

**CS FOR HOUSE BILL NO. 575 (FINANCE)  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
SEVENTEENTH LEGISLATURE - SECOND SESSION**

**BY THE HOUSE FINANCE COMMITTEE**

**Offered: 5/5/92  
Referred: Rules**

**Sponsor(s): HOUSE FINANCE COMMITTEE**

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act increasing the motor fuel tax, imposing a motor fuel surcharge, and authorizing  
2 certain municipalities to levy and the state to collect and remit a motor fuel tax not to  
3 exceed two cents per gallon; and providing for an effective date."

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

5 \* **Section 1.** AS 29.10.200 is amended by adding a new paragraph to read:

6 (51) AS 29.45.750 (municipal motor fuel tax)

7 \* **Sec. 2.** AS 29.45 is amended by adding a new section to read:

8 **ARTICLE 6. MOTOR FUEL TAX.**

9 **Sec. 29.45.750. MUNICIPAL MOTOR FUEL TAX.** (a) Each of the following may, by  
10 ordinance, levy, on the same transactions and subject to the same restrictions as set out in  
11 AS 43.40 and to the exemptions set out in AS 43.40.015 - 43.40.100, a tax on motor fuel:

12 (1) a unified municipality;

13 (2) a home rule or general law borough; and

14 (3) a city in the unorganized borough.

1 (b) The tax levied by a municipality under this section may not exceed two cents per  
2 gallon.

3 (c) The tax levied under this section does not apply to

4 (1) aviation gasoline;

5 (2) motor fuel used in and on watercraft of all descriptions; and

6 (3) aviation fuel other than gasoline.

7 (d) The levy authorized by this section is in addition to any other levy of a municipal  
8 tax on the sale, transfer, or consumption of motor fuel. The governing body of a municipality  
9 shall promptly inform the commissioner of revenue of its adoption of an ordinance to levy, or  
10 to amend an ordinance that levies, the tax authorized by this section.

11 (e) If a municipality enacts an ordinance to levy the tax authorized by this section, the  
12 Department of Revenue shall

13 (1) collect the tax in the manner provided for collection of the tax proposed by  
14 AS 43.40; and

15 (2) after retaining one percent of the amount collected under (1) of this subsection  
16 to offset the expenses of administration, remit to the municipality the balance of the proceeds of  
17 the tax.

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

19 (a) On sales or transfers of motor fuel in the state outside a municipality that levies  
20 a tax under AS 29.45.750, there [THERE] is levied a tax of 18 [EIGHT] cents a gallon. On  
21 sales or transfers of motor fuel within a municipality in the state that levies a tax under  
22 AS 29.45.750, there is levied a per gallon tax of 18 cents less the rate per gallon, not to  
23 exceed two cents per gallon, that is imposed by a levy of a motor fuel tax by the  
24 municipality under AS 29.45.750. The tax under this subsection is levied on all motor fuel  
25 sold or otherwise transferred within the state, except that

26 (1) the tax on aviation gasoline is four cents a gallon,

27 (2) the tax on motor fuel used in and on watercraft of all descriptions is five cents  
28 a gallon, and

29 (3) the tax on all aviation fuel other than gasoline is two and one-half cents a  
30 gallon.

31 \* Sec. 4. AS 43.40.010(b) is amended to read:

1           **(b) On consumption of motor fuel in the state outside a municipality that levies a**  
2           **tax under AS 29.45.750, there [THERE] is levied a tax of 18 [EIGHT] cents a gallon. On**  
3           **consumption of motor fuel within a municipality in the state that levies a tax under**  
4           **AS 29.45.750, there is levied a per gallon tax of 18 cents less the rate per gallon, not to**  
5           **exceed two cents per gallon, that is imposed by a levy of a motor fuel tax by the**  
6           **municipality under AS 29.45.750. The tax under this subsection is levied** on all motor fuel  
7           consumed by a user, except that

- 8                           (1) the tax on aviation gasoline consumed is four cents a gallon,  
9                           (2) the tax on motor fuel used in and on watercraft of all descriptions is five cents  
10           a gallon, and  
11                           (3) the tax on all aviation fuel other than gasoline is two and one-half cents a  
12           gallon.

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

14                   (e) Sixty percent of the proceeds of the revenue from the taxes **levied under this section**  
15           on 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 operating an  
17           airport in the proportion that the revenue was collected at the municipal airport. All other  
18           proceeds of the taxes **levied under this section** on aviation fuel shall be paid into a special  
19           aviation fuel tax account in the state general fund. The legislature may appropriate funds from  
20           this account for aviation facilities.

