

**S B**

**188**

# STATE OF ALASKA

## DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

P.O. BOX 5  
JUNEAU, ALASKA 99811-0400  
PHONE: (907) 465-2300  
TELEFAX: (907) 465-2389

MAR 14 1990

March 12, 1990

The Honorable Lloyd Jones  
Alaska State Senate  
P.O. Box V  
Juneau, AK 99811

Re: SB 188, "Act Act increasing the motor fuel tax"

Dear Senator Jones:

You may be interested in the enclosed bulletin on state tax rates. The table shows on page three that Alaska ranks 48th out of the 50 states and the District of Columbia on the gasoline tax, and ranks 49th out of those 51 on the diesel fuel tax.

The Department of Revenue again urges you to schedule this bill for a hearing.

Sincerely,



Cliff Grob  
Special Assistant  
to the Commissioner

90-56  
Enclosure



## BULLETIN

Federation of Tax Administrators • 444 North Capitol Street, N.W., Washington, D.C. 20001 • (202) 624-5890

B-48  
February 9, 1990

### STATE EXCISE TAX RATES ARE RISING

To: State Tax Administrators:

#### SUMMARY

To keep you up-dated on excise tax rates in other states, FTA has compiled six tables listing tax rates for motor fuels, tobacco and alcohol beverages for each state and the District of Columbia.

With 16 states raising the tax rate applicable to gasoline last year, the median state tax rate increased to 16.25¢. By virtue of prior legislation, the motor fuel tax will increase in 7 states this year. (Three were effective January 1, 1990). For tobacco, 13 states increased their cigarette tax rates last year, raising the median state rate to 21.0¢. And 6 states raised alcohol beverage excise tax rates. The median state tax rates (on states allowing private sales) increased to \$2.80 per gallon for spirits; \$0.55, for table wine; and \$0.14, for beer.

Attached are several tables listing the excise tax rates applicable in each state. They present the current tax rates for gasoline, diesel fuel, gasohol, cigarettes, and alcohol beverages, including all changes as of January 1, 1990. They are intended to aid in comparing the tax structure among the states and in answering questions concerning excise taxes.

#### Motor Fuel Tax Rates:

The first table presents the current state motor fuels excise tax rates in each state. It lists the gallonage tax rates applicable to gasoline, diesel fuel and gasohol, how the tax is ranked and whether the sales tax applies to motor fuels. The tax rates on gasoline range from a high of 22¢ in Nebraska, to a low of 4¢ in Florida. On diesel fuel, the tax rates range from 22.5¢ in Iowa to 4¢ in Florida. (Note that in Florida, the sales tax is applied to motor fuel, and certain localities also impose fuel taxes.) On gasohol, the tax rates range from 21.7¢ in North Carolina to Alaska which does not tax it.

The excise tax rate on gasoline was increased in 16 states last year, and in 3 more states this year (effective through January, 1990). This raised the median state tax rate to 16.25¢. They include: Colorado, a 2¢ increase; District of Columbia, 2.5¢; Illinois, 3¢; Kansas, 4¢; Maine, 1¢; New Mexico, 2¢; Ohio, 3.2¢; Oklahoma, 1¢; Oregon, 2¢; Rhode Island, raised the minimum rate by 5¢; Tennessee, 4¢; Vermont, 3¢; Virginia, 0.2¢; West Virginia, 5¢; and Wyoming, 1¢. North Carolina raised its tax rate an equivalent of 5.2¢ when the fixed rate was increased from 14¢ to 17¢ and the variable component raised from 3 percent to 7 percent of the wholesale price. In North Dakota, a voter referendum reversed a 3¢ fuel tax increase. On

All but three of these states raised the diesel rate by the same amount. As a result, the median state diesel fuel tax rate increased to 17.0¢. New Mexico did not change its special fuels tax rate, while Colorado lowered its tax rate by 2¢ for 1990. Meanwhile, Tennessee raised the diesel fuel rate by only 1¢. On January 1, 1990, Nevada raised the diesel fuel rate by 2¢.

All but 13 states tax gasohol at the same rate as gasoline. The gasoline tax increases also affected the taxation of gasohol in all but two states. As a result, the median state gasohol tax rate increased to 16.0¢. New Mexico increased the gasohol rate by 7¢, while Wyoming did not change its tax rate.

