

"An Act repealing the refund provisions of the motor fuel oil tax; .
and providing for an effective date."

COMMITTEE REPORT

4/21/75

HOUSE

Mr. Speaker:

Date _____

The Committee on FINANCE has had HB 328

under consideration. A Majority of the members of the Committee

recommends it DO PASS

recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR _____ AND THAT

CS FOR _____ DO PASS

"and" recommends it BE REFERRED TO THE _____

COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ Chairman

"An Act repealing the refund provisions of the motor fuel oil tax; and providing for an effective date."

COMMITTEE REPORT

3/24/75

HOUSE

FINANCE

Mr. Speaker:

Date 3 April 75

The Committee on State Affairs has had HB 328

under consideration. A Majority of the members of the Committee,

() recommends it DO PASS

() recommends it DO NOT PASS

~~()~~ recommends it DO PASS WITH ATTACHED AMENDMENT ~~(*)~~

(BX) recommends it BE REPLACED WITH CS FOR HB 328 AND THAT
CS FOR HB 328 DO PASS

An Act relating to the refund provisions of the motor fuel oil tax; and providing for an effective date.

() "and" recommends it BE REFERRED TO THE _____
COMMITTEE

() reports it back WITHOUT RECOMMENDATION

() "other"

Members signing the Majority report:

W. Miller Bin Paul _____
Alvin B... _____
Joe McKinnon _____
Jim O'Hara _____

Members NOT concurring in the Majority report:

Spe... recommends: None
_____ recommends:
_____ recommends:
_____ recommends:
_____ recommends:

Bin Paul Chairman

MEMORANDUM

State of Alaska

TO: Bill Parker
Chairman
House State Affairs Committee

DATE: April 10, 1975

FILE NO:

TELEPHONE NO:

FROM: Gary L. Jenkins
Director
Audit Division
Department of Revenue

SUBJECT: House Bill 328

The following is the information requested by the members of your Committee during the hearing on 4/8/75. During this fiscal year to date, we have issued motor fuel refunds of \$2,763,148. Of this total, the refunds for non-highway use of motor fuel amounts to \$2,436,369. Of this latter total, 54 percent or \$1,481,000 has been refunded to construction contractors; 26 percent or \$707,400 has been issued to companies involved in oil exploration and 9 percent or \$247,900 has been refunded to companies involved in the logging industries. As the work on the pipeline continues to increase during this year and next year, the percentage and amount of refunds to construction companies should increase dramatically. For calendar years 1975 and 1976 we anticipate total potential non-highway use refunds of \$5,000,000.

Also, included in Section 43.40.030 is a refund provision for fuel purchased in Alaska and used in a foreign country. The prime user of this provision has been the White Pass and Yukon Railroad. The refunds issued for the past three years, based on foreign usage of fuel is as follows: FY 1972-73, \$50,700; FY 1973-74, \$28,000; and FY 1974-75, \$32,800.

Should your Committee desire any further information regarding this bill, please feel free to contact me.

GLJ/bjm

STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, Governor

POUCH S—JUNEAU 99801

April 2, 1975

HB 328

The Honorable William Parker
Chairman
House State Affairs Committee
Alaska State Legislature
State Capitol
Juneau, Alaska

Re: House Bill No. 328

Dear Mr. Parker:

House Bill No. 328, an Act repealing the refund provisions of the motor fuel oil tax, was introduced on March 24, 1975 and was referred to the House State Affairs and Finance Committees.

At your request for the consideration of the House State Affairs Committee, I am enclosing a copy of a fiscal note and memorandum from Gary L. Jenkins, Director, Audit Division, Department of Revenue concerning motor fuel oil tax refunds which would be eliminated by the provisions of House Bill No. 328.

Mr. Jenkins will appear at the meeting of the House State Affairs Committee on April 2, 1975 at 1:00 p.m. to answer questions on the material submitted concerning the subject legislation.

