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153

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 5-DAY NOTICE waived
2/14/89
IN ACCORDANCE WITH UNIFORM RULE 23

2/3/89

FURTHER

FIN

**FISCAL NOTE(S) MUST BE ATTACHED
IN ACCORDANCE WITH AS 24.08.035

DATE TURNED INTO OFFICE 2/15/89

Mr. President:

RES

Committee considered

SB 153

making a supplemental appropriation to the department of Revenue for reimbursement to municipalities under the fisheries tax refund program and the aviation fuel revenue sharing; efd.

and recommended:

- replace with CS _____ same title
- attached amendment(s) and new title
- _____ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to _____

FISCAL NOTE(S) attached zero
 appropriation no FN attached

fiscal impact
 Gov. FN introduced w/ bill

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

[Signature]

[Signature]

[Signature]

[Signature]

Rick Halford NO REC

[Signature] ^{do Pass}
Chairman signature and recommendation

Committee backup attached



SENATOR FRED F. ZHAROFF
ALASKA STATE LEGISLATURE

P.O. BOX 405, KODIAK, ALASKA 99615 (907) 486-5259

DURING SESSION:

P.O. BOX V, JUNEAU, ALASKA 99811 • (907) 465-3473 • 465-3474

DISTRICT N

ALASKA PENINSULA • ALEUTIAN CHAIN • BRISTOL BAY • KODIAK ISLAND • LAKE CLARK/LAKE ILIAMNA • PRIBILOF ISLANDS • SHUMAGIN ISLANDS

MEMORANDUM

TO: Senator Bettye Fahrenkamp, Chair
Senate Resources Committee

FROM: Senator Fred F. Zharoff

DATE: February 6, 1989

SUBJ: SB 153

On Friday, February 3, 1989, I introduced SB 153, "An Act making a supplemental appropriation to the Department of Revenue for reimbursement to municipalities under the fisheries tax refund program and the aviation fuel revenue sharing; and providing for an effective date." This bill was referred to the Resources and Finance Committees.

The intent of SB 153 is to distribute to communities the funds they are entitled to from state collected revenues under the fisheries tax and aviation fuel revenue sharing programs. The FY 89 budget passed by the legislature in 1988 did not authorize the Department of Revenue to distribute all the fish tax revenues municipalities were entitled to due to an underestimation of the amount of fish taxes that would be collected by the state under this program by the Department of Revenue. Therefore, this bill would allow the DOR to distribute the remaining amount due to communities.

The Aviation Fuel Tax Revenue Sharing program portion of the bill allows the DOR to share with the Municipality of Anchorage funds under this program that the DOR did not anticipate receiving in FY 89 at Merrill Field and therefore no legislative authorization to distribute these funds to Anchorage was given during the 1988 session.

Since many communities based their municipal budgets on receiving all they were entitled to under these programs, I am hopeful that this bill will move quickly through the legislature. I did not want these funds tied up until the end of session with the governor's supplemental appropriations bill. Because municipalities are counting on receipt of these funds to balance their budgets, I respectfully request that the Senate Resources committee schedule a hearing at its earliest possible convenience or since this is mainly a financial issue, perhaps waiving the bill to the Finance Committee would be possible.

Sen. Zharoff

BILL SUMMARY OF SB 153

Under AS 43.75.130, the state is obligated to reimburse to communities one half of the revenues collected under the fisheries business tax collected in those communities where processing occurs. Traditionally, the Department of Revenue would estimate the amount that the state would be obligated to reimburse to the communities under this program and provide that information to the legislature for inclusion in DOR's budget. The problem with this approach is that DOR does not know the exact amount to be distributed during a given fiscal year by the time the legislature adjourns because of the timing of collections of the tax. This has created underfunding in the budget of the amount to be reimbursed to communities in each of the past two operating budgets. Last year, the legislature passed a supplemental appropriation of \$730,264 because of underfunding. This year, the amount of underfunding has been calculated to be \$3,411,196, or roughly 30% of the total amount the state is obligated to share. All the fish taxes have been collected. The state has received its share and the \$3.4 million remaining obligation to municipalities has been collected and deposited in the general fund. All that remains is for legislative authorization to distribute these funds.

The Aviation Fuel Revenue Sharing supplemental is similar. Sixty percent of the aviation fuel taxes collected by the state (minus administrative costs) are refunded to municipalities owning or leasing and operating an airport. The \$46,579 included in Section 2 is the Municipality of Anchorage's share of unanticipated, and therefore unbudgeted, Aviation Fuel taxes collected at Merrill Field.

The Department of Revenue submitted these supplementals for inclusion in the governor's supplemental bill, but since municipalities are counting on these funds for their FY 89 budgets, I have introduced SB 153 in hopes that this bill will receive expedited action and these funds will not be held up in the governor's supplemental.

