

SCOMM

101:23

LONG RANGE FINANCIAL PLANNING COMMISSION
716 West Fourth Avenue, #470
Anchorage, Alaska 99501

MEMORANDUM

08 January 1996

TO: Tamara Brandt Cook
Director, Legislative Legal Services

FROM: Melissa Fouse, Staff
Long Range Financial Planning Commission

The Commission met on Friday, 05 January 1996 to finalize its packet of legislation. Following is a list of those bills requested by the Commission and any changes they approved. Please prepare this legislation for introduction by the Rules Committee and have them delivered to Tim Benintendi in the House Rules Committee Office, Capitol Room 204 and to Theresa Sager in the Senate Rules Committee, Capitol Room 125.

9-LS1264\G "An Act relating to excise taxes on alcoholic beverages; and providing for an effective date". **Please remove section 2, the CPI indexing section.**

9-LS1265\F "An Act relating to taxes on cigarettes and tobacco products; and providing for an effective date" **Please remove sections 4 & 5, the CPI indexing section and notice requirements under that section.**

9-LS1267\F " An Act relating to motor vehicle registration fees; and providing for an effective date." **Please check page 2, line 28 for numbering.**

9-LS1268\G "An Act relating to the tax on transfers or consumption of motor fuel, and repealing the exemption from that tax for motor fuel which is at least 10 percent alcohol by volume; and providing for an effective date".

9-LS1319\C "Proposing amendments to the Constitution of the State of Alaska relating to the budget reserve fund".

9-LS1428\A " An Act relating to municipal property tax exemptions for certain residences and to property tax equivalency payments for certain residents; and providing for an effective date."

9-LS1433\A "Proposing an amendment to the Constitution of the State of Alaska relating to the permanent fund.

Also attached is a draft concurrent resolution. Please prepare one for each body.

Thank you. If you have any questions please call me at 258-8165.

Draft LRFPC Resolution

Whereas the state has spent more than it has collected in revenues during six of the past nine fiscal years;

Whereas the state's Fiscal Year 1996 fiscal gap between revenues and expenditures is estimated to be \$429 million;

Whereas petroleum revenues currently account for about 80% of unrestricted general funds and Alaska's petroleum production is projected to decline by a third during the next 10 years;

Whereas the fiscal gap is projected to grow steadily to \$1.65 billion by Fiscal Year 2005 if the state does nothing in terms of reducing expenditures or raising revenues;

Whereas current reserves in the Constitutional Budget Reserve fund will be depleted by Fiscal Year ~~2000~~ without changes in projected revenues and expenditures; 2000

Whereas fiscal policy forums held during the past five years have identified that the fiscal tools needed to address the fiscal gap include spending reductions, use of liquid reserves, tax and fee increases and use of Permanent Fund income;

Whereas the fiscal policy forums held to date have concluded that neither budget cuts alone nor any single fiscal tool is sufficient to address the fiscal gap and that all tools must be used in combination to bring about state economic stability;

Whereas the members of the Long Range Financial Planning Commission (LRFPC) were jointly appointed by the Governor and Legislature to build upon the work of previous fiscal policy studies and the findings of public forums and were charged with developing three, five and ten year financial plans for balancing revenues and expenditures;

Whereas the financial plan developed by the Commission makes the Permanent Fund the cornerstone of Alaska's fiscal future through a constitutional amendment establishing the Permanent Fund as an endowment that will continue to grow with additional deposits and retained earnings as well as provide a reliable annual payout to the general fund in order to replace declining future oil revenues

Whereas the financial plan recommended by the Commission contains a combination of spending reductions including reductions in Permanent Fund dividends, use of Permanent Fund earnings, and revenue increases that

will close the fiscal gap by Fiscal Year 2000 and balance revenues with expenditures through Fiscal Year 2005;

Whereas the Commission's plan proposes a constitutional amendment that resolves problems with the existing Constitutional Budget Reserve fund and maintains a \$1.5 billion continuing balance to cushion oil price volatility;

Whereas the combination of fiscal policies recommended by the Commission puts Alaska on firm fiscal ground and strikes a balance between current needs and providing a legacy of petroleum wealth to the next generation;

Whereas the Long Range Financial Planning Commission recommended Fiscal Year 97 actions to narrow the fiscal gap to \$387 million that includes general fund spending reductions, and increased taxes and user fees.

Therefore be it resolved that the Nineteenth Alaska Legislature intends to use the recommendations of the Long Range Financial Planning Commission as a starting point in developing the Legislature's Fiscal Year 1997 budget and long range financial plan, and

Be it further resolved that the Nineteenth Alaska Legislature adopts the recommendation of the Long Range Financial Planning Commission to narrow the fiscal gap in Fiscal Year 1997 to \$387 million provided that the Legislatures reserves the right to change the mix of spending reductions and revenue increases, and

Be it further resolved that the Nineteenth Alaska Legislature adopts the recommendation of the Long Range Financial Planning Commission to close the fiscal gap by Fiscal Year 2000, and

Be it further resolved that the Nineteenth Alaska Legislature adopts the recommendation of the Long Range Financial Planning Commission to annually balance state revenues with expenditures from Fiscal Year 2000 through Fiscal Year 2005, and urges subsequent Alaska Legislatures to follow this recommendation, and

Be it further resolved that the Nineteenth Alaska Legislature adopts the recommendation of the Long Range Financial Planning Commission that the Legislature and the Governor should report annually to the people of Alaska on actions taken to close the fiscal gap and the impacts of those actions on the Commission's base case projections, and

Be it further resolved that the Nineteenth Alaska Legislature urges all Alaskans to learn about Alaska's fiscal situation and to support the actions necessary to close the fiscal gap, and

Be it further resolved that the Twentieth Alaska Legislature is urged to crease and appoint a successor Long Range Financial Planning Commission in 1998 to assess progress in closing the fiscal gap and to recommend further actions to close the fiscal gap and maintain a balanced state budget.

Copies of this resolution shall be sent to Governor Tony Knowles, President of the Senate Drue Pearce, Speaker of the House Gail Phillips, and the members of the Long Range Financial Planning Commission.

