

2/25/76

8:30 a.m.

delivered to
Leg. Affairs for
typing + return to
Ernie Naugen

P.W

Original Sponsors: Rules Committee
by Request of the Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 675

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the tax on motor fuel for water-
7 craft; and providing for an effective date."

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

9 * Section 1. AS 43.40.010(a) is amended to read:

10 CHAPTER 40. MOTOR FUEL (OIL) TAX.

11 (a) There is levied a tax of eight cents a gallon on all motor
12 fuel sold or otherwise transferred within the state, except that

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

14 (2) the tax on motor fuel used in (ENGINES FOR THE PROPUL-
15 SION OF) boats and watercraft of all descriptions is four cents a
16 gallon (; IF A PERSON CLAIMS AN EXEMPTION FOR NONPROPULSION USE UNDER
17 THIS PARAGRAPH, HE SHALL SIGN A STATEMENT AT THE TIME OF THE SALE OR
18 TRANSFER ATTESTING TO THE FACT THAT THE AMOUNT OF FUEL FOR WHICH HE
19 CLAIMS THE EXEMPTION WILL BE USED ONLY FOR NONPROPULSION USE ABOARD A
20 BOAT OR WATERCRAFT), and

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

23 * Sec. 2. AS 43.40.010(b) is amended to read:

24 (b) There is levied a tax of eight cents a gallon on all motor
25 fuel consumed by a user, except that

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

28 (2) the tax on motor fuel used in (ENGINES FOR THE PROPUL-
29 SION OF) boats and watercraft of all descriptions is four cents a

1 gallon (; IF A PERSON CLAIMS AN EXEMPTION FOR NONPROPULSION USE UNDER
2 THIS PARAGRAPH, HE SHALL SIGN A STATEMENT AT THE TIME OF THE PURCHASE
3 ATTESTING TO THE FACT THAT THE AMOUNT OF FUEL FOR WHICH HE CLAIMS THE
4 EXEMPTION WILL BE USED ONLY FOR NONPROPULSION USE ABOARD A BOAT OR
5 WATERCRAFT), and

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

8 * Sec. 3. AS 43.40.020(b) is repealed.

9 * Sec. 4. AS 43.40.100(2) is amended to read:

10 (2) "motor fuel" means fuel used in an engine for the
11 propulsion of a motor vehicle or (,) aircraft, and fuel used in a boat
12 or watercraft, or in a stationary engine, machine or mechanical
13 contrivance which is run (PROPELLED) by an internal combustion motor;
14 "motor fuel" does not include (EXCEPT ON CONSIGNMENTS OF MOTOR)

15 (A) fuel consigned (OIL) to foreign countries,

16 (B) (EXCEPT MOTOR) fuel (OIL) sold for use in jet
17 propulsion aircraft operating in flights to foreign countries,

18 (C) (AND EXCEPT) fuel used in stationary power plants
19 operating as public utility plants and generating electrical
20 energy for sale to the general public, (OR)

21 (D) fuel used by nonprofit power associations or
22 corporations for generating electric energy for resale, or

23 (E) fuel used by charitable institutions;

24 *Sec. 5. This Act takes effect July 1, 1976.
25
26
27
28
29

"An Act relating to the tax on motor fuel for watercraft; and providing for an effective date."

COMMITTEE REPORT

1/30/76

HOUSE

Mr. Speaker:

Date _____

The Committee on FINANCE has had HB 675

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

Introduced: 1/30/76
Referred: Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 675

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the tax on motor fuel for water-
7 craft; and providing for an effective date."

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

9 * Section 1. AS 43.40.010(a) is amended to read:

10 CHAPTER 40. MOTOR FUEL [OIL] TAX.

11 (a) There is levied a tax of eight cents a gallon on all motor
12 fuel sold or otherwise transferred within the state, except that

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

14 (2) the tax on motor fuel used in [ENGINES FOR THE PROPUL-
15 SION OF] boats and watercraft of all descriptions, excluding that
16 motor fuel which is to be used for heating and cooking aboard boats
17 and watercraft, is eight [FOUR] cents a gallon; if a person claims an
18 exemption for cooking and heating [NONPROPULSION] use under this
19 paragraph, he shall sign a statement at the time of the sale or
20 transfer attesting to the fact that the amount of fuel for which he
21 claims the exemption will be used only for cooking and heating [NON-
22 PROPULSION USE] aboard a boat or watercraft, but the exemption applies
23 to no more than 25 per cent of the sale or transfer of motor fuel, and

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

26 * Sec. 2. AS 43.40.010(b) is amended to read:

27 (b) There is levied a tax of eight cents a gallon on all motor
28 fuel consumed by a user, except that

29 (1) the tax on aviation gasoline consumed is four cents a

1 gallon,

2 (2) the tax on motor fuel used in [ENGINES FOR THE PROPUL-
3 SION OF] boats and watercraft of all descriptions excluding that motor
4 fuel used for heating and cooking aboard boats and watercraft, is
5 eight [FOUR] cents a gallon; if a person claims an exemption for
6 cooking and heating [NONPROPULSION] use under this paragraph, he shall
7 sign a statement at the time of the sale or transfer [PURCHASE] attest-
8 ing to the fact that the amount of fuel for which he claims the exemp-
9 tion will be used only for cooking and heating [NONPROPULSION] use
10 aboard a boat or watercraft, but the exemption applies to no more than
11 25 per cent of the sale or transfer of motor fuel, and

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

14 * Sec. 3. AS 43.40.020(b) is amended to read:

15 (b) A person who claims the heating and cooking [NONPROPULSION]
16 use fuel tax exemption under sec. 10(a)(2) or sec. 10(b)(2) of this
17 chapter and who uses a portion of the amount of the exempted fuel for
18 another purpose is guilty of a misdemeanor, and is punishable by a
19 fine of not more than \$5,000.