In seven states, the 1989 state legislature approved an increase in the motor fuels tax rates to take effect after January of this year. Tennessee will add a penny to the gallonage rate on diesel fuel in April. In July, Connecticut will raise all motor fuel rates by 2¢, while Kansas and Ohio will raise their motor fuel rates by a penny. Colorado will raise the diesel fuel tax rate by 1¢, and New Mexico will raise the gasohol tax rate by 1¢. In August, California will increase the motor fuel rate by 5¢, if approved by the voters.

Seven states have variable tax rates that are subject to periodic adjustments depending on current market conditions and state revenue needs. Four of these states impose a tax based upon the average wholesale price, with the gallonage rate changing quarterly according to the average price. The actual tax rates are: 9 percent in Kentucky, 10 percent in Massachusetts, 13 percent in Rhode Island, and 17¢ + 7 percent in North Carolina. Rhode Island and Massachusetts have a minimum rates, below which the gallonage rate cannot fall (the current rates). Meanwhile, the tax rates in Michigan and Wisconsin are adjusted annually based upon highway maintenance costs and the volume of sales, and the variable component of the Nebraska tax is based on the average cost of fuel to state government and highway revenue requirements. Oklahoma may add another 1¢ a gallon tax when the balance in an environmental cleanup fund fall below a specified amount.

The tax rates shown do not include local taxes or sales taxes. The latter is applied to fuel sales in only 9 states. Two of these states, Florida and West Virginia, determine the average retail price in the state and add the per gallonage sales tax to the excise rate. In Georgia, the state sales tax rate applicable to motor fuels is one percentage point below the general retail sales tax rate. And finally, local governments can tax motor fuels in ten states: Alabama, California, Florida, Hawaii, Illinois, Nevada, Oregon, South Dakota, Tennessee and Virginia.

#### Tobacco Tax Rates:

The next table presents the state excise tax rates applicable to a package of 20 cigarettes. With the exception of Hawaii, which applies a tax of 40 percent of the wholesale price, all states and the District of Columbia apply a per unit tax on cigarettes. The tax rates vary from a high of 40¢ per pack in Connecticut to a low of 2 cents per pack in North Carolina.

Thirteen states increased their tobacco excise tax rates in 1989, raising the median state rate to 21.0¢ per pack. The tax rate increases are: Alaska, a 13¢ increase; Connecticut, 14¢; Illinois, 10¢; Maine, 3¢; Montana, 2¢; Nevada, 15¢; New Hampshire, 4¢; New York, 12¢; North Dakota, 3¢; Oregon, 1¢; Rhode Island, 10¢; Washington, 3¢ and Wyoming, 4¢.

These tax rates are in addition to local taxes that may be applied. Alabama, Illinois, Missouri, Tennessee and Virginia authorize local option cigarette taxes. Atlantic City, New Jersey and New York City are also authorized to impose a tax on cigarettes.

**Alcohol Beverage Tax Rates:**

The final three tables presents the current tax rates applicable to distilled spirits, wine and beer. The tables list the gallonage excise tax rate<sup>1</sup>, the applicability of state sales taxes and other taxes that may apply.

In 1989, only 6 states raised the excise tax rates on alcohol beverages. However, they increased the median state gallonage tax rates for distilled spirits (license states only) to \$2.80; for table wine, \$0.55; and for beer, \$0.14. Two states, Connecticut and Rhode Island, raised all alcohol beverage tax rates by 50 percent. Meanwhile, New York raised the spirits tax rate by 30 percent, table wine by 56 percent, and beer by 100 percent. The District of Columbia set its tax rates for beer and wine equal to neighboring Maryland's. Washington added a temporary tax to all three beverages, and Ohio raised the beer excise tax rate by 40 percent.

Note in 18 states, the government directly controls the sale of distilled spirits by operating retail/wholesale outlets. In Alabama, Idaho, Maine, Michigan, Montana, New Hampshire, Ohio, Oregon, Pennsylvania, Utah, Vermont, Virginia, Washington and West Virginia, the state operates retail liquor stores. In Iowa, Mississippi and Wyoming, the state operates wholesale outlets only. And in North Carolina, the state sells wholesale to local government stores. Since these states generate revenues from net profits and fees from their sales operations, a direct comparison with the other states cannot be made. Thus these "control states" have been left out of the table.