9-LS1264\G ✓
Chenoweth
12/12/95

BILL NO.**IN THE LEGISLATURE OF THE STATE OF ALASKA****NINETEENTH LEGISLATURE - SECOND SESSION**

BY THE _____ RULES COMMITTEE BY REQUEST OF THE LONG RANGE
FINANCIAL PLANNING COMMISSION

Introduced:

Referred:

A BILL**FOR AN ACT ENTITLED**

1 "An Act relating to excise taxes on alcoholic beverages; and providing for an
2 effective date."

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

4 * Section 1. AS 43.60.010(a) is amended to read:

5 (a) Every brewer, distiller, bottler, jobber, retailer, wholesaler, or manufacturer
6 who sells alcoholic beverages in the state or who consigns shipments of alcoholic
7 beverages into the state, whether or not the alcoholic beverages are brewed, distilled,
8 bottled, or manufactured in the state, shall pay on all malt beverages (alcoholic content
9 of one percent or more by volume), wines, and hard or distilled alcoholic beverages,
10 the following taxes:

11 (1) malt beverages, per [AT THE RATE OF 35 CENTS A] gallon or
12 fraction of a gallon, at the following rates:

13 (A) on and after the effective date of this Act and through
14 June 30, 1999 - \$1.05;

(B) after June 30, 1999, and through June 30, 2002 - \$1.15;

(C) after June 30, 2002, and through June 30, 2005 - \$1.25;

and

(D) after June 30, 2005 - \$1.25 plus an additional 10 cents

during each succeeding three-year period, the increase to be effective on

the first day of the succeeding three-year period;

(2) wine or other beverages of 21 percent alcohol by volume or less,
per [AT THE RATE OF 85 CENTS A] gallon or fraction of a gallon, at the following
rates:

(A) on and after the effective date of this Act and through
June 30, 1999 - \$2.50;

(B) after June 30, 1999, and through June 30, 2002 - \$3.15;

(C) after June 30, 2002, and through June 30, 2005 - \$3.80;

and

(D) after June 30, 2005 - \$3.80 plus an additional 65 cents
during each succeeding three-year period, the increase to be effective on
the first day of the succeeding three-year period; and

(3) other beverages having a content of more than 21 percent alcohol
by volume, per [AT THE RATE OF \$5.60 A] gallon or fraction of a gallon, at the
following rates

(A) on and after the effective date of this Act and through
June 30, 1999 - \$8.50;

(B) after June 30, 1999, and through June 30, 2002 - \$10.60;

(C) after June 30, 2002, and through June 30, 2005 - \$12.70;

and

(D) after June 30, 2005 - \$12.70 plus an additional \$2.10
during each succeeding three-year period, the increase to be effective on
the first day of the succeeding three-year period.

* Sec. 2. AS 43.60 is amended by adding a new section to read:

Sec. 43.60.025. TAX ADJUSTMENT. (a) In addition to changes in the
amount of the tax made by AS 43.60.010(a), the amounts in AS 43.60.010(a) change,

1 as provided in this section, according to and to the extent of changes in the Consumer
2 Price Index for all urban consumers for the Anchorage Metropolitan Area compiled by
3 the Bureau of Labor Statistics, United States Department of Labor. The index for
4 January of 1997 is the reference base index.

5 (b) The amounts change on July 1 of each even-numbered year in an amount
6 equal to the percentage of change, calculated to the nearest whole percentage point,
7 between the index for January of that year and the most recent index used to change
8 the amount in AS 43.60.010(a). However, the amounts do not change if the amounts
9 required by this section are those currently in effect as a result of earlier application
10 of this section.

11 (c) If the index is revised, the percentage of change is calculated on the basis
12 of the revised index. If a revision of the index changes the reference base index, a
13 revised reference base index is determined by multiplying the reference base index
14 applicable by the rebasing factor furnished by the United States Bureau of Labor
15 Statistics. If the index is superseded, the index referred to in this section is the one
16 represented by the Bureau of Labor Statistics as reflecting most accurately changes in
17 the purchasing power of the dollar for Alaskan consumers.

18 * Sec. 3. AS 43.60 is amended by adding a new section to read:

19 Sec. 43.60.035. NOTICE. At the time of a change in the amount of tax under
20 AS 43.60.010(a) or 43.60.025, the department shall promptly give public notice of the
21 change. The department shall also provide notification of a change in the amount to
22 each brewer, distiller, bottler, jobber, retailer, wholesaler, manufacturer, or other person
23 liable for payment of the tax levied by AS 43.60.010.

24 * Sec. 4. This Act takes effect October 1, 1996.

9-LS1265\F ✓
Chenoweth
12/12/95

BILL NO.**IN THE LEGISLATURE OF THE STATE OF ALASKA****NINETEENTH LEGISLATURE - SECOND SESSION**

**BY THE _____ RULES COMMITTEE BY REQUEST OF THE LONG RANGE
FINANCIAL PLANNING COMMISSION**

Introduced:

Referred:

A BILL**FOR AN ACT ENTITLED**

1 "An Act relating to taxes on cigarettes and tobacco products; and providing for
2 an effective date."

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

4 * Section 1. AS 43.50.190(a) is amended to read:

5 (a) On [THERE IS LEVIED AN EXCISE TAX OF 12 MILLS ON] each
6 cigarette imported or acquired in this state, there is levied an excise tax at the
7 following rates:

8 (1) on and after the effective date of this Act and through June 30,
9 1999 - 62 mills;

10 (2) after June 30, 1999, and through June 30, 2002 - 74 mills;

11 (3) after June 30, 2002, and through June 30, 2005 - 86 mills; and

12 (4) after June 30, 2005 - 86 mills plus an additional 12 mills during
13 each succeeding three-year period, the increase to be effective on the first day of
14 the succeeding three-year period.

1 * Sec. 2. AS 43.50.190 is amended by adding a new subsection to read:

2 (c) At the time of a change in the amount of tax under (a) of this section, the
3 department shall give public notice of the change. The department shall also provide
4 notification of the change to all persons licensed under this chapter.