20 * Sec. 4. AS 43.40.100(2) is amended to read:

21 (2) "motor fuel" means fuel used in an engine for the
22 propulsion of a motor vehicle or [,] aircraft, and fuel used in a boat
23 or watercraft, or in a stationary engine, machine or mechanical
24 contrivance which is run [PROPELLED] by an internal combustion motor;
25 "motor fuel" does not include [EXCEPT ON CONSIGNMENTS OF MOTOR]

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1 operating as public utility plants and generating electrical
2 energy for sale to the general public, [OR]

3 (D) fuel used by nonprofit power associations or
4 corporations for generating electric energy for resale, or

5 (E) fuel used by charitable institutions;

6 * Sec. 5. This Act takes effect July 1, 1976.
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148675

January 30, 1976

The Honorable Mike Bradner
Speaker of the House
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. Speaker:

In accordance with AS 24.30.060(b) and the Uniform Rules of the Alaska State Legislature, I am transmitting a bill to increase the motor fuel tax for watercraft from four to eight cents per gallon and to reduce the tax exemption now allowed for marine fuel used for non-propulsion purposes aboard watercraft.

The increasing demand for harbor facilities throughout the state necessitates an increase in this tax. The marine fuel tax is paid into a special account in the general fund and is returned to the boater in the form of appropriations for improved harbor facilities. Most commercial fishermen and recreational boaters are already aware of the problems encountered in recent years in trying to maintain a viable harbor improvement program in the face of spiraling construction costs without increases in revenues. They are familiar with over-crowded moorage facilities and long waiting lists.

It is my opinion that there is no basis for exempting all non-propulsion fuel used aboard watercraft. It is not difficult for an individual to circumvent the law, with little chance of being caught, if he wilfully chooses to do so. A careful analysis of fuel transfer records shows marked differences in the percentage exempted from area to area, indicating a likelihood that fuel purchased for non-propulsion purposes is used for propulsion in many instances. Apparently there are cases of owners exempting large quantities of fuel during certain periods on the pretense that they are moored and not using their main propulsion. I do feel that a reasonable exemption should be granted for diesel fuel used for cooking and heating since this fuel is similar to fuel used in households for the same purpose. By the terms of the bill, up to 25 per cent of a fueling of diesel fuel may be exempt from tax if it is to be used for cooking and heating.

Based on historical data and revenue projections, it is estimated that the legislation proposed would net an additional \$1,300,000 to the Watercraft Fuel Tax Account in Fiscal Year 1977.

In the last legislative session, the administration introduced House Bill 306 to change the basic motor fuel tax from eight to ten cents per gallon. The watercraft fuel tax rate is not affected by House Bill 306. However, since the two tax rates are set by the same section, AS 43.40.010, this bill and House Bill 306 could be considered together.

Sincerely,

Jay S. Hammond
Governor

Fuel Delivered FY 75.	33,921,391 gallons
Fuel Exempted FY 75	6,831,066 gallons
Taxable Fuel FY 75.	27,090,327 gallons

FY 75 Tax collected = $27,090,327 \times .04 = \$1,083,613$

Estimated growth FY 75 to FY 77 = 16.3%

Estimated FY 77 tax based on 2¢ per gallon increase in tax =
 $27,090,327 \times 116.3 \times .06 = \$1,890,363$

Estimated FY 77 tax based on elimination of exemptions =
 $33,921,391 \times 116.3 \times .04 = \$1,578,023$

Estimated FY 77 tax based on 2¢ increase plus elimination =
 $33,921,391 \times 116.3 \times .05 = \$2,367,035$

Normal increase by FY 77 = $\$1,083,613 \times 116.3 = \$1,260,242$

Increase due to 2¢ additional tax = $\$1,890,363 - 1,260,242 = \$630,121$

Increase due to elimination = $\$1,578,023 - 1,260,242 = \$317,781$

Increase due to combination = $\$2,367,035 - 1,260,242 = \$1,106,793$

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE

Second Session - Ninth Legislature

I. REQUEST

Bill No. House Bill No. 675
 Title: Relating to the tax on motor fuel for watercraft
 Requested by: House Finance Date: 2/12/76
 Return Date Requested: _____
 Agency Dept. of Public Works Program: Division of Water and Harbors

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Water and Harbors Facilities

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL		1,290.0	1,393.2	1,504.7	1,730.4	1,842.8
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		1,290.0	1,393.2	1,504.7	1,730.4	1,842.8

B. FUNDING: (Thousands of dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

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

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

It is estimated that the proposed legislation will generate the additional revenues indicated. These estimates are based on historical data and revenue projections as prepared by the Division of Water and Harbors and Department of Revenue. It is assumed that the increased revenues will be appropriated to Water and Harbors as a part of the traditional small boat harbor development program and utilized to complete needed improvements throughout the State.

IV. ATTACHMENTS

- Worksheet for calculating revenue increases.

V. DATE: February 11, 1976 PREPARED BY: Don Statter, Director
 Division of Water and Harbors

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

FY 1975 FUEL TAX

In 1975 the Marine Fuel Tax generated \$1,145,000 in revenue. At the present rate of 4¢ per gallon, this indicates that 28.6 million gallons of fuel were taxed. In addition, records show that an additional 6.8 million gallons were exempted from the tax on the basis of affidavits signed by the purchaser claiming non-propulsion use. For purposes of these projections, it is assumed that, in FY 75, 6.1 million gallons of gasoline and 29.3 million gallons of diesel fuel were delivered.

GROWTH RATES

Growth rates for marine fuel sales have been estimated at between 6 and 10 percent. Data available for the first five months of FY 76 shows an increase of approximately 8% which would appear to bear out these predictions. To project current data to FY 77, an annual rate of 8% appears reasonable.