Very truly yours,



R. D. Stevenson
Special Assistant

RDS:eh

cc: Gary L. Jenkins
Director, Audit Division

The Honorable Hugh Malone
Chairman, House Finance Committee
Alaska State Legislature

Original sponsor: Finance Committee

Offered: 4/21/75
Referred: Finance

1 IN THE HOUSE

BY THE STATE AFFAIRS COMMITTEE

2 CS FOR HOUSE BILL NO. 328

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the refund provisions of the motor
7 fuel oil tax; and providing for an effective date."

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

9 * Section 1. AS 43.40.030(a) is amended to read:

10 (a) Except as specified in sec. 10(j) of this chapter, a person
11 who uses motor fuel to operate an internal combustion engine is entitled
12 to a refund of six cents a gallon on the first 10,000 gallons of motor
13 fuel purchased each fiscal year if

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

15 (2) the motor fuel is not aviation fuel or motor fuel used
16 in an engine to propel a boat or watercraft, including motor fuel which
17 may be used for heating and cooking aboard boats and watercraft; and

18 (3) the internal combustion engine is not used in or in con-
19 junction with a motor vehicle licensed to be operated on public ways.

20 * Sec. 2. AS 43.40.030 is amended by adding a new subsection to read:

21 (d) Except as provided in sec. 10(j) of this chapter, a person
22 who uses motor fuel to operate an internal combustion engine in the
23 development and production of renewable resources in the state is
24 entitled to a refund of six cents a gallon on the total amount of fuel
25 used if

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

27 (2) the motor fuel is not aviation fuel or motor fuel used
28 in an engine to propel a boat or watercraft, including motor fuel which
29 may be used for heating and cooking aboard boats and watercraft; and

1 (3) the internal combustion engine is not used in or in
2 conjunction with a motor vehicle licensed to be operated on public ways.
3 * Sec. 3. This Act takes effect July 1, 1975.
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Introduced: 3/24/75
Referred: State Affairs and
Finance

1 IN THE HOUSE BY THE FINANCE COMMITTEE

2 HOUSE BILL NO. 328

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - FIRST SESSION

5 A BILL

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7 fuel oil tax; and providing for an effective date."

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

9 * Section 1. AS 43.40.030 - 43.40.080 are repealed.

10 * Sec. 2. This Act takes effect immediately in accordance with AS 01.10.-
11 070(c).

ALASKA STATE LEGISLATURE

..NINETH Legislature ..FIRST Session

HOUSEBILL..... NO. ...328.
By ..THE FINANCE COMMITTEE....

"An Act repealing the refund provisions of the motor fuel oil tax, and providing for an effective date."

Repeal. prov. motor fuel oil tax

Introduced in the House ...3/24/, 19...75

HISTORY IN THE HOUSE

19 75

Mar 24

Read first time and referred to Committee on

State Affairs and Finance

Reported back with recommendation that

Read second time and

Read third time and

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reconsideration

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reported correctly engrossed
Signed by Speaker
Sent to Senate

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19

Read first time and referred to Committee on

Reported back with recommendation that

Read second time and

Read third time and

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reconsideration

PASS	Effective Date
Yeas	Yeas
Nays	Nays
Absent	Absent
Excused	Excused

Reported correctly engrossed
Signed by President
Returned to House

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19

Received from Senate

Reported correctly enrolled

Sent to Governor

..... By Governor

Filed with Lt. Governor

Chapter No.

Introduced: 3/24/75
Referred: State Affairs and
Finance

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BY THE FINANCE COMMITTEE

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3 IN THE LEGISLATURE OF THE STATE OF ALASKA

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Original sponsor: Finance Committee

Offered: 4/21/75

Referred: Finance

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3 IN THE LEGISLATURE OF THE STATE OF ALASKA

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STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, Governor

POUCH S—JUNEAU 99801

April 2, 1975

HB 328

The Honorable William Parker
Chairman
House State Affairs Committee
Alaska State Legislature
State Capitol
Juneau, Alaska

Re: House Bill No. 328

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Mr. Jenkins will appear at the meeting of the House State Affairs Committee on April 2, 1975 at 1:00 p.m. to answer questions on the material submitted concerning the subject legislation.