5 * Sec. 3. AS 43.50.300 is amended to read:

6 Sec. 43.50.300. EXCISE TAX LEVIED. An excise tax is levied on tobacco
7 products in the state at the rate of 100 [25] percent of the wholesale price of the
8 tobacco products. The tax is levied when a person

9 (1) brings, or causes to be brought, a tobacco product into the state
10 from outside the state for sale;

11 (2) makes, manufactures, or fabricates a tobacco product in the state
12 for sale in the state; or

13 (3) ships or transports a tobacco product to a retailer in the state for
14 sale by the retailer.

15 * Sec. 4. AS 43.50 is amended by adding a new section to article 4 to read:

16 Sec. 43.50.365. TAX ADJUSTMENT. (a) The amount in AS 43.50.300
17 changes, as provided in this section, according to and to the extent of changes in the
18 Consumer Price Index for all urban consumers for the Anchorage Metropolitan Area
19 compiled by the Bureau of Labor Statistics, United States Department of Labor. The
20 index for January of 1997 is the reference base index.

21 (b) The amounts change on July 1 of each even-numbered year in an amount
22 equal to the percentage of change, calculated to the nearest whole percentage point,
23 between the index for January of that year and the most recent index used to change
24 the amount in AS 43.50.300. However, the amounts do not change if the amounts
25 required by this section are those currently in effect as a result of earlier application
26 of this section.

27 (c) If the index is revised, the percentage of change is calculated on the basis
28 of the revised index. If a revision of the index changes the reference base index, a
29 revised reference base index is determined by multiplying the reference base index
30 applicable by the rebasing factor furnished by the United States Bureau of Labor
31 Statistics. If the index is superseded, the index referred to in this section is the one

1 represented by the Bureau of Labor Statistics as reflecting most accurately changes in
2 the purchasing power of the dollar for Alaskan consumers.

3 * Sec. 5. AS 43.50 is amended by adding a new section to read:

4 Sec. 43.50.380. NOTICE. At the time of a change in the amount of the tax
5 under AS 43.50.365, the department shall promptly give public notice of the change.
6 The department shall also provide notification of a change to all persons licensed under
7 this chapter.

8 * Sec. 6. This Act takes effect October 1, 1996.

9-LS1267F
Ford/Cook
12/18/95

BILL NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA
NINETEENTH LEGISLATURE - SECOND SESSION

BY**Introduced:****Referred:****A BILL****FOR AN ACT ENTITLED**

1 "An Act relating to motor vehicle registration fees; and providing for an effective
2 date."

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

4 * Section 1. AS 28.10.108(c) is amended to read:

5 (c) A vehicle subject to registration [AND NOT DESCRIBED IN (b) OF THIS
6 SECTION] shall have its initial registration, and may have its annual registration,
7 renewed in the month of initial registration in the state, subject to the provisions of (f)
8 of this section.

9 * Sec. 2. AS 28.10.181(e) is amended to read:

10 (e) Vehicles owned by the state or a municipality [, MUNICIPALITIES,
11 AND CHARITABLE ORGANIZATIONS OF THE STATE]. Every certificate of
12 registration and registration plate issued to the state or [,] a municipality [, OR
13 CHARITABLE ORGANIZATION OF THE STATE] is in effect until the vehicle for
14 which the registration certificate and plate were issued is no longer owned and

1 operated by the state or [,] the municipality [, OR THE CHARITABLE
2 ORGANIZATION OF THE STATE] or until the department, in its discretion, declares
3 its expiration. The state or [,] municipality [, OR CHARITABLE ORGANIZATION
4 OF THE STATE] shall maintain a current listing of all vehicles registered to it in the
5 order of the registration number assigned to each vehicle, and shall provide a copy of
6 the listing to the department upon request. The listing must include a description of
7 each vehicle and other identifying information required by the department.
8 Registration plates issued under this subsection must be of a distinctive design and
9 numbering system. [FOR THE PURPOSES OF THIS SUBSECTION,
10 "CHARITABLE ORGANIZATION" MEANS A NONPROFIT ASSOCIATION,
11 CORPORATION, SOCIETY, OR OTHER ENTITY ORGANIZED,
12 INCORPORATED, OR HEADQUARTERED IN THE STATE FOR EDUCATIONAL,
13 CULTURAL, SCIENTIFIC, OR OTHER CHARITABLE PURPOSES,
14 AS PRESCRIBED IN REGULATIONS OF THE DEPARTMENT.]

15 * Sec. 3. AS 28.10.421(b) is amended to read:

16 (b) The annual registration fees under this subsection are imposed within the
17 following classifications for:

18 (1) a vehicle that is not used or maintained for the transportation
19 of persons or property for hire or for other commercial use and that is a
20 passenger vehicle, [OR] motor home, pick-up truck not exceeding 6,000 pounds
21 unladen weight, or van not exceeding 6,000 pounds unladen weight [NOT USED
22 OR MAINTAINED FOR THE TRANSPORTATION OF PERSONS OR PROPERTY
23 FOR HIRE OR FOR OTHER COMMERCIAL USE] \$75 [\$35];

24 (2) [A PICK-UP TRUCK OR A VAN NOT EXCEEDING 6,000
25 POUNDS UNLADEN WEIGHT AND NOT USED OR MAINTAINED FOR THE
26 TRANSPORTATION OF PERSONS OR PROPERTY FOR HIRE OR FOR OTHER
27 COMMERCIAL USE \$40;

28 (3)] a taxicab \$140 [\$70];

29 (3) [(4)] a motor bus with a seating capacity for 20 or more persons
30 and used exclusively for commercial purposes in the transporting of visitors or tourists
31 \$170 [\$85];

- 1 (4) [(5)] a motorcycle or a motor-driven cycle \$40 [\$20];
- 2 (5) [(6)] a trailer not used or maintained for the transportation of
- 3 persons or property for hire or for other commercial use, including, but not limited to,
- 4 a boat trailer, baggage trailer, box trailer, utility trailer, house trailer, travel trailer, or
- 5 a trailer rented or offered for rent \$10 [\$5];
- 6 (6) a vehicle owned by a rancher, farmer, or dairyman and
- 7 registered under AS 28.10.181 \$70;
- 8 (7) a snowmobile or off-highway vehicle \$10;
- 9 (8) dealer registration plates,
- 10 (A) the initial set of plates \$90;
- 11 (B) each subsequent set of plates \$50.

