

SB

256

WALTER J. HICKEL, GOVERNOR

**DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES**

OFFICE OF THE COMMISSIONER

3132 CHANNEL DRIVE
JUNEAU, AK 99801-7898
PHONE: (907) 465-3900
FAX: (907) 586-8365
TEXT: (907) 465-3652

December 13, 1993

Senator Bert M. Sharp
119 N. Cushman Street, Suite 201
Fairbanks, AK 99701-2879

Representative Richard Foster
P.O. Box 1630
Nome, AK 99762-1630

Dear Senator Sharp and Representative Foster:

Enclosed are three proposed pieces of legislation which I would appreciate being introduced through the Transportation Committees in the next session:

AS 43.40.010

The increase in aviation fuel tax in the amount of \$.007/gallon is the result of the Legislative request to not assess landing fees on rural airports.

See the Legislative intent language contained in the DOT&PF-FY'94 operating budget.

AS 38.05.030

This amendment simply makes airport property disposal consistent with highway property disposal. This is a housekeeping measure which should have been handled when DOT&PF was created -- it wasn't.

All property and right-of-ways are handled in one DOT&PF section and this housekeeping measure makes the operations consistent.

AS 19.05.040

This minor addition to the statutes allows DOT&PF to enter property to determine if hazardous substances exist. This change is needed because DOT&PF has purchased property for right-of-way purposes only to find out that it is contaminated and the cost of cleanup exceeded the cost of moving the facility to avoid the contaminated area had that fact been known.

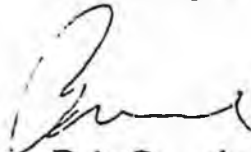
— LETTER TO COMMITTEE —
COMMISSIONER BRUCE CAMPBELL

DOT&PF with this change would be able to know, in advance of purchase, if property is contaminated.

There are two or three more items that are in the mill that will be transmitted later.

Please let me know if you have any questions or I can provide more data.

Sincerely,

A handwritten signature in cursive script, appearing to read "B.A. Campbell".

B.A. Campbell
Commissioner

Enclosures

**DIVISION OF LEGAL SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA**

RECEIVED

JAN 2 1994

Ans'd... 730 Seward Street, Suite 409
Juneau, Alaska 99801-2105

(907) 465-3867 or 465-2450
FAX (907) 5-2029
Mail Stop 3101

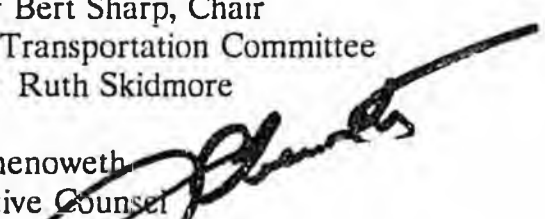
MEMORANDUM

January 26, 1994

SUBJECT: Draft CSSB 256 () (Work Order No. 8-LS1509\E)

TO: Senator Bert Sharp, Chair
Senate Transportation Committee
ATTN: Ruth Skidmore

FROM: Jack Chenoweth
Legislative Counsel



In the enclosed draft committee substitute:


Bill section 1, uncodified, sets out a capsule summary of the reason for this Act;

Bill section 2 increases the aviation gasoline tax imposed by AS 43.40.010(a)(1) and (a)(3)--gasoline sales--by seven-tenths cent per gallon.

Bill section 3 reduces that increase to current rates.

Bill section 4 increases the aviation gasoline tax imposed by AS 43.40.010(b)(1) and (b)(3)--gasoline consumed--by seven-tenths cent per gallon.

Bill section 5 reduces that increase to current rates.

 Bill section 6 makes the reductions of the respective tax levies made by bill sections 3 and 5 effective only if the commissioner of transportation and facilities increases rural airport landing fees over the amount that they were on January 1, 1994. Because I don't know when that increase may occur--it may not occur until long a'ter you and I are gone from the legislative arena--I thought to set a termination date on when that contingency could occur, and selected December 31, 1999. If, before the end of 1999, the legislature would want to continue this rate reduction contingency for another period of time, it would have to amend this provision to do so. Otherwise, on or after January 1, 2000, the commissioner will be

Senator Bert Sharp, Chair
January 26, 1994
Page 2

free to increase rural airport landing fees and the tax rate would not automatically revert to the lower rate.

Without this termination date on the contingency, the possibility of an "automatic" rate reduction would carry on indefinitely. No one here concerned with maintaining the Alaska Statutes thought that was a good idea.

