

HB575

HOUSE COMMITTEE REPORT

(11)

Date Referred: May 6, 1992

FURTHER REFERRALS:

Date of Committee Action: 5/7/92

The FINANCE Committee considered:

HB 575

HOUSE BILL NO. 575

INCREASE MOTOR FUEL TAX

"An Act increasing the motor fuel tax; and providing for an effective date."

RECOMMENDATIONS:

be replaced with 2d CS HB 575 (FIN) the same title a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) _____

APPROVES PREVIOUS: (Dept/Date) _____

fiscal impact DOR

fiscal note(s) _____

zero fiscal note _____

zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Mike Havron</i>	<input checked="" type="checkbox"/>	<i>[Signature]</i>		<input checked="" type="checkbox"/>	
<i>Mark Boyer w/ constitutional amendment</i>	<input checked="" type="checkbox"/>	<i>[Signature]</i>		<input checked="" type="checkbox"/>	
<i>[Signature]</i>	<input checked="" type="checkbox"/>	<i>[Signature]</i>		<input checked="" type="checkbox"/>	
<i>Jay Brown</i>	<input checked="" type="checkbox"/>	<i>[Signature] unless need</i>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
		<i>Eileen Mademan</i>		<input checked="" type="checkbox"/>	
		<i>[Signature]</i>	<input checked="" type="checkbox"/>		
		<i>[Signature]</i>	<input checked="" type="checkbox"/>		

Mike Havron
CHAIRMAN'S SIGNATURE

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. CSHB 575 (FIN)

Revision Date: May 7, 1992
Title: Increasing Motor Fuel Tax

Department Affected: Department of Revenue
BRU: Revenue Operations
Component: Income and Excise Audit

Sponsor: House Finance
Requestor: HS FIN

COMPONENT SERIAL NO. 1 | 1 | 3

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	67.0	134.1	134.1	134.1	134.1	134.1
TRAVEL	4.5	5.0	5.0	5.0	5.0	5.0
CONTRACTUAL	9.0	9.0	9.0	9.0	9.0	9.0
SUPPLIES	3.0	3.0	3.0	3.0	3.0	3.0
EQUIPMENT	12.0	0.0	0.0	0.0	0.0	0.0
LANDS & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	95.5	151.1	151.1	151.1	151.1	151.1
CAPITAL						
REVENUE FUND SOURCE	26,746.0	42,892.0	42,892.0	42,892.0	36,892.0	36,892.0

FUNDING: (Thousands of Dollars)

GENERAL FUND	95.5	151.1	151.1	151.1	151.1	151.1
FEDERAL FUNDS						
OTHER FUND SOURCE						
TOTAL	95.5	151.1	151.1	151.1	151.1	151.1

POSITIONS:

FULL-TIME	3.0	3.0	3.0	3.0	3.0	3.0
PART-TIME						
TEMPORARY						

Estimate of current year impact: \$0.0

ANALYSIS:

SEE ATTACHED

Prepared By: Paul Dick
Division: Income and Excise Audit

Phone: (907) 465-2320
Date: May 7, 1992

Approved by Commissioner: Darrel J. Rexwinkel
Agency: Department of Revenue

Date: 5/7/92

Fiscal Note Analysis, CSHB 575 (FIN)
Income and Excise Audit Division
Prepared by Paul Dick
May 7, 1992
Page 2

Analysis

This bill increases the highway motor fuel tax from 8 to 17 cents per gallon effective January 1, 1993 and then to 18 cents per gallon effective July 1, 1996; but only if amendments to the state constitution are proposed at the November 1992 general election to create a dedicated transportation fund, and a majority of the voters at the election approve the adoption of the amendments.

This bill amends AS 29.10 to allow municipalities to levy a motor fuel tax not to exceed 2 cents per gallon effective January 1, 1993. If levied, the Department of Revenue would collect and deduct the municipal tax from the 18 cents per gallon tax under AS 43.40.010. The department would remit the municipal tax to the municipalities and retain 1% of the amount collected to offset the expenses of administration.

Section 12 of this bill adds a 1 cent per gallon surcharge on all motor fuels (highway, marine and aviation) for funding the storage tank assistance fund under the Department of Environmental Conservation which becomes effective July 1, 1992. The surcharge would be automatically repealed effective July 1, 1996 under section 13 of this bill.

Total highway motor fuel tax revenues for FY 91 based on the 8 cents per gallon rate were \$36.7 million. Based on FY 91 data, each cent of motor fuel tax yielded approximately \$4.6 million. Assuming that consumption remains the same as FY 91, an 9 and 10 cent increase would result in approximately \$41.4 million and \$46.0 million additional motor fuel tax revenues to the state respectively.

Based on FY 91 consumption, the 1 cent surcharge would generate an additional \$4.6 million for highway motor fuel; \$2.0 million for marine fuel; and \$4.0 million for aviation fuel. The total revenues collected from the surcharge would be approximately \$10.6 million.

Assuming all municipalities levy the 2 cents tax on highway motor fuel, the department will collect approximately \$9.2 million per year and retain 1%, or \$92,000, for administrative expenses. The balance of \$9,108,000 will be remitted to the municipalities by the department.

Fiscal Note Analysis, CSHB 575 (FIN)
 Income and Excise Audit Division
 Prepared by Paul Dick
 May 7, 1992
 Page 3

Analysis (Continued)

Total revenues for each year, netting the effects of the municipal motor fuel tax levy, are as follows

	<u>FY93*</u>	<u>FY94 - FY96</u>	<u>FY97 - FY98</u>
Surcharge	\$10,600,000	\$10,600,000	\$ N/A
Tax Increase (9 cents)	20,700,000	41,400,000	N/A
Tax Increase (10 cents)	N/A	N/A	46,000,000
Municipal Tax (2 Cents)	<u>(4,554,000)**</u>	<u>(9,108,000)**</u>	<u>(9,108,000)**</u>
Net Additional Revenue	<u>\$26,746,000</u>	<u>\$42,892,000</u>	<u>\$36,892,000</u>

* If signed into law, the surcharge would take effect July 1, 1992. The 9 cent increase takes effect January 1, 1993 if approved by the voters in the November 1992 general election.

