

HB

101

COMMITTEE REPORT

4/14

HOUSE

Speaker referred to

FURTHER: Finance

(5)

Date: April 8, 1982

Mr. Speaker:

The Committee on RULES has had HB 101

"An Act repealing the tax on motor fuel used in or on watercraft; and providing for an effective date."

under consideration and reports it back as follows:

- do pass [ ] do not pass
- [ ] do pass with attached amendments(s)
- [ X ] replace with CS for HB 101(Rules) [ X ] same title [ X ] new title
- and recommends do pass
- [ ] AND attaches a "Letter of Intent" [ ] New Fiscal Note
- [ ] reports it back without recommendation
- [ ] referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING DO PASS

John G. Fuller

[Signature]

[Signature]

[Signature]

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

MEMBERS HAVING OTHER RECOMMENDATIONS:

[Signature]

[Signature]

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

John G. Fuller

CHAIRMAN

COMMITTEE REPORT  
HOUSE

3/12

FURTHER: FINANCE

<sup>4</sup>  
2/3/81  
(5)

Date: 3/19/82

Mr. Speaker:

The Committee on STATE AFFAIRS has had HB 37

"An Act repealing all state taxes except the oil and gas corporate income tax (AS 43.21); and providing for an effective date."

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for HB37 (sa) ~~same title~~  
new title
- <sup>majority</sup> recommends DO PASS
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

[Signature] Mitchell, Ch.  
[Signature] Abood  
[Signature] Fanning

[Signature] Miller  
[Signature] NO REC.  
[Signature] Brown

COMMITTEE COPY

[Signature]  
CHAIRMAN

COMMITTEE REPORT

HOUSE

4/5  
Riley

FURTHER:

(11)

3/12/82

Date:

4-3-82

Mr. Speaker:

The Committee on FINANCE has had HB 37

"An Act repealing all state taxes except the oil and gas corporate income tax (AS 43.21); and providing for an effective date."

under consideration and ~~(a majority of the committee)~~ ~~(the committee)~~ reports it back with the following recommendations:

[ ] do pass [ ] do not pass

[ ] do pass with attached amendments(s)

replace with CS for HB 37 (FIN)  same title  
and <sup>may</sup> recommends do pass  new title

[ ] AND attaches a "Letter of Intent" [ ] New Fiscal Note

[ ] reports it back without recommendation

[ ] referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING

DO PASS

Donald Riley  
Stavropoulos  
R. B. Bettisworth  
Joseph (unclear)  
Jack Fall  
Albert P. Adams  
Dennis Furber

MEMBERS HAVING

OTHER RECOMMENDATIONS:

Not Rec - Montgomery

Albert P. Adams  
CHAIRMAN

COMMITTEE REPORT

HOUSE

1/29  
Ruler

2/24/81

FURTHER:

(11)

Date: 1/28/82

Mr. Speaker:

The Committee on FINANCE has had HB 101

"An Act repealing the tax on motor fuel used in or on watercraft; and providing for an effective date."

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for HB 101 (FIN)  same title  
 new title
- and recommends INDIVIDUAL REC.
- AND attaches a "Letter of Intent"  New Fiscal Note  
(3.6) 2/9/81
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

R. Britton

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

② Joe Montgomery - No Rec

③ W. Anderson - no rec

~~\_\_\_\_\_~~

④ Carlton - no rec

⑤ Chrisdy - no rec

Joseph - Do Not Pass

Jack Jille - DO NOT PASS

① Alberto. Ades - No Rec

Alberto. Ades  
CHAIRMAN

COMMITTEE REPORT

HOUSE

2/24

FURTHER: FINANCE

2/4/81

)

Date: 2-20-81

Mr. Speaker:

The Committee on RESOURCES has had HB 101

"An Act repealing the tax on motor fuel used in or on watercraft; and providing for an effective date."

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for \_\_\_\_\_  same title
- and recommends \_\_\_\_\_  new title
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

Fred J. Zboroff

William H. ...

Joseph ...

Anthony Vaska

Eric A. ...

Don ...

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

Smith Do Not Pass unless repeal on other motor fuel tax.

Thomas H. Barnes Do Not Pass unless repeal on other fuel

Rick Halpern Do NOT PASS

Robert A. B. ... No Rec.

Fred J. Zboroff  
CO-CHAIRMAN

Alaska State Legislature



MEMBERS:  
TERRY MARTIN, CHAIRMAN  
BERNARD BYLSMA, VICE CHAIRMAN  
RICHARD RANDOLPH  
TERRY GARDINER  
BRIAN ROGERS

POUCH V  
STATE CAPITOL  
JUNEAU, AK 99811  
PHONE (907) 465-3783

OFFICIAL BUSINESS

House of Representatives  
LABOR AND COMMERCE COMMITTEE

*Cherry*  
*R. 2-84*  
*BR*

To: Representative Al Adams, Chairman  
House Finance Committee  
From: Representative Terry Martin, Chairman  
House Labor & Commerce Committee  
Date: March 30, 1982  
Subject: HB 37 relating to the motor fuel tax.