Beyond 1977, changes could take place that will substantially alter this 8% rate. A substantial increase should take place toward the end of the decade predicated on the hoped for fisheries rehabilitation and enhancement programs. This should be followed by a period of normal growth somewhat moderated by a slowdown in pipeline activity which should tend to offset the continued growth in recreational boating.

COOKING AND HEATING EXEMPTION

The proposed legislation sets the maximum allowable diesel exemption at 25%. Even though this figure may be generous for the larger boats, it is expected that the full legal exemption will be claimed in most cases. This is based on the fact that nearly 30% is being exempted at present and the affidavit system does little to discourage cheating.

PROJECTION TO FY 77

Gas	=	6.1 million gallons x 8% x 8% x 8¢	=	569,500
Diesel	=	29.3 million gallons x 8% x 8% x 75% x 8¢	=	<u>2,050,500</u>
		FY 77 FUEL TAX	=	2,620,000
		ESTIMATED FY 77 TAX BASED ON CURRENT STATUTES	=	<u>1,330,000</u>
		NET INCRLEASE		\$1,290,000

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE

Second Session - Ninth Legislature

I. REQUEST

Bill No. House Bill #675
 Title: An Act relating to the tax on motor fuel for watercraft
 Requested by: House Finance Committee Date: _____
 Return Date Requested: _____
 Agency: Revenue Program: Audit

II. FISCAL DETAIL

Budget Request Unit(s) Affected: _____

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	None	None	None	None	None	None

B. FUNDING: (Thousands of dollars)

GENERAL FUND	None	None	None	None	None	None
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	0 / 0	0 / 0	0 / 0	0 / 0	0 / 0	0 / 0
MAN MONTHS (P./T.)	0 / 0	0 / 0	0 / 0	0 / 0	0 / 0	0 / 0

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

N/A

IV. ATTACHMENTS

- Memo from R. G. Mitchell dated February 5, 1976.
- Revenue Projections Detail (Form 22) Marine Fuel Tax as submitted by the Audit Division of the Department of Revenue for inclusion in Revenue Source Document.
- Statistical Record for past 5 years on Marine Fuel gallons sold or transferred in

V. DATE: 2-5-76 PREPARED BY: *Gary Jenkins* Alaska.

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

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE

Second Session - Ninth Legislature

I. REQUEST

Bill No. _____
 Title: Relating to the tax on motor fuel for watercraft
 Requested by: Fran Ulmer Date: December 15, 1975
 Return Date Requested: December 22, 1975
 Agency: Public Works Program: Water and Harbors

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Water and Harbors Facilities

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL		1,107.0	1,185.0	1,305.0	1,376.0	1,466.0
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		1,107.0	1,185.0	1,305.0	1,376.0	1,466.0

B. FUNDING: (Thousands of dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

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

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

It is estimated that the proposed legislation will generate the additional revenues indicated. These estimates are based on historical data and revenue projections as prepared by Water and Harbors and contained in their FY 77 Capital Budget Request. It is assumed that the increased revenues will be appropriated to Water and Harbors as a part of the traditional small boat harbor development program and utilized to complete needed improvements throughout the State.

IV. ATTACHMENTS

1. Water and Harbors Revenue estimated from FY 77 Budget Request.
2. Water and Harbors work sheet for calculating first year revenue increase.

V. DATE: December 18, 1975 PREPARED BY: Don Statter, Director
 Division of Water and Harbors

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

Fuel Delivered FY 75	33,921,391 gallons
Fuel Exempted FY 75	6,831,066 gallons
Taxable Fuel FY 75	27,090,327 gallons

FY 75 Tax collected = $27,090,327 \times .04 = \$1,083,613$

Estimated growth FY 75 to FY 77 = 16.3%

Estimated FY 77 tax based on 2¢ per gallon increase in tax =
 $27,090,327 \times 116.3 \times .06 = \$1,890,363$

Estimated FY 77 tax based on elimination of exemptions =
 $33,921,391 \times 116.3 \times .04 = \$1,578,023$

Estimated FY 77 tax based on 2¢ increase plus elimination =
 $33,921,391 \times 116.3 \times .06 = \$2,367,035$

Normal increase by FY 77 = $\$1,083,613 \times 116.3 = \$1,260,242$

Increase due to 2¢ additional tax = $\$1,890,363 - 1,260,242 = \$630,121$

Increase due to elimination = $\$1,578,023 - 1,260,242 = \$317,781$

Increase due to combination = $\$2,367,035 - 1,260,242 = \$1,106,793$

SOURCE OF REVENUE - The tax on fuel used in engines for the propulsion of boats and watercraft is four cents per gallon with an exemption for the portion claimed as being for non-propulsion. Although not a dedicated fund as such, these revenues have traditionally been used to finance the Water and Harbors construction program. The Marine Fuel Tax account in the general fund maintains the identity of this revenue source and is the financial basis for the Water and Harbors budget as presented herein. Statutory authority is contained in AS 43.40.010-100.

The projections presented here are based on the "FISHERIES" assumptions contained in the Budget Instructions. In general, a very nominal growth rate was applied to the period through 1978; a substantial increase at the end of the decade predicated on the hoped for improvement in climatic conditions together with the first effects of a rehabilitation and an enhancement program; followed by a period of normal growth. These factors are modified by increases in recreational boating, due to population growth, increased employment, and generally higher wages, attributable in part to pipeline construction. (The latest Marine Fuel Tax Estimate available from the Department of Revenue is attached for reference purposes.)