** Net of 1% administrative costs retained by the department.

Operating Costs

Personal Services \$134.1

Provides for a Revenue Auditor III, Range 18A; an Accounting Technician I, Range 12A; and an Accounting Clerk III, Range 10A

Travel 5.0

Provides funding for in-state travel audits.

Contractual 9.0

Provides funding for printing and communication costs.

Supplies 3.0

Provides funding for office and data processing supplies.

Equipment 12.0

Provides funding for staff computers.

TOTAL: \$163.1

FY 93 Operating Costs include funding for 6 months of the year plus equipment because the motor fuel increase becomes effective January 1, 1993 under this bill.

CS FOR HOUSE BILL NO. 575 (FINANCE)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): HOUSE FINANCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act increasing the motor fuel tax, imposing a motor fuel surcharge and terminating
2 its imposition, adding to the purposes for which revenues from the motor fuel tax may
3 be expended, amending the motor fuel tax exemption for stationary power plants, and
4 authorizing certain municipalities to levy and the state to collect and remit a motor fuel
5 tax not to exceed two cents per gallon; and providing for an effective date."

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

7 * Section 1. AS 29.10.200 is amended by adding a new paragraph to read:

8 (51) AS 29.45.750 (municipal motor fuel tax)

9 * Sec. 2. AS 29.45 is amended by adding a new section to read:

10 ARTICLE 6. MOTOR FUEL TAX.

11 Sec. 29.45.750. MUNICIPAL MOTOR FUEL TAX. (a) Each of the following may, by
12 ordinance, levy, on the same transactions and subject to the same restrictions as set out in
13 AS 43.40 and to the exemptions set out in AS 43.40.015 - 43.40.100, a tax on motor fuel:

- 1 (1) a unified municipality;
- 2 (2) a home rule or general law borough; and
- 3 (3) a city in the unorganized borough.

4 (b) The tax levied by a municipality under this section may not exceed two cents per
5 gallon.

6 (c) The tax levied under this section does not apply to

- 7 (1) aviation gasoline;
- 8 (2) motor fuel used in and on watercraft of all descriptions; and
- 9 (3) aviation fuel other than gasoline.

10 (d) The levy authorized by this section is in addition to any other levy of a municipal
11 tax on the sale, transfer, or consumption of motor fuel. The governing body of a municipality
12 shall promptly inform the commissioner of revenue of its adoption of an ordinance to levy, or
13 to amend an ordinance that levies, the tax authorized by this section.

14 (e) If a municipality enacts an ordinance to levy the tax authorized by this section, the
15 Department of Revenue shall

16 (1) collect the tax in the manner provided for collection of the tax proposed by
17 AS 43.40; and

18 (2) after retaining one percent of the amount collected under (1) of this subsection
19 to offset the expenses of administration, remit to the municipality the balance of the proceeds of
20 the tax.

21 * Sec. 3. AS 43.40.010(a) is amended to read:

22 (a) On sales or transfers of motor fuel in the state outside a municipality that levies
23 a tax under AS 29.45.750, there [THERE] is levied a tax of 17 [EIGHT] cents a gallon. On
24 sales or transfers of motor fuel within a municipality in the state that levies a tax under
25 AS 29.45.750, there is levied a per gallon tax of 17 cents less the rate per gallon, not to
26 exceed two cents per gallon, that is imposed by a levy of a motor fuel tax by the
27 municipality under AS 29.45.750. The tax under this subsection is levied on all motor fuel
28 sold or otherwise transferred within the state, except that

- 29 (1) the tax on aviation gasoline is four cents a gallon,
- 30 (2) the tax on motor fuel used in and on watercraft of all descriptions is five cents
31 a gallon, and

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

3 * Sec. 4. AS 43.40.010(a) is amended to read:

4 (a) On sales or transfers of motor fuel in the state outside a municipality that levies a tax
5 under AS 29.45.750, there is levied a tax of 18 [17] cents a gallon. On sales or transfers of
6 motor fuel within a municipality in the state that levies a tax under AS 29.45.750, there is levied
7 a per gallon tax of 18 [17] cents less the rate per gallon, not to exceed two cents per gallon, that
8 is imposed by a levy of a motor fuel tax by the municipality under AS 29.45.750. The tax under
9 this subsection is levied on all motor fuel sold or otherwise transferred within the state, except
10 that

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

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

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

16 * Sec. 5. AS 43.40.010(b) is amended to read:

17 (b) On consumption of motor fuel in the state outside a municipality that levies a
18 tax under AS 29.45.750, there [THERE] is levied a tax of 17 [EIGHT] cents a gallon. On
19 consumption of motor fuel within a municipality in the state that levies a tax under
20 AS 29.45.750, there is levied a per gallon tax of 17 cents less the rate per gallon, not to
21 exceed two cents per gallon, that is imposed by a levy of a motor fuel tax by the
22 municipality under AS 29.45.750. The tax under this subsection is levied on all motor fuel
23 consumed by a user, except that

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

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

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

29 * Sec. 6. AS 43.40.010(b) is amended to read:

30 (b) On consumption of motor fuel in the state outside a municipality that levies a tax
31 under AS 29.45.750, there is levied a tax of 18 [17] cents a gallon. On consumption of motor

1 fuel within a municipality in the state that levies a tax under AS 29.45.750, there is levied a per
2 gallon tax of 18 [17] cents less the rate per gallon, not to exceed two cents per gallon, that is
3 imposed by a levy of a motor fuel tax by the municipality under AS 29.45.750. The tax under
4 this subsection is levied on all motor fuel consumed by a user, except that

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

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

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

10 * Sec. 7. AS 43.40.010(e) is amended to read:

11 (e) Sixty percent of the proceeds of the revenue from the taxes levied under this section
12 on aviation fuel, excluding the amount determined to have been spent by the state in its
13 collection, shall be refunded to a municipality owning and operating or leasing and operating an
14 airport in the proportion that the revenue was collected at the municipal airport. All other
15 proceeds of the taxes levied under this section on aviation fuel shall be paid into a special
16 aviation fuel tax account in the state general fund. The legislature may appropriate funds from
17 this account for aviation facilities.

