

CS FOR HOUSE BILL NO. 575 (2d FINANCE)  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
SEVENTEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: 5/7/92  
Referred: Today's calendar

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 terminating  
2 its imposition, adding to the purposes for which revenues from the motor fuel tax may  
3 be expended, amending the motor fuel tax exemption for stationary power plants, and  
4 authorizing certain municipalities to levy and the state to collect and remit a motor fuel  
5 tax not to exceed two cents per gallon; and providing for an effective date."

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

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

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

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

10 ARTICLE 6. MOTOR FUEL TAX.

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

- 1 (1) a unified municipality;  
2 (2) a home rule or general law borough; and  
3 (3) a city in the unorganized borough.
- 4 (b) The tax levied by a municipality under this section may not exceed two cents per  
5 gallon.
- 6 (c) The tax levied under this section does not apply to  
7 (1) aviation gasoline;  
8 (2) motor fuel used in and on watercraft of all descriptions; and  
9 (3) aviation fuel other than gasoline.
- 10 (d) The levy authorized by this section is in addition to any other levy of a municipal  
11 tax on the sale, transfer, or consumption of motor fuel. The governing body of a municipality  
12 shall promptly inform the commissioner of revenue of its adoption of an ordinance to levy, or  
13 to amend an ordinance that levies, the tax authorized by this section.
- 14 (e) If a municipality enacts an ordinance to levy the tax authorized by this section, the  
15 Department of Revenue shall  
16 (1) collect the tax in the manner provided for collection of the tax proposed by  
17 AS 43.40; and  
18 (2) after retaining one percent of the amount collected under (1) of this subsection  
19 to offset the expenses of administration, remit to the municipality the balance of the proceeds of  
20 the tax.
- 21 \* Sec. 3. AS 43.40.010(a) is amended to read:  
22 (a) On sales or transfers of motor fuel in the state outside a municipality that levies  
23 a tax under AS 29.45.750, there [THERE] is levied a tax of 17 [EIGHT] cents a gallon. On  
24 sales or transfers of motor fuel within a municipality in the state that levies a tax under  
25 AS 29.45.750, there is levied a per gallon tax of 17 cents less the rate per gallon, not to  
26 exceed two cents per gallon, that is imposed by a levy of a motor fuel tax by the  
27 municipality under AS 29.45.750. The tax under this subsection is levied on all motor fuel  
28 sold or otherwise transferred within the state, except that  
29 (1) the tax on aviation gasoline is four cents a gallon,  
30 (2) the tax on motor fuel used in and on watercraft of all descriptions is five cents  
31 a gallon, and

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

3 \* Sec. 4. AS 43.40.010(a) is amended to read:

4 (a) On sales or transfers of motor fuel in the state outside a municipality that levies a tax  
5 under AS 29.45.750, there is levied a tax of 18 [17] cents a gallon. On sales or transfers of  
6 motor fuel within a municipality in the state that levies a tax under AS 29.45.750, there is levied  
7 a per gallon tax of 18 [17] cents less the rate per gallon, not to exceed two cents per gallon, that  
8 is imposed by a levy of a motor fuel tax by the municipality under AS 29.45.750. The tax under  
9 this subsection is levied on all motor fuel sold or otherwise transferred within the state, except  
10 that

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

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

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

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

17 (b) On consumption of motor fuel in the state outside a municipality that levies a  
18 tax under AS 29.45.750, there [THERE] is levied a tax of 17 [EIGHT] cents a gallon. On  
19 consumption of motor fuel within a municipality in the state that levies a tax under  
20 AS 29.45.750, there is levied a per gallon tax of 17 cents less the rate per gallon, not to  
21 exceed two cents per gallon, that is imposed by a levy of a motor fuel tax by the  
22 municipality under AS 29.45.750. The tax under this subsection is levied on all motor fuel  
23 consumed by a user, except that

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

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

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

29 \* Sec. 6. AS 43.40.010(b) is amended to read:

30 (b) On consumption of motor fuel in the state outside a municipality that levies a tax  
31 under AS 29.45.750, there is levied a tax of 18 [17] cents a gallon. On consumption of motor

1 fuel within a municipality in the state that levies a tax under AS 29.45.750, there is levied a per  
2 gallon tax of 18 [17] cents less the rate per gallon, not to exceed two cents per gallon, that is  
3 imposed by a levy of a motor fuel tax by the municipality under AS 29.45.750. The tax under  
4 this subsection is levied on all motor fuel consumed by a user, except that

