

HJR

49

# FISCAL NOTE

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

BILL NO. HJR 49

Revision Date: _____	Dept. Affected: <u>DOT&amp;PF</u>
Title: <u>Dedicated Highway Maintenance Fund</u>	BRU: <u>Statewide Maintenance &amp; Operations</u>
Sponsor: <u>Rep. James</u>	Component: <u>Highways &amp; Aviation (Central, Northern &amp; Southeast)</u>
Requester: <u>House State Affairs</u>	COMPONENT SERIAL NO. <u>564, 2068, 603</u>

**Expenditures/Revenues** (Thousands of Dollars)

OPERATING EXPENDITURES	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF		(21,400.0)	(21,400.0)	(21,400.0)	(21,400.0)	(21,400.0)
1005 GF/Program Receipts						
1006 GF/MHTIA Highway Fund		21,400.0	21,400.0	21,400.0	21,400.0	21,400.0
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

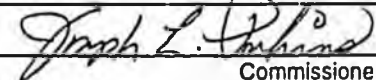
Estimate of any current year (FY96) cost: \$ 0.0

**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)

The amount of the funding switch from General Funds to the proposed Highway Fund is based on the FY95 actual net highway fuel taxes collected by the Department of Revenue (not including off-highway fuel taxes). Because the amount of fuel tax revenue currently collected is significantly less than the department's highway maintenance and operations (M&O) budget, it is assumed that the department can identify those locations where highway M&O is easily separated from aviation M&O. Therefore, administrative and accounting requirements will not increase significantly and so will not require additional positions or funding. It is assumed the decrease in unrestricted revenues will be reported by the Department of Revenue.

Prepared by: <u>Sam Kito III</u>	Phone: <u>465-3900</u>
Special Assistant	
Division: <u>Office of the Commissioner</u>	Date: _____
Approved by: 	Date: _____
Commissioner	
Agency: <u>Department of Transportation and Public Facilities</u>	

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A M E N D M E N T

OFFERED IN THE HOUSE

BY REPRESENTATIVE JAMES

TO: HJR 49

- 1 Page 1, line 2, after "fund":
- 2       Insert "from state taxes on fuel used for the propulsion of highway or road use
- 3 motor vehicles"
  
- 4 Page 1, line 15, after "motor vehicles":
- 5       Insert "designed for and ordinarily used on highways or roads"

61A C.J.S., Motor Vehicles, § 595.

title. (a) Unless otherwise provided or otherwise requires, in this title

terminate, by formal action of the department, license, permit or privilege, or regulations adopted under the document issued or the person holding the document

means a motor vehicle or aircraft or more other vehicles, or any interest in or property;

or vehicular way connected with a highway system; or a highway with an average daily

rating or gross combination weight rating;

more than 15 passengers, including the driver;

of materials found by the United States to be hazardous for purposes of the Materials Transportation Act, or any other vehicles meeting the criteria in the Act for commercial vehicles;

that is necessary to the present or future use;

controlled and operated by a farmer, or farm machinery, or farm equipment used in the operations of a farm located within 150 miles of the farm;

exclusively for purposes other than those activities for which a person is compensated but that are incidental to a person's primary business;

commissioner of public safety; or a means a vehicle whose body was manufactured before 1949 or a replica of a vehicle

body and frame were manufactured before 1949 and that has been modified for safe road use; in this paragraph, "modified" includes a material alteration of the drive-train, suspension, brake system, or dimensions of the body;

(5) "department" means the Department of Public Safety;

(7) "driver" means a person who drives or is in actual physical control of a vehicle;

(8) "driver's license" or "license," when used in relation to driver licensing, means a license or permit to drive a motor vehicle, or the privilege to drive or to obtain a license to drive a motor vehicle, under the laws of this state, whether or not a person holds a valid license issued in this or another jurisdiction;

(9) "gross combination weight rating" means the value specified by the manufacturer as the loaded weight of a combination vehicle, except that if a value has not been specified by the manufacturer, the gross combination weight rating is determined by adding the gross vehicle weight rating of the power unit and the total weight of the towed unit and the load on the towed unit;

(10) "gross vehicle weight rating" means the value specified by the manufacturer as the loaded weight of a single vehicle;