Sen. Zharoff

SECTIONAL ANALYSIS OF SENATE BILL 153

SECTION 1: Appropriates the amount still owed to municipalities and boroughs under the fisheries tax refund program (AS 43.75.130(a)) to the Department of Revenue for disbursement. The amount still owed is \$3,411,196.

SECTION 2: Appropriates the amount still owed to the Municipality of Anchorage under the Aviation Fuel Revenue sharing program (AS 43.40.010(e)) to the Department of Revenue for disbursement. The amount still owed is \$46,578.

SECTION 3: Lapses the unexpended and unobligated balances created by this bill on July 1, 1989.

SECTION 4: Provides for an immediate effective date.

1	2	3	4	5	6	APPROPRIATION		APPROPRIATION FUND SOURCES		1
						ALLOCATIONS	ITEMS	GENERAL FUND	OTHER FUNDS	
3		*****		*****						3
4		*****	DEPARTMENT OF REVENUE	*****						4
5		*****		*****						5
6		ALCOHOL BEVERAGE CONTROL BOARD (12 POSITIONS)			700,600		700,600			6
7		SHARED TAXES AND LICENSE FEES				10,786,200	10,786,200			7
8		AMUSEMENT AND GAMING TAX			60,200					8
9		AVIATION FUEL TAX			241,000					9
10		ELECTRIC AND TELEPHONE COOPERATIVE TAX			1,900,000					10
11		LIQUOR LICENSE FEES			900,000					11
12		FISHERIES TAX			7,785,000					12
13		MUNICIPAL BOND BANK AUTHORITY (2 POSITIONS)				299,000		299,000		13
14		FY89 INTENT: IT IS THE INTENT OF THE LEGISLATURE THAT								14
15		THE MUNICIPAL BOND BANK CAN COME BEFORE THE LEGISLATIVE								15
16		BUDGET AND AUDIT COMMITTEE FOR ADDITIONAL CONTRACTUAL								16
17		AUTHORITY IF EXISTING FUNDING IS NOT SUFFICIENT FOR								17
18		ISSUING BONDS.								18
19		PERMANENT FUND CORPORATION (16 POSITIONS)				7,392,500		7,392,500		19
20		ALASKA HOUSING FINANCE CORPORATION (81 POSITIONS)				5,924,100		5,924,100		20
21		FY89 INTENT: IT IS THE INTENT OF THE LEGISLATURE THAT								21
22		35 ADDITIONAL POSITIONS AND THE CONTRACTUAL SERVICES								22
23		AUTHORIZED IN FISCAL YEARS 1988 AND 1989 FOR								23
24		ADMINISTRATION OF FORECLOSED PROPERTIES SHOULD BE REVIEW								24
25		ANNUALLY IN RELATION TO THEIR WORKLOAD. THESE POSITIONS								25
26		ARE NOT INTENDED TO BE PERMANENT. AS AHFC FORECLOSURES								26
27		AND PROPERTY HOLDINGS DECREASE, IT IS THE INTENT OF THE								27

Chapter 154

Fy '89 budget

1 DEPARTMENT OF REVENUE (CONT.)
2
3
4 LEGISLATURE THAT THE NUMBER OF POSITIONS AND T
5 OF CONTRACTUAL SERVICES ALSO DECREASE.
6 CHILD SUPPORT ENFORCEMENT (109 POSITIONS)
7 REVENUE OPERATIONS
8
9 AUDIT-INCOME AND EXCISE TAX (65 POSITI
10 AUDIT-PETROLEUM TAX (55 POSITIONS)
11 TREASURY MANAGEMENT TAX (24 POSITIONS)
12 OFFICE OF THE COMMISSIONER
13 OIL AND GAS TAX
14
15

MEMORANDUM

STATE OF ALASKA

DEPARTMENT OF REVENUE

TO: Nancy Bennett
Director
Administrative Services

DATE: November 1, 1988

FILE NO: 6099I

TELEPHONE NO: 465-2320

THRU:

SUBJECT: FY 89 Raw Fish
Supplemental

FROM: Steven E. Kettel
Director
Income and Excise Audit Division

We request \$3,411,196.00 in a supplemental for FY 89 Raw Fish Revenue Sharing. This request should be funded from general fund monies.