The tax rate in some states varies according to the alcohol content of the beverage. The rate in the first column is the tax applied to 80 proof liquor. These rates vary from a high in Florida of \$6.50 per gallon to \$1.50 per gallon in Maryland and the District of Columbia. Thirteen states apply lower tax rates to spirits with a lower alcohol content, while three apply higher tax rates to spirits with a higher level of alcohol content. Eleven states apply other taxes to distilled spirits in addition to a gallonage excise tax.

The next table presents the tax excise tax rate applicable to wine. As with spirits, the 4 states that directly control the sale of wine are excluded (New Hampshire, Pennsylvania, Utah and Wyoming). Of the remaining states, the gallonage tax rates for table wine (approximately 11 percent alcohol) are listed in the first column.

As with spirits, Florida has the highest excise tax rate on table wine at \$2.25 per gallon, while California applies a tax of only one cent per gallon. Four states apply a lower tax rate for beverages containing less alcohol, while 25 states apply a higher tax on fortified wine (typically over 14 percent). Seven of the control state that allow private sales of table wine, sell wine with higher alcohol content through their state stores. Eleven states apply other taxes in addition to a gallonage excise tax.

The final table presents the state excise tax rates applicable to beer. They range from a low of 2¢ per gallon in Wyoming to 89¢ in Hawaii. Three states apply a lower tax on beer containing under 3.2 percent alcohol by weight, while 2 states apply lower tax on beer under 4 percent. Eleven states apply other taxes in addition to a gallonage excise tax.

I hope these tables are helpful to you. Should you have any comments or corrections, please contact Ronald Alt at (202) 624-8445.

---

<sup>1</sup> Some states express tax rates in terms of dollars per liter. These tax rates have been converted to dollars per gallon using the conversion factor: 1 liter = 0.264172 gallons.

**STATE MOTOR FUEL EXCISE TAX RATES**  
(January 1, 1990)

	GASOLINE		DIESEL FUEL		GASOHOL		SUBJECT TO SALES TAX
	(¢ per gallon)	RANK	(¢ per gallon)	RANK	(¢ per gallon)	RANK	
Alabama	11.0 (2)	41	12.0	40	11.0 (2)	40	
Alaska	8.0	48	8.0	49	0.0	51	
Arizona	17.0	23	17.0	23	17.0	20	
Arkansas	13.5	39	12.5	39	13.5	36	
California (1)	9.0 (2)	46	9.0 (2)	47	9.0 (2)	45	Yes
Colorado	20.0	5	18.5 (1)	14	20.0	4	
Connecticut	20.0 (1)	6	20.0 (1)	7	19.0 (1)	8	
Delaware	18.0	28	16.0	30	16.0	24	
Florida	4.0 (2)	51	4.0 (2)	51	4.0 (2)	50	Yes (5)
Georgia	7.5	50	7.5	50	7.5	47	Yes (6)
Hawaii	11.0 (2)	42	11.0 (2)	43	11.0 (2)	41	Yes
Idaho	18.0	15	18.0	16	14.0	34	
Illinois	19.0 (2)	12	21.5 (2)	5	19.0 (2)	9	Yes
Indiana	15.0	33	16.0	31	15.0	29	Yes
Iowa	20.0	7	22.5	1	19.0	10	
Kansas	15.0 (1)	34	17.0 (1)	24	15.0 (1)	30	
Kentucky	15.0 (3)	35	12.0 (3)	41	15.0 (3)	31	
Louisiana	20.0	8	20.0	8	20.0	5	
Maine	17.0	24	20.0	9	17.0	21	
Maryland	18.5	14	18.5	15	18.5	13	
Massachusetts	11.0 (3)	43	11.0 (3)	44	11.0 (3)	42	
Michigan	15.0 (4)	36	15.0 (4)	34	15.0 (4)	32	Yes
Minnesota	20.0	9	20.0	10	18.0	14	
Mississippi	18.0	16	18.0	17	18.0	15	
Missouri	11.0	44	11.0	45	11.0	43	
Montana	20.0	10	20.0	11	20.0	6	
Nebraska	22.0 (4)	1	22.0 (4)	2	19.0 (4)	11	
Nevada	16.25 (2)	26	22.0	3	16.25 (2)	22	
New Hampshire	14.0	38	14.0	36	14.0	35	
New Jersey	10.5	45	13.5	37	6.5	48	
New Mexico	16.2	27	16.2	28	13.2 (1)	37	
New York	8.0	49	10.0	46	8.0	46	Yes
North Carolina	21.7 (3)	2	21.7 (3)	4	21.7 (3)	1	
North Dakota	17.0	25	17.0	25	13.0	38	
Ohio	18.0 (1)	17	18.0 (1)	18	18.0 (1)	16	
Oklahoma	16.0	29	13.0	38	18.0	25	
Oregon	18.0 (2)	18	18.0 (2)	19	18.0 (2)	17	
Pennsylvania	12.0	40	12.0	42	12.0	39	
Rhode Island	20.0 (3)	11	20.0 (3)	12	20.0 (3)	7	
South Carolina	16.0	30	16.0	32	10.0	44	
South Dakota	18.0 (2)	19	18.0 (2)	20	16.0 (2)	26	
Tennessee	21.0 (2)	3	17.0 (1)	26	21.0 (2)	2	
Texas	15.0	37	15.0	35	15.0	33	
Utah	19.0	13	19.0	13	19.0	12	
Vermont	16.0	31	17.0	27	16.0	27	
Virginia	17.7	22	16.2	29	17.7	19	
Washington	18.0	20	18.0	21	16.2	23	
West Virginia	15.5	32	15.5	33	15.5	28	Yes (5)
Wisconsin	20.8 (4)	4	20.8 (4)	6	20.8 (4)	3	
Wyoming	9.0	47	9.0	48	5.0	49	
Dist. of Columbia	18.0	21	18.0	22	18.0	18	
U.S. Median	16.25		17.0		16.0		9

