shared his belief that Amendment 3 would show that this legislature has an interest in showing fiscal restraint.

[2:12:25 PM](#)

CO-CHAIR WOOL maintained his objection to the motion to adopt Amendment 3.

[2:12:33 PM](#)

A roll call vote was taken. Representatives Sullivan-Leonard, Neuman, and Kopp voted in favor of Amendment 3. Representatives Drummond, Claman, Wool, and Stutes voted against it. Therefore, Amendment 3 failed to be adopted by a vote of 3-4.

REPRESENTATIVE SULLIVAN-LEONARD declared that she is still not comfortable with HB 60 as it is written and amended. She shared her thought that many parts of the bill pit one part of Alaska over another, particularly her district. She noted that those who don't commute every day would not feel the sting as badly as her constituents. Representative Sullivan-Leonard said that

while other areas would receive certain exemptions, her area would be paying the full share. She maintained her opposition to HB 60.

[2:14:19 PM](#)

REPRESENTATIVE NEUMAN stated that he does not support HB 60. He expressed his concerns that the proposed legislation is neither balanced nor fair and that he does not think it wise to increase taxes just as the state is going into a recession. He mentioned that there was an amendment offered that tried to make adjustments and recognize that commercial sport fishermen still have to abide by commercial standards. Representative Neuman reiterated his belief that both commercial and sport fishermen are professional commercial operators. He declared that he is not concerned with the "fish wars" in the state. He noted that he absolutely supports Alaska's commercial fishing industry and that he supported the reduction for them. He stressed that sport commercial fishermen are not subsistence fishing to support their families; it is strictly business. Representative Neuman shared his belief that it is good that landing fees go back into the commercial fishing industry for things like advertising through the Alaska Seafood Marketing Institute (ASMI).

REPRESENTATIVE NEUMAN reiterated that the state needs to find a more balanced and equitable proposal. He shared that when looking at the whole situation Alaska is facing, he finds it very difficult to imagine the state is going to continue to make reductions in the budget while pulling additional money out of the public's hands, at the start of a recession, to give to state government to fund the budget.

CO-CHAIR STUTES clarified that the fees that go to ASMI are a total separate tax that has been self-imposed by the salmon fishermen. She noted that the raw fish tax is 3 percent. She explained that 1.5 percent of that goes toward local municipalities for infrastructure and the other 1.5 percent goes to the state.

CO-CHAIR WOOL said that the bottom line is that people drive, people use fuel, and people use infrastructure. He stated that those all come at a cost to the state, whether through use of infrastructure or resources used. He explained that even if all the money from fuel taxes went to the Department of Transportation & Public Facilities (DOT&PF), it still wouldn't be enough; more general fund (GF) dollars are needed in DOT&PF's

budget. In regard to Representative Sullivan-Leonard's comments about Mat-Su commuter residents, Co-Chair Wool said that there are other places in Alaska where people drive and "wear and tear up" the roads. He shared his belief that although increased motor fuel taxes might encourage more fuel-efficient vehicles on the roads, the roads won't know that and will still get worn. He pointed out that better fuel efficiency would mean less gas being purchased, so the state needs more revenue. Co-Chair Wool stated that Alaska is in a tough position financially and although smart cuts can be made the bottom line is that more revenue flowing into Alaska's account is needed. He noted that Alaska's motor fuel tax hasn't been raised in many decades and even after both increases would still remain one of the lowest in the nation.

[2:19:04 PM](#)

CO-CHAIR STUTES moved to report CSHB60, Version 30-GH1794\D, Nauman, 2/20/17, as amended, out of committee with individual recommendations and the accompanying fiscal notes.

REPRESENTATIVE SULLIVAN-LEONARD objected.

[2:19:40 PM](#)

A roll call vote was taken. Representatives Drummond, Claman, Kopp, Wool, and Stutes voted in favor of CSHB 60, Version 30-GH1794\D, Nauman, 2\20\27, as amended. Representatives Sullivan-Leonard and Neuman voted against it. Therefore, CSHB 60 (TRA) was reported out of the House Transportation Standing Committee by a vote of 5-2.