12 * Sec. 4. AS 28.10.421(c) is amended to read:

13 (c) The annual registration fees under this subsection are imposed and are

14 based upon the actual unladen weight as established by the manufacturer's advertised

15 weight or upon the actual weight which the owner shall furnish, subject to the approval

16 of the commissioner or the commissioner's representative, for a vehicle, including a

17 motor vehicle pulling a trailer or semi-trailer, that is registered in the name of a

18 company or business, or is used or maintained for the transportation of passengers for

19 hire, excepting taxicabs and buses under (b) of this section, or for the transportation

20 of property for hire or for other commercial purposes, including a trailer, semi-trailer,

21 truck, wrecker, tow car, hearse, ambulance, and tractor, as follows:

- 22 (1) up to and including 5,000 pounds \$102 [\$51];
- 23 (2) more than 5,000 pounds to and including 12,000 pounds
- 24 \$172 [\$86];
- 25 (3) more than 12,000 pounds to and including 18,000 pounds
- 26 \$312 [\$156];
- 27 (4) more than 18,000 pounds \$442 [\$221].

28 * Sec. 5. AS 28.10.421(d) is amended to read:

29 (d) The special registration fees under this subsection are imposed annually,

30 unless otherwise specified, for:

- 31 . (1) [AN HISTORIC VEHICLE (ONE TIME ONLY UPON INITIAL

1 REGISTRATION UNDER AS 28.10.181) \$10;

2 (2)] special request plates for

3 (A) Alaska National Guard personnel \$30;

4 (B) veterans or retired veterans \$30;

5 (C) recipients of the Purple Heart \$30;

6 (D) owners of custom collector or historic vehicles

7 \$30 [\$50];

8 (E) amateur mobile radio station vehicles under

9 AS 28.10.181(i) \$10;

10 (F) other special request plates \$30;

11 plus the fee required for that vehicle under (b) of this section; the fee required by this
12 paragraph shall be collected only on the first issuance and on the replacement of
13 special request plates;

14 (2) [(3) A VEHICLE OWNED BY A DISABLED VETERAN OR
15 OTHER HANDICAPPED PERSON, AND REGISTERED UNDER AS 28.10.181 OR
16 A RESIDENT 65 YEARS OF AGE OR OLDER WHO FILES A WRITTEN
17 APPLICATION FOR AN EXEMPTION ON A FORM PRESCRIBED BY THE
18 DEPARTMENT NONE:

19 (4)] a vehicle owned by the state none;

20 (3) [(5)] a vehicle owned by an elected state official

21 the fee required for that vehicle under (b) of this section;

22 (4) [(6) REPEALED

23 (7) A VEHICLE OWNED BY A RANCHER, FARMER, OR
24 DAIRYMAN AND REGISTERED UNDER AS 28.10.181 \$35;

25 (8) A SNOWMOBILE OR OFF-HIGHWAY VEHICLE \$5;

26 (9) AN AMATEUR MOBILE RADIO STATION VEHICLE,

27 (A) WITH A TRANSCEIVER CAPABLE OF LESS THAN 5-
28 BAND OPERATION THE FEE REQUIRED
29 FOR THAT VEHICLE UNDER (b) OR (c) OF THIS SECTION;

30 (B) IN RECOGNITION OF SERVICE TO THE PUBLIC: A
31 MOBILE AMATEUR RADIO STATION OWNED BY AN AMATEUR WITH

1 GENERAL CLASS OR HIGHER LICENSE, PROVIDED THE STATION
2 MUST BE SATISFACTORILY PROVED CAPABLE OF OPERATING ON
3 AT LEAST FIVE BANDS FROM 160 THROUGH 10 METERS, MUST
4 HAVE AN ANTENNA, AND MUST HAVE A POWER SUPPLY AND
5 WIRING AS A PERMANENT PART OF THE VEHICLE; THE
6 TRANSMITTING UNIT MAY BE REMOVED FROM THE CAR FOR
7 SERVICE OR DRY STORAGE NONE
8 FOR A MOBILE AMATEUR RADIO STATION VEHICLE INCLUDED IN
9 (b)(1) OR (2) OF THIS SECTION;

10 (10) DEALER REGISTRATION PLATES,

11 (A) THE INITIAL SET OF PLATES \$45;

12 (B) EACH SUBSEQUENT SET OF PLATES \$25;

13 (11)] a vehicle owned by a municipality [OR CHARITABLE
14 ORGANIZATION MEETING THE REQUIREMENTS OF AS 28.10.181(e)]
15 \$10 [\$5];

16 (5) [(12) REPEALED

17 (13) A VEHICLE OWNED BY A PEARL HARBOR SURVIVOR OR
18 A FORMER PRISONER OF WAR NONE;

19 (14) REPEALED

20 (15)] special request university plates \$50 plus the fee
21 required for that vehicle under (b)(1) [OR (2)] of this section; the fee required by this
22 paragraph shall be collected only on the first issuance and on the replacement of
23 special request plates; the commissioner of administration shall separately account by
24 university campus designation for the fees received under this paragraph that the
25 department deposits in the general fund; the annual estimated balance in the accounts
26 that is in excess of the cost of issuing special request university plates may be
27 appropriated by the legislature for the support of programs at each campus.

28 * Sec. 6. AS 28.10.421 is amended by adding a new subsection to read:

29 (h) The Department of Labor shall adjust the fees imposed under this section
30 on July 1 of every even-numbered year to reflect changes in the transportation new
31 vehicle segment of the Consumer Price Index for all urban consumers for all items

compiled by the Bureau of Labor Statistics, United States Department of Labor, for the second half of the preceding calendar year. The semiannual index for the second half of 1996 is the reference base index. The Department of Labor shall round each fee adjusted under this subsection to the nearest dollar. The Department of Labor shall provide a schedule of the adjusted fees to the Department of Public Safety, and shall make the schedule of the adjusted fees available to the public by November 1 of each year in which fees are revised. An adjusted fee imposed under this subsection takes effect on December 1 of the year in which the fee is adjusted.