Section 7 provides an effective date for secs. 3 and 5 if the condition in sec. 6 occurs. I gave the rate change a 30 day delay so that the commissioner of transportation and public facilities could raise the landing fee rate, tell the commissioner of revenue, and the commissioner of revenue (who collects the tax) could advise persons liable for payment of the tax of the pending rate reduction and the date of that reduction. Without the delay, purchasers and consumers of aviation gas would pay at the higher rate when they ought to be paying at the reduced rate because the sellers of that gas had not received notification of the rate reduction.

JBC:pl:gc
94-074.plm

Enclosure

SENATE COMMITTEE REPORT
FIRST COMMITTEE OF REFERRAL

DATE: 1/19/94

FURTHER: JUDICIARY
FINANCE

Date of 5-Day Notice: 1/19/94
(in accordance with Uniform Rule 23)

DATE TURNED
INTO OFFICE: 1-28-94

TRANSPORTATION Committee considered SB 256

"An Act increasing the tax on transfers and consumption of aviation fuel."

and recommends:

replace with CS SB 256 (TRA)

attaches amendment(s)

adopts _____ Letter of intent

further referral to the _____

do pass

do not pass

no recommendation

individual recommendations

same title
 new title
 technical
title change
(HB only)

FISCAL NOTE INFORMATION

SB & CS

Department	Date	Zero	Fiscal
REVENUE	1/20/94		1,725.7

Department	Date	Zero	Fiscal

Appropriation No Fiscal Note

Governor's Bill with Previous Fiscal Notes (enter information above)

DO PASS:

A

OTHER RECOMMENDATIONS:

Tim Kelly - No Recommendation

Karl & Kelly - Do Not Pass

J. Kelly - No Rec

Bob M. ...
Chair: Signature and Recommendation

8-LS1509E
Chenoweth
1/26/94

CS FOR SENATE BILL NO. 256(TRA)
IN THE LEGISLATURE OF THE STATE OF ALASKA
EIGHTEENTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): SENATE TRANSPORTATION COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the tax on transfers and consumption of aviation fuel; and
2 providing for an effective date."

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

4 * Section 1. PURPOSE. The purpose of this Act is to increase the tax on aviation gasoline
5 in an amount substantially comparable to the amount that would be derived from the
6 Department of Transportation and Public Facilities' reimposition of landing fees at rural state-
7 operated airports, and to leave this increased tax in place only so long as the commissioner
8 of transportation and public facilities does not, before January 1, 2000, impose landing fees
9 at those airports at a higher rate than was in effect on January 1, 1994.

10 * Sec. 2. AS 43.40.010(a) is amended to read:

11 (a) There is levied a tax of eight cents a gallon on all motor fuel sold or
12 otherwise transferred within the state, except that

13 (1) the tax on aviation gasoline is four and seven-tenths [FOUR] cents
14 a gallon; [.]

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

3 (3) the tax on all aviation fuel other than gasoline is three and two-
4 tenths [TWO AND ONE-HALF] cents a gallon.

5 * Sec. 3. AS 43.40.010() is repealed and reenacted to read:

6 (a) There is levied a tax of eight cents a gallon on all motor fuel sold or
7 otherwise transferred within the state, .xcept that

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

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

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

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

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

16 (1) the tax on aviation gasoline consumed is four and seven-tenths
17 [FOUR] cents a gallon; [,]

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

20 (3) the tax on all aviation fuel other than gasoline is three and two-
21 tenths [TWO AND ONE-HALF] cents a gallon.

22 * Sec. 5. AS 43.40.010(b) is repealed and reenacted to read:

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

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

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

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

30 * Sec. 6. Sections 3 and 5 of this Act take effect only if the Department of Transportation
31 and Public Facilities, before January 1, 2000, increases the fee it charges under

1 AS 02.15.090(a) for the privilege of landing aircraft at rural airports, as that term is defined
2 in 17 AAC 40.795(2), above the amount of the fee in effect on January 1, 1994.

3 * Sec. 7. If secs. 3 and 5 of this Act take effect under sec. 6 of this Act, they take effect
4 30 days after the effective date of the landing fee increase described in sec. 6 of this Act. The
5 commissioner of transportation and public facilities shall promptly notify the commissioner
6 of revenue, the lieutenant governor, and the revisor of statutes of a landing fee increase
7 described in sec. 6 of this Act.