cc: Sandra Yadao
Shirley Minnich

FY 85 RAW FISH

SHARED REVENUE - CITIES AND BOROUGHS

	TOTAL # AMT POP FY 85 SHARING	AMT SHARED	TOTAL # POP
MUA 635 Anchorage Municipality	255,010.90	167,535.57	70,475.03
CBJ 496 Juneau	22,469.22	16,519.70	6,949.32
CIS 599 Sitka	316,496.50	222,522.59	93,573.68
BBB 699 Bristol Bay Borough	1,407,775.62	990,244.24	416,042.29
FNS 462 North Star Borough	413.99	204.73	124.06
HAB 944 Haines Borough	136,449.01	102,226.62	43,452.39
KPB 465 Kenai Peninsula Borough	1,474,563.05	1,027,244.93	426,119.72
KGB 465 Ketchikan Gateway Borough	153,154.79	107,205.06	45,349.73
KIB 128 Kodiak Island Borough	1,149,861.79	802,295.70	340,474.08
MAB 536 Matanuska-Susitna Borough	22.34	5.96	24.38
NSB 460 North Slope Borough			
NAR 168 NORTHWEST ARCTIC BOROUGH	10.36	7.29	3.07
AEB 138 ALEUTIANS EAST BOROUGH	9,523.58	6,172.01	3,344.57
TOTAL BOROUGHS	4,920,136.14	3,462,699.50	1,457,431.71
CIA 323 Akhiok			
CIA 322 Akiachak			
CIA 321 Akiak			
CIA 072 Akutan	376,494.36	244,269.54	132,224.82
CIA 693 Alakanuk			
CAL 596 Aleknaqik			
CAL 597 Allakaket			
CIA 143 Ambler			
CAP 063 Anaktuvok Pass			
CIA 275 Anderson			

Subtotal this page 376,494.36 244,269.54 132,224.82

SHARED REVENUE - CITIES AND BOROUGHS

CIA 461	Anqoon			
CIA 062	Aniak	236.46	166.44	70.02
CIA 057	Anvik	904.08	636.38	267.70
CIA 565	Atmautluak			
COA 027	Atkasuk			
CIB 781	Barrow			
CIB 819	Bethel	30,055.48	21,156.05	8,899.43
CBM 320	Breviq Mission			
CBU 595	Buckland			
CIC 132	Chauthbaluk			
CIC 319	Chefornak			
CIC 202	Chevak			
COC 272	Chignik	283,144.29	202,824.77	85,319.52
CCP 269	Clark's Point	44,117.22	31,054.65	13,063.33
CCB 210	Cold Bay			
CIC 801	Cordova	810,736.13	570,544.35	240,157.78
CIC 492	Craig			
CID 317	Deering			
CDJ 475	Delta Junction			
CID 836	Dillingham	1,470.60	1,035.22	435.44
CID 072	Diomedes			
CEA 594	Eagle			
CIE 061	Eek			
CIE 316	Ekwok			
CIE 593	Elim			

Subtotal this page 1,175,661.11 827,447.96 348,213.25

SHARED REVENUE - CITIES AND BOROUGHES

CIE 322	Emmonak			
CIF 635	Fairbanks	7.19	5.06	2.13
CFY 463	Fort Yukon			
CIF 201	Fortuna Ledge	9,411.44	6,624.71	2,786.73
CIG 271	Galena	1,633.27	1,149.66	483.61
CIG 231	Gambell			
CIG 315	Golovin			
CGB 110	Goodnews Bay			
CIG 200	Grayling			
CIH 871	Haines	297.71	229.56	88.15
CHC 590	Holy Cross			
CIH 724	Homer	169,824	119,508.26	50,413.98
CIH 254	Hoonah	47,310.70	33,302.00	14,008.70
CHB 589	Hooper Bay			
CIH 520	Houston			
CIH 314	Hughes			
CIH 852	Huslia			
CIH 230	Hydaburg			
CIK 111	Kachemak			
CIK 464	Kake	24,136.93	16,989.99	7,146.94
CIK 313	Kaktovik			
CIK 197	Kaltaq			
CIK 927	Kasaan			
COK 301	Kasiqruk			
CIK 891	Kenai	512,056.67	235,414.72	107,441.85

Subtotal this page 415,574.12 433,204.03 182,372.09

SHARED REVENUE - CITIES AND BOROUGHS

CIK 709	Ketchikan	125,453.22	88,306.52	37,146.70
CIK 060	Kiana			
CKC 059	King Cove	574,007.31	372,415.94	201,591.37
CIK 196	Kivalina			
CIK 229	Klawock	9,266.04	6,522.37	2,743.67
CIK 312	Kobuk			
CIK 916	Kodiak	820,672.22	619,909.40	260,768.82
CIK 311	Kotlik			
CIK 679	Kotzebue	10.36	7.29	3.07
CIK 195	Koyuk			
CIK 228	Koyukuk			
CIK 088	Kupreanof			
CIK 133	Kwethluk			
CLB 218	Larsen Bay	5,042.56	3,449.46	1,593.10
CIL 199	Lower Kalskaq			
CIM 310	Manokotak			
CMC 599	McGrath			
CIM 109	Mekoryuk	62.62	44.12	18.56
CMV 111	Mountain Village	26,827.35	18,883.77	7,943.58
CIN 309	Napaklak			
CIN 308	Napaskiak			
CIN 291	Nenana	836.00	592.46	247.54
CNS 226	New Stuyahok			
CIN 521	Newhalen			
CIN 194	Newtok			