* Sec. 7. AS 28.10.431(b)(3) is amended to read:

(3) vehicles 66 55 44 33 22 17 11 8

specified in AS 28.10.421(b)(2)

[AS 28.10.421(b)(3)]

* Sec. 8. AS 28.10.431(b)(5) is amended to read:

(5) vehicles 110 88 66 55 44 33 22 11

specified in AS 28.10.421(b)(3)

[AS 28.10.421(b)(4)]

* Sec. 9. AS 28.10.431(b)(6) is amended to read:

(6) vehicles 9 8 7 6 4 3 2 2

specified in AS 28.10.421(b)(5)

[AS 28.10.421(b)(6)]

* Sec. 10. AS 28.10.431(b)(9) is amended to read:

(9) vehicles eligible for 44

dealer plates under AS 28.10.421(b)(8)

[AS 28.10.421(d)(10)].

* Sec. 11. AS 28.10.495(c) is amended to read:

(c) Proof of disablement or medical handicap, for the purpose of this section, consists of proof that the individual has a disability that limits or impairs the ability to walk as defined in 23 C.F.R. 1235.2 [SHALL BE THE SAME AS THAT REQUIRED FOR THE PURPOSES OF AS 28.10.181(d)].

* Sec. 12. AS 29.45.030(j) is amended to read:

(j) One motor vehicle per household owned by a resident 65 years of age or

1 older on January 1 of the assessment year is exempt [EITHER] from taxation on its
2 assessed value [OR FROM THE REGISTRATION TAX UNDER AS 28.10.431]. An
3 exemption may be granted under this subsection only upon written application on a
4 form prescribed by the Department of Public Safety.

5 * Sec. 13. AS 28.10.108(b), 28.10.181(d), 28.10.181(l), 28.10.411(f), 28.10.431(b)(7),
6 28.10.431(b)(8), 28.10.431(h); and AS 28.35.235(a)(2) are repealed.

7 * Sec. 14. Section 6 of this Act takes effect January 1, 1998.

8 * Sec. 15. Except as provided in sec. 14 of this Act, this Act takes effect January 1, 1997.

9-LS1268VG✓
Chenoweth
12/12/95

BILL NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY THE _____ RULES COMMITTEE BY REQUEST OF THE LONG RANGE FINANCIAL
PLANNING COMMISSION

Introduced:

Referred:

A BILL**FOR AN ACT ENTITLED**

1 "An Act relating to the tax on transfers or consumption of motor fuel, and
2 repealing the exemption from that tax for motor fuel which is at least 10 percent
3 alcohol by volume; and providing for an effective date."

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

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

6 (a) There is levied a tax of 22 [EIGHT] cents a gallon on all motor fuel sold
7 or otherwise transferred within the state, except that

8 (1) the tax on aviation gasoline is four and seven-tenths cents a gallon;

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

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

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

14 (b) There is levied a tax of 22 [EIGHT] cents a gallon on all motor fuel

consumed by a user, except that

(1) the tax on aviation gasoline consumed is four and seven-tenths cents a gallon;

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

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

* Sec. 3. AS 43.40.015(d) is amended to read:

(d) A certificate of use is not required

(1) for fuel exempted under AS 43.40.100(2)(C) [, (F),] or (K); and

(2) for fuel exempted under AS 43.40.100(2)(J) other than fuel sold or transferred under this exemption to a person who is engaged in construction or mining activity.

* Sec. 4. AS 43.40.030(a) is amended to read:

(a) Except as specified in AS 43.40.010(j), a person who uses motor fuel to operate an internal combustion engine is entitled to a refund of 16 [SIX] cents a gallon if

(1) the tax on the motor fuel has been paid;

(2) the motor fuel is not aviation fuel, or motor fuel used in or on watercraft; and

(3) the internal combustion engine is not used in or in conjunction with a motor vehicle licensed to be operated on public ways.

* Sec. 5. AS 43.40 is amended by adding a new section to read:

Sec. 43.40.045. TAX AND REFUND ADJUSTMENT. (a) The amounts in AS 43.40.010(a) and (b) and 43.40.030(a) change, as provided in this section, according to and to the extent of changes in the Consumer Price Index for all urban consumers for the Anchorage Metropolitan Area compiled by the Bureau of Labor Statistics, United States Department of Labor. The index for January of 1997 is the reference base index.

(b) The amounts change on July 1 of each even-numbered year in an amount equal to the percentage of change, calculated to the nearest whole percentage point,

1 between the index for January of that year and the most recent index used to change
2 the amounts in AS 43.40.010(a) and (b) and 43.40.030(a). However, the amounts do
3 not change if the amounts required by this section are those currently in effect as a
4 result of earlier application of this section.

5 (c) If the index is revised, the percentage of change is calculated on the basis
6 of the revised index. If a revision of the index changes the reference base index, a
7 revised reference base index is determined by multiplying the reference base index
8 applicable by the rebasing factor furnished by the United States Bureau of Labor
9 Statistics. If the index is superseded, the index referred to in this section is the one
10 represented by the Bureau of Labor Statistics as reflecting most accurately changes in
11 the purchasing power of the dollar for Alaskan consumers.

12 (d) At the time of a change in the amount of tax required by (b) of this
13 section, the department shall promptly give public notice of the change. The
14 department shall also provide notification of a change in amounts required under (b)
15 of this section to all dealers that collect the tax levied by AS 43.40.010.

16 * Sec. 6. AS 43.40.100(2)(F) is repealed.

17 * Sec. 7. This Act takes effect October 1, 1996.