1975	Actual	1,100.0	1979	Estimate	1,485.0
1976	Estimate	1,177.0	1980	Estimate	1,570.0
1977	Estimate	1,260.0	1981	Estimate	1,660.0
1978	Estimate	1,350.0	1982	Estimate	1,760.0

BRU WATER AND HARBORS FACILITIES BRU CODE 13-73-3-03-00-00 REVISED

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE

Second Session - Ninth Legislature

I. REQUEST

Bill No. Senate Bill
 Title: An Act relating to the tax on motor fuel for watercraft
 Requested by: Fran Ulmer, Leg. Asst. to Gov. Date: 12/15/75
 Return Date Requested: 12/22/75
 Agency: Department of Revenue Program: Audit Division

II. FISCAL DETAIL

Budget Request Unit(s) Affected: _____

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	None	None	None	None	None	None

B. FUNDING: (Thousands of dollars)

GENERAL FUND	None	None	None	None	None	None
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	0 / 0	0 / 0	0 / 0	0 / 0	0 / 0	0 / 0
MAN MONTHS (P./T.)	0 / 0	0 / 0	0 / 0	0 / 0	0 / 0	0 / 0

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

See attached Revenue Projections Detail for Marine Fuel Tax as prepared by the Audit Division of the Department of Revenue with reference to the estimated revenues for the Fiscal Years 1977 and 1978. Increasing the tax from 4¢ to 6¢ would produce estimated additional tax revenues of \$671,880 for FY 77 and \$772,550 for FY 78. The elimination of the exemption from tax on fuel used for heating and cooking purposes aboard boats and watercraft would produce estimated additional revenues at the new tax of 6¢ per gallon of \$390,000 for FY 77 and \$448,500 for FY 78.

IV. ATTACHMENTS

Revenue Projections Detail (Form 22) for Marine Fuel Tax as submitted by the Audit Division of the Department of Revenue for inclusion in Revenue Source Document.

V. DATE: 12-17-75 PREPARED BY: Robert Mitchell

Robert Mitchell, Revenue Auditor
Department of Revenue

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

22 REVENUE PROJECTIONS DETAIL

FUND 100	RECEIPT CODE 023	RECEIPT TITLE MARINE FUEL TAX		
ALLOCATION CODE 04-93-8-100		BRU CODE 04-93-1-01-01-00		
FY 75 ACTUAL RECEIPTS	FY 76 ESTIMATED RECEIPTS	FY 76 REVISED ESTIMATE	FY 77 ESTIMATED RECEIPTS	FY 78 ESTIMATED RECEIPTS
1,145.2	1,244.1	1,244.1	1,343.6	1,545.1

STATE GENERATED RECEIPTS

ADDITIONAL DATA

UNRESTRICTED

REFERENCE: A. S. 43.40.010-100 (As Amended)
ESTIMATE METHOD

Rate: The tax on motor fuel used in engines for the propulsion of boats and watercraft of all descriptions is 4¢ per gallon except that portion claimed at the time of purchase as exempt for non-propulsion use such as heating and cooking.

See "Additional Data"

Revenues are deposited in a special "Watercraft Fuel Tax Account" in the General Fund.

RESTRICTED (PROGRAM / INTERAGENCY)

FY 76 Budget Original Estimate: 1,244.1
FY 76 Budget Revised Estimate: 1,244.1

REFERENCE (A. S.; R. S. A.; ETC.):
ESTIMATE METHOD

Collections 7/1/75 - 10/31/75 (575.4) are .4% less than in the line prior year period. With the disastrous 1975 commercial fishing and no indication for an improvement in 1976 there is no justification for revising the FY 76 estimate in either direction.

FEDERAL RECEIPTS

REFERENCE: P. L.
TITLE:
HOW COMPUTED:
TERMS/ STATUS:
MATCH/MAINTENANCE
OF EFFORT:
REQUIREMENTS MET: BRU

FY 77 Budget Estimate: 1,343.6
+8%

Because of demographic projections of 12% population increase and a slight increase in off shore drilling activity an 8% increase has been estimated for FY 77. Commercial fishing remains below normal levels but there will be an increase in pleasure craft population.

BRU AUDIT

BRU CODE 4-93-1-01-01-00

REVISED

Additional Data (contd) Marine Fuel Tax

FY 78 Budget Estimate	1,545.1
8%	
<u>7%</u>	
+15%	

In addition to an estimated 8% increase based on demographic projections, commercial fishing runs are predicted to recover as a result of new fish spawning techniques and a normal return of 3 year and 5 year spawning runs resulting in a total increase of 15% over FY 77.

In the event Federal & State Lease sales in Coastal waters become fact an additional increase can be expected due to marine traffic to and from drilling platforms.

The water transport from Valdez of oil from the North Slope is not expected to effect FY 78 but certainly will be a factor in FY. 79.

ERU _____ AUDIT _____ BRU CODE 04-93-1-01-01-00 REVISED _____

EXPLANATION

Original sponsor: Rules Committee by
request of the Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 675

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the tax on motor fuel for water-
7 craft; and providing for an effective date."

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

9 * Section 1. AS 43.40.010(a) and (b) are amended to read:

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11 fuel sold or otherwise transferred within the state, except that

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

13 (2) the tax on motor fuel used in [ENGINES FOR THE PROPULSION
14 OF] boats and watercraft of all descriptions is four cents a gallon [;
15 IF A PERSON CLAIMS AN EXEMPTION FOR NONPROPULSION USE UNDER THIS PARA-
16 GRAPH, HE SHALL SIGN A STATEMENT AT THE TIME OF THE SALE OR TRANSFER
17 ATTESTING TO THE FACT THAT THE AMOUNT OF FUEL FOR WHICH HE CLAIMS THE
18 EXEMPTION WILL BE USED ONLY FOR NONPROPULSION USE ABOARD A BOAT OR
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21 and one-half cents a gallon.

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23 fuel consumed by a user, except that

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27 SION OF] boats and watercraft of all descriptions is four cents a
28 gallon [; IF A PERSON CLAIMS AN EXEMPTION FOR NONPROPULSION USE UNDER
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6 * Sec. 2. AS 43.40.020(b) is repealed.