18 * Sec. 8. AS 43.40.010(f) is amended to read:

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

23 * Sec. 9. AS 43.40.010(g) is amended to read:

24 (g) The proceeds of the revenue from the tax levied under this section on all motor
25 fuels, except as provided in (e), (f) and (j) of this section, shall be deposited in a special highway
26 fuel tax account in the state general fund. The legislature may appropriate funds from it for
27 expenditure by the Department of Transportation and Public Facilities directly or as matched with
28 available federal-aid highway money for maintenance of highways, construction of highway
29 projects and ferries included in the program provided for in AS 19.10.150, including approaches,
30 appurtenances and related facilities and acquisition of rights-of-way or easements, [AND] other
31 highway costs including surveys, administration, and related matters, and pedestrian, air quality,

1 and transit improvements. All departments of the state government authorized to spend funds
2 collected from taxes imposed by this section [CHAPTER] shall perform, when feasible, all
3 construction or reconstruction projects by contract after the projects have been advertised for
4 competitive bids, except that, when feasible, arrangements shall be made with political
5 subdivisions to carry out the construction or reconstruction projects. If it is not feasible for the
6 work to be performed by state engineering forces, the commissioner of transportation and public
7 facilities may contract on a professional basis with private engineering firms for road design,
8 bridge design, and services in connection with surveys. If more than one private engineering
9 firm is available for the work the contracts shall be entered into on a negotiated basis.

10 * Sec. 10. AS 43.40.010(i) is amended to read:

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

16 * Sec. 11. AS 43.40.010(j) is amended to read:

17 (j) The proceeds from the tax levied under this section on motor fuel used in snow
18 vehicles and, unless a tax refund is applied for under AS 43.40.050(a), other internal combustion
19 engines not used in or in conjunction with a motor vehicle licensed to be operated on public
20 ways shall be deposited in a special nonpublic highway use account in the general fund. The
21 legislature may appropriate from this account to the Department of Transportation and Public
22 Facilities for trail staking and shelter construction and maintenance.

23 * Sec. 12. AS 43.40 is amended by adding a new section to read:

24 Sec. 43.40.012. SURCHARGE ON MOTOR FUEL. (a) In addition to the tax levied
25 by AS 43.40.010, there is levied a surcharge of one cent a gallon on all motor fuel subject to tax
26 under AS 43.40.010.

27 (b) The surcharge imposed by (a) of this section shall be collected and remitted in the
28 same manner as the tax levied and collected under AS 43.40.010.

29 (c) Notwithstanding any other provision of this chapter, the commissioner of revenue
30 shall deposit amounts received from the levy of the surcharge under this section into the general
31 fund.

1 (d) The commissioner of administration shall separately account for the proceeds of the
2 surcharge collected under this section and deposited into the general fund. The legislature may
3 use the annual estimated balance in the account to make appropriations to the Department of
4 Environmental Conservation for the storage tank assistance fund established under AS 46.03.410.

5 * Sec. 13. AS 43.40.100(2) is amended to read:

6 (2) "motor fuel" means fuel used in an engine for the propulsion of a motor
7 vehicle or aircraft, and fuel used in and on watercraft for any purpose, or in a stationary
8 engine, machine or mechanical contrivance which is run by an internal combustion motor;
9 "motor fuel" does not include

10 (A) fuel consigned to foreign countries;

11 (B) fuel sold for use in jet propulsion aircraft operating in flights to
12 foreign countries;

13 (C) fuel used in stationary power plants operating as public utility plants
14 and generating electrical energy for sale to the general public;

15 (D) fuel used by nonprofit power associations or corporations for
16 generating electric energy for resale;

17 (E) fuel used by charitable institutions;

18 (F) fuel which is at least 10 percent alcohol by volume;

19 (G) fuel sold or transferred between qualified dealers;

20 (H) fuel sold to federal, state, and local government agencies for official
21 use;

22 (I) fuel used in stationary power plants that generate electrical energy for
23 private residential consumption;

24 (J) fuel used to heat private or commercial buildings or facilities;

25 (K) fuel used for other nontaxable purposes as prescribed by regulations
26 adopted by the department; or

27 (L) fuel used in stationary power plants [OF 100 KW OR LESS] that
28 generate electrical power for commercial enterprises not for resale;

29 * Sec. 14. AS 43.40.012 is repealed.

30 * Sec. 15. Sections 1 - 6 of this Act do not take effect if amendments to the state constitution are
31 proposed at the November 1992 general election to create as a dedicated fund a transportation fund to

1 receive, among other sources, the revenue from the state's levy and collection of motor fuel taxes, and
2 a majority of the voters at that election does not approve the adoption of those amendments.

3 * Sec. 16. Sections 7 - 13 of this Act take effect July 1, 1992.

4 * Sec. 17. If secs. 1 - 3 and 5 of this Act take effect, they take effect January 1, 1993.

5 * Sec. 18. If secs. 4 and 6 of this Act take effect, they take effect July 1, 1996.

6 * Sec. 19. Section 14 of this Act takes effect July 1, 1996.

7 * Sec. 20. Section 15 of this Act takes effect immediately under AS 01.10.070(c).

HOUSE COMMITTEE REPORT

(11)

Date Referred: April 10, 1992

FURTHER REFERRALS:

Date of Committee Action: 5/2/92

The FINANCE Committee considered:

HB 575

HOUSE BILL NO. 575

INCREASE MOTOR FUEL TAX

"An Act increasing the motor fuel tax; and providing for an effective date."

