

COMMITTEE REPORT
SENATE

FURTHER:

4/27/83

Date: 5/24/83

Mr. President:

The Committee on FINANCE has had CS 8383 40 (Fin) 001

Amending motor fuel tax provisions; eff. 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 CS 8383 40 (Fin) same title
 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

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Bob M. ...

CHAIRMAN

Offered: 4/20/83
Referred: Rules

Original sponsors: Hayes, Martin,
Lindauer, et al

1 IN THE HOUSE BY THE FINANCE COMMITTEE
2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 40 (Finance) am
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 THIRTEENTH LEGISLATURE - FIRST SESSION
5 A BILL

6 For an Act entitled: "An Act amending motor fuel tax provisions; and pro-
7 viding for an effective date."

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

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

10 (c) Every dealer who sells or otherwise transfers motor fuel in
11 the state shall collect the tax at the time of sale, and remit the
12 total tax collected during each calendar month of each year to the
13 Department of Revenue by the last day of each succeeding month. Every
14 user shall likewise remit the tax accrued on motor fuel actually used
15 by him during each month. If the monthly tax return is timely filed,
16 one percent of the total monthly tax due, limited to a maximum of
17 \$100, can be deducted and retained to cover the expense of accounting
18 and filing the monthly tax return. At the time the remittance is
19 made, each dealer or user shall submit a statement to the Department
20 of Revenue showing all [MOTOR] fuel which he has distributed or used
21 during the month.

22 ^X _{am} * Sec. 2. AS 43.40.010(1) is amended to read:

23 (1) If a dealer has a reasonable belief at the time of sale or
24 transfer that fuel that is sold or transferred is not to be used as
25 motor fuel, the dealer need not collect the motor fuel tax. If the
26 tax is not collected, the dealer shall obtain a certificate of use
27 from the buyer or transferee stating that the fuel that has been or
28 will be purchased or received is not intended for use as motor fuel.
29 The Department of Revenue [DEPARTMENT] may not collect the motor fuel

1 tax from a dealer for fuel for which a certificate of use has been
2 properly obtained under this subsection. A certificate of use is not
3 required for fuel used ~~to heat or light a residential housing accommo-~~ *delete & add - for any domestic purpose in a single or*
4 *multiple* ~~unit private dwelling, including mobile homes,~~ *unit private dwelling, including mobile homes,*
~~ation as defined in AS 34.06.050(3)~~ or for fuel which is at least 10
5 percent alcohol by volume. An annual certificate of use is required
6 for all other exemptions listed under AS 43.40.100(2), except certifi-
7 cate of use needs under AS 43.40.100(2)(K) will be determined by the
8 Department of Revenue. The dealer shall retain a copy of each certifi-
9 cate of use obtained under this subsection for examination or audit
10 on request by the Department of Revenue [DEPARTMENT]. The form of a
11 certificate of use may be prescribed by regulation adopted by the
12 department.

13 * Sec. 3. AS 43.40.035(a) is amended to read:

14 (a) A person who resells fuel on which the tax under AS 43.40.-
15 010(a) or (b) was previously paid is entitled to a credit or refund of
16 the tax if (1) the resold fuel is not motor fuel and the requirements
17 of AS 43.40.010(1) have been fulfilled [A CERTIFICATE OF USE IS AC-
18 QUIRED UNDER AS 43.40.010(1)]; or (2) the amount of tax previously
19 paid exceeds the tax due on the resale. The amount of the credit or
20 refund under this section is equal to the amount of tax previously
21 paid on the resold fuel less the amount of tax prescribed by AS 43.-
22 40.010(a) or (b).

23 * Sec. 4. AS 43.40.100(2) is amended by adding a new subparagraph to
24 read:

25 (L) fuel used in stationary power plants of 100 kw or
26 less that generate electrical power for commercial enterprises
27 not for resale;

28 ~~* Sec. 5. This Act is retroactive to April 1, 1983.~~ *delete*

29 * Sec. ⁵. This Act takes effect immediately in accordance with AS 01.-

1 10.070(c).