7 * Sec. 3. AS 43.40.100(2) is amended to read:

8 (2) "motor fuel" means fuel used in an engine for the pro-
9 pulsion of a motor vehicle or [,] aircraft, and fuel used in a boat or
10 watercraft, or in a stationary engine, machine or mechanical contrivance
11 which is run [PROPELLED] by an internal combustion motor; "motor fuel"
12 does not include [EXCEPT ON CONSIGNMENTS OF MOTOR]

13 (A) fuel consigned [OIL] to foreign countries,

14 (B) [EXCEPT MOTOR] fuel [OIL] sold for use in jet pro-
15 pulsion aircraft operating in flights to foreign countries,

16 (C) [AND EXCEPT] fuel used in stationary power plants
17 operating as public utility plants and generating electrical energy
18 for sale to the general public, [OR]

19 (D) fuel used by nonprofit power associations or cor-
20 porations for generating electric energy for resale, or

21 (E) fuel used by charitable institutions;

22 * Sec. 4. This Act takes effect July 1, 1976.
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Original sponsor: Rules Committee by
request of the Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 675

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the tax on motor fuel for water-
7 craft; and providing for an effective date."

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

9 * Section 1. AS 43.40.010(a) and (b) are amended to read:

10 (a) There is levied a tax of eight cents a gallon on all motor
11 fuel sold or otherwise transferred within the state, except that

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

13 (2) the tax on motor fuel used in [ENGINES FOR THE PROPULSION
14 OF] boats and watercraft of all descriptions is four cents a gallon [;
15 IF A PERSON CLAIMS AN EXEMPTION FOR NONPROPULSION USE UNDER THIS PARA-
16 GRAPH, HE SHALL SIGN A STATEMENT AT THE TIME OF THE SALE OR TRANSFER
17 ATTESTING TO THE FACT THAT THE AMOUNT OF FUEL FOR WHICH HE CLAIMS THE
18 EXEMPTION WILL BE USED ONLY FOR NONPROPULSION USE ABOARD A BOAT OR
19 WATERCRAFT], and

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

22 (b) There is levied a tax of eight cents a gallon on all motor
23 fuel consumed by a user, except that

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

26 (2) the tax on motor fuel used in [ENGINES FOR THE PROPUL-
27 SION OF] boats and watercraft of all descriptions is four cents a
28 gallon [; IF A PERSON CLAIMS AN EXEMPTION FOR NONPROPULSION USE UNDER
29 THIS PARAGRAPH, HE SHALL SIGN A STATEMENT AT THE TIME OF PURCHASE

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2 EXEMPTION WILL BE USED ONLY FOR NONPROPULSION USE ABOARD A BOAT OR
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6 * Sec. 2. AS 43.40.020(b) is repealed.

7 * Sec. 3. AS 43.40.100(2) is amended to read:

8 (2) "motor fuel" means fuel used in an engine for the pro-
9 pulsion of a motor vehicle or [,] aircraft, and fuel used in a boat or
10 watercraft, or in a stationary engine, machine or mechanical contrivance
11 which is run [PROPELLED] by an internal combustion motor; "motor fuel"
12 does not include [EXCEPT ON CONSIGNMENTS OF MOTOR]

13 (A) fuel consigned [OIL] to foreign countries,

14 (B) [EXCEPT MOTOR] fuel [OIL] sold for use in jet pro-
15 pulsion aircraft operating in flights to foreign countries,

16 (C) [AND EXCEPT] fuel used in stationary power plants
17 operating as public utility plants and generating electrical energy
18 for sale to the general public, [OR]

19 (D) fuel used by nonprofit power associations or cor-
20 porations for generating electric energy for resale, or

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22 * Sec. 4. This Act takes effect July 1, 1976.
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Original sponsor: Rules Committee by
request of the Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 675

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the tax on motor fuel for water-
7 craft; and providing for an effective date."

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

9 * Section 1. AS 43.40.010(a) and (b) are amended to read:

10 (a) There is levied a tax of eight cents a gallon on all motor
11 fuel sold or otherwise transferred within the state, except that

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

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14 OF] boats and watercraft of all descriptions is four cents a gallon [;
15 IF A PERSON CLAIMS AN EXEMPTION FOR NONPROPULSION USE UNDER THIS PARA-
16 GRAPH, HE SHALL SIGN A STATEMENT AT THE TIME OF THE SALE OR TRANSFER
17 ATTESTING TO THE FACT THAT THE AMOUNT OF FUEL FOR WHICH HE CLAIMS THE
18 EXEMPTION WILL BE USED ONLY FOR NONPROPULSION USE ABOARD A BOAT OR
19 WATERCRAFT], and

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

22 (b) There is levied a tax of eight cents a gallon on all motor
23 fuel consumed by a user, except that

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

26 (2) the tax on motor fuel used in [ENGINES FOR THE PROPUL-
27 SION OF] boats and watercraft of all descriptions is four cents a
28 gallon [; IF A PERSON CLAIMS AN EXEMPTION FOR NONPROPULSION USE UNDER
29 THIS PARAGRAPH, HE SHALL SIGN A STATEMENT AT THE TIME OF PURCHASE

1 ATTESTING TO THE FACT THAT THE AMOUNT OF FUEL FOR WHICH HE CLAIMS THE
2 EXEMPTION WILL BE USED ONLY FOR NONPROPULSION USE ABOARD A BOAT OR
3 WATERCRAFT], and

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9 pulsion of a motor vehicle or [,] aircraft, and fuel used in a boat or
10 watercraft, or in a stationary engine, machine or mechanical contrivance
11 which is run [PROPELLED] by an internal combustion motor; "motor fuel"
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15 pulsion aircraft operating in flights to foreign countries,

16 (C) [AND EXCEPT] fuel used in stationary power plants
17 operating as public utility plants and generating electrical energy
18 for sale to the general public, [OR]

19 (D) fuel used by nonprofit power associations or cor-
20 porations for generating electric energy for resale, or

21 (E) fuel used by charitable institutions;

22 * Sec. 4. This Act takes effect July 1, 1976.
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ALASKA STATE LEGISLATURE

NINTH.. Legislature SECOND... Session

HOUSE BILL..... NO. 675..