Subtotal this page 1,677,122.54 1,100,124.22 512,056.41

SHARED REVENUE - CITIES AND BOROUGHS

CIN 853	Nightmute			
CIN 085	Nikolai			
CIN 936	Nome			
CIN 174	Nondalton			
CIN 227	Noorvik			
CNP 676	North Pole			
CNU 598	Nulqsut			
CIN 314	Nunapitchuk			
NCC 026	Nulato	545.51	383.98	161.53
COH 108	Old Harbor			
CIO 469	Ouzinkie			
CIP 644	Palmer			
CIP 470	Pelican	124,091.58	87,341.02	36,740.56
CIP 181	Petersburg	516,134.03	398,401.74	167,732.29
CIP 194	Pilot Station			
CIP 307	Platinum			
CPH 224	Point Hope			
CPA 471	Port Alexander			
CPH 306	Port Heiden			
CPL 107	Port Lions			
CIO 193	Quinagak			
CIR 225	Ruby			
CRM 205	Russian Mission			
CSG 054	Saint George			
CSM 472	Saint Marys			

Subtotal this page 620,761.12 495,186.74 204,634.35

SHARED REVENUE - CITIES AND BOROUGHES

CIS 192	Saint Michael	3,111.57	2,190.23	921.34
CSP 331	Saint Paul	144,789.86	101,917.58	42,872.29
CSP 978	Sand Point	167,222.23	108,529.08	58,693.15
CIS 106	Savoonga			
CIS 583	Saxman			
CIS 191	Scammon Bay			
CIS 058	Selawik			
CIS 624	Seldovia	12,500.00	8,798.75	3,701.25
COS 266	Seward	220,692.30	155,345.31	65,346.99
CIS 190	Shaqeluk			
CIS 189	Shaktoolik			
CSP 522	Sheldon Point			
CIS 105	Shishmaref			
CIS 188	Shungnak			
CIS 396	Skaqway			
CIS 564	Soldotna			
CIS 187	Stebbins			
CIT 855	Tanana			
CIT 473	Teller			
CIS 272	Tenakee Springs	147.92	104.16	43.82
CTB 301	Thorne Bay			
CIT 854	Toqiak	53,216.22	37,529.36	15,786.96
CTB 223	Toksook Bay	141.12	99.22	41.79
CIT 305	Tuluksak			
CIT 186	Tununak			

Subtotal this page 601,921.33 414,513.91 127,407.58

SHARED REVENUE - CITIES AND BOROUGHS

CIU 258	Unalakleet			
CIU 215	Unalaska	944,291.94	664,687.10	279,604.84
CIU 198	Upper Kalskaq			
CIV 401	Valdez	165,389.73	116,418.01	48,971.97
CIW 222	Wainwright			
CIW 185	Wales			
CIW 159	Wasilla			
CWM 304	White Mountain			
CIW 474	Whittier	24,527.46	17,264.99	7,262.59
CIW 559	Wrangell	29,059.99	26,729.65	11,269.24
CIY 479	Yakutat	134,217.41	94,475.63	39,741.78

CITIES	Subtotal - Page 7	1,306,425.68	919,635.27	386,790.41
	Page 6	601,921.33	414,513.90	187,407.53
	Page 5	690,761.12	426,126.74	264,634.39
	Page 4	1,622,193.74	1,110,127.33	512,056.41
	Page 3	615,576.12	433,204.03	182,372.09
	Page 2	1,175,661.11	827,447.96	348,213.25
	Page 1	376,494.36	244,269.54	132,224.92

Total Cities 6,339,002.21 4,435,221.57 1,903,780.64

Total Boroughs 4,927,126.14 2,462,497.50 1,464,628.64

GRAND TOTAL 11,266,128.35 6,897,719.07 3,368,409.28

43.75.032

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§ 43.75.034

REVENUE AND TAXATION

§ 43.75.130

"(c) The department shall prepare an application form for a credit under this section.

disapprove an application for a credit under this section not later than 60 days after receiving the application."

"(d) The department shall approve or

Sec. 43.75.034. Tax credit report [Repealed effective February 15, 1992]. Not later than the 15th legislative day of each regular legislative session the Department of Revenue, in conjunction with the Department of Commerce and Economic Development, shall submit to the legislature a report on the fisheries business tax credit program under AS 43.75.032. The report shall describe the expenditures for which a credit was approved during the previous tax year and, if possible, the increase in employment and processing capacity by the fisheries businesses for which the credit was approved. (§ 2 ch 79 SLA 1986; r § 8 ch 79 SLA 1986)

Postponed repeal. — Section 8, ch. 79, SLA 1986 repeals this section, effective February 15, 1992.

Article 3. General Provisions.