Very truly yours,



R. D. Stevenson
Special Assistant

RDS:eh

cc: Gary L. Jenkins
Director, Audit Division

The Honorable Hugh Malone
Chairman, House Finance Committee
Alaska State Legislature

all

MEMORANDUM

State of Alaska

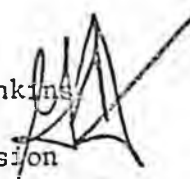
TO: Hugh Malone
Chairman
House Finance Committee

DATE: April 10, 1975


FILE NO:

TELEPHONE NO:

FROM: Gary L. Jenkins
Director
Audit Division
Department of Revenue



SUBJECT: House Bill 328



The following is the information requested by your Committee regarding House Bill 328. During this fiscal year to date, we have issued motor fuel refunds of \$2,763,148. Of this total, the refunds for non-highway use of motor fuel amounts to \$2,436,369. Of this latter total, 54 percent or \$1,481,000 has been refunded to construction contractors: 26 percent or \$707,400 has been issued to companies involved in oil exploration and 9 percent or \$247,900 has been refunded to companies involved in the logging industries. As the work on the pipeline continues to increase during this year and next year, the percentage and amount of refunds to construction companies should increase dramatically. For calendar years 1975 and 1976 we anticipate total potential non-highway use refunds of \$5,000,000.

Also, included in Section 43.40.030 is a refund provision for fuel purchased in Alaska and used in a foreign country. The prime user of this provision has been the White Pass and Yukon Railroad. The refunds issued for the past three years, based on foreign usage of fuel is as follows: FY 1972-73, \$50,700; FY 1973-74, \$28,000; and F. 1974-75, \$32,800.

Should your Committee desire any further information regarding this bill, please feel free to contact me.

GLJ/bjm

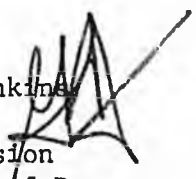
all

MEMORANDUM

State of Alaska

TO: Hugh Malone
Chairman
House Finance Committee

FROM: Gary L. Jenkins
Director
Audit Division
Department of Revenue



DATE: April 10, 1975

FILE NO:

TELEPHONE NO:

SUBJECT: House Bill 328



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Should your Committee desire any further information regarding this bill, please feel free to contact me.

GLJ/bjm

The Legislature of the State of Alaska
FISCAL NOTE

First Session - Ninth Legislature

I. REQUEST

Bill No. HB 328

Title: Repeal Refund of Motor Fuel Oil Tax

Requested by: Jim Rhode Date: 3-27-75

Return Date Requested: _____

Agency: Budget and Management Program: _____

II. FISCAL DETAIL

Budget Request Unit(s) Affected: _____

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

B. RECEIPTS (Thousands of dollars)

GENERAL FUND		2091.6	2677.3	2998.6		
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

See attached narrative analysis.

IV. ATTACHMENTS 2

V. DATE: _____

PREPARED BY: _____

Carl M. Gonder
Carl M. Gonder, Budget Analyst

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

Projected revenues received due to the abolishment of the six cent off-highway use refund were taken from Table VII in the attached paper dealing with transportation taxes. The assumptions and methodology used to estimate these receipts are explained in the paper. Total collections over the next three fiscal years due to abolishment of the refund would amount to \$7,767,500.

My interpretation of HB 328 suggests that legislative intent is for the continuation of the four cent nonpropulsive marine fuel exemption. If this were not the case, the State could realize additional revenues for the next three fiscal years of \$283,800, \$311,500, and \$358,200 respectively. This would total \$953,500 for these three years.

The majority of the increased revenues would be paid by general and specialty contractors who operate construction type equipment. It is possible that some contractors who have a fixed price long-term contract could suffer a smaller profit from their contract due to increased fuel expenses. There seems little reason to believe that this legislation would pose any discriminatory advantage or disadvantage on Alaskan vs. outside owned contracting firms.

It is also possible that a few Alaskan companies that are engaged in industries that compete with outside companies for the same market could suffer declines in the competitive posture and thus, sales due to increased fuel expenses. A possible example of this situation might be the logging industry.