RECOMMENDATIONS:

be replaced with CS HB 575 (FIN) the same title

a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) _____

APPROVES PREVIOUS: (Dept/Date) _____

fiscal impact Revenue

fiscal note(s) _____

zero fiscal note _____

zero fiscal note(s) _____

BOYER

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Mike Navarre</i> NAVARRE	<input checked="" type="checkbox"/>	<i>Eileen P. Maclean</i> Maclean			<input checked="" type="checkbox"/>
<i>Marie Boyer w/ Constitutional Amendment</i> BOYER	<input checked="" type="checkbox"/>	<i>Dorinda Barnes</i> Barnes	<input checked="" type="checkbox"/>		
<i>Kay Brown</i> BROWN	<input checked="" type="checkbox"/>	<i>Bob Sharp</i> Sharp		<input checked="" type="checkbox"/>	
<i>Kopmen</i> KOPMEN	<input checked="" type="checkbox"/>	<i>Reed E. Phillips</i> Phillips		<input checked="" type="checkbox"/>	
<i>Ronald J. Larson</i> LARSON	<input checked="" type="checkbox"/>				

Mike Navarre Eileen P. Maclean
CO CHAIRMAN'S SIGNATURE
MAY 1992. Maclean

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. CSHB 575 (FIN)

Revision Date: May 5, 1992
Title: Increasing Motor Fuel Tax

Department Affected: Department of Revenue
BRU: Revenue Operations
Component: Income and Excise Audit

Sponsor: House Finance
Requestor: HS FIN

COMPONENT SERIAL NO. 1 | 1 | 3

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	0.0	134.1	134.1	134.1	134.1	134.1
TRAVEL	0.0	5.0	5.0	5.0	5.0	5.0
CONTRACTUAL	3.0	9.0	9.0	9.0	9.0	9.0
SUPPLIES	0.0	3.0	3.0	3.0	3.0	3.0
EQUIPMENT	0.0	12.0	0.0	0.0	0.0	0.0
LANDS & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	3.0	163.1	151.1	151.1	151.1	151.1
CAPITAL						
REVENUE FUND SOURCE	4,600.0	41,492.0	41,492.0	41,492.0	41,492.0	41,492.0

FUNDING: (Thousands of Dollars)

GENERAL FUND	3.0	163.1	151.1	151.1	151.1	151.1
FEDERAL FUNDS						
OTHER FUND SOURCE						
TOTAL	3.0	163.1	151.1	151.1	151.1	151.1

POSITIONS:

FULL-TIME	0.0	3.0	3.0	3.0	3.0	3.0
PART-TIME						
TEMPORARY						

Estimate of current year impact: \$0.0

ANALYSIS:

SEE ATTACHED

Prepared By: Paul Dick PD Phone: (907) 465-2320
Division: Income and Excise Audit Date: May 5, 1992

Approved by Commissioner: Darrel J. Rexwinkel *Darrel J. Rexwinkel*
Agency: Department of Revenue Date: 5/5/92

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OMB/DBR, Gov. Legis. Ofc., & Impacted Agency(ies).

Analysis

Effective January 1, 1993, this bill increases the highway motor fuel tax by 125% from 8 to 18 cents per gallon, but only if amendments to the state constitution are proposed at the November 1992 general election to create a dedicated transportation fund and a majority of the voters at the election approve the adoption of the amendments.

This bill amends AS 29.10 to allow municipalities to levy a motor fuel tax not to exceed 2 cents per gallon. If levied, the Department of Revenue would collect and deduct the municipal tax from the 18 cents per gallon tax under AS 43.40.010. The department would remit the municipal tax to the municipalities and retain 1% of the amount collected to offset the expenses of administration.

This bill also adds a 1 cent per gallon surcharge for funding the storage tank assistance fund under the Department of Environmental Conservation which becomes effective July 1, 1992. This provision does not require the approval of the voters at a general election.

Total highway motor fuel tax revenues for FY 91 based on the 8 cents per gallon rate were \$36.7 million. Based on FY 91 data, each cent of motor fuel tax yielded approximately \$4.6 million. Assuming that consumption remains the same as FY 91, an 10 cent increase would result in approximately \$46 million additional motor fuel tax revenues to the state. The surcharge would generate an additional \$4.6 million.

Assuming all municipalities levy the 2 cents tax, the department will collect approximately \$9.2 million and retain 1%, or \$92,000, for administrative expenses. The balance of \$9,108,000 will be remitted to the municipalities by the department.

Total revenues for each year, netting the effects of the municipal motor fuel tax levy, are as follows

	<u>FY93*</u>	<u>FY 94 - FY98</u>
Surcharge	\$4,600,000	\$ 4,600,000
Tax increase (10 cents)	N/A	46,000,000
Municipal Tax (2 Cents)	<u>N/A</u>	<u>(9,108,000)**</u>
Net Additional Revenue	<u>\$4,600,000</u>	<u>\$41,492,000</u>

* If signed into law, the surcharge would take effect July 1, 1992. All other provisions take effect July 1, 1993 if approved by the voters in the November 1992 general election.

** Net of 1% administrative costs retained by the department.

Operating Costs (FY 94)

Personal Services \$134.1

Provides for a Revenue Auditor III, Range 18A;
an Accounting Technician I, Range 12A; and an
Accounting Clerk III, Range 10A

Travel 5.0

Provides funding for in-state travel audits.

Contractual 9.0

Provides funding for printing and communication
costs.

Supplies 3.0

Provides funding for office and data processing
supplies.

Equipment 12.0

Provides funding for staff computers.

TOTAL: \$163.1

FY 93 Operating Costs include contractual funding for printing new forms to include the surcharge of 1 cent per gallon which would become effective July 1, 1992 under this bill. No additional positions are required to collect the 1 cent surcharge.

FY 95 - FY 98 include the same operating costs as FY 94 with the exclusion of the one time equipment funding request.

CS FOR HOUSE BILL NO. 575 (FINANCE)
 IN THE LEGISLATURE OF THE STATE OF ALASKA
 SEVENTEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:

Referred:

Sponsor(s): HOUSE FINANCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act increasing the motor fuel tax, imposing a motor fuel surcharge, and authorizing
 2 certain municipalities to levy and the state to collect and remit a motor fuel tax not to
 3 exceed two cents per gallon; and providing for an effective date."

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

5 * Section 1. AS 29.10.200 is amended by adding a new paragraph to read:

6 (51) AS 29.45.750 (municipal motor fuel tax)

7 * Sec. 2. AS 29.45 is amended by adding a new section to read:

8 ARTICLE 6. MOTOR FUEL TAX.

9 Sec. 29.45.750. MUNICIPAL MOTOR FUEL TAX. (a) Each of the following may, by
 10 ordinance, levy, on the same transactions and subject to the same restrictions as set out in
 11 AS 43.40 and to the exemptions set out in AS 43.40.015 - 43.40.100, a tax on motor fuel:

12 (1) a unified municipality;

13 (2) a home rule or general law borough; and

14 (3) a city in the unorganized borough.