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

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

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

10 \* Sec. 7. AS 43.40.010(c) is amended to read:

11 (e) Sixty percent of the proceeds of the revenue from the taxes levied under this section  
12 on aviation fuel, excluding the amount determined to have been spent by the state in its  
13 collection, shall be refunded to a municipality owning and operating or leasing and operating an  
14 airport in the proportion that the revenue was collected at the municipal airport. All other  
15 proceeds of the taxes levied under this section on aviation fuel shall be paid into a special  
16 aviation fuel tax account in the state general fund. The legislature may appropriate funds from  
17 this account for aviation facilities.

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

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

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

24 (g) The proceeds of the revenue from the tax levied under this section on all motor  
25 fuels, except as provided in (e), (f) and (j) of this section, shall be deposited in a special highway  
26 fuel tax account in the state general fund. The legislature may appropriate funds from it for  
27 expenditure by the Department of Transportation and Public Facilities directly or as matched with  
28 available federal-aid highway money for maintenance of highways, construction of highway  
29 projects and ferries included in the program provided for in AS 19.10.150, including approaches,  
30 appurtenances and related facilities and acquisition of rights-of-way or easements, [AND] other  
31 highway costs including surveys, administration, and related matters, and pedestrian, air quality,

1        **and transit improvements.** All departments of the state government authorized to spend funds  
2        collected from taxes imposed by this section [CHAPTER] shall perform, when feasible, all  
3        construction or reconstruction projects by contract after the projects have been advertised for  
4        competitive bids, except that, when feasible, arrangements shall be made with political  
5        subdivisions to carry out the construction or reconstruction projects. If it is not feasible for the  
6        work to be performed by state engineering forces, the commissioner of transportation and public  
7        facilities may contract on a professional basis with private engineering firms for road design,  
8        bridge design, and services in connection with surveys. If more than one private engineering  
9        firm is available for the work the contracts shall be entered into on a negotiated basis.

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

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

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

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

23    \* Sec. 12. AS 43.40 is amended by adding a new section to read:

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

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

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

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

5 \* Sec. 13. AS 43.40.100(2) is amended to read:

6 (2) "motor fuel" means fuel used in an engine for the propulsion of a motor  
7 vehicle or aircraft, and fuel used in and on watercraft for any purpose, or in a stationary  
8 engine, machine or mechanical contrivance which is run by an internal combustion motor;  
9 "motor fuel" does not include

10 (A) fuel consigned to foreign countries;

11 (B) fuel sold for use in jet propulsion aircraft operating in flights to  
12 foreign countries;

13 (C) fuel used in stationary power plants operating as public utility plants  
14 and generating electrical energy for sale to the general public;

15 (D) fuel used by nonprofit power associations or corporations for  
16 generating electric energy for resale;

17 (E) fuel used by charitable institutions;

18 (F) fuel which is at least 10 percent alcohol by volume;

19 (G) fuel sold or transferred between qualified dealers;

20 (H) fuel sold to federal, state, and local government agencies for official  
21 use;

22 (I) fuel used in stationary power plants that generate electrical energy for  
23 private residential consumption;

24 (J) fuel used to heat private or commercial buildings or facilities;

25 (K) fuel used for other nontaxable purposes as prescribed by regulations  
26 adopted by the department; or

27 (L) fuel used in stationary power plants [OF 100 KW OR LESS] that  
28 generate electrical power for commercial enterprises not for resale;

29 \* Sec. 14. AS 43.40.012 is repealed.

30 \* Sec. 15. Sections 1 - 6 of this Act do not take effect if amendments to the state constitution are  
31 proposed at the November 1992 general election to create as a dedicated fund a transportation fund to

1 receive, among other sources, the revenue from the state's levy and collection of motor fuel taxes, and  
2 a majority of the voters at that election does not approve the adoption of those amendments.

3 \* Sec. 16. Sections 7 - 13 of this Act take effect July 1, 1992.

4 \* Sec. 17. If secs. 1 - 3 and 5 of this Act take effect, they take effect January 1, 1993.

5 \* Sec. 18. If secs. 4 and 6 of this Act take effect, they take effect July 1, 1996.

6 \* Sec. 19. Section 14 of this Act takes effect July 1, 1996.

7 \* Sec. 20. Section 15 of this Act takes effect immediately under AS 01.10.070(c).