By .RULES.COMMITTEE.BY.REQUEST OF THE GOVERNOR

"An Act relating to the tax on motor fuel for watercraft; and providing for an effective date."

Motor fuel for watercraft, tax

Introduced in the House1/30., 19.76

HISTORY IN THE HOUSE

19 76	Read first time and referred to Committee on Finance																						
Jan 30	Reported back with recommendation that																						
	Read second time and																						
	Read third time and																						
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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																						
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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: 1/30/76
Referred: Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 675

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the tax on motor fuel for water-
7 craft; and providing for an effective date."

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

9 * Section 1. AS 43.40.010(a) is amended to read:

10 CHAPTER 40. MOTOR FUEL [OIL] TAX.

11 (a) There is levied a tax of eight cents a gallon on all motor
12 fuel sold or otherwise transferred within the state, except that
13 (1) the tax on aviation gasoline is four cents a gallon,
14 (2) the tax on motor fuel used in [ENGINES FOR THE PROPUL-
15 SION OF] boats and watercraft of all descriptions, excluding that
16 motor fuel which is to be used for heating and cooking aboard boats
17 and watercraft, is eight [FOUR] cents a gallon; if a person claims an
18 exemption for cooking and heating [NONPROPULSION] use under this
19 paragraph, he shall sign a statement at the time of the sale or
20 transfer attesting to the fact that the amount of fuel for which he
21 claims the exemption will be used only for cooking and heating [NON-
22 PROPULSION USE] aboard a boat or watercraft, but the exemption applies
23 to no more than 25 per cent of the sale or transfer of motor fuel, and
24 (3) the tax on all aviation fuel other than gasoline is two
25 and one-half cents a gallon.

26 * Sec. 2. AS 43.40.010(b) is amended to read:

27 (b) There is levied a tax of eight cents a gallon on all motor
28 fuel consumed by a user, except that
29 (1) the tax on aviation gasoline consumed is four cents a

1 gallon,

2 (2) the tax on motor fuel used in [ENGINES FOR THE PROPUL-
3 SION OF] boats and watercraft of all descriptions excluding that motor
4 fuel used for heating and cooking aboard boats and watercraft, is
5 eight [FOUR] cents a gallon; if a person claims an exemption for
6 cooking and heating [NONPROPULSION] use under this paragraph, he shall
7 sign a statement at the time of the sale or transfer [PURCHASE] attest-
8 ing to the fact that the amount of fuel for which he claims the exemp-
9 tion will be used only for cooking and heating [NONPROPULSION] use
10 aboard a boat or watercraft, but the exemption applies to no more than
11 25 per cent of the sale or transfer of motor fuel, and

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

14 * Sec. 3. AS 43.40.020(b) is amended to read:

15 (b) A person who claims the heating and cooking [NONPROPULSION]
16 use fuel tax exemption under sec. 10(a)(2) or sec. 10(b)(2) of this
17 chapter and who uses a portion of the amount of the exempted fuel for
18 another purpose is guilty of a misdemeanor, and is punishable by a
19 fine of not more than \$5,000.

20 * Sec. 4. AS 43.40.100(2) is amended to read:

21 (2) "motor fuel" means fuel used in an engine for the
22 propulsion of a motor vehicle or [,] aircraft, and fuel used in a boat
23 or watercraft, or in a stationary engine, machine or mechanical
24 contrivance which is run [PROPELLED] by an internal combustion motor;
25 "motor fuel" does not include [EXCEPT ON CONSIGNMENTS OF MOTOR]

26 (A) fuel consigned [OIL] to foreign countries,

27 (B) [EXCEPT MOTOR] fuel [OIL] sold for use in jet
28 propulsion aircraft operating in flights to foreign countries,

29 (C) [AND EXCEPT] fuel used in stationary power plants

1 operating as public utility plants and generating electrical
2 energy for sale to the general public, [OR]

3 (D) fuel used by nonprofit power associations or
4 corporations for generating electric energy for resale, or

5 (E) fuel used by charitable institutions;

6 * Sec. 5. This Act takes effect July 1, 1976.
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THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE

Second Session - Ninth Legislature

I. REQUEST

Bill No. House Bill #675
 Title: An Act relating to the tax on motor fuel for watercraft
 Requested by: House Finance Committee Date: _____
 Return Date Requested: _____
 Agency: Revenue Program: Audit

II. FISCAL DETAIL

Budget Request Unit(s) Affected: _____

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	None	None	None	None	None	None

B. FUNDING: (Thousands of dollars)

GENERAL FUND	None	None	None	None	None	None
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	0 / 0	0 / 0	0 / 0	0 / 0	0 / 0	0 / 0
MAN MONTHS (P./T.)	0 / 0	0 / 0	0 / 0	0 / 0	0 / 0	0 / 0

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section 72.)

N/A

IV. ATTACHMENTS

1. Memo from R. G. Mitchell dated February 5, 1976.
2. Revenue Projections Detail (Form 22) Marine Fuel Tax as submitted by the Audit Division of the Department of Revenue for inclusion in Revenue Source Document.
3. Statistical Record for past 5 years on Marine Fuel gallons sold or transferred in

V. DATE: 2-5-76 PREPARED BY: [Signature] Alaska.

Original: Legislative Finance
 cc: Budget and Management
 (Please sponsor (VTR) designated item)

MEMORANDUM

State of Alaska

TO: Gary L. Jenkins
Director

DATE: February 5, 1976

FILE NO:

TELEPHONE NO:

FROM: R. G. Mitchell
Revenue Auditor



SUBJECT: House Bill #675

Increasing the tax from 4¢ per gallon to 8¢ per gallon would produce estimated additional revenues of \$1,343,600 for FY 77 and \$1,545,100 for FY 78. Restricting the exemption from tax on fuel used for heating and cooking purpose aboard boats and watercraft to 25% of each purchase would increase the revenue on diesel fuel an additional approximate \$20,000 in FY 77 and \$22,500 in FY 78.