1 (b) The tax levied by a municipality under this section may not exceed two cents per
2 gallon.

3 (c) The tax levied under this section does not apply to

4 (1) aviation gasoline;

5 (2) motor fuel used in and on watercraft of all descriptions; and

6 (3) aviation fuel other than gasoline.

7 (d) The levy authorized by this section is in addition to any other levy of a municipal
8 tax on the sale, transfer, or consumption of motor fuel. The governing body of a municipality
9 shall promptly inform the commissioner of revenue of its adoption of an ordinance to levy, or
10 to amend an ordinance that levies, the tax authorized by this section.

11 (e) If a municipality enacts an ordinance to levy the tax authorized by this section, the
12 Department of Revenue shall

13 (1) collect the tax in the manner provided for collection of the tax proposed by
14 AS 43.40; and

15 (2) after retaining one percent of the amount collected under (1) of this subsection
16 to offset the expenses of administration, remit to the municipality the balance of the proceeds of
17 the tax.

18 * Sec. 3. AS 43.40.010(a) is amended to read:

19 (a) On sales or transfers of motor fuel in the state outside a municipality that levies
20 a tax under AS 29.45.750, there [THERE] is levied a tax of 18 [EIGHT] cents a gallon. On
21 sales or transfers of motor fuel within a municipality in the state that levies a tax under
22 AS 29.45.750, there is levied a per gallon tax of 18 cents less the rate per gallon, not to
23 exceed two cents per gallon, that is imposed by a levy of a motor fuel tax by the
24 municipality under AS 29.45.750. The tax under this subsection is levied on all motor fuel
25 sold or otherwise transferred within the state, except that

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

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

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

31 * Sec. 4. AS 43.40.010(b) is amended to read:

1 (b) On consumption of motor fuel in the state outside a municipality that levies a
2 tax under AS 29.45.750, there [THERE] is levied a tax of 18 [EIGHT] cents a gallon. On
3 consumption of motor fuel within a municipality in the state that levies a tax under
4 AS 29.45.750, there is levied a per gallon tax of 18 cents less the rate per gallon, not to
5 exceed two cents per gallon, that is imposed by a levy of a motor fuel tax by the
6 municipality under AS 29.45.750. The tax under this subsection is levied on all motor fuel
7 consumed by a user, except that

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

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

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

13 * Sec. 5. AS 43.40.010(e) is amended to read:

14 (e) Sixty percent of the proceeds of the revenue from the taxes levied under this section
15 on aviation fuel, excluding the amount determined to have been spent by the state in its
16 collection, shall be refunded to a municipality owning and operating or leasing and operating an
17 airport in the proportion that the revenue was collected at the municipal airport. All other
18 proceeds of the taxes levied under this section on aviation fuel shall be paid into a special
19 aviation fuel tax account in the state general fund. The legislature may appropriate funds from
20 this account for aviation facilities.

21 * Sec. 6. AS 43.40.010(f) is amended to read:

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

26 * Sec. 7. AS 43.40.010(g) is amended to read:

27 (g) The proceeds of the revenue from the tax levied under this section on all motor
28 fuels, except as provided in (e), (f) and (j) of this section, shall be deposited in a special highway
29 fuel tax account in the state general fund. The legislature may appropriate funds from it for
30 expenditure by the Department of Transportation and Public Facilities directly or as matched with
31 available federal-aid highway money for maintenance of highways, construction of highway

1 projects and ferries included in the program provided for in AS 19.10.150, including approaches,
2 appurtenances and related facilities and acquisition of rights-of-way or easements, and other
3 highway costs including surveys, administration, and related matters. All departments of the state
4 government authorized to spend funds collected from taxes imposed by this section [CHAPTER]
5 shall perform, when feasible, all construction or reconstruction projects by contract after the
6 projects have been advertised for competitive bids, except that, when feasible, arrangements shall
7 be made with political subdivisions to carry out the construction or reconstruction projects. If
8 it is not feasible for the work to be performed by state engineering forces, the commissioner of
9 transportation and public facilities may contract on a professional basis with private engineering
10 firms for road design, bridge design, and services in connection with surveys. If more than one
11 private engineering firm is available for the work the contracts shall be entered into on a
12 negotiated basis.

13 * Sec. 8. AS 43.40.010(i) is amended to read:

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

19 * Sec. 9. AS 43.40.010(j) is amended to read:

20 (j) The proceeds from the tax levied under this section on motor fuel used in snow
21 vehicles and, unless a tax refund is applied for under AS 43.40.050(a), other internal combustion
22 engines not used in or in conjunction with a motor vehicle licensed to be operated on public
23 ways shall be deposited in a special nonpublic highway use account in the general fund. The
24 legislature may appropriate from this account to the Department of Transportation and Public
25 Facilities for trail staking and shelter construction and maintenance.

26 * Sec. 10. AS 43.40 is amended by adding a new section to read:

27 Sec. 43.40.012. SURCHARGE ON MOTOR FUEL. (a) In addition to the tax levied
28 by AS 43.40.010, there is levied a surcharge of one cent a gallon on all motor fuel subject to tax
29 under AS 43.40.010.

30 (b) The surcharge imposed by (a) of this section shall be collected and remitted in the
31 same manner as the tax levied and collected under AS 43.40.010.

1 (c) Notwithstanding any other provision of this chapter, the commissioner of revenue
2 shall deposit amounts received from the levy of the surcharge under this section into the general
3 fund.

4 (d) The commissioner of administration shall separately account for the proceeds of the
5 surcharge collected under this section and deposited into the general fund. The legislature may
6 use the annual estimated balance in the account to make appropriations to the Department of
7 Environmental Conservation for the storage tank assistance fund established under AS 46.03.410.

