

**CS FOR SENATE BILL NO. 164(L&C)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FOURTH LEGISLATURE - SECOND SESSION

BY THE SENATE LABOR AND COMMERCE COMMITTEE

Offered: 3/4/26

Referred: Finance

Sponsor(s): SENATOR MERRICK

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act eliminating deductions for the remittance of the motor fuel tax, tobacco taxes,**  
2 **and tire fees; relating to discounts on cigarette stamps; and providing for an effective**  
3 **date."**

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

5 \* **Section 1.** AS 43.40.013 is amended to read:

6 **Sec. 43.40.013. Collection of the refined fuel surcharge and the motor fuel**  
7 **tax.** Every dealer who sells or otherwise transfers refined or motor fuel in the state  
8 shall collect the surcharge and tax required in this chapter at the time of sale, and remit  
9 the total surcharge and tax collected during each calendar month of each year to the  
10 department by the last day of each succeeding month. Every user shall likewise remit  
11 the surcharge and tax required in this chapter and accrued on fuel actually used by the  
12 user during each month. [IF THE MONTHLY RETURN IS TIMELY FILED, ONE  
13 PERCENT OF THE TOTAL MONTHLY SURCHARGE AND TAX DUE,  
14 LIMITED TO A MAXIMUM OF \$100, MAY BE DEDUCTED AND RETAINED

1 TO COVER THE EXPENSE OF ACCOUNTING AND FILING THE MONTHLY  
 2 RETURN.] At the time the remittance is made, each dealer or user shall submit a  
 3 statement to the department showing all fuel that the dealer or user has distributed or  
 4 used during the month.

5 \* **Sec. 2.** AS 43.50.330(b) is amended to read:

6 (b) The licensee shall remit with the return the tax due under AS 43.50.300 for  
 7 the month covered by the return [, AFTER DEDUCTING FOUR-TENTHS OF ONE  
 8 PERCENT OF THE TAX DUE, WHICH THE LICENSEE SHALL RETAIN TO  
 9 COVER THE EXPENSE OF ACCOUNTING AND FILING THE RETURN].

10 \* **Sec. 3.** AS 43.50.540(c) is amended to read:

11 (c) **Each** [EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION,  
 12 EACH] stamp shall be sold to a licensee at its denominated value [LESS THE  
 13 DISCOUNT PROVIDED IN THIS SUBSECTION. THE DISCOUNT UNDER THIS  
 14 SUBSECTION IS PROVIDED AS COMPENSATION FOR AFFIXING STAMPS  
 15 TO PACKAGES AS REQUIRED BY AS 43.50.500 - 43.50.700. THE  
 16 DEPARTMENT MAY REDUCE OR ELIMINATE THE DISCOUNT TO A  
 17 LICENSEE UNDER THIS SUBSECTION IF THE LICENSEE FAILS TO MEET  
 18 THE REQUIREMENTS OF AS 43.50.500 - 43.50.700. THE DISCOUNT UNDER  
 19 THIS SUBSECTION IS EQUAL TO THE SUM OF THE AMOUNTS  
 20 CALCULATED USING THE FOLLOWING PERCENTAGES OF  
 21 DENOMINATED VALUE OF STAMPS PURCHASED BY A LICENSEE UNDER  
 22 THIS SECTION IN A CALENDAR YEAR:

23 (1) \$1,000,000 OR LESS, THREE PERCENT;

24 (2) THE AMOUNT THAT IS MORE THAN \$1,000,000 BUT NOT  
 25 MORE THAN \$2,000,000, TWO PERCENT;

26 (3) THE AMOUNT THAT IS OVER \$2,000,000, ZERO PERCENT].

27 \* **Sec. 4.** AS 43.50.590(a) is amended to read:

28 (a) The department shall adopt procedures for a refund or credit to a licensee  
 29 in the amount of the denominated value [, LESS THE DISCOUNT GIVEN UNDER  
 30 AS 43.50.540,] for

31 (1) unused or damaged stamps;

1                   (2) stamps affixed to cigarette packages that have become unfit for use  
2 or sale, are destroyed, or are returned to the manufacturer for credit or replacement if  
3 the licensee provides proof acceptable to the department that the cigarettes have not  
4 been and will not be consumed in this state; or

5                   (3) stamps affixed to cigarette packages that are sold or distributed  
6 outside the state if the licensee provides proof acceptable to the department that the  
7 cigarettes have not been and will not be consumed in this state and the licensee is  
8 properly licensed in the jurisdictions outside the state where the sales or distributions  
9 are made.

10 \* **Sec. 5.** AS 43.50.540(h) and AS 43.98.025(e) are repealed.

11 \* **Sec. 6.** This Act takes effect July 1, 2026.