RGM/bjm

MARINE FUEL DIESEL

	FY 71	FY 72	FY 73	FY 74	FY 75
Total Gallons	22,454,855	21,741,501	34,391,418	27,672,073	25,615,729
Exempt Gallons	2,726,319	10,849	12,962,389	7,470,150	4,554,110
Division I	5,920,543	6,653,363	7,212,725	7,155,371	6,820,660
Division II	209,932	466,378	112,837	121,005	162,784
Division III	13,307,324	14,020,217	13,757,457	12,563,379	13,650,286
Division IV	209,737	590,694	346,010	362,168	427,889
Total Taxable Gallons	19,728,536	21,730,652	21,429,029	20,201,923	21,061,619
Non-Propulsion (Non-Taxable) % to Taxable Gallons	-0-	-0-	*1,338,210 6.24%	6,883,901 34.08%	6,831,066 32.43%

* Chapter 153, Laws of 1972 provided for non-propulsion exemption for heating and cooking aboard watercraft - effective date July 1, 1972.

MARINE FUEL GASOLINE

	FY 71	FY 72	FY 73	FY 74	FY 75
Total Gallons	5,983,083	5,310,976	5,461,045	6,170,104	6,055,498
Exempt Gallons	7,093	8,027	148,346	21,479	26,790
Division I	2,056,741	1,823,736	1,888,127	2,161,252	2,132,697
Division II	319,792	386,370	323,634	485,082	744,981
Division III	2,829,121	2,257,806	2,106,819	2,514,323	2,175,059
Division IV	770,336	835,037	994,119	987,968	975,971
Total Taxable Gallons	5,975,990	5,302,949	5,312,699	6,148,625	6,028,708

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE
 Second Session - Ninth Legislature

I. REQUEST

Bill No. NB675
 Title: Relating to the tax on motor fuel for watercraft
 Requested by: Fran Ulmer Date: December 15, 1975
 Return Date Requested: December 22, 1975
 Agency: Public Works Program: Water and Harbors

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Water and Harbors Facilities

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL		1,107.0	1,185.0	1,305.0	1,376.0	1,466.0
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		1,107.0	1,185.0	1,305.0	1,376.0	1,466.0

B. FUNDING: (Thousands of dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

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

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

It is estimated that the proposed legislation will generate the additional revenues indicated. These estimates are based on historical data and revenue projections as prepared by Water and Harbors and contained in their FY 77 Capital Budget Request. It is assumed that the increased revenues will be appropriated to Water and Harbors as a part of the traditional small boat harbor development program and utilized to complete needed improvements throughout the State.

IV. ATTACHMENTS

1. Water and Harbors Revenue estimated from FY 77 Budget Request.
2. Water and Harbors work sheet for calculating first year revenue increase.

V. DATE: December 18, 1975 PREPARED BY: Don Statter, Director
 Division of Water and Harbors

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

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE
 Second Session - Ninth Legislature

I. REQUEST

Bill No. Senate Bill
 Title: An Act relating to the tax on motor fuel for watercraft
 Requested by: Fran Ulmer, Leg. Asst. to Gov. Date: 12/15/75
 Return Date Requested: 12/22/75
 Agency: Department of Revenue Program: Audit Division

II. FISCAL DETAIL

Budget Request Unit(s) Affected: _____

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	None	None	None	None	None	None

B. FUNDING: (Thousands of dollars)

GENERAL FUND	None	None	None	None	None	None
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	0 / 0	0 / 0	0 / 0	0 / 0	0 / 0	0 / 0
MAN MONTHS (P./T.)	0 / 0	0 / 0	0 / 0	0 / 0	0 / 0	0 / 0

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

See attached Revenue Projections Detail for Marine Fuel Tax as prepared by the Audit Division of the Department of Revenue with reference to the estimated revenues for the Fiscal Years 1977 and 1978. Increasing the tax from 4¢ to 6¢ would produce estimated additional tax revenues of \$671,880 for FY 77 and \$772,550 for FY 78. The elimination of the exemption from tax on fuel used for heating and cooking purposes aboard boats and watercraft would produce estimated additional revenues at the new tax of 6¢ per gallon of \$390,000 for FY 77 and \$448,500 for FY 78.

IV. ATTACHMENTS

Revenue Projections Detail (Form 22) for Marine Fuel Tax as submitted by the Audit Division of the Department of Revenue for inclusion in Revenue Source Document.

V. DATE: 12-17-75 PREPARED BY: Robert Mitchell

Robert Mitchell, Revenue Auditor
 Department of Revenue

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

THE LEGISLATURE OF THE STATE OF ALASKA
FISCAL NOTE
 Second Session - Ninth Legislature

I. REQUEST

Bill No. House Bill No. 675
 Title: Relating to the tax on motor fuel for watercraft
 Requested by: House Finance Date: 2/12/76
 Return Date Requested: _____
 Agency Dept. of Public Works Program: Division of Water and Harbors

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Water and Harbors Facilities

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL		1,290.0	1,393.2	1,504.7	1,730.4	1,842.8
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		1,290.0	1,393.2	1,504.7	1,730.4	1,842.8

B. FUNDING: (Thousands of dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

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

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

It is estimated that the proposed legislation will generate the additional revenues indicated. These estimates are based on historical data and revenue projections as prepared by the Division of Water and Harbors and Department of Revenue. It is assumed that the increased revenues will be appropriated to Water and Harbors as a part of the traditional small boat harbor development program and utilized to complete needed improvements throughout the State.

IV. ATTACHMENTS

- Worksheet for calculating revenue increases.