8 * Sec. 11. Sections 1 - 4 of this Act do not take effect if amendments to the state constitution are
9 proposed at the November 1992 general election to create as a dedicated fund a transportation fund to
10 receive, among other sources, the revenue from the state's levy and collection of motor fuel taxes, and
11 a majority of the voters at that election does not approve the adoption of those amendments.

12 * Sec. 12. If secs. 1 - 4 of this Act take effect, they take effect January 1, 1993.

13 * Sec. 13. Sections 5 - 10 of this Act take effect July 1, 1992.

14 * Sec. 14. Section 11 of this Act takes effect immediately under AS 01.10.070(a).

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. CSHB 575 (FIN)

Revision Date: May 6, 1992
Title: Increasing Motor Fuel Tax

Department Affected: Department of Revenue
BRU: Revenue Operations
Component: Income and Excise Audit

Sponsor: House Finance
Requestor: HS FIN

COMPONENT SERIAL NO. | 1 | 1 | 3 |

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	67.0	134.1	134.1	134.1	134.1	134.1
TRAVEL	4.5	5.0	5.0	5.0	5.0	5.0
CONTRACTUAL	9.0	9.0	9.0	9.0	9.0	9.0
SUPPLIES	3.0	3.0	3.0	3.0	3.0	3.0
EQUIPMENT	12.0	0.0	0.0	0.0	0.0	0.0
LANDS & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	95.5	151.1	151.1	151.1	151.1	151.1
CAPITAL						
REVENUE FUND SOURCE	29,046.0	47,492.0	47,492.0	47,492.0	47,492.0	47,492.0

FUNDING: (Thousands of Dollars)

GENERAL FUND	95.5	151.1	151.1	151.1	151.1	151.1
FEDERAL FUNDS						
OTHER FUND SOURCE						
TOTAL	95.5	151.1	151.1	151.1	151.1	151.1

POSITIONS:

FULL-TIME	3.0	3.0	3.0	3.0	3.0	3.0
PART-TIME						
TEMPORARY						

Estimate of current year impact: \$0.0

ANALYSIS:

SEE ATTACHED

Prepared By: Paul Dick *PD* Phone: (907) 465-2320
Division: Income and Excise Audit Date: May 6, 1992

Approved by Commissioner: Darrel J. Rexwinkel *Darrel Rexwinkel*
Agency: Department of Revenue Date: 5/6/92

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OMB/DBR, Gov. Legis. Ofc., & Impacted Agency(ies).

Analysis

Effective January 1, 1993, this bill increases the highway motor fuel tax by 125% from 8 to 18 cents per gallon, but only if amendments to the state constitution are proposed at the November 1992 general election to create a dedicated transportation fund and a majority of the voters at the election approve the adoption of the amendments.

This bill amends AS 29.10 to allow municipalities to levy a motor fuel tax not to exceed 2 cents per gallon. If levied, the Department of Revenue would collect and deduct the municipal tax from the 18 cents per gallon tax under AS 43.40.010. The department would remit the municipal tax to the municipalities and retain 1% of the amount collected to offset the expenses of administration.

This bill also adds a 1 cent per gallon surcharge on all motor fuels (highway, marine and aviation) for funding the storage tank assistance fund under the Department of Environmental Conservation which becomes effective July 1, 1992. This provision does not require the approval of the voters at a general election.

Total highway motor fuel tax revenues for FY 91 based on the 8 cents per gallon rate were \$36.7 million. Based on FY 91 data, each cent of motor fuel tax yielded approximately \$4.6 million. Assuming that consumption remains the same as FY 91, an 10 cent increase would result in approximately \$46 million additional motor fuel tax revenues to the state.

The 1 cent surcharge would generate an additional \$4.6 million for highway motor fuel; \$2.0 million for marine fuel; and \$4.0 million for aviation fuel. The total revenues collected from the surcharge would be approximately \$10.6 million.

Assuming all municipalities levy the 2 cents tax, the department will collect approximately \$9.2 million per year and retain 1%, or \$92,000, for administrative expenses. The balance of \$9,108,000 will be remitted to the municipalities by the department.

Total revenues for each year, netting the effects of the municipal motor fuel tax levy, are as follows

	<u>FY93*</u>	<u>FY 94 - FY98</u>
Surcharge	\$10,600,000	\$10,600,000
Tax increase (10 cents)	23,000,000	46,000,000
Municipal Tax (2 Cents)	<u>(4.554.000)</u>	<u>(9.108.000)**</u>
Net Additional Revenue	<u>\$29.046.000</u>	<u>\$47.492.000</u>

* If signed into law, the surcharge would take effect July 1, 1992. All other provisions take effect January 1, 1993 if approved by the voters in the November 1992 general election.

** Net of 1% administrative costs retained by the department.

Operating Costs (FY 94)

Personal Services \$134.1

Provides for a Revenue Auditor III, Range 18A;
an Accounting Technician I, Range 12A; and an
Accounting Clerk III, Range 10A

Travel 5.0

Provides funding for in-state travel audits.

Contractual 9.0

Provides funding for printing and communication
costs.

Supplies 3.0

Provides funding for office and data processing
supplies.

Equipment 12.0

Provides funding for staff computers.

TOTAL: \$163.1

FY 93 Operating Costs include funding for 6 months of the year because
the motor fuel increase becomes effective January 1, 1993 under this bill.

FY 95 - FY 98 include the same operating costs as FY 94.

DIVISION OF LEGAL SERVICES

LEGISLATIVE AFFAIRS AGENCY STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

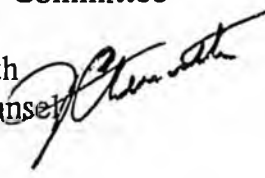
240 Main Street, Suite 500
Juneau, Alaska 99801-2101

MEMORANDUM

May 4, 1992

SUBJECT: CSHB 575 (Finance) (Work Order No. 7-LS1949\P)

TO: Representative Eileen McLean
Representative Mike Navarre, Co-Chairs
House Finance Committee

FROM: Jack Chenoweth
Legislative Counsel 

A portion of this bill is conditioned upon the voters' not defeating the "dedicated transportation fund" proposal in the November, 1992, general election if the proposal is put to them. The only "dedicated fund" proposal that looks to have a possibility of adoption this year is SJR 23. Under it, the revenue from motor fuel taxes would become subject to dedicated treatment on and after July 1, 1993.