9-LS1319C ✓
Cook
12/12/95

_____ JOINT RESOLUTION NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY THE _____ RULES COMMITTEE BY REQUEST OF THE LONG RANGE FINANCIAL
PLANNING COMMISSION

Introduced:

Referred:

A RESOLUTION

1 Proposing amendments to the Constitution of the State of Alaska relating to the
2 budget reserve fund.

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

4 * Section 1. Article IX, sec. 17(a), Constitution of the State of Alaska, is amended to read:

5 (a) There is established as a separate fund in the State treasury the budget
6 reserve fund. The purpose of the budget reserve fund is to help stabilize State
7 spending from year to year. Except for money deposited into the permanent fund
8 under Section 15 of this article, all money received by the State after July 1, 1990, as
9 a result of the termination, through settlement or otherwise, of an administrative
10 proceeding or of litigation in a State or federal court involving mineral lease bonuses,
11 rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments or
12 bonuses, or involving taxes imposed on mineral income, production, or property, shall
13 be deposited in the budget reserve fund. Money in the budget reserve fund shall be
14 invested so as to yield competitive market rates to the fund. Income of the fund shall
15 be retained in the fund. Section 7 of this article does not apply to deposits made to
16 the fund under this subsection. Money may be appropriated from the fund only as

1 authorized under (b) or (c) of this section.

2 * Sec. 2. Article IX, sec. 17(b), Constitution of the State of Alaska, is amended to read:

3 (b) If the amount of unrestricted revenue available [FOR APPROPRIATION]
4 for a fiscal year is less than the combined amount of unrestricted revenue and
5 money from the budget reserve fund appropriated for the previous fiscal year, an
6 appropriation may be made from the [BUDGET RESERVE] fund. However, the
7 amount appropriated from the fund under this subsection may not exceed the amount
8 necessary [, WHEN ADDED TO OTHER FUNDS AVAILABLE FOR
9 APPROPRIATION,] to provide for total appropriations of unrestricted revenue and
10 money from the fund equal to the amount of appropriations made from these sources
11 [IN THE PREVIOUS CALENDAR YEAR] for the previous fiscal year. The
12 legislature shall implement this subsection by law. For purposes of this
13 subsection, "unrestricted revenue" means all money received by the State during
14 a fiscal year except money held in trust, received from the federal government for
15 a particular purpose, or dedicated for a particular purpose as permitted by this
16 constitution.

17 * Sec. 3. Article IX, sec. 17(d), Constitution of the State of Alaska, is repealed.

18 * Sec. 4. The amendments proposed by this resolution shall be placed before the voters of
19 the state at the next general election in conformity with art. XIII, sec. 1, Constitution of the
20 State of Alaska, and the election laws of the state.

9-LS1428VA

Cook

12/12/95

BILL NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY THE _____ RULES COMMITTEE BY REQUEST OF THE LONG RANGE FINANCIAL
PLANNING COMMISSION

Introduced:

Referred:

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to municipal property tax exemptions for certain residences and
2 to property tax equivalency payments for certain residents; and providing for an
3 effective date."

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

5 * Section 1. AS 29.45.030(h) is amended to read:

6 (h) Nothing [EXCEPT AS PROVIDED IN (g) OF THIS SECTION,
7 NOTHING] in (j) [(e) - (j)] of this section affects similar exemptions from property
8 taxes granted by a municipality on September 10, 1972 [, OR PREVENTS A
9 MUNICIPALITY FROM GRANTING SIMILAR EXEMPTIONS BY ORDINANCE
10 AS PROVIDED IN AS 29.45.050].

11 * Sec. 2. AS 29.45.030(k) is amended to read:

12 (k) The department shall adopt regulations to implement the provisions of [(g)
13 AND] (j) of this section.

14 * Sec. 3. AS 29.45.050(i) is amended to read:

- 1 (i) A municipality may by ordinance approved by the voters exempt from
2 taxation all or part of the assessed value [THAT EXCEEDS \$150,000] of real
3 property owned and occupied as a permanent place of abode by a resident who is
4 (1) 65 years of age or older;
5 (2) a disabled veteran, including a person who was disabled in the line
6 of duty while serving in the Alaska Territorial Guard; or
7 (3) at least 60 years old and a widow or widower of a person who
8 qualified for an exemption under (1) or (2) of this subsection.
9 * Sec. 4. AS 29.45.030(a)(6), 29.45.030(e), 29.45.030(f), 29.45.030(g), 29.45.030(i), and
10 29.45.040 are repealed.
11 * Sec. 5. This Act takes effect January 1, 1997.

9-LS1433A
Cook
12/13/95

_____ JOINT RESOLUTION NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY THE _____ RULES COMMITTEE BY REQUEST OF THE LONG RANGE FINANCIAL
PLANNING COMMISSION

Introduced:
Referred:

A RESOLUTION

1 Proposing an amendment to the Constitution of the State of Alaska relating to
2 the permanent fund.

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

4 * Section 1. Article IX, sec. 15, Constitution of the State of Alaska, is amended to read:

5 SECTION 15. ALASKA PERMANENT FUND. At least fifty percent
6 [TWENTY-FIVE PER CENT] of all mineral lease rentals, royalties, royalty sale
7 proceeds, federal mineral revenue sharing payments and bonuses received by the State
8 shall be placed in a permanent fund, the principal of which shall be used only for
9 those income-producing investments specifically designated by law as eligible for
10 permanent fund investments. Income [ALL INCOME] from the permanent fund shall
11 be retained in the permanent fund, except that appropriations may be made from
12 the income to [DEPOSITED IN] the general fund. Annual appropriations from the
13 permanent fund may not exceed four percent of the average market value of the
14 permanent fund during the immediately preceding five years. The legislature
15 shall implement this section [UNLESS OTHERWISE PROVIDED] by law.

16 * Sec. 2. The amendment proposed by this resolution shall be placed before the voters of

1 * Sec. 2. AS 43.50.190 is amended by adding a new subsection to read:

2 (c) At the time of a change in the amount of tax under (a) of this section, the
3 department shall give public notice of the change. The department shall also provide
4 notification of the change to all persons licensed under this chapter.