COMPONENT DETAIL - OPERATING BUDGET

nt: Interior District - Highways and Aviation
 Interior District Maintenance and Operations

Agency: Department of Transportation/Public Facilities

itions - Line Items Type Total Pers Svc Travel Contract Supplies Equip Land/Bld Grant Misc PFI PPT Imp

***** Changes from FY94 Gov Amd to Conference Committee *****

irport electric contract Dec -20.0 0.0 0.0 -20.0 0.0 0.0 0.0 0.0 0.0 0 0 0

ive Intent: It is the intent of the legislature that Department of Transportation and Public Facilities should continue to provide adequate winter
 nce of the Denali Highway between Cantwell and the Valdez Creek Mine access road, with at least 50 percent of the expected service to be paid by industry or
 contributions.

Legislative Intent: It is the intent of the legislature that the Department of Transportation and Public Facilities not reinstate the landing fees at the rural
 airports and that the department submit for legislative consideration a supplemental appropriation next session to fund the resulting shortfall in program receipts.

ocation to the Department of Transportation and Public Facilities for Highways and Aviation shall lapse into the general fund on August 31, 1994.

***** Changes from FY94 Gov Amd to Senate *****

sted reduction Dec -39.1 -39.1 0.0 0.0 0.0 0.0 0.0 0.0 0.0 0 0 0
 irport electric contract Dec -20.0 0.0 0.0 -20.0 0.0 0.0 0.0 0.0 0.0 0 0 0
 riums PFI to PPT Dec -31.3 -31.3 0.0 0.0 0.0 0.0 0.0 0.0 0.0 -1 1 0

itions - Funding Sources Type Total 1002 1004 1005 1007 1061

***** Changes from FY94 Gov Amd to Conference Committee *****

irport electric contract Dec -20.0 -20.0

***** Changes from FY94 Gov Amd to Senate *****

sted reduction Dec -39.1 -39.1
 irport electric contract Dec -20.0 -20.0
 riums PFI to PPT Dec -31.3 -31.3

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. SB 256

Revision Date: _____ Dept. Affected: Revenue
 Title: Increase aviation fuel tax BRU: Revenue Operations/Shared Taxes
 Component: Income and Excise Audit/Aviation Fuel
 Sponsor: Senate Transportation
 Requestor: Senate Transportation COMPONENT SERIAL NO. 113/104

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY95	FY96	FY97	FY98	FY99	FY00
PERSONAL SERVICES						
TRAVEL						
CCONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	20.4	20.4	20.4	20.4	20.4	20.4
MISCELLANEOUS						
TOTAL OPERATING	20.4	20.4	20.4	20.4	20.4	20.4

CAPITAL						
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REVENUE FUND SOURCE: General	1,725.7	1,725.7	1,725.7	1,725.7	1,725.7	1,725.7
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FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	20.4	20.4	20.4	20.4	20.4	20.4
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	20.4	20.4	20.4	20.4	20.4	20.4

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY94) impact: \$ 0

ANALYSIS: (Attach a separate page if necessary.)

(See Attached)

Prepared by: Larry E. Meyers Phone: 465-2320
 Division: Income and Excise Audit Date: January 20, 1994
 Approved by Commissioner: Darrel J. Rexwinkel Date: January 20, 1994
 Agency: Department of Revenue

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SB 256

Increase aviation fuel tax

Page 2 of 2

This bill increases motor fuel tax rates on aviation fuel by .7¢ per gallon as follows.

	<i>Current Tax Rate</i>	<i>Draft Bill Tax Rate</i>	<i>% Increase</i>
Aviation Gasoline	4¢ per gallon	4.7¢ per gallon	17.5%
Aviation (Jet) Fuel	2.5¢ per gallon	3.2¢ per gallon	28.0%

In determining the amount of additional revenues generated from this bill, the Department of Revenue used aviation fuel consumption data available from FY 93. The amounts below do not reflect impacts on consumption, if any, due to increased tax rates and other factors.

Under AS 43.40.010(e), 60% of aviation gasoline tax revenues derived from fuel sales at municipally owned airports are shared with those municipalities. The Department shared \$116,800 of aviation gasoline tax revenues to municipalities in FY 93. Under this bill, that amount will increase by 17.5% (% increase identified above) or \$20,400.

The additional revenue generated from this bill is estimated to be \$1,705,300 calculated as follows.

	<i>FY93 Consumption</i>	<i>FY 93 Revenue</i>	<i>Draft Bill Revenue</i>	<i>Additional Revenue</i>
Aviation Gasoline	18,076,200 gallons	\$ 723,000	\$ 849,600	\$ 126,600
Aviation (Jet) Fuel	228,436,300 gallons	5,710,900	7,310,000	1,599,100
Total	246,512,500 gallons	6,433,900	8,159,600	1,725,700
Amount Shared		(116,800)	(137,200)	(20,400)
Total		\$6,317,100	\$8,022,400	\$1,705,300