Section	Section
130. Refund to local governments	140. Definitions
133. Provision of information to municipalities	

Sec. 43.75.130. Refund to local governments. (a) Except as provided in (d) of this section, the commissioner of revenue shall pay (1) to each unified municipality and to each city located in the unorganized borough, 50 percent of the amount of tax revenue collected in the municipality from taxes levied under this chapter;

(2) to each city located within a borough, 25 percent of the amount of tax revenue collected in the city from taxes levied under this chapter; and

(3) to each borough

(A) 50 percent of the amount of tax revenue collected in the area of the borough outside cities from taxes levied under this chapter; and

(B) 25 percent of the amount of tax revenue collected in cities located within the borough from taxes levied under this chapter.

(b) For purposes of this section, tax revenue collected under AS 43.75.015 from a person entitled to a credit under AS 43.75.032 shall be calculated as if the person's tax had been collected without applying the credit.

(c) [Repealed effective January 1, 1992] Within 60 days after a credit is approved under AS 43.75.032 for a capital expenditure involving a shore-based fisheries business facility or cooperative seafood industrial park located or to be located in a municipality, the municipality may adopt an ordinance directing the department to reduce the municipality's refund under this section over a period of not more

*Fish
tax
refunds*

than three years by an amount not exceeding 25 percent of the capital expenditure.

(d) Notwithstanding the provisions of (a)(2) and (a)(3)(B) of this section, the commissioner shall pay

(1) to each city that is located in a borough incorporated after June 16, 1987 the following percentages of the tax revenue collected in the city from taxes levied under this chapter:

(A) 45 percent of the taxes collected during the calendar year in which the borough is incorporated;

(B) 40 percent of the taxes collected during the first calendar year after the calendar year in which the borough is incorporated;

(C) 35 percent of the taxes collected during the second calendar year after the calendar year in which the borough is incorporated; and

(D) 30 percent of the taxes collected during the third calendar year after the calendar year in which the borough is incorporated; and

(2) to each borough that is incorporated after June 16, 1987 the following percentages of the tax revenue collected in the cities located within the borough from taxes levied under this chapter:

(A) 5 percent of the taxes collected during the calendar year in which the borough is incorporated;

(B) 10 percent of the taxes collected during the first calendar year after the calendar year in which the borough is incorporated;

(C) 15 percent of the taxes collected during the second calendar year after the calendar year in which the borough is incorporated; and

(D) 20 percent of the taxes collected during the third calendar year after the calendar year in which the borough is incorporated.

(e) Notwithstanding the provisions of (d) of this section, a city may adopt an ordinance to transfer a portion of the funds received under (d)(1) of this section to the borough in which the city is located.

(f) In this section, "tax revenue collected" includes the amount credited against taxes under AS 43.75.018. (§ 6 ch 155 SLA 1962; am § 75 ch 69 SLA 1970; am § 10 ch 218 SLA 1976; am § 11 ch 79 SLA 1979; am § 10 ch 117 SLA 1981; am § 73 ch 74 SLA 1985; am §§ 4, 7 ch 79 SLA 1986; am § 8 ch 58 SLA 1987; am §§ 1, 2 ch 80 SLA 1987)

Postponed repeal. — Section 7, ch. 79, SLA 1986 repeals subsection (c), effective January 1, 1992.

Revisor's notes. — Subsection (f) enacted as (d). Renumbered in 1987.

Effect of amendments. — The 1985 amendment in paragraph (1) substituted "unified Municipality" for "municipality unified under AS 29.68.240 - 29.68.440."

The 1986 amendment added subsections (b) and (c).

The first 1987 amendment added subsection (f).

The second 1987 amendment in subsection (a) substituted "Except as provided in (d) of this section, the" for "The" at the beginning of the section and substituted "under" for "by" throughout the subsection and added subsections (d) and (e).

43.35.130

§ 43.35.140

REVENUE AND TAXATION

§ 43.40.010

Sec. 43.35.140. Gambling not legalized. AS 43.35.100 — 43.35.150 do not legalize gambling. (§ 4 ch 116 SLA 1949; am § 1 ch 53 SLA 1951)

Cross references. — For limitations on authorized gaming activities, see AS 05.15.180.

Sec. 43.35.150. Violations and penalties. (a) It is unlawful for a person to (1) distribute in the state a punchboard for which the license tax provided in AS 43.35.100 — 43.35.150 is not paid; or (2) maintain for use, or permit the use of, in a place or premises occupied by the person a punchboard upon which the license stamp is not affixed.

(b) A person violating a provision of AS 43.35.100 -- 43.35.150 is guilty of a misdemeanor, and upon conviction is punishable by a fine of not more than \$500. (§ 5 ch 116 SLA 1949 am § 1 ch 53 SLA 1951)

Chapter 40. Motor Fuel Tax.

Section

- 10. Tax on transfers or consumption of motor fuel and expenditure of proceeds
- 30. Refund for nonhighway use
- 35. Other refunds and credits
- 50. Refund claim by affidavit

Section

- 60. Separate invoices
- 70. Refund warrants
- 80. Examination of books and records
- 95. Preservation of books and records
- 100. Definitions

Collateral references. — 71 Am. Jur. 2d, State and Local Taxation, §§ 616 — 634; 53 Am. Jur. 2d, Licenses, §§ 30, 46 — 58.