A macro view of the effects of this legislation is that contractors and industries currently enjoying the six cent refund would pass the increased fuel expenses along to their customers through increased prices.

MEMORANDUM

State of Alaska

TO: Frederick P. Zoetsch
Deputy Commissioner, Taxation
Department of Revenue

DATE: April 2, 1975

FILE NO:

TELEPHONE NO:

FROM: *F. D. Jenkins*
Gary L. Jenkins
Director
Audit Division

SUBJECT: House Bill 328

Alaska Statute Section 43.40.030 provides that, with the exception of fuel sold for using snow machines the person is entitled for a refund of six cents a gallon if the following conditions are met:

1. the tax has been paid;
2. the fuel is not aviation fuel or motor fuel used in an engine to propel a boat or watercraft, including motor fuel which may be used for heating and cooking aboard boats and watercraft;
3. the internal combustion engine is not used in or in conjunction with a motor vehicle licensed to be operated on the public highway system.

This section goes on, also, to provide that the tax may be refunded for motor fuel which is used in a foreign country on which the duty is paid when the fuel is sold in Alaska for non-highway use in a foreign country.

House Bill 328 will eliminate all provisions in the motor fuel tax statute relating to filing any kind of a claim for refund. If the intent is to remove the refund for a non-highway use, it would appear pertinent that the specific provisions providing for this be removed and not the whole refunding process sections. An example of problems that this could create would be in the instance where a taxpayer had purchased fuel at eight cents a gallon and actually used the fuel in a marine application in which the tax is only four cents a gallon. If, in fact, the sections relating to refund were entirely deleted, there would be no statutory language providing for refunding to a person who had been originally improperly taxed. A further complication would arise with fuel sold in Alaska, which is to be used primarily out of Alaska by a foreign user. A prime example of this would be the fuel sold to the White Pass and Yukon Railroad in Alaska. It would appear to me that perhaps the drafters of this Bill had not anticipated this type of a problem, as I would think they would not want to delete this type of a potential refund.

The refunds issued for the last two years are as follows:

Fiscal Year 1973	\$1,242,225
Fiscal Year 1974	\$1,493,967

For Fiscal Year 1973-1974 the non-highway refunds were \$1,016,362 and \$1,144,445, respectively.

Frederick P. Boetsch
April 2, 1975
Page Two

For Fiscal Year 1975, to date, we have issued refunds in the amount of \$2,414,119, of which \$1,826,174 were for non-highways. On a straight line progression that would mean we should have total potential refunds for Fiscal Year 1975 of a minimum of \$3,621,179 of which \$2,739,261 were for non-highways.

Obviously, the majority of the refunds in the increase which we see relate to the pipeline operations. It would be extremely difficult to project the total amount of refunds which may be issued in the next two years, but taking into consideration the enormous size of the project, it would appear to be well within the possibility that the refunds might approach \$6,000,000 or more a year, of which approximately \$5,000,000 were for non-highways.

GLJ/bjm

cc: R. D. Stevenson

The Legislature of the State of Alaska
FISCAL NOTE

First Session - Ninth Legislature

I. REQUEST

Bill No. HB 328

Title: Repeal Refund of Motor Fuel Oil Tax

Requested by: Jim Rhode

Date: 3-27-75

Return Date Requested:

Agency: Budget and Management

Program:

II. FISCAL DETAIL

Budget Request Unit(s) Affected:

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80
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500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
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FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

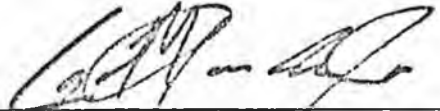
III. ANALYSTS (See Fiscal Note Preparation Instructions, Section III)

See attached narrative analysis.

IV. ATTACHMENTS 2

V. DATE:

PREPARED BY:


Carl M. Gonder, Budget Analyst

Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

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MEMORANDUM

State of Alaska

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Deputy Commissioner, Taxation
Department of Revenue

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FILE NO:

TELEPHONE NO:

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Director
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GLJ/bjm

cc: R. D. Stevenson

Introduced: 3/24/75
Referred: State Affairs and
Finance

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Original sponsor: Finance Committee

Offered: 4/21/75
Referred: Finance

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6 FOR AN Act entitled: "An Act relating to the refund provisions of the motor
fuel oil tax; and providing for an effective date."