5 * Sec. 3. AS 43.50.300 is amended to read:

6 Sec. 43.50.300. EXCISE TAX LEVIED. An excise tax is levied on tobacco
7 products in the state at the rate of 100 [25] percent of the wholesale price of the
8 tobacco products. The tax is levied when a person

9 (1) brings, or causes to be brought, a tobacco product into the state
10 from outside the state for sale;

11 (2) makes, manufactures, or fabricates a tobacco product in the state
12 for sale in the state; or

13 (3) ships or transports a tobacco product to a retailer in the state for
14 sale by the retailer.

15 * Sec. 4. AS 43.50 is amended by adding a new section to article 4 to read:

16 Sec. 43.50.365. TAX ADJUSTMENT. (a) The amount in AS 43.50.300
17 changes, as provided in this section, according to and to the extent of changes in the
18 Consumer Price Index for all urban consumers for the Anchorage Metropolitan Area
19 compiled by the Bureau of Labor Statistics, United States Department of Labor. The
20 index for January of 1997 is the reference base index.

21 (b) The amounts change on July 1 of each even-numbered year in an amount
22 equal to the percentage of change, calculated to the nearest whole percentage point,
23 between the index for January of that year and the most recent index used to change
24 the amount in AS 43.50.300. However, the amounts do not change if the amounts
25 required by this section are those currently in effect as a result of earlier application
26 of this section.

27 (c) If the index is revised, the percentage of change is calculated on the basis
28 of the revised index. If a revision of the index changes the reference base index, a
29 revised reference base index is determined by multiplying the reference base index
30 applicable by the rebasing factor furnished by the United States Bureau of Labor
31 Statistics. If the index is superseded, the index referred to in this section is the one

1 represented by the Bureau of Labor Statistics as reflecting most accurately changes in
2 the purchasing power of the dollar for Alaskan consumers.

3 * Sec. 5. AS 43.50 is amended by adding a new section to read:

4 Sec. 43.50.380. NOTICE. At the time of a change in the amount of the tax
5 under AS 43.50.365, the department shall promptly give public notice of the change.
6 The department shall also provide notification of a change to all persons licensed under
7 this chapter.

8 * Sec. 6. This Act takes effect October 1, 1996.

WORK DRAFT

WORK DRAFT

WORK DRAFT

9-LS1268VF
Chenoweth
12/7/95

BILL NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY THE _____ RULES COMMITTEE BY REQUEST OF THE LONG RANGE FINANCIAL
PLANNING COMMISSIONIntroduced:
Referred:

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the tax on transfers or consumption of motor fuel."

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 21.9 [EIGHT] cents a gallon on all motor fuel sold or
5 otherwise transferred within the state, except that

6 (1) the tax on aviation gasoline is four and seven-tenths cents a gallon;

7 (2) the tax on motor fuel used in and on watercraft of all descriptions is
8 eight [FIVE] cents a gallon; and9 (3) the tax on all aviation fuel other than gasoline is three and two-tenths
10 cents a gallon.

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

12 (b) There is levied a tax of 21.9 [EIGHT] cents a gallon on all motor fuel
13 consumed by a user, except that

14 (1) the tax on aviation gasoline consumed is four and seven-tenths cents

WORK DRAFT

WORK DRAFT

WORK DRAFT

1 a gallon;

2 (2) the tax on motor fuel used in and on watercraft of all descriptions is

3 eight [FIVE] cents a gallon; and

4 (3) the tax on all aviation fuel other than gasoline is three and two-tenths

5 cents a gallon.

6 * Sec. 3. AS 43.40.030(a) is amended to read:

7 (a) Except as specified in AS 43.40.010(j), a person who uses motor fuel to
8 operate an internal combustion engine is entitled to a refund of 15.9 [SIX] cents a gallon
9 if

10 (1) the tax on the motor fuel has been paid;

11 (2) the motor fuel is not aviation fuel, or motor fuel used in or on
12 watercraft; and

13 (3) the internal combustion engine is not used in or in conjunction with
14 a motor vehicle licensed to be operated on public ways.

15 * Sec. 4. AS 43.40 is amended by adding a new section to read:

16 Sec. 43.40.045. TAX AND REFUND ADJUSTMENT. (a) The amounts in AS
17 43.40.010(a) and (b) and 43.40.030(a) change, as provided in this section, according to
18 and to the extent of changes in the Consumer Price Index for all urban consumers for the
19 Anchorage Metropolitan Area compiled by the Bureau of Labor Statistics, United States
20 Department of Labor. The index for January of 1997 is the reference base index.

21 (b) The amounts change on ^{July} October 1 of each even-numbered year in an amount
22 equal to the percentage of change, calculated to the nearest whole percentage point,
23 between the index for January of that year and the most recent index used to change the
24 amount in AS 43.40.010. However, the amounts do not change if the amounts required
25 by this section are those currently in effect as a result of earlier application of this section.

26 (c) If the index is revised, the percentage of change is calculated on the basis of
27 the revised index. If a revision of the index changes the reference base index, a revised
28 reference base index is determined by multiplying the reference base index applicable by
29 the rebasing factor furnished by the United States Bureau of Labor Statistics. If the index
30 is superseded, the index referred to in this section is the one represented by the Bureau
31 of Labor Statistics as reflecting most accurately changes in the purchasing power of the

WORK DRAFT

. WORK DRAFT

WORK DRAFT

1 dollar for Alaskan consumers.

2 (d) The department shall adopt a regulation announcing

3 (1) on or before June 30 of each year in which amounts are to change, the
4 changes in amounts required by (b) of this section; and

5 (2) promptly after the changes occur, changes in the index required by (c)
6 of this section, including, if applicable, the numerical equivalent of the reference base
7 index under a revised reference base index and the designation or title of any index
8 superseding the index.

9 (e) The department shall also provide notification of a change in amounts
10 required under (b) of this section to all dealers that collect the tax levied by
11 AS 43.40.010.

*eff Oct 96,
deleted gasoline exemption*

MEMORANDUM

State of Alaska
Department of RevenueTO: Brad Pierce
Policy Analyst
Office of Management and Budget

DATE: November 2, 1995

TELEPHONE NO: 465-4773

FROM: Robert Bartholomew *RB*
Deputy Director
Income and Excise Audit Division

SUBJECT: LRFPC Legislation

The Long Range Financial Planning Commission (LRFPC) has prepared eight pieces of draft legislation. Four of these have a direct impact on the Department of Revenue and based on our review I have the following comments.