SOURCE: Compiled by FTA from various sources.

(1) Several states will increase their tax rates in 1990. One tax increase effective April 1, 1990: TN, 17 cents (diesel). Tax increases effective July 1, 1990: CO, 19.5 cents (diesel); CT, 22 cents (gasoline & diesel) 21 cents (gasohol); KS, 16 cents (gasoline) and 18 cents (diesel); NM, 14.2 cents (gasohol); and OH, 20 cents. Effective August 1990 if approved by voters, CA 14 cents.

(2) Tax rates do not include local option taxes. In AL, 1 - 3 cents; CA, one cent; FL, 1 to 7 cents; HI, 8 to 11.5 cents; IL, 5 cents in Cook county (gasoline only); NV, 1.75 to 6.75 cents; OR, 1 to 2 cents; SD and TN, one cent; and VA 2%.

(3) Tax rate is based on the average wholesale price and is adjusted quarterly. The actual rates are: KY, 9%; MA, 10%; NC, 17 cents + 7%; and RI, 13%.

(4) Portion of the rate is adjustable based on maintenance costs, sales volume, or cost of fuel to state government.

(5) The sales tax is determined by the Dept. of Revenue based on average retail price and is added to the excise tax.

(6) The sales tax rate is reduced one percentage point for motor fuels.

## STATE EXCISE TAX RATES ON CIGARETTES

(January 1, 1990)

STATE	TAX RATE (¢ per pack)	RANK	STATE	TAX RATE (¢ per pack)	RANK
Alabama *	16.5	36	Nebraska	27	15
Alaska	29	13	Nevada	35	4
Arizona	15	39	New Hampshire	21	25
Arkansas	21	25	New Jersey (3) *	27	15
California	35	4	New Mexico	15	39
Colorado	20	27	New York *	33	7
Connecticut	40	1	North Carolina	2	50
Delaware	14	41	North Dakota (4)	30	10
Florida	24	20	Ohio	18	28
Georgia	12	45	Oklahoma	23	22
Hawaii (1)	40%	n.a.	Oregon	28	14
Idaho	18	28	Pennsylvania	18	28
Illinois *	30	10	Rhode Island	37	3
Indiana	15.5	38	South Carolina	7	47
Iowa	31	8	South Dakota	23	22
Kansas	24	20	Tennessee (2) *	13	42
Kentucky (2)	3	48	Texas	26	17
Louisiana	16	37	Utah	23	22
Maine	31	8	Vermont	17	33
Maryland	13	43	Virginia *	2.5	49
Massachusetts	26	17	Washington	34	6
Michigan	25	19	West Virginia	17	33
Minnesota	38	2	Wisconsin	30	10
Mississippi	18	28	Wyoming	12	45
Missouri *	13	43	Dist. of Columbia	17	33
Montana	18	28			
			U. S. Median	21.0	

*SOURCE: Compiled by FTA from various sources.*

\* Counties and cities may impose an additional tax on a pack of cigarettes in AL, 1¢ to 6¢; IL, 10¢ to 15¢; MO, 4¢ to 7¢; TN, 1¢; and VA, 2¢ to 15¢.