On behalf of this committee, I urge you to adopt an amendment to HB 37, which is currently in your committee. We ask that you increase taxes on certain aviation fuels for a period of three years, specifically: increase the aviation gas tax to 4-1/2c, and increase the jet fuel tax to 2-1/4c. We further request that the additional tax monies be used to fund the Alaska Aviation Safety Foundation, and to encourage pilots to form group insurance plans. The Foundation feels that the tax needs to be collected for a period of only three years, after which they believe they will be self supporting.

We believe the work of the Alaska Aviation Safety Foundation to be in the interest of public safety. After extensive hearings, we also believe that the pilots of our state need a viable alternative to existing insurance programs, and would like to encourage them to form group insurance plans. Many air taxi operations and other air carriers are in danger of having to go out of business, due in large part to the high insurance rates they are forced to pay.

We appreciate your consideration of this request. If you desire further information or assistance, don't hesitate to contact my office.

*Terry Martin*  
\_\_\_\_\_  
Terry Martin, Chairman  
House Labor & Commerce Committee

jm



ALASKA AIRMEN'S ASSN., INC.

P.O. Box 4-1287

Anchorage, Alaska 99509



ALASKAN AVIATION SAFETY FOUNDATION  
4790 Business Park Boulevard  
Anchorage, Alaska 99503

Atten: Ms Tulinda Deegan,  
Executive Director

March 23, 1982

Dear Tulinda,

Per our discussions over a period of time, please allow this letter and its attachments to once again show the unqualified support of the Alaska Airmen's Association, Inc. for the goals and programs of the Foundation. We have enjoyed participating in program development to date, and look forward to the day when the program actually produces a study/training package into which the general aviation folks can sink their teeth.

Aviation safety and the focus of public attention on it has reached critical proportion. The resultant insurance, premium inflation presents a major difficulty for this state and the public, as small operators go out of business due to the inability to pay premiums. This at once creates a situation in which the expertise in the local area is lost and where competition is reduced... .. neither of which are a benefit to the public, nor lead to increased safety.

We know that there are private aviators who can no longer afford either hull insurance, or perhaps any insurance. *Unfortunately, not all of them have stopped flying,* and this creates a terrible liability problem for the public as well. We recognize that we absolutely must get a grip on the problem, and we see the Foundation's work to date and plans for implementing the next several stages, as the only viable program even under discussion anywhere, let alone under development.

The moment we heard that you had some encouragement in Juneau for the on-going "seed" money tied to a slight increase in aviation fuel taxes, our board endorsed the concept and developed the attached resolution. We recognize that it is never popular to add or increase a tax, and we may all have a "sales job" of our own to some of our members, but we are confident that when it is understood what is coming and what it offers us all, it will be widely accepted, as it is with all of us who have been exposed to it to date.

It is unfortunate that the level of funding that you anticipate at this time is not sufficient to develop all of the programs, but that is why we made our cash donation to the Foundation two weeks ago. We anticipate helping you find private sector donations to assist with the basic grant funds.



RESOLUTION OF THE BOARD OF DIRECTORS  
ALASKA AIRMEN'S ASSOCIATION, INCORPORATED

WHEREAS the Alaska Airmen's Association, Inc. is the largest general aviation organization in the State of Alaska, effectively representing the aviation interests of over 12,500 pilots in the State, and;

WHEREAS the Alaska Airmen's Association, Inc. is vitally concerned and involved with aviation safety in the State of Alaska, and;

WHEREAS it is widely recognized that a crisis of major proportions exists relating to the accident rates, liability claims and aviation insurance premium rates with the State of Alaska, and;

WHEREAS the *ALASKAN AVIATION SAFETY FOUNDATION* has become the definitive authority developing a master plan for a major and effective training program and campaign against the negative safety record, and;

WHEREAS said Foundation has completed its work under the first phase and has developed a program for implementation and requires certain grants and donations for said program implementation, therefore;

BE IT RESOLVED that the Alaska Airmen's Association, Inc. hereby fully supports the proposed increase of  $\frac{1}{2}$ ¢/gallon on aviation gasoline and  $\frac{1}{4}$ ¢/gallon on aviation turbine fuel, with said funds being made available to the Foundation to implement this invaluable program.