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. SCS CS SS40 (Fin)
 Title Amending Motor Fuel Tax
 Requested by Senator Mulachy Date 5/26/83

II. FISCAL DETAIL
 Agency Affected Department of Revenue
 Program Category Affected Rev Coll & Mgmt
 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 80	FY 81	FY 82	FY 83	FY 84	FY 85
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL					(48.0)	(48.0) ...

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

IV. DATE 5/26/83 PREPARED BY Senator Mulcahy
 AGENCY State Senate
 PHONE 465-3716
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA
ELEVENTH LEGISLATURE

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FUNDING (Thousands of Dollars)

GENERAL FUND						
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OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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 PHONE 465-3716
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

STATE OF ALASKA
DEPARTMENT OF REVENUE

M E M O R A N D U M

TO: The Honorable Representative Robert Bettisworth

FROM: Robert R. Kessel
Director, Audit Division *RR*
Department of Revenue

RE: Amendments to Motor Fuel Law

DATE: February 16, 1983

The Department of Revenue has conducted public meetings with motor fuel dealers and other interested parties in Fairbanks, Anchorage and Juneau. In the opinion of the Department of Revenue, if the following changes could be made to Chapter 40, Title 43 of the Alaska Statutes, the motor fuel dealers would feel satisfied with the existing law.

1. Eliminate the certificate of use requirement, in total, for fuel used exclusively for heating a private residence.
2. Eliminate the certificate of use requirement, in total, for fuel which is at least 10% alcohol by volume.
3. Require only an annual certificate of use for almost all other exempt sales, reserving some discretionary judgement for exempt sales handled on an individual basis under sub-paragraph (K) of Section 43.40.100(2).

In addition we believe that motor fuel dealers should be granted a 1% commission, limited to \$100, to compensate them for collecting the tax and for the demands required in maintaining records. Alaska currently allows a commission for cigarette taxes and most other states have similar provisions. I believe the motor fuel dealers would, obviously, like this change. For example, application would be as follows:

<u>Tax To Be Remitted</u>	<u>Commission</u>
\$ 600	6 (1%)
5,000	50 (1%)
10,000	100 (1%)
20,000	100 (1%-limited to \$100)

The maximum amount of \$100 would provide remuneration for the dealers extra work and yet would not be costly to the state. There are a limited number of dealers.

The recommended change to AS 43.40, per attached Exhibit 1, would provide for the above recommendations; the changes could very well be incorporated into Senate Bill 117 (By the Rules Committee by Request of the Governor) which is "An Act making technical amendments relating to state taxation."



Official Business

Alaska State Legislature

Senate

Pouch V
State Capitol
Juneau, Alaska 99811

CSHB 40 Sectional:

- Section 1) Adds language which would permit a rebate to dealers for the administrative expense of collecting and filing the monthly tax return. Rebate would be 1% of the total monthly tax due, up to \$100.
- Section 2) Eliminates the certificate of use requirement for fuel used to heat or light a residential housing accommodation, and for fuel which is at least 10% alcohol by volume. Annual certificate of use will be required for all other exemptions under AS 43.40.100 (2), except for fuel used for other nontaxable purposes as prescribed by regulation of the Dept of Revenue AS 43.40.100 (2) (K).
- Section 3) Technical amendment to conform to the provisions adopted in section 2 of the bill.
- Section 4) Adds to the list of "non motor fuels", fuel used in stationary power plants of 100kw or less, that generate electrical power for commercial enterprises not for resale.
- Section 5) This act is retroactive to 1 April, 1983
- Section 6) Immediate effective date.