The penny per gallon surcharge, added by sec. 10, the revenue from which would become available for the storage tank assistance fund, would take effect July 1, 1992, and there is no provision for its automatic expiration. However, since I think the courts would view that surcharge as an increment to the motor fuel tax, then assuming legislative passage and eventual voter approval of SJR 23, that additional penny would also be subject to the dedication requirement for the revenue it generates beginning July 1, 1993.

In other words, under the assumptions mentioned, you should not count on use of the proposed motor fuel surcharge to support the storage tank cleanup program after mid-1993.

JBC:mi
92-066.mai

Enclosure

CS FOR HOUSE BILL NO. 575 (FINANCE)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:

Referred:

Sponsor(s): HOUSE FINANCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act increasing the motor fuel tax; and providing for an effective date."

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

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

4 (a) There is levied a tax of 16 [EIGHT] cents a gallon on all motor fuel sold or otherwise
5 transferred within the state, except that

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

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

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

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

12 (b) There is levied a tax of 16 [EIGHT] cents a gallon on all motor fuel consumed by
13 a user, except that

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

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

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

5 * Sec. 3. Sections 1 and 2 of this Act do not take effect if amendments to the state constitution are
6 proposed at the November 1992 general election to create as a dedicated fund a transportation fund to
7 receive, among other sources, the revenue from the state's levy and collection of motor fuel taxes, and
8 a majority of the voters at that election does not approve the adoption of those amendments.

9 * Sec. 4. If secs. 1 and 2 of this Act take effect, they take effect January 1, 1993.

FISCAL NOTE

No. 7
 Bill Version: CSHB 575 (TRA)
 (H) Publish Date: 4-10-92

STATE OF ALASKA
 1992 LEGISLATIVE SESSION

Revision Date: April 6, 1992
 Title: Increasing Motor Fuel Tax
 Sponsor: House Finance
 Requestor: _____

Department Affected: Department of Revenue
 BRU: Revenue Operations
 Component: Income and Excise Audit

COMPONENT SERIAL NO. | 1 | 1 | 3 |

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	29.0	57.9	57.9	57.9	57.9	57.9
TRAVEL	2.5	5.0	5.0	5.0	5.0	5.0
CONTRACTUAL	6.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.5	1.0	1.0	1.0	1.0	1.0
EQUIPMENT	4.0	0.0	0.0	0.0	0.0	0.0
LANDS & STRUCTURES						
GRANTS; CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	42.0	63.9	63.9	63.9	63.9	63.9
CAPITAL						
REVENUE FUND SOURCE	23,000.0	46,000.0	46,000.0	46,000.0	46,000.0	46,000.0

FUNDING: (Thousands of Dollars)

GENERAL FUND	42.0	63.9	63.9	63.9	63.9	63.9
FEDERAL FUNDS						
OTHER FUND SOURCE						
TOTAL	42.0	63.9	63.9	63.9	63.9	63.9

POSITIONS:

FULL-TIME	1.0	1.0	1.0	1.0	1.0	1.0
PART-TIME						
TEMPORARY						

Estimate of current year impact: \$0.0

ANALYSIS:

Increased taxes will result in additional compliance auditing. See Attached.

Prepared By: Paul Dick Phone: (907) 465-2320
 Division: Income and Excise Audit Date: April 6, 1992

Approved by Commissioner: Darrel J. Rexwinkel Date: 4/6/92
 Agency: Department of Revenue

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OMB/DBR, Gov. Legls. Ofc., & Impacted Agency(ies).

Intent

HB 575 increases the highway motor fuel excise tax to 18 cents per gallon. This bill does not affect the motor fuel excise tax rates for marine and aviation fuel.

Analysis

Effective January 1, 1993, this bill increases the highway motor fuel excise tax by 125% from 8 to 18 cents per gallon. The increase to 18 cents per gallon will place Alaska at the national average highway fuel tax rate (see attached table).

Total highway motor fuel tax revenues for FY 91 based on the 8 cents per gallon rate were \$36.7 million. Based on FY 91 data, each cent of motor fuel tax yielded approximately \$4.6 million. Assuming that consumption remains the same as FY 91, a 10 cent increase will result in \$46.0 million additional motor fuel tax revenues to the state.

Operating Costs

<u>Personal Services</u>	\$57.9
Provides for a Revenue Auditor III, Range 18A.	
<u>Travel</u>	5.0
Provides funding for in-state travel audits.	
<u>Contractual</u>	6.0
Provides funding for printing and communication costs.	
<u>Supplies</u>	1.0
Provides funding for office and data processing supplies.	
<u>Equipment</u>	4.0
Provides funding for a computer for FY 93.	
TOTAL:	<u>\$63.9*</u>

* FY 93 Funding level is for six months.

COMMITTEE COPY

State Excise Tax Rates on Motor Fuel and Cigarettes
 September 1, 1991-figures are ¢ per gal. or ¢ per pack