FURTHER BE IT RESOLVED, that this Association again fully endorses the goals and programs of the Alaskan Aviation Safety Foundation, and pledges again and with renewed enthusiasm, to assist at any point in the program development, and in participation of the private and general aviation aircrews, owners and maintenance personnel, in the training program so developed.

Adopted by the Board of Directors at its regular meeting in Anchorage, on Wednesday, 17 March 1982

PROPOSED AMENDMENT TO COMMITTEE BILL

\* Section \_\_\_ AS 43.40.010(e) is amended to read;

(e) Sixty per cent of the proceeds of the revenue from the taxes on aviation fuel, excluding the amount determined to have been spent by the state at its collection, shall be refunded to a municipality owning and operating or leasing and operating an airport in the proportion that the revenue was collected at the municipal airport. All other proceeds of the taxes on aviation fuel shall be paid into a special aviation fuel tax account in the general fund. The legislature [may] shall appropriate funds from this account for aviation facilities [.] and programs.

RATIONALE'

The purpose of this change is to simply assure that taxes collected on aviation fuel are spent on aviation projects. The current legislation would allow some 40% of the fund to lapse or be spent on other projects. In order to receive full support from the pilots, operators and aircraft owners, who in fact provide all the funds for this tax, this logical step needs to be taken.

Additionally, the addition of "and programs" at the end would facilitate expenditure on programs such as design, studies, masterplans and the like. Present language limits such expenditures to "facilities". This is absolutely mandatory in order that the Safety Foundation receive funds from the program.

NOTE: It appears that this change at the end of the last sentence is required in order to facilitate the Foundation plan, no matter what the treatment of the "may" "shall" question.



AIRCRAFT  
OWNERS  
AND  
PILOTS  
ASSOCIATION

ALASKAN AVIATION SAFETY FOUNDATION, INC.  
4790 Business Park Boulevard  
Anchorage, Alaska 99503

Atten: Ms Tulinda Deegan, Executive Director

081-26

Dear Tulinda,

22 March 1982

Please allow this letter to confirm our several discussions concerning AOPA's ongoing and sincere support for the goals and programs of the Alaskan Aviation Safety Foundation.

In particular, let us congratulate you and the American Airlines Training Corporation for the excellent package you have developed in the first phase of the study and plan to turn our accident and insurance rates around! As you know, we have supported your venture from the beginning, and that our President, John Baker has given you his personal promise of assistance and coordination. As you also know, the AOPA Safety Foundation exists for almost precisely the same purposes, but on a National level.

We have been very concerned that the program would lose momentum as the first phase becomes completed, and that obtaining the broad-based support and recognition you currently enjoy, could become difficult a year from now as you attempted to develop funds for the on-going implementation phases. We are extremely pleased to hear that you have evidently been able to find support in Juneau for a partial funding plan tied to a slight increase in aviation fuel taxes.

You should know that AOPA has been working through its regional representatives in a number of locations in the U.S. recently on similar plans. Of note are efforts currently underway in Washington State where private and general aviation members have emerged unanimous in support of increases in fuel taxes even as much as 2 to 3¢/gallon, tied to dedication of those funds to airport development. A very similar program is under way currently in Michigan as well. The program in Montana was similar, but has hit a temporary hitch.

So it should come as no surprise when the largest general aviation organization in the world can readily support an increase in the fuel tax its members will pay in Alaska. Whereas we recognize that there may be some negative concern for the increase on the part of some individual pilots or aircraft owners who do not yet understand the overall program, and may not see where this increase will benefit them directly, we feel confident that once initiated, they will join the broad-based support.

pp 2  
Alaskan Aviation Safety Foundation  
22 March 1982

The only other comment we would add to this endorsement, is that it would be our hope that while the statute is being amended, that one small addition be made to the Commerce Committee Bill to facilitate all the aviation fuel taxes going to aviation projects. It is our understanding that the Alaska Airmen's Association has taken a strong position on this matter, and has provided you with material to facilitate this inclusion. We support their position as well.

Thank you so much for keeping us informed and keeping us included in each of the developmental steps to date. I will fly to Juneau on the first of April to assist the Commerce Committee in any way I can in the present effort. Good luck in implementing the next stages of the plan. You are free to release this letter in whole or in part in any manner that will benefit this effort.



KENT LEE WOODMAN,  
Regional Representative

cy: Ms Jessie Dodson  
Senator Mulcahy  
Representatives Adams, Hurlburt and Fuller  
Deputy Commissioner Donohue  
Alaska Airmen's Association

# STATE OF ALASKA

## DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

POUCH 5  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-2300

February 9, 1982

The Honorable John G. Fuller  
Chairman  
House Rules Committee  
Room 204 - Capitol Building  
Juneau, Alaska 99801

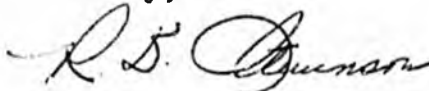
Dear Mr. Fuller:

Re: CS for House Bill No. 101 (Finance)

CS for House Bill No. 101 (Finance), an Act repealing the tax on motor fuel used in or on watercraft, was referred on January 29, 1982 by the House Finance Committee to the House Rules Committee.