(11) "highway" means the entire width between the boundary lines of every way that is publicly maintained when a part of it is open to the public for purposes of vehicular travel, including but not limited to any street and the Alaska state marine highway system but not including regular ways or areas;

(12) "motor vehicle" means a vehicle which is self-propelled except a vehicle moved by human or animal power;

(13) "motorcycle" means a vehicle having a seat or saddle for the use of the rider and designed to travel on not more than three wheels in contact with the ground; the term does not include a tractor;

(14) "motor-driven cycle" means a motorcycle, motor scooter, motor bicycle, or similar conveyance with a motor attached and having an engine with 50 or less cubic centimeters of displacement;

(15) "official traffic-control device" means a sign, signal, marking, or other device not inconsistent with this title, placed or erected by the authority of a state or municipal agency or official having jurisdiction, for the purpose of traffic regulating, warning, and guiding;

(16) "owner" means a person, other than a lienholder, having the right in or title to a vehicle, including but not limited to a person who has a security interest in the use and possession of a vehicle subject to a security interest in another person, but exclusive of a lessee under a lease not intended as security;

(17) "revoke" means the termination by formal action of the department or a court of a certification, registration, license, permit, or privilege issued or allowed under this title or regulations adopted under this title; the certification, registration, license, permit, or privilege

# Alaska State Legislature

REPRESENTATIVE  
**JEANNETTE JAMES**

P.O. Box 56622  
North Pole, Alaska 99705  
(907) 488-1546  
FAX (907) 488-9006



While in Juneau  
State Capitol  
Juneau, Alaska  
99801-1182  
(907) 465-3743  
FAX (907) 465-2381

House of Representatives

House District 34

## SPONSOR STATEMENT

### HJR49 DEDICATED HIGHWAY FUND

HJR49 proposes amendments to the Alaska State Constitution creating a dedicated highway fund.

This resolution differs from similar ones in that

1. It utilizes ONLY STATE TAXES ON FUEL USED FOR THE PROPULSION OF MOTOR VEHICLES and
2. The legislature may appropriate money from the fund ONLY FOR THE MAINTENANCE OF ROADS AND HIGHWAYS.

Previous proposals (all of which failed) were more complex. For example, they utilized revenues from *"State licenses and fees for the registration, operation, and use of motor vehicles, aircraft, and water craft, from the use of State transportation facilities, including the State ferry system, and from State taxes on fuel used for the propulsion of motor vehicles, aircraft, and water craft"* and allowed the legislature to appropriate money from the fund only for *"maintenance and operation of a State or local government transportation facility.... the improvement and construction of harbor facilities.... (or) the administration and enforcement of motor vehicle laws."*

HJR49 provides a mechanism to address the desperate need for improved maintenance of Alaska's roads and highways and, in its simplicity, stands a greater chance of passing than previous proposals.

# Legislative Research Agency

Alaska State Legislature



130 Seward Street, Suite 218  
Juneau, Alaska 99801-2196

Phone: (907) 465-3991  
Fax: (907) 463-3351

May 30, 1995

## MEMORANDUM

TO: Representative Jeannette James

FROM: Linda Brooks *LB*  
Legislative Analyst

RE: **Dedicated Highway Funds in Other States**  
Research Request 95.205

You requested a list of states with dedicated highway or transportation funds. According to *Earmarking State Taxes*, an April 1995 publication of the National Conference of State Legislators (NCSL), all fifty states dedicate at least a portion of motor fuel tax revenues for transportation purposes. That the NCSL lists Alaska as a state with a dedicated transportation fund may seem surprising, because Article IX, Section 7 of Alaska's Constitution prohibits the establishment of new dedicated funds.<sup>1</sup> However, since Alaska Statute 43.40.010 directs that revenues from motor fuel taxes shall be deposited in a special highway fuel tax account in the state general fund and that the legislature may appropriate funds from this account for transportation purposes, the NCSL holds the view that Alaska essentially has a dedicated transportation fund for all practical purposes.<sup>2</sup> New Jersey is similar to Alaska with motor fuel tax receipts first going into the general fund and then being appropriated by the legislature for transportation purposes.