State tax on or in respect of goods shipped in interstate commerce to consignee for sale on consignor's account without previous sale or order for purchase, 4 ALR2d 244.

Loading or unloading interstate freight in performance of obligation resting upon one other than interstate carrier as inter-

state commerce as regards local taxation, 10 ALR2d 651.

State taxation of motor carriers as affected by commerce clause, 17 ALR2d 421.

Power of legislature to remit, release, or compromise tax claim, 28 ALR2d 1425.

Financial hardship or inability to pay taxes as rendering inapplicable statutes denying remedy by injunction against assessment or collection of tax, 65 ALR2d 530.

Sec. 43.40.010. Tax on transfers or consumption of motor fuel and expenditure of proceeds. (a) There is levied a tax of eight cents a gallon on all motor fuel sold or otherwise transferred within the state, except that

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

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

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

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

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

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

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

(c) Every dealer who sells or otherwise transfers motor fuel in the state shall collect the tax at the time of sale, and remit the total tax collected during each calendar month of each year to the department by the last day of each succeeding month. Every user shall likewise remit the tax accrued on motor fuel actually used by the user during each month. If the monthly tax return is timely filed, one percent of the total monthly tax due, limited to a maximum of \$100, may be deducted and retained to cover the expense of accounting and filing the monthly tax return. At the time the remittance is made, each dealer or user shall submit a statement to the department showing all fuel which the dealer or user has distributed or used during the month.

(d) *[Repealed, § 3 ch 166 SLA 1976.]*

(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 in 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 state general fund. The legislature may appropriate funds from this account for aviation facilities.

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

(g) The proceeds of the revenue from the tax on all motor fuels, except as provided in (e), (f) and (j) of this section, shall be deposited in a special highway fuel tax account in the state general fund. The legislature may appropriate funds from it for expenditure by the Department of Transportation and Public Facilities directly or as matched with available federal-aid highway money for maintenance of highways, construction of highway projects and ferries included in the program provided for in AS 19.10.150, including approaches, appurtenances and related facilities and acquisition of rights-of-way or easements, and other highway costs including surveys, administration, and related matters. All departments of the state government authorized to spend funds collected from taxes imposed by this chapter shall perform, when feasible, all construction or reconstruction projects by contract

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REVENUE AND TAXATION

§ 43.40.010

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after the projects have been advertised for competitive bids, except that, when feasible, arrangements shall be made with political subdivisions to carry out the construction or reconstruction projects. If it is not feasible for the work to be performed by state engineering forces, the commissioner of transportation and public facilities may contract on a professional basis with private engineering firms for road design, bridge design, and services in connection with surveys. If more than one private engineering firm is available for the work the contracts shall be entered into on a negotiated basis.

(h) All motor fuel tax receipts shall be paid into the general fund and distributed to the proper accounts in the general fund. Valid motor fuel tax refund claims shall be paid from the highway fuel tax account in the general fund.

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

(j) The proceeds from the tax on motor fuel used in snow vehicles and, unless a tax refund is applied for under AS 43.40.040, other internal combustion engines not used in or in conjunction with a motor vehicle licensed to be operated on public ways shall be deposited in a special nonpublic highway use account in the general fund. The legislature may appropriate from this account to the Department of Transportation and Public Facilities for trail staking and shelter construction and maintenance.

(k) The tax on the transfer or consumption of motor fuel provided for in this section does not apply to liquified petroleum gas.

(l) If a dealer has a reasonable belief at the time of sale or transfer that fuel that is sold or transferred is not to be used as motor fuel, the dealer need not collect the motor fuel tax. If the tax is not collected, the dealer shall obtain a certificate of use from the buyer or transferee stating that the fuel that has been or will be purchased or received is not intended for use as motor fuel. The department may not collect the motor fuel tax from a dealer for fuel for which a certificate of use has been properly obtained under this subsection. A certificate of use is not required for fuel for any domestic purpose in a single or multiple unit private dwelling, including mobile homes, or for fuel which is at least 10 percent alcohol by volume. An annual certificate of use is required for all other exemptions listed under AS 43.40.100(2), except certificate of use needs under AS 43.40.100(2)(K) will be determined by the department. The dealer shall retain a copy of each certificate of use obtained under this subsection for examination or audit on request by the department. The form of a certificate of use may be prescribed by