For the consideration of the House Rules Committee, I am enclosing copies of Fiscal Notes prepared by Mr. Robert R. Kessel, Director, Audit Division and Mr. Robert W. Elliott, Research Analyst, Research Section of the Department of Revenue concerning the Committee Substitute.

Sincerely,



R. D. Stevenson  
Special Assistant

RDS:mc

Enclosures

cc: Joseph K. Donohue  
Deputy Commissioner, Taxation  
Department of Revenue

Robert R. Kessel, Director  
Audit Division  
Department of Revenue

Vince Wright, Chief  
Research Section  
Department of Revenue

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSHB 101 (Finance)

Title An Act repealing the tax on motor fuel used in or on

~~Requested by~~ watercraft Date 2-8-82

Requested by: Finance Committee

II. FISCAL DETAIL

Agency Affected Department of Revenue

Program Category Affected Revenue Collection and Management

BRU, Program, Or Subprogram(s) Affected Audit Division

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		22.0	23.5	25.0	27.0	29.5
200 TRAVEL		1.6	1.3	2.0	2.2	2.4
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT		.5				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		24.1	25.3	27.0	29.2	31.9

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND		24.1	25.3	27.0	29.2	31.9
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME		1	1	1	1	1
PART TIME						
TEMPORARY						

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

This bill would remove fuel used in or on watercraft from the motor fuel tax. See attached copy of memo to R. D. Stevenson.

# MEMORANDUM

## State of Alaska Department of Revenue

TO: R. D. Stevenson  
Special Assistant  
Department of Revenue

DATE: February 8, 1982

FILE NO:

TELEPHONE NO:

FROM: Robert R. Kessel *RRK*  
Director, Audit Division

SUBJECT: CSHB 101 (Finance)

CSHB 101 would restructure the motor fuel law to remove fuel used in a watercraft from the definition of motor fuel.

HB 101, along with SB 182, was introduced during the 1981 session and provided substantially the same changes as CSHB 101. Gary Jenkins, previous Audit Director, determined that there would be no fiscal impact for either HB 101 or SB 182. The Division now believes that there would be a fiscal impact.

If the motor fuel tax is removed from water craft, an enforcement problem could develop for the remaining motor fuel tax law. That is simply because the various fuels used in watercraft, i.e. diesel, kerosene and gasoline, can be used in other taxable manners. The elimination of fuel tax from watercraft would then provide another possible avenue for avoidance of the fuel tax unless the Revenue Department were able to provide stringent enforcement policies via additional manpower.

The proceeds from the revenue from the tax on motor fuel used in boats and watercraft of all descriptions are deposited in a special watercraft fuel tax account in the general fund and may be appropriated for water and harbor facilities. Therefore, there would apparently be some impact on such facilities if this bill became law. The extent of that impact cannot be ventured by the Audit Division.

RRK/gb

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSHB 101 (Finance)

Title Act repealing marine fuel tax

Requested by House Rules Committee

Date 2/3/82

II. FISCAL DETAIL

Agency Affected \_\_\_\_\_

Program Category Affected \_\_\_\_\_

BRU, Program, Or Subprogram(s) Affected \_\_\_\_\_

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMONITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>						

FUNDING (Thousands of Dollars)

GENERAL FUND		(3,800)	(4,000)	(4,200)		
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

The above figures are derived from the Department of Revenue's forecasting model, and represent the loss to the General Fund if CSHB 101 (Finance) is enacted.

REQUEST

Bill/Resolution No. House Bill #101

Title Act repealing the tax on motor fuel used in or on watercraft

Requested by House Resources Committee Date 2/9/81

FISCAL DETAIL

Agency Affected \_\_\_\_\_

Program Category Affected \_\_\_\_\_

BRU, Program, or Subprogram(s) Affected \_\_\_\_\_

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						

TOTAL

	Millions (Thousands of Dollars)					
FUNDING	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
GENERAL FUND	-0-	(3.6)	(3.8)	(4.0)	(4.2)	
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
FULL TIME						
PART TIME						
TEMPORARY						

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

The above estimates are based on the Department of Revenue's forecasting model.

V. DATE - 2/9/81 PREPARED BY Bill Yankee  
 AGENCY Revenue Research  
 PHONE 465-2173  
 Original: Legislative Finance  
 Budget and Management  
 Prime Sponsor (First Legislator Named)