*In Atlantic City NJ and NYC, the tax is 3¢ and 4¢ per pack, respectively.*

(1) Tax rate is 40% of the wholesale price, approximately 36¢ per pack in 1989.

(2) Dealers pay an additional enforcement and administrative fee of 0.1¢ per pack in KY and 0.05¢ per pack in TN.

(3) Includes a surtax in lieu of the state's sales tax. The surtax is determined semi-annually by the Department of Taxation (8¢ per pack in 1990).

(4) On July 1, 1990, the rate is scheduled to fall to \$0.27 per pack.

STATE TAX RATES ON DISTILLED SPIRITS  
(January 1, 1990)

STATE	EXCISE		OTHER TAXES
	TAX RATES (\$ per gallon)	SALES TAXES APPLIED	
ALABAMA	see footnote (1)	Yes	
ALASKA	\$5.60	n.a.	under 21% - \$0.85/gallon
ARIZONA	3.00	Yes	
ARKANSAS	2.50	Yes	under 5% - \$0.50/gallon, under 21% - \$1.00/gallon; \$0.20/case and 3% off- 14% on-premise retail taxes
CALIFORNIA	2.00	Yes	over 50% - \$4.00/gallon
COLORADO	2.28	Yes	
CONNECTICUT	4.50	Yes	under 7% - \$2.05/gallon
DELAWARE	2.25	n.a.	under 25% - \$1.50/gallon
FLORIDA	6.50	Yes	under 17.259% - \$2.25/gallon, over 55.780% - \$9.53/gallon
GEORGIA	3.79	Yes	\$0.83/gallon local tax
HAWAII	5.75	Yes	
IDAHO	see footnote (1)	Yes	
ILLINOIS	2.00	Yes	under 14% - \$0.23/gallon; \$0.50/gallon in Chicago and \$1.00/gallon in Cook County
INDIANA	2.68	Yes	under 15% - \$0.47/gallon
IOWA	see footnote (1)	Yes	
KANSAS	2.50	no	8% off- and 10% on-premise retail tax
KENTUCKY	1.92	Yes*	under 6% - \$0.25/gallon; \$0.05/case and 9% wholesale tax
LOUISIANA	2.50	Yes	under 6% - \$0.32/gallon
MAINE	see footnote (1)	Yes	
MARYLAND	1.50	Yes	
MASSACHUSETTS	4.05	Yes*	under 15% - \$1.10/gallon, over 50% alcohol - \$4.05/proof gallon; 0.57% on private club sales
MICHIGAN	see footnote (1)	Yes	
MINNESOTA	5.03	-	\$0.01/bottle (except miniatures) and 8.5% sales tax
MISSISSIPPI	see footnote (1)	Yes	
MISSOURI	2.00	Yes	
MONTANA	see footnote (1)	n.a.	
NEBRASKA	3.00	Yes	
NEVADA	2.05	Yes	under 14% - \$0.40/gallon and under 21% - \$0.75/gallon.
NEW HAMPSHIRE	see footnote (1)	n.a.	
NEW JERSEY	2.80	no	7.3% wholesale sales tax
NEW MEXICO	3.94	Yes	
NEW YORK	5.30	Yes	under 24% - \$2.08/gallon; \$1.00/gallon New York City
NORTH CAROLINA	see footnote (1)	Yes*	
NORTH DAKOTA	2.50	-	7% state sales tax
OHIO	see footnote (1)	Yes	
OKLAHOMA	5.56	Yes	\$1.00/bottle on-premise and 12% on-premise
OREGON	see footnote (1)	n.a.	
PENNSYLVANIA	see footnote (1)	Yes	
RHODE ISLAND	3.75	Yes	
SOUTH CAROLINA	2.72	Yes	\$5.36/case and 9% surtax
SOUTH DAKOTA	3.93	Yes	under 14% - \$0.93/gallon, 2% wholesale tax
TENNESSEE	4.00	Yes	\$0.15/case and 15% on-premise
TEXAS	2.40	Yes	12% on-premise and \$0.05/drink on airline sales
UTAH	see footnote (1)	Yes	
VERMONT	see footnote (1)	no	
VIRGINIA	see footnote (1)	Yes*	
WASHINGTON	see footnote (1)	Yes*	
WEST VIRGINIA	see footnote (1)	Yes	
WISCONSIN	3.25	Yes	
WYOMING	see footnote (1)	Yes	
DIST. OF COLUMBIA	1.50	Yes	9% on-premise sales tax
U. S. MEDIAN	\$2.80		

SOURCE: Distilled Spirits Council of the U.S., Tax Briefs, 1990.