V. DATE: February 11, 1976 PREPARED BY: Don Statter, Director
 Division of Water and Harbors

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

FY 1975 FUEL TAX

In 1975 the Marine Fuel Tax generated \$1,145,000 in revenue. At the present rate of 4¢ per gallon, this indicates that 28.6 million gallons of fuel were taxed. In addition, records show that an additional 6.8 million gallons were exempted from the tax on the basis of affidavits signed by the purchaser claiming non-propulsion use. For purposes of these projections, it is assumed that, in FY 75, 6.1 million gallons of gasoline and 29.3 million gallons of diesel fuel were delivered.

GROWTH RATES

Growth rates for marine fuel sales have been estimated at between 6 and 10 percent. Data available for the first five months of FY 76 shows an increase of approximately 8% which would appear to bear out these predictions. To project current data to FY 77, an annual rate of 8% appears reasonable.

Beyond 1977, changes could take place that will substantially alter this 8% rate. A substantial increase should take place toward the end of the decade predicated on the hoped for fisheries rehabilitation and enhancement programs. This should be followed by a period of normal growth somewhat moderated by a slowdown in pipeline activity which should tend to offset the continued growth in recreational boating.

COOKING AND HEATING EXEMPTION

The proposed legislation sets the maximum allowable diesel exemption at 25%. Even though this figure may be generous for the larger boats, it is expected that the full legal exemption will be claimed in most cases. This is based on the fact that nearly 30% is being exempted at present and the affidavit system does little to discourage cheating.

PROJECTION TO FY 77

Gas	=	6.1 million gallons x 8% x 8% x 8¢	=	569,500
Diesel	=	29.3 million gallons x 8% x 8% x 75% x 8¢	=	<u>2,050,500</u>
		FY 77 FUEL TAX	=	2,620,000
		ESTIMATED FY 77 TAX BASED ON CURRENT STATUTES	=	<u>1,330,000</u>
		NET INCREASE		\$1,290,000

Original sponsor: Rules Committee by
request of the Governor

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 675

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 NINTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the tax on motor fuel for water-
7 craft; and providing for an effective date."

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

9 * Section 1. AS 43.40.010(a) and (b) are amended to read:

10 (a) There is levied a tax of eight cents a gallon on all motor
11 fuel sold or otherwise transferred within the state, except that

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

13 (2) the tax on motor fuel used in [ENGINES FOR THE PROPULSION
14 OF] boats and watercraft of all descriptions is four cents a gallon [;
15 IF A PERSON CLAIMS AN EXEMPTION FOR NONPROPULSION USE UNDER THIS PARA-
16 GRAPH, HE SHALL SIGN A STATEMENT AT THE TIME OF THE SALE OR TRANSFER
17 ATTESTING TO THE FACT THAT THE AMOUNT OF FUEL FOR WHICH HE CLAIMS THE
18 EXEMPTION WILL BE USED ONLY FOR NONPROPULSION USE ABOARD A BOAT OR
19 WATERCRAFT], and

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

22 (b) There is levied a tax of eight cents a gallon on all motor
23 fuel consumed by a user, except that

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

26 (2) the tax on motor fuel used in [ENGINES FOR THE PROPUL-
27 SION OF] boats and watercraft of all descriptions is four cents a
28 gallon [; IF A PERSON CLAIMS AN EXEMPTION FOR NONPROPULSION USE UNDER
29 THIS PARAGRAPH, HE SHALL SIGN A STATEMENT AT THE TIME OF PURCHASE

1 ATTESTING TO THE FACT THAT THE AMOUNT OF FUEL FOR WHICH HE CLAIMS THE
2 EXEMPTION WILL BE USED ONLY FOR NONPROPULSION USE ABOARD A BOAT OR
3 WATERCRAFT], and

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

6 * Sec. 2. AS 43.40.020(b) is repealed.

7 * Sec. 3. AS 43.40.100(2) is amended to read:

8 (2) "motor fuel" means fuel used in an engine for the pro-
9 pulsion of a motor vehicle or [,] aircraft, and fuel used in a boat or
10 watercraft, or in a stationary engine, machine or mechanical contrivance
11 which is run [PROPELLED] by an internal combustion motor; "motor fuel"
12 does not include [EXCEPT ON CONSIGNMENTS OF MOTOR]

13 (A) fuel consigned [OIL] to foreign countries,

14 (B) [EXCEPT MOTOR] fuel [OIL] sold for use in jet pro-
15 pulsion aircraft operating in flights to foreign countries,

16 (C) [AND EXCEPT] fuel used in stationary power plants
17 operating as public utility plants and generating electrical energy
18 for sale to the general public, [OR]

19 (D) fuel used by nonprofit power associations or cor-
20 porations for generating electric energy for resale, or

21 (E) fuel used by charitable institutions;

22 * Sec. 4. This Act takes effect July 1, 1976.
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JULY 1, 1975 thru DECEMBER 31, 1975

	DIV I	DIV II	DIV III	DIV IV	TOTAL
FUEL SOLD	5,890,265	503,352	16,787,970	1,179,594	24,441,271
PRIOR YEAR	6,685,723	898,295	13,527,447	1,059,645	22,170,130
CHANGE	-11.9%		+24.1%		+10.2%
FUEL TAXED	4,943,412	554,180	11,461,368	984,131	17,943,091
PRIOR YEAR	5,746,223	895,315	10,295,264	1,059,645	17,996,467
CHANGE					-0.3%
FUEL EXEMP.	946,853	29,172	5,326,602	195,463	6,498,180
PRIOR YEAR	939,500	2,980	3,232,183		4,173,663
CHANGE	+0.8%		+64.8%		+55.7%
DIESEL TAXED	3,753,145		9,010,675		14,259,489
PRIOR YEAR	4,269,333		8,794,683		13,522,190
CHANGE					+5.5%
% DIESEL EX	20.2		37.2		31.3
PRIOR YEAR	18.0		26.9		23.6