regulation adopted by the department. (§ 48-5-2 ACLA 1949; am § 1 ch 80 SLA 1951; am § 1 ch 47 SLA 1955; am §§ 1, 2 ch 27 SLA 1957; am § 1 ch 134 SLA 1957; am § 1 art VI title II ch 152 SLA 1957; am § 2 art V title III ch 152 SLA 1957; am § 2 ch 124 SLA 1959; am §§ 1, 2 ch 20 SLA 1960; am § 1 ch 150 SLA 1960; am § 1 ch 110 SLA 1961; am § 1 ch 136 SLA 1961; am §§ 1 — 3 ch 131 SLA 1962; am § 1 ch 130 SLA 1968; am § 10 ch 143 SLA 1968; am §§ 1, 2 ch 216 SLA 1968; am §§ 1 — 3 ch 158 SLA 1970; am § 3 ch 58 SLA 1971; am §§ 1, 2 ch 124 SLA 1971; am §§ 2, 3 ch 125 SLA 1971; am §§ 1 — 3 ch 153 SLA 1972; am § 3 ch 166 SLA 1976; am §§ 1, 2 ch 116 SLA 1977; am § 4 ch 82 SLA 1982; am §§ 1, 2 ch 87 SLA 1983)

Cross references. — For civil penalty imposed for failure to file a return or report, or pay the full amount of a tax, or a portion or a deficiency of the tax, see AS 43.05.220.

Effect of amendments. — The 1962 amendment added subsection (l).

The 1983 amendment, in subsection (c), added the present third sentence and deleted "motor" preceding "fuel" in the last sentence, and in subsection (f), added the present fourth and fifth sentences.

OPINIONS OF ATTORNEY GENERAL

The purpose of the dedication of the taxes on motor fuels contained in subsection (g) of this section is public highways. 1959 Op. Att'y Gen., No. 9.

A proposed alteration going to the geographical area of expenditure rather than to the special purpose of a dedication, does not contravene the constitution. 1959 Op. Att'y Gen., No. 9.

The 1957 amendment to this section, which reduced the tax on motor fuel used in commercial fishing crafts for purposes of commercial fishing from five cents to two cents per gallon, effected no change in

the dedication inasmuch as the reduction in the tax was coupled with an exemption from the refund of three cents per gallon formerly allowed to users of fuel in commercial fishing craft for commercial purposes. Nothing has been done which increased or decreased the dedication. 1959 Op. Att'y Gen., No. 14.

The Civil Air Patrol is exempt from taxation under the Alaska Motor Fuel Oil Tax Act because it is an instrumentality of the federal government, but volunteer members of Civil Air Patrol are not exempt. 1961 Op. Att'y Gen., No. 26.

Sec. 43.40.020. Penalty for violation. [Repealed. § 46 ch 113 SLA 1980. For criminal penalties, see AS 43.05.290.]

Sec. 43.40.030. Refund for nonhighway use. (a) Except as specified in AS 43.40.010(j), a person who uses motor fuel to operate an internal combustion engine is entitled to a refund of six cents a gallon if

- (1) the tax on the motor fuel has been paid;
- (2) the motor fuel is not aviation fuel, or motor fuel used in or on watercraft; and
- (3) the internal combustion engine is not used in or in conjunction with a motor vehicle licensed to be operated on public ways.

(b) The entire tax levied by this chapter shall be refunded to the purchaser on that part of the motor fuel used in a foreign country on which the tax has been paid when the fuel is sold and delivered in the state for non-highway use in a foreign country.

SB 153

FISH TAX SUPPLEMENTAL BY DISTRICT

<u>DIST</u>	<u>COMMUNITY</u>	<u>AMOUNT</u>
A	Ketchikan Gateway Borough	45,349.73
A	City of Ketchikan	37,146.70
A	Petersburg	167,732.29
A	Wrangell	<u>11,269.24</u>
	Total Dist A	261,497.96
B	Sitka	93,773.68
B	Haines Borough	43,452.39
B	Haines	88.15
B	Hoonah	14,008.70
B	Take	7,146.94
B	Klawock	2,743.67
B	Pelican	36,740.56
B	Tenakee Springs	43.82
B	Yakutat	<u>39,741.78</u>
	Total Dist B	237,739.69
C	Juneau	<u>6,949.32</u>
	Total Dist C	6,949.32
D	Kenai Peninsula Borough	436,618.12
D	Homer	50,413.98
D	Kenai	107,441.85
D	Seldovia	<u>3,701.25</u>
	Total Dist D	598,175.20
E	Mat-Su Borough	24.38
E	Cordova	240,157.78
E	Seward	65,346.99
E	Valdez	48,971.97
E	Whittier	<u>7,262.58</u>
	Total Dist E	361,763.70
F-I	Anchorage	<u>70,475.03</u>
	Total Dist F-I	70,475.03
J	Nenana	<u>247.54</u>
	Total Dist J	247.54