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

9 * Section 1. AS 43.40.030(a) is amended to read:

10 (a) Except as specified in sec. 10(j) of this chapter, a person
11 who uses motor fuel to operate an internal combustion engine is entitled
12 to a refund of six cents a gallon on the first 10,000 gallons of motor
13 fuel purchased each fiscal year if

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

15 (2) the motor fuel is not aviation fuel or motor fuel used
16 in an engine to propel a boat or watercraft, including motor fuel which
17 may be used for heating and cooking aboard boats and watercraft; and

18 (3) the internal combustion engine is not used in or in con-
19 junction with a motor vehicle licensed to be operated on public ways.

20 * Sec. 2. AS 43.40.030 is amended by adding a new subsection to read:

21 (d) Except as provided in sec. 10(j) of this chapter, a person
22 who uses motor fuel to operate an internal combustion engine in the
23 development and production of renewable resources in the state is
24 entitled to a refund of six cents a gallon on the total amount of fuel
25 used if

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

27 (2) the motor fuel is not aviation fuel or motor fuel used
28 in an engine to propel a boat or watercraft, including motor fuel which
29 may be used for heating and cooking aboard boats and watercraft; and

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

3 * Sec. 3. This Act takes effect July 1, 1975.
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STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, Governor

POUCH S—JUNEAU 99801

April 2, 1975

HB 328

The Honorable William Parker
Chairman
House State Affairs Committee
Alaska State Legislature
State Capitol
Juneau, Alaska

Re: House Bill No. 328

Dear Mr. Parker:

House Bill No. 328, an Act repealing the refund provisions of the motor fuel oil tax, was introduced on March 24, 1975 and was referred to the House State Affairs and Finance Committees.

At your request for the consideration of the House State Affairs Committee, I am enclosing a copy of a fiscal note and memorandum from Gary L. Jenkins, Director, Audit Division, Department of Revenue concerning motor fuel oil tax refunds which would be eliminated by the provisions of House Bill No. 328.

Mr. Jenkins will appear at the meeting of the House State Affairs Committee on April 2, 1975 at 1:00 p.m. to answer questions on the material submitted concerning the subject legislation.

Very truly yours,



R. D. Stevenson
Special Assistant

RDS:eh

cc: Gary L. Jenkins
Director, Audit Division

The Honorable Hugh Malone
Chairman, House Finance Committee
Alaska State Legislature

MEMORANDUM

all
State of Alaska

TO: Hugh Malone
Chairman
House Finance Committee

FROM: Gary L. Jenkins
Director
Audit Division
Department of Revenue

DATE: April 10, 1975

FILE NO:

TELEPHONE NO:

SUBJECT: House Bill 328

The following is the information requested by your Committee regarding House Bill 328. During this fiscal year to date, we have issued motor fuel refunds of \$2,763,148. Of this total, the refunds for non-highway use of motor fuel amounts to \$2,436,369. Of this latter total, 54 percent or \$1,481,000 has been refunded to construction contractors; 26 percent or \$707,400 has been issued to companies involved in oil exploration and 9 percent or \$247,900 has been refunded to companies involved in the logging industries. As the work on the pipeline continues to increase during this year and next year, the percentage and amount of refunds to construction companies should increase dramatically. For calendar years 1975 and 1976 we anticipate total potential non-highway use refunds of \$5,000,000.

Also, included in Section 43.40.030 is a refund provision for fuel purchased in Alaska and used in a foreign country. The prime user of this provision has been the White Pass and Yukon Railroad. The refunds issued for the past three years, based on foreign usage of fuel is as follows: FY 1972-73, \$50,700; FY 1973-74, \$28,000; and FY 1974-75, \$32,800.

Should your Committee desire any further information regarding this bill, please feel free to contact me.

GLJ/bjm