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<sup>1</sup>The Alaska Constitution provides for two exceptions to the prohibition against dedicated funds. Dedicated funds in existence at the time of statehood were allowed to continue. Also, the state may establish a new dedicated fund when it is necessary to participate in a federal program.

<sup>2</sup>Alaska Statute 43.40.010 separates motor fuel tax revenues into three categories: aviation, watercraft, and all other motor fuel tax revenues. Sixty percent of aviation motor fuel tax receipts are to be returned to a municipality owning and operating or leasing and operating a municipal airport in the proportion that the aviation fuel tax revenue was collected at the airport. All other aviation fuel tax revenues are to be deposited into a special aviation motor fuel tax account in the general fund and may be appropriated by the legislature for aviation facilities. Revenues from watercraft motor fuel taxes are to be deposited into a special watercraft motor fuel tax account in the general fund and may be appropriated by the legislature for water and harbor facilities. All other motor fuel tax revenues are to be deposited into a special highway fuel tax account in the general fund and may be appropriated by the legislature for highways and ferries.

Representative James

May 30, 1995

Page 2

All states dedicate motor fuel taxes, but states vary in whether the dedication is established by statute or constitution. At least twenty-three states dedicate revenues from motor fuel taxes, vehicle licensing, vehicle registration, and/or operator licensing for transportation purposes per provisions in their state constitutions. States with constitutional dedication are Alabama, Arizona, California, Florida, Georgia, Idaho, Louisiana, Maine, Massachusetts, Michigan, Minnesota, Missouri, Montana, Nevada, New Hampshire, New Jersey, Oregon, Pennsylvania, South Dakota, Texas, Utah, Washington, and West Virginia. We include sections from these constitutions as Attachment A. While the constitutional provisions differ, most of these states dedicate all revenues derived from fees, excises, and/or license taxes relating to the registration, operation and use of vehicles on public highways and to fuels used for the propulsion of such vehicles to a transportation fund.

Almost all of these state constitutional provisions are silent on the subject of tax rates. However, Florida's constitution designates a "second gas tax" of two cents per gallon upon gasoline and New Jersey's constitution stipulates that there shall be credited annually to a special account in the general fund an amount equivalent to the revenue derived from two and one-half cents per gallon from the tax imposed on motor fuel. Specifying a tax rate in the constitution would make it difficult to maintain the real value of the dedicated revenues in times of inflation, since an increase in the amount of dedicated taxes would require a constitutional amendment.

Most of the constitutional provisions direct that dedicated transportation revenues are to be spent on highway and road maintenance and construction, but several states also allow their revenues to be spent on traffic law enforcement. Several states use their dedicated transportation funds for local and county roads as well as state highways. The Minnesota and Missouri constitutions specify percentages of highway tax revenues to be spent on local and county roads.

Finally, we should note that while most states dedicate 100 percent of motor fuel tax revenues for transportation purposes, some states dedicate substantially less. For example, according to fiscal year 1993 figures in the NCSL publication, *Earmarking State Taxes*, New York dedicated only 20 percent of its motor fuel tax revenues to transportation purposes. Kentucky dedicated 48 percent, New Jersey 38 percent, and Rhode Island 59. Earmarking less than 100 of motor vehicle registration or licensing fees for transportation purposes appears to be even more common. For example, instead of dedicating all revenues for transportation purposes, Arizona specifically earmarked 17 percent of vehicle licensing fees to the support of public schools in fiscal year 1993. Similarly, California dedicated 25 percent of vehicle license to the support of county health and social service programs.

We include *Highway Taxes and Fees: How They Are Collected and Distributed 1993*, published by the U.S. Department of Transportation's Federal Highway Administration as Attachment B. How states pay for highway construction and maintenance is a complex topic, and this Federal Highway Administration publication provides detailed information on highway funding practices in all fifty states. Appendix A to the NCSL's 1995 publication, *Earmarking State Taxes*, is less detailed but shows the revenues each state raised through various highway user taxes during fiscal

Representative James

May 30, 1995

Page 3

year 1993 and the percentages of these revenues that were earmarked. We include the NCSL appendix as Attachment C. However, the NCSL appendix focuses on highway user *taxes* and omits information on *fees* such as operator licensing fees that might also be dedicated into state transportation funds.

We hope this information is useful to you.

Attachments