K	Fairbanks North Star Borough	124.06
K	Fairbanks	<u>2.13</u>
	Total Dist K	126.19
L	Northwest Arctic Borough	3.07
L	Kotzebue	3.07
L	St. Michael	<u>921.34</u>
	Total Dist L	927.48
M	Aniak	70.02
M	Anvik	267.70
M	Bethel	8,899.43
M	Fortuna Ledge	2,786.73
M	Galena	483.61
M	Mekoryuk	18.56
M	Mountain Village	7,943.58
M	Nulato	161.53
M	Toksook Bay	<u>41.79</u>
	Total Dist M	20,672.95
N	Bristol Bay Borough	416,848.28
N	Kodiak Island Borough	340,474.08
N	Aleutians East Borough	3,344.57
N	Akutan	132,224.82
N	Chignik	85,319.52
N	Clark's Point	13,063.33
N	Dillingham	435.47
N	King Cove	201,591.37
N	Kodiak	260,768.82
N	Larsen Bay	1,593.10
N	St. Paul	42,872.28
N	Sand Point	58,693.15
N	Togiak	15,786.96
N	Unalaska	<u>279,604.84</u>
	Total Dist N	1,852,620.59
	Statewide Total	3,411,195.65

Resolution of the Alaska Municipal League

Resolution No. 89-36

**A RESOLUTION URGING THE LEGISLATURE TO PASS A
SUPPLEMENTAL APPROPRIATION FOR FULL FUNDING
OF THE RAW FISH TAX PROGRAM**

WHEREAS, under the provisions of AS 43.75.130, the State of Alaska annually remits a share of raw fish tax revenues to the municipalities from which the tax was collected, and

WHEREAS, the amount of these revenues, as provided in the statute, is based on the actual raw fish taxes collected from processors located within a given municipality, and

WHEREAS, the State of Alaska has failed to return the full amount to the municipalities as provided in the statutes, and

WHEREAS, the State Legislature failed to appropriate sufficient monies to fund the Raw Fish Tax Program;

NOW, THEREFORE, BE IT RESOLVED that the Alaska Municipal League urges the Alaska State Legislature to pass a supplemental appropriation fully funding the Raw Fish Tax Program and TO authorize prompt remittance of the balance due the affected municipalities.

BE IT FURTHER RESOLVED that the Alaska Municipal League requests the State to adopt legislation, regulations, and policies that will ensure the appropriation of the full share of Raw Fish Tax revenues due municipalities by August 1 of each year.

CITY OF KODIAK
RESOLUTION NUMBER 30-88

A RESOLUTION OF THE COUNCIL OF THE CITY OF KODIAK URGING THE LEGISLATURE TO PASS A SUPPLEMENTAL APPROPRIATION FOR FULL FUNDING OF THE RAW FISH TAX PROGRAM

WHEREAS, under the provisions of AS 43.75.130, the City of Kodiak annually receives a share of raw fish tax revenues collected by the State; and

WHEREAS, the amount of these revenues, as provided in the statute, is based on the actual raw fish taxes collected from processors located within the municipality; and

WHEREAS, the State of Alaska has failed to return the full amount to the municipalities as provided in the statutes; and

WHEREAS, the amount due the City of Kodiak, as computed by the State Department of Revenue from calendar year 1987 returns, was \$880,678.22 and the State remitted only \$619,909.40, a shortfall of \$260,768.82; and

WHEREAS, the State Legislature failed to appropriate sufficient monies to fund the Raw Fish Tax Program,

NOW, THEREFORE, BE IT RESOLVED that the Council of the City of Kodiak, Alaska, respectfully petitions the Alaska State Legislature to pass a supplemental appropriation fully funding the Raw Fish Tax Program and to authorize prompt remittance of the balance due the City of Kodiak and all other municipalities.


BE IT FURTHER RESOLVED the City Council respectfully petitions the Alaska State Legislature change the process by which the remittance of the local municipal share of the raw fish tax is distributed so as to provide timely payments to the appropriate municipalities.

PASSED AND APPROVED this 2TH day of SEPTEMBER, 1988.

CITY OF KODIAK


MAYOR

ATTEST:


CITY CLERK

STATE OF ALASKA

DEPARTMENT OF REVENUE

STEVE COWPER, GOVERNOR

STATE OFFICE BUILDING
P.O. BOX SA
JUNEAU, ALASKA 99811-0400

February 15, 1989

The Honorable Betty Fahrenkamp
Alaska State Senate
P.O. Box V
Juneau, AK 99811

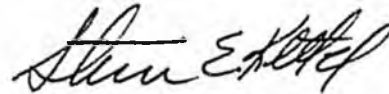
FEB 16 1989

RE: SB153
Supplemental Revenue Sharing

Dear Senator Fahrenkamp:

In committee this morning you requested information concerning back taxes owed by fish processing companies. I have attached the most recent copy of our tax assessment summary which reports all assessments the Department has issued by tax type. Note that fish tax assessments total \$10.6 million, of which \$2.3 million is in appeals and \$4 million has been judged to be not collectable. The remaining \$4.3 million is currently in collection status. As these taxes are collected they represent funds subject to sharing with the municipalities and boroughs. If I can be of further assistance please give me a call.

Sincerely,



Steven E. Kettel
Director
Income & Excise Audit Division
(907) 465-2320

SEK:lr

89-52