21   \* Sec. 6. AS 43.40.010(f) is amended to read:

22                   (f) The proceeds from the revenue from the tax **levied under this section** on motor fuel  
23           used in boats and watercraft of all descriptions shall be deposited in a special watercraft fuel tax  
24           account in the general fund. The legislature may appropriate from this account for water and  
25           harbor facilities.

26   \* Sec. 7. AS 43.40.010(g) is amended to read:

27                   (g) The proceeds of the revenue from the tax **levied under this section** on all motor  
28           fuels, except as provided in (e), (f) and (j) of this section, shall be deposited in a special highway  
29           fuel tax account in the state general fund. The legislature may appropriate funds from it for  
30           expenditure by the Department of Transportation and Public Facilities directly or as matched with  
31           available federal-aid highway money for maintenance of highways, construction of highway

1 projects and ferries included in the program provided for in AS 19.10.150, including approaches,  
2 appurtenances and related facilities and acquisition of rights-of-way or easements, and other  
3 highway costs including surveys, administration, and related matters. All departments of the state  
4 government authorized to spend funds collected from taxes imposed by this section [CHAPTER]  
5 shall perform, when feasible, all construction or reconstruction projects by contract after the  
6 projects have been advertised for competitive bids, except that, when feasible, arrangements shall  
7 be made with political subdivisions to carry out the construction or reconstruction projects. If  
8 it is not feasible for the work to be performed by state engineering forces, the commissioner of  
9 transportation and public facilities may contract on a professional basis with private engineering  
10 firms for road design, bridge design, and services in connection with surveys. If more than one  
11 private engineering firm is available for the work the contracts shall be entered into on a  
12 negotiated basis.

13 \* Sec. 8. AS 43.40.010(i) is amended to read:

14 (i) Within 30 days after the legislature convenes the Department of Transportation and  
15 Public Facilities shall submit an annual budget covering anticipated revenues and their  
16 expenditure, for the consideration and approval by the legislature. The budget shall cover all  
17 money collected or anticipated to be collected under this section [CHAPTER] for the year  
18 following the adjournment of each regular session of the legislature.

19 \* Sec. 9. AS 43.40.010(j) is amended to read:

20 (j) The proceeds from the tax levied under this section on motor fuel used in snow  
21 vehicles and, unless a tax refund is applied for under AS 43.40.050(a), other internal combustion  
22 engines not used in or in conjunction with a motor vehicle licensed to be operated on public  
23 ways shall be deposited in a special nonpublic highway use account in the general fund. The  
24 legislature may appropriate from this account to the Department of Transportation and Public  
25 Facilities for trail staking and shelter construction and maintenance.

26 \* Sec. 10. AS 43.40 is amended by adding a new section to read:

27 Sec. 43.40.012. SURCHARGE ON MOTOR FUEL. (a) In addition to the tax levied  
28 by AS 43.40.010, there is levied a surcharge of one cent a gallon on all motor fuel subject to tax  
29 under AS 43.40.010.

30 (b) The surcharge imposed by (a) of this section shall be collected and remitted in the  
31 same manner as the tax levied and collected under AS 43.40.010.

1           (c) Notwithstanding any other provision of this chapter, the commissioner of revenue  
2 shall deposit amounts received from the levy of the surcharge under this section into the general  
3 fund.

4           (d) The commissioner of administration shall separately account for the proceeds of the  
5 surcharge collected under this section and deposited into the general fund. The legislature may  
6 use the annual estimated balance in the account to make appropriations to the Department of  
7 Environmental Conservation for the storage tank assistance fund established under AS 46.03.410.

8 \* Sec. 11. Sections 1 - 4 of this Act do not take effect if amendments to the state constitution are  
9 proposed at the November 1992 general election to create as a dedicated fund a transportation fund to  
10 receive, among other sources, the revenue from the state's levy and collection of motor fuel taxes, and  
11 a majority of the voters at that election does not approve the adoption of those amendments.

12 \* Sec. 12. If secs. 1 - 4 of this Act take effect, they take effect January 1, 1993.

13 \* Sec. 13. Sections 5 - 10 of this Act take effect July 1, 1992.

14 \* Sec. 14. Section 11 of this Act takes effect immediately under AS 01.10.070(a).