STATE OF ALASKA
FISCAL NOTE

Revision Date , 1983

I. REQUEST

Bill/Resolution No: CSSSHB 40 (Fin) am
 Title: Amending Motor Fuel Tax
 Sponsor: Finance Committee
 Requestor: Senate Finance

II. FISCAL DETAIL

Agency Affected: Department of Revenue
 Program Category Affected: Rev Coll & Mgmt
 BRU, Program of Subprogram(s) Affected:
Audit Division

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
<u>OPERATING</u>						
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 COMMODITIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS, ETC.	-	-	-	-	-	-
<u>TOTAL OPERATING</u>	-	-	-	-	-	-
<u>CAPITAL</u>	-	-	-	-	-	-
<u>REVENUE</u>	-	(60.0)	(48.0)	(48.0)	(48.0)	(48.0)

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER (Specify Source)	-	-	-	-	-	-

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

N/A

IV. ANALYSIS: Attach a separate page for any Analysis.

Prepared By: Robert R. Kessel
 Division: Audit Division

Phone: 465-2320
 Date: April 29, 1983

Approved by Commissioner: J. K. Dool
 Department: Revenue

Date: 5/6/83

Distribution:

- Original to Legislative Finance
- Copy to Office of Management and Budget (for Legislature introduced bills)
- Copy to Department (for Governor introduced bills)
- Copy to Sponsor
- Copy to Requestor (if different from Sponsor)

IV. Analysis

It is assumed in this fiscal note that about 100 dealers per month would take advantage of the 1% deductible allowance to cover the accounting expense of filing timely monthly tax returns.

It is also assumed that the average monthly deduction would be about \$40.00 per month.

Although the bill is retroactive to April 1, 1983, we assume that the refunding for the period April 1 through June 30, 1983 would not occur until FY84 and that is why the FY84 impact is greater than subsequent years.

The most substantive portion of the proposed amendments pertains to limiting the number of Certificates of Use required to be obtained by motor fuel dealers. The amendment moves the certificate concept from a veritable paper mill to an administrable program able to be complied with by the industry.

STATE OF ALASKA
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: SS HB 40 Date on Bill: 2/11/83
 Title: An act repealing motor fuel tax.
 Sponsor: Hayes
 Requestor: House Transportation

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86
Capital				
Operating	-0-	(65)	(65)	
Total	-0-	(65)	(65)	

b. Revenues:

Revenue	-0-	(48,000)	(33,000)	
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2. Source of funds to offset fiscal impact of bill:

3. Assumptions:

Since the bill would eliminate the Motor Fuel Tax, positions currently allocated to those sources could eventually be eliminated. The elimination of those positions could not occur until sometime in FY 84 because there would be substantial clean up work between now and the several months succeeding the effective date of the bill. The task of refunding numerous fuel users could be monumental.

The loss in revenues to the state are as a result of repealing highway, marine, and aviation taxes.

4. Disclaimer:

This statement has not been reviewed by the OMB in the Office of the Governor. It therefore does not represent the final estimate of fiscal impact.

Prepared By: Mary Rehfeld Phone: 465-2300
 Division: Comm. Office Date: 2/28/83
 Approved by Commissioner: [Signature] Date: 2/29/83
 Department: Revenue

5. Distribution:

- Original to Legislative Finance
- Copy to OMB
- Copy to Sponsor
- Copy to Requestor

2/15/83

CSSSHB 40 (Finance) Page 2 of 2
ATTACHMENT A

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It is also assumed that the average monthly deduction would be about \$40.00 per month.

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THE LEGISLATURE OF THE STATE OF ALASKA
THIRTEENTH LEGISLATURE

FISCAL NOTE

*7/10 4/20
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I. REQUEST
Bill/Resolution No. CSSSHB 40 (Finance) Page 1 of 2
Title An Act amending motor fuel tax provisions
Requested by House Finance Date 4/15/83

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 83	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL						
Revenue		(66.0)	(48.0)	(48.0)	(48.0)	(48.0)

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

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

IV. DATE 4/15/83 PREPARED BY Al Adams, Chairman *APA*
AGENCY House Finance Committee
Original: Legislative Finance PHONE 465-3706
cc: Budget & Management
Prime Sponsor (First Legislator Named)