#### AMENDMENTS

The following amendment to HB 60.....

Page 2, line 15, through page 4, line 12:

Delete all material and insert:

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

(a) In addition to the surcharge levied under AS 43.40.005, if the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the previous calendar year is (1) more than \$85, there is levied a tax of eight cents a gallon on all motor fuel sold or otherwise transferred within the state, except that the tax on

(A) [(1) THE TAX ON] aviation gasoline is four and seven-tenths cents a gallon;

(B) [(2) THE TAX ON] motor fuel used in and on watercraft of all descriptions is five cents a gallon;

(C) [(3) THE TAX ON] all aviation fuel other than gasoline is three and two-tenths cents a gallon; and

(D) [(4) THE TAX RATE ON] motor fuel that is blended with alcohol is the same tax rate a gallon as other motor fuel; however, in an area and during the months in which fuel containing alcohol is required to be sold, transferred, or used in an effort to attain air quality standards for carbon monoxide as required by federal or state law or regulation, the tax rate on motor fuel that is blended with alcohol is six cents a gallon less than the tax on other motor fuel not described in (A) - (C) [(1) - (3)] of this paragraph;

or

(2) less than or equal to \$85, there is levied a tax of 16 cents a gallon on all motor fuel sold or otherwise transferred within the state, except that the tax on

(A) aviation gasoline is 9.4 cents a gallon;

(B) motor fuel used in and on watercraft of all descriptions is 10 cents a gallon;

(C) all aviation fuel other than gasoline is 6.4 cents a gallon; and

(D) motor fuel that is blended with alcohol is the same tax rate a gallon as other motor fuel; however, in an area and during the months in which fuel containing alcohol is required to be sold, transferred, or used in an effort to attain air quality standards for carbon monoxide as required by federal or state law or regulation, the tax rate on motor fuel that is blended with alcohol is six cents a gallon less than the tax on other motor fuel not described in (A) - (C) of this paragraph [SUBSECTION].

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

(a) In addition to the surcharge levied under AS 43.40.005, if the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the previous calendar year is

(1) more than \$85, there is levied a tax of eight cents a gallon on all motor fuel sold or otherwise transferred within the state, except that the tax on

(A) aviation gasoline is four and seven-tenths cents a gallon;

(B) motor fuel used in and on watercraft of all descriptions is five cents a gallon;

(C) all aviation fuel other than gasoline is three and two-tenths cents a gallon; and

(D) motor fuel that is blended with alcohol is the same tax rate a gallon as other motor fuel; however, in an area and during the months in which fuel containing alcohol is required to be sold, transferred, or used in an effort to attain air quality standards for carbon monoxide as required by federal or state law or regulation, the tax rate on motor fuel that is blended with alcohol is six cents a gallon less than the tax on other motor fuel not described in (A) - (C) of this paragraph; or

(2) less than or equal to \$85, there is levied a tax of 24 [16] cents a gallon on all motor fuel sold or otherwise transferred within the state, except that the tax on

(A) aviation gasoline is 14.1 [9.4] cents a gallon;

(B) motor fuel used in and on watercraft of all descriptions is 15 [10] cents a gallon;

(C) all aviation fuel other than gasoline is 9.6 [6.4] cents a gallon; and

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

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

(b) In addition to the surcharge levied under AS 43.40.005, if the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the previous calendar year is

(1) more than \$85, there is levied a tax of eight cents a gallon on all motor fuel consumed by a user, except that the tax on

(A) [(1) THE TAX ON] aviation gasoline consumed is four and seven-tenths cents a gallon;

(B) [(2) THE TAX ON] motor fuel used in and on watercraft of all descriptions is five cents a gallon;

(C) [(3) THE TAX ON] all aviation fuel other than gasoline is three and two-tenths cents a gallon; and