\* Sales tax is applied to on-premise sales only.

(1) In 18 states, the government directly controls the sales of distilled spirits. Revenue in these states is generated from various taxes, fees and net liquor profits.

**STATE TAX RATES ON WINE**  
(January 1, 1990)

STATE	EXCISE		OTHER TAXES
	TAX RATES (\$ per gallon)	SALES TAXES APPLIED	
ALABAMA	\$1.70	Yes	over 14% - sold through state store
ALASKA	0.85	n.a.	
ARIZONA	0.84	Yes	
ARKANSAS	0.75	Yes	under 5% - \$0.25/gallon; \$0.05/case; and 3% off- and 10% on-premise
CALIFORNIA	0.01	Yes	over 14% - \$0.02/gallon, sparkling wine - \$0.30/gallon
COLORADO	0.28	Yes	
CONNECTICUT	0.60	Yes	over 21% and sparkling wine - \$1.50/gallon
DELAWARE	0.40	n.a.	
FLORIDA	2.25	Yes	over 17.25% - \$3.00/gallon, sparkling wine \$3.50/gallon
GEORGIA	1.51	Yes	over 14% - \$2.54/gallon; \$0.83/gallon local tax
HAWAII	1.30	Yes	Sparkling wine - \$2.00/gallon and wine coolers - \$0.81/gallon
IDAHO	0.45	Yes	
ILLINOIS	0.23	Yes	over 14% - \$0.60/gallon; \$0.30/gallon in Chicago and (\$0.16-\$0.30)/gallon in Cook County
INDIANA	0.47	Yes	over 21% - \$2.68/gallon
IOWA	1.75	Yes	under 5% - \$0.19/gallon
KANSAS	0.30	no	over 14% - \$0.75/gallon; 8% off- and 10% on-premise
KENTUCKY	0.50	Yes*	9% wholesale
LOUISIANA	0.11	Yes	14% to 24% - \$0.23/gallon, over 24% and sparkling wine - \$1.59/gallon
MAINE	0.60	Yes	over 15.5% - sold through state stores, sparkling wine - \$1.25/gallon; additional 5% on-premise sales tax
MARYLAND	0.40	Yes	
MASSACHUSETTS	0.55	Yes*	sparkling wine - \$0.70/gallon;
MICHIGAN	0.51	Yes	over 16% - \$0.76/gallon
MINNESOTA	0.30	-	14% to 21% - \$0.95/gallon, under 24% and sparkling wine - \$1.82/gallon; \$0.01/bottle (except miniatures) and 8.5% sales tax
MISSISSIPPI	0.35	Yes	over 14% and sparkling wine - sold through the state
MISSOURI	0.36	Yes	
MONTANA	1.06	n.a.	over 16% - sold through state stores
NEBRASKA	0.75	Yes	over 14% - \$1.35/gallon
NEVADA	0.40	Yes	14% to 22% - \$0.75/gallon, over 22% - \$2.05/gallon
NEW HAMPSHIRE	see footnote (1)	n.a.	
NEW JERSEY	0.30	no	7.3% wholesale sales tax
NEW MEXICO	0.95	Yes	
NEW YORK	0.19	Yes	carbonated wine - \$0.57/gallon, champagne - \$0.95/gallon
NORTH CAROLINA	0.79	Yes	over 17% - \$0.91/gallon
NORTH DAKOTA	0.50	-	over 17% - \$0.60/gallon, Sparkling wine - \$1.00/gallon; 7% state sales tax
OHIO	0.26	Yes	over 14% - \$0.62/gallon, vermouth - \$0.77/gallon and sparkling wine - \$1.27/gallon
OKLAHOMA	0.72	Yes	over 14% - \$1.44/gallon, sparkling wine - \$2.08/gallon; \$1.00/bottle on-premise and 12% on-premise
OREGON	0.67	n.a.	over 14% - \$0.77/gallon
PENNSYLVANIA	see footnote (1)	Yes	
RHODE ISLAND	0.60	Yes	sparkling wine - \$0.75/gallon
SOUTH CAROLINA	0.90	Yes	\$0.18/gallon additional tax
SOUTH DAKOTA	0.93	Yes	14% to 20% - \$1.45/gallon, over 21% and sparkling wine - \$2.07/gallon; 2% wholesale tax
TENNESSEE	1.10	Yes	\$0.15/case and 15% on-premise
TEXAS	0.20	Yes	over 14% - \$0.408/gallon and sparkling wine - \$0.516/gallon; 12% on-premise and \$0.05/drink on airline sales
UTAH	see footnote (1)	Yes	
VERMONT	0.55	no	over 16% - sold through state store
VIRGINIA	1.51	Yes	under 4% - \$0.2565/gallon and over 14% - sold through state store
WASHINGTON	0.87	Yes	over 14% - \$1.72/gallon
WEST VIRGINIA	1.00	Yes	over 14% - sold through state store
WISCONSIN	0.25	Yes	over 14% - \$0.45/gallon
WYOMING	see footnote (1)	Yes	
DIST. OF COLUMBIA	0.40	Yes	9% on-premise sales tax
U. S. MEDIAN	0.55		