	Gasoline	Diesel	Gasohol	Cigarettes		Gasoline	Diesel	Gasohol	Cigarettes
CT	23.0	23.0	22.0	40.0 *	AL	11.0 *	12.0	11.0 *	16.5
DE	19.0	19.0	19.0	24.0	AR	18.5	18.5	18.5	22.0
ME	19.0	20.0	19.0	37.0	FL	4.0 *#	4.0 *#	4.0 *#	33.9
MD	18.5	18.5	18.5	16.0	GA	7.5 #	7.5 #	7.5 #	12.0
MA	21.0 **	21.0 **	21.0 **	26.0	KY	15.0 **	12.0 **	15.0 **	3.0
NH	18.0	18.0	18.0	25.0	LA	20.0	20.0	20.0	20.0
NJ	10.5	13.5	6.5	40.0	MS	18.0	18.0	18.0	18.0
NY	8.0 #	10.0 #	8.0 #	39.0	NC	22.6 **	22.6 **	22.6 **	5.0
PA	12.0	12.0	12.0	31.0	SC	16.0	16.0	10.0	7.0
RI	26.0 **	26.0 **	26.0 **	37.0	TN	21.0 *	18.0 *	21.0 *	13.0
VT	15.0	16.0	15.0	18.0	VA	17.7 *	16.2 *	17.7 *	2.5
DC	18.0	18.0	18.0	30.0	WV	15.5 #	15.5 #	15.5 #	17.0
AK	8.0	8.0	0.0	29.0	IL	19.0 *#	21.5 *#	19.0 *#	30.0
AZ	18.0	18.0	18.0	18.0	IN	15.0 #	16.0 #	15.0 #	15.5
CA	15.0 #	15.0 #	15.0 #	35.0	IA	20.0	22.5	19.0	36.0
CO	22.0	18.0	22.0	20.0	KS	17.0	19.0	17.0	24.0
HI	16.0 *#	16.0 *#	16.0 *#	40% *	MI	15.0 ***	15.0 ***	15.0 ***	25.0
ID	21.0	21.0	14.0	18.0	MN	20.0	20.0	18.0	43.0
MT	20.0	20.0	20.0	18.0	MO	11.0	11.0	11.0	13.0
NV	16.25 •	22.0 •	16.25 •	35.0	NE	23.7 **	23.7 **	21.7 **	27.0
NM	16.2	16.2	16.2	15.0 *	ND	17.0	17.0	17.0	29.0
OR	20.0	20.0	20.0	28.0	OH	21.0	21.0	21.0	18.0
TX	20.0	20.0	20.0	41.0	OK	17.0	14.0	17.0	23.0
UT	19.0	19.0	19.0	26.5	SD	18.0 *	18.0 *	16.0 *	23.0
WA	23.0	23.0	23.0	34.0	WI	22.5 **	22.5 **	22.5 **	30.0
WY	9.0	9.0	5.0	12.0	US	18.0	18.0	18.0	24.0

State sales taxes are also applied. Sales taxes apply to cigarettes in all states except CO and WY.

* Additional local tax apply

** Variable rates set by the Dept. of Revenue.

• Tax rates scheduled to increase October 1, 1991: NV, 19.75 cents (gasoline and gasohol) 24.5 cents (diesel). Cigarette tax increases to 18 cents in MO if approved by voters in Nov.

Source: Compiled by FTA from various sources.

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. CSHB 575 (TRA)

Revision Date: April 14, 1992
Title: Increasing Motor Fuel Tax

Department Affected: Department of Revenue
BRU: Revenue Operations
Component: Income and Excise Audit

Sponsor: House Finance
Requestor: HS TRANS

COMPONENT SERIAL NO. | 1 | 1 | 3 |

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	29.0	57.9	57.9	57.9	57.9	57.9
TRAVEL	2.5	5.0	5.0	5.0	5.0	5.0
CONTRACTUAL	3.0	6.0	6.0	6.0	6.0	6.0
SUPPLIES	0.5	1.0	1.0	1.0	1.0	1.0
EQUIPMENT	4.0	0.0	0.0	0.0	0.0	0.0
LANDS & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	39.0	69.9	69.9	69.9	69.9	69.9
CAPITAL						
REVENUE FUND SOURCE	4,313.0	8,626.0	8,626.0	8,626.0	8,626.0	8,626.0

FUNDING: (Thousands of Dollars)

GENERAL FUND	39.0	69.9	69.9	69.9	69.9	69.9
FEDERAL FUNDS						
OTHER FUND SOURCE						
TOTAL	39.0	69.9	69.9	69.9	69.9	69.9

POSITIONS:

FULL-TIME	1.0	1.0	1.0	1.0	1.0	1.0
PART-TIME						
TEMPORARY						

Estimate of current year impact: \$0.0

ANALYSIS:

SEE ATTACHED

Prepared By: Paul Dick Phone: (907) 465-2320
Division: Income and Excise Audit Date: April 14, 1992

Approved by Commissioner: Darrel J. Rexwinkel Date:
Agency: Department of Revenue

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OMB/DBR, Gov. Legis. Ofc., & Impacted Agency(ies).

Intent

CSHB 575 increases the highway motor fuel excise tax to 10 cents per gallon and exempts fuel used on-site at mining operations from the tax.

Analysis

Effective January 1, 1993, this bill increases the highway motor fuel excise tax by 25% from 8 to 10 cents per gallon.

Total highway motor fuel tax revenues for FY 91 based on the 8 cents per gallon rate were \$36.7 million. Based on FY 91 data, each cent of motor fuel tax yielded approximately \$4.6 million. Assuming that consumption remains the same as FY 91, a 2 cent increase will result in \$9.2 million additional motor fuel tax revenues to the state.

This bill will also exempt fuel used on-site at a mining operation from the motor fuel tax. Currently, mining operations claim a 6 cent refund on all fuel used in their operations. The exemption in this bill will mean that the state will forego 4 cents per gallon (10 cents per gallon tax less the 6 cents per gallon refund provision) on those gallons which would have been subject to refund.

For the calendar year 1991, mining operations claimed refunds on approximately 14,350,000 gallons of fuel. Assuming that mining operations use fuel at the 1991 level, the state will forego \$574,000 per year (14,350,000 gallons x 4 cents/gallon) because of the exemption.

Total revenues for each year, netting the effects of the exemption against the 2 cent increase, follows:

	<u>FY93*</u>	<u>FY94 - FY98</u>
Tax Increase (2 cents)	\$4,600,000	\$9,200,000
Mining Exemption	<u>(287,000)</u>	<u>(574,000)</u>
Net Additional Revenue	<u>\$4,313,000</u>	<u>\$8,626,000</u>

* Since this bill takes effect January 1, 1993, FY 93 revenues reflect amounts for half of a year.

Operating Costs

<u>Personal Services</u>	\$57.9
Provides for a Revenue Auditor III, Range 18A.	
<u>Travel</u>	5.0
Provides funding for in-state travel audits.	
<u>Contractual</u>	6.0
Provides funding for printing and communication costs.	
<u>Supplies</u>	1.0
Provides funding for office and data processing supplies.	
<u>Equipment</u>	4.0
Provides funding for a computer for FY 93.	
TOTAL:	<u>\$73.9*</u>

* FY 93 Funding level is for six months.