(D) [(4) THE TAX RATE ON] motor fuel that is blended with alcohol is the same tax rate a gallon as other motor fuel; however, in an area and during the months in which fuel containing alcohol is required to be sold, transferred, or used in an effort to attain air quality standards for carbon monoxide as required by federal or state law or regulation, the tax rate on motor fuel that is blended with alcohol is six cents a gallon less than the tax on other motor fuel not described in (A) - (C) [(1) - (3)] of this paragraph;  
or

(2) less than or equal to \$85, there is levied a tax of 16 cents a gallon on all motor fuel sold or otherwise transferred within the state, except that the tax on

(A) aviation gasoline is 9.4 cents a gallon;

(B) motor fuel used in and on watercraft of all descriptions is 10 cents a gallon;

(C) all aviation fuel other than gasoline is 6.4 cents a gallon; and

(D) motor fuel that is blended with alcohol is the same tax rate a gallon as other motor fuel; however, in an area and during the months in which fuel containing alcohol is required to be sold, transferred, or used in an effort to attain air quality standards for carbon monoxide as required by federal or state law or regulation, the tax rate on motor fuel that is blended with alcohol is six cents a gallon less than the tax on other motor fuel not described in (A) - (C) of this paragraph [SUBSECTION].

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

(b) In addition to the surcharge levied under AS 43.40.005, if the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the previous calendar year is

(1) more than \$85, there is levied a tax of eight cents a gallon on all motor fuel consumed by a user, except that the tax on

(A) aviation gasoline consumed is four and seven-tenths cents a gallon;

(B) motor fuel used in and on watercraft of all descriptions is five cents a gallon;

(C) all aviation fuel other than gasoline is three and two-tenths cents a gallon; and

(D) motor fuel that is blended with alcohol is the same tax rate a gallon as other motor fuel; however,

in an area and during the months in which fuel containing alcohol is required to be sold, transferred, or used in an effort to attain air quality standards for carbon monoxide as required by federal or state law or regulation, the tax rate on motor fuel that is blended with alcohol is six cents a gallon less than the tax on other motor fuel not described in (A) - (C) of this paragraph; or

(2) less than or equal to \$85, there is levied a tax of 24 [16] cents a gallon on all motor fuel sold or otherwise transferred within the state, except that the tax on

(A) aviation gasoline is 14.1 [9.4] cents a gallon;

(B) motor fuel used in and on watercraft of all descriptions is 15 [10] cents a gallon;

(C) all aviation fuel other than gasoline is 9.6 [6.4] cents a gallon; and

(D) motor fuel that is blended with alcohol is the same tax rate a gallon as other motor fuel; however, in an area and during the months in which fuel containing alcohol is required to be sold, transferred, or used in an effort to attain air quality standards for carbon monoxide as required by federal or state law or regulation, the tax rate on motor fuel that is blended with alcohol is six cents a gallon less than the tax on other motor fuel not described in (A) - (C) of this paragraph."

Page 6, lines 20 - 22:

Delete "12 [SIX] cents a gallon if

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

(B) [(2)]"

Insert "six cents a gallon if the tax was paid under AS 43.40.010(a)(1) or (b)(1) or 12 cents a gallon if the tax was paid under AS 43.40.010(a)(2) or (b)(2), and

(A) [(1) THE TAX ON THE MOTOR FUEL HAS BEEN PAID;

(2)]"

Reletter the following subparagraph accordingly.

Page 7, lines 1 - 2:

Delete "18 [12] cents a gallon if

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

(B)"

Insert "six cents a gallon if the tax was paid under AS 43.40.010(a)(1) or (b)(1) or 18 [12] cents a gallon

if the tax was paid under AS 43.40.010(a)(2) or  
(b)(2), and  
(A) "

Reletter the following subparagraphs accordingly.

[2:21:00 PM](#)

**ADJOURNMENT**

There being no further business before the committee, the House Transportation Standing Committee meeting was adjourned at 2:21 p.m.