SOURCE: Distilled Spirits Council of the U.S., Tax Briefs, 1990.

\* Sales tax is applied to on-premise sales only.

(1) All wine sales are through the state. Revenue in these states is generated from various taxes, fees and net profits.

STATE TAX RATES ON BEER  
(January 1, 1990)

	EXCISE		OTHER TAXES
	TAX RATES (\$ per gallon)	SALES TAXES APPLIED	
ALABAMA	\$0.53	Yes	\$0.52/gallon local tax
ALASKA	0.35	n.a.	
ARIZONA	0.16	Yes	
ARKANSAS	0.23	Yes	under 3.2% - \$0.16/gallon; \$0.008/gallon and 10% on-premise tax
CALIFORNIA	0.04	Yes	
COLORADO	0.08	Yes	
CONNECTICUT	0.19	Yes	
DELAWARE	0.06	n.a.	
FLORIDA	0.48	Yes	
GEORGIA	0.48	Yes	\$0.53/gallon local tax
HAWAII	0.89	Yes	\$0.50/gallon draft beer
IDAHO	0.15	Yes	over 4% - \$0.45/gallon
ILLINOIS	0.07	Yes	\$0.12/gallon in Chicago and \$0.06/gallon in Cook County
INDIANA	0.12	Yes	
IOVA	0.19	Yes	
KANSAS	0.18	--	over 3.2% - (8% off- and 10% on-premise), under 3.2% - 4.25% sales tax.
KENTUCKY	0.08	Yes*	9% wholesale tax
LOUISIANA	0.32	Yes	\$0.048/gallon local tax
MAINE	0.35	Yes	additional 5% on-premise tax
MARYLAND	0.09	Yes	\$0.2333/gallon in Garrett County
MASSACHUSETTS	0.11	Yes*	0.57% on private club sales
MICHIGAN	0.20	Yes	
MINNESOTA	0.15	--	under 3.2% - \$0.077/gallon. 8.5% sales tax
MISSISSIPPI	0.43	Yes	
MISSOURI	0.06	Yes	
MONTANA	0.14	n.a.	
NEBRASKA	0.23	Yes	
NEVADA	0.09	Yes	
NEW HAMPSHIRE	0.30	n.a.	
NEW JERSEY	0.03	no	7.3% wholesale sales tax
NEW MEXICO	0.18	Yes	
NEW YORK	0.11	Yes	\$0.12/gallon in New York City
NORTH CAROLINA	0.48	Yes	
NORTH DAKOTA	0.16	--	7% state sales tax
OHIO	0.11	Yes	
OKLAHOMA	0.40	Yes	under 3.2% - \$0.36/gallon; \$1.00/case on-premise and 12% on-premise
OREGON	0.08	n.a.	
PENNSYLVANIA	0.08	Yes	
RHODE ISLAND	0.10	Yes	\$0.04/case wholesale tax
SOUTH CAROLINA	0.77	Yes	
SOUTH DAKOTA	0.27	Yes	
TENNESSEE	0.13	Yes	17% wholesale tax and 15% on-premise
TEXAS	0.19	Yes	over 4% - \$0.198/gallon, 12% on-premise and \$0.05/drink on airline sales
UTAH	0.35	Yes	over 3.2% - sold through state store
VERMONT	0.27	no	10% on-premise sales tax
VIRGINIA	0.25	Yes	
WASHINGTON	0.15	Yes	
WEST VIRGINIA	0.18	Yes	
WISCONSIN	0.06	Yes	
WYOMING	0.02	Yes	
DIST. OF COLUMBIA	0.09	Yes	9% on-premise sales tax
U.S. MEDIAN	\$0.14		

SOURCE: Distilled Spirits Council of the U.S., Tax Briefs, 1990.

\* Sales tax is applied to on-premise sales only.

# STATE OF ALASKA

## DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

P.O. BOX 5  
JUNEAU, ALASKA 99811-0400  
PHONE: (907) 465-2300  
TELEFAX: (907) 465-2389

January 18, 1990

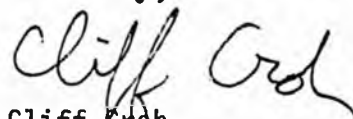
The Honorable Lloyd Jones, Chairman  
Senate Transportation Committee  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811

Re: Scheduling request for SB188

Dear Senator Jones:

Please schedule SB188 for a hearing in your committee. The legislation would raise the motor fuel tax (with some exceptions) from eight cents a gallon to 16 cents a gallon. This bill would raise revenues which Alaska will need as production at the giant Prudhoe Bay field continues to decline. Oil production--mostly at Prudhoe Bay--now provides about 84 percent of the state's revenues. Enacting this legislation would help prepare Alaskans for the day when they have to pay for more than 16 percent of the government they receive.

Sincerely,



Cliff Groh  
Special Assistant  
to the Commissioner

CG:m11  
90-06

JAN 18 1990

STEVE COWPER  
GOVERNOR



188

STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

February 24, 1989

The Honorable Tim Kelly  
President of the Senate  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811

Dear Mr. President:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that increases the highway and off-highway motor fuel tax. The taxes on aviation and marine fuel are not changed.

Current law imposes a tax of eight cents a gallon for motor fuel used on highways. This tax rate is the second lowest in the nation. AS 43.40.010(a) and (b). This bill would increase that tax to 16 cents a gallon, which would shift Alaska's tax ranking among the states from forty-ninth to twenty-fifth. Users of fuel for non-highway purposes currently are entitled to a refund of six cents a gallon. AS 43.40.030(a). The bill would not change the amount of this refund.

It is my intent that the increased revenue from this change should be used to pay for highway maintenance.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Cowper", written over the word "Sincerely,".

Steve Cowper  
Governor

FISCAL NOTE

Revision Date: 2/10/89  
Title: An Act increasing the motor fuel tax

Agency Affected: DOT&PF  
BRU:

Sponsor: Rules Committee  
Requestor: Governor's Office

Components:

EXPENDITURES/REVENUES: (THOUSANDS OF DOLLARS)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTURAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
---------	---	---	---	---	---	---

REVENUE	0	0	0	0	0	0
---------	---	---	---	---	---	---

FUNDING: (THOUSANDS OF DOLLARS)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER*	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

Prepared by: M. Clyde Stoltzfus, Special Assistant to the Commissioner  
Division: Commissioner Office

Phone: 465-3900  
Date: 2/17/89

Approved by Commissioner: Mark S. Hickey  
Agency: Department of Transportation and Public Facilities

Date: 2/17/89

Distribution (by preparer):  
Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: An act relating to the motor  
fuel tax  
Sponsor: Rules Committee  
Requestor: Governor

Agency Affected: Revenue  
BRU: Income & Excise Audit  
Components: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 90	FY 91	FY 92	FY 93	FY 94	FY 95
<b>OPERATING</b>						
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	7.5	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LANDS & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
<b>TOTAL OPERATING</b>	0	7.5	0	0	0	0
<b>CAPITAL</b>	0	0	0	0	0	0
<b>REVENUE</b>	0	34246.8	35000.0	35000.0	35000.0	35000.0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	7.5	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
<b>TOTAL</b>	0	7.5	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

Prepared By: Dave Tonkovich *Vincent Wright for* Phone: 465-2173  
Division: Revenue Research Date: 2/1/89  
Approved by Commissioner: Hugh Malone *Report for* Date: 2/1/89  
Agency: Department of Revenue

Distribution (by preparer):

Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)