Motor Fuel Program Tax Increase

The current draft legislation does not provide for an effective date. For analysis purposes we assumed the increases would take effect July 1, 1996. Sections 1 and 2 raise the tax rate on motor fuel from 8 cents a gallon to 21.9 cents. Special rates for aviation and marine fuel are not increased. Section 3 increases the refund for "off-highway" fuel to 15.9 cents a gallon, the effect is to increase taxation of this fuel type from 2 cents a gallon to 6 cents. Section 4 establishes provisions for adjusting rates every two years to compensate for the CPI. Subparagraph (b) and (c) is hard to understand and the exact requirement is unclear. We recommend reviewing the intent of this section and finding a simpler way of saying it. Also is the intent to change rates on *★* October 1? If so, why in the middle of a fiscal year?

Our estimate of potential new revenue is based on FY 95 tax collections. For FY 97 the increase would be approximately \$36.4 million (\$6.4 million from off-highway). The current legislation does not change the exemption from tax for gasohol. We estimate 60 million gallons to be exempted in FY 96 which is a loss of \$13,000,000 in revenue. The division anticipates requesting an additional position and related support costs (total \$75,000 a year) beginning in FY 97 for taxpayer education and to enhance compliance efforts related to this legislation.

★ Note: this is date CPI posted by US Dept Labor.

9-LS1268\A ✓
Chenoweth
9/5/95

BILL NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA
NINETEENTH LEGISLATURE - SECOND SESSION

BY**Introduced:****Referred:****A BILL****FOR AN ACT ENTITLED**

1 "An Act relating to the tax on transfers or consumption of motor fuel."

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 21.9 [EIGHT] cents a gallon on all motor fuel sold or
5 otherwise transferred within the state, except that

6 (1) the tax on aviation gasoline is four and seven-tenths cents a gallon;

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

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

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

12 (b) There is levied a tax of 21.9 [EIGHT] cents a gallon on all motor fuel
13 consumed by a user, except that

14 (1) the tax on aviation gasoline consumed is four and seven-tenths cents
15 a gallon;

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

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

5 * Sec. 3. AS 43.40.030(a) is amended to read:

6 (a) Except as specified in AS 43.40.010(j), a person who uses motor fuel to
7 operate an internal combustion engine is entitled to a refund of 15.9 [SIX] cents a gallon
8 if

9 (1) the tax on the motor fuel has been paid;

10 (2) the motor fuel is not aviation fuel, or motor fuel used in or on
11 watercraft; and

12 (3) the internal combustion engine is not used in or in conjunction with
13 a motor vehicle licensed to be operated on public ways.

TO:

**COMMISSIONERS LONG RANGE FINANCIAL PLANNING
COMMISSION**

FROM:

**MELISSA FOUSE
STAFF, LONG RANGE FINANCIAL PLANNING COMMISSION
FAX: 258-9869
PHONE: 258-8165**

FOLLOWING ARE:

- 1. BILL DRAFT INCREASING MOTOR VEHICLE REGISTRATION FEES,
REPEALING EXEMPTIONS, AND INDEXING FURTHER INCREASES TO
THE US CPI**
- 2. ATTORNEY GENERAL COMMENTARY ON THE BILL; MOST OF THIS IS
TECHNICAL DRAFTING COMMENTARY, HOWEVER THE LAST
PARAGRAPH ADDRESSES THE POLICY ISSUE OF REPEALING
EXEMPTIONS.**

7 PAGES

NO MORE BILL DRAFTS WILL FOLLOW

MEMORANDUM**State of Alaska
Department of Law**

TO: Deborah Behr
Assistant Attorney General
Legislation/Regulations Section

DATE: October 31, 1995

FILE NO:

465-3428

TEL. NO:

SUBJECT: Long Range Financial Planning
Commission Bill increasing motor
vehicle registration fees

FROM: Anne D. Carpeneti *alc*
Assistant Attorney General
Criminal Division

At your request we have reviewed the referenced bill, and have the following technical comments:

1. Section one of the bill amends AS 28.10.108(b)(1) and (2). These sections should be repealed rather than amended, because the Department of Public Safety, since the original staggering of registration, follows AS 28.10.108(c). AS 28.10.108(c) should be amended to eliminate reference to AS 28.10.108(b).

2. Section four of the bill repeals the registration fee exemption for disabled veterans and other handicapped persons; a conforming amendment is required for AS 28.10.181(d), which authorizes the exemption.

3. Section four of the bill repeals the registration fee exemption for charitable organizations; AS 18.10.181(e) should be amended to eliminate reference to charitable organizations.

4. Section four of the bill repeals the registration fee exemption for certain amateur radio station vehicles; AS 28.10.181(i) provides for distinctive plates for these vehicles, although it does not refer to charges for the plates. This may need a conforming amendment providing a fee for the distinctive plates.

5. Section four of the bill repeals the registration fee exemption for Pearl Harbor survivors and former prisoners of war; AS 28.10.181(l), which authorizes the exemption, must also be amended to conform with the elimination of the fee exemption.

6. Section four of the bill repeals the registration fee exemption for persons 65 years of age or older; AS 28.10.411(f), which authorizes the exemption, must also be repealed.

7. Section five of the bill requires the Department of Labor to adjust the registration fees for inflation every even-numbered year. The language is awkward, but is apparently clear enough to the Department of Labor. I spoke to Chris Miller, Acting Chief of the research section of the Department of Labor, who made three observations: first, the

*NO
one time
fee motor
vehicle*

Deborah Behr
Assistant Attorney General

October 31, 1995
Page 2

department doesn't like this kind of provision; second, on page five, line two, they suggest the insertion of "U.S. City Average" between "the" and "Consumer" to make it certain which part of the CPI is referenced; and third, on page five line eight, replace "and" with "who" so that the state agency publicizing the fee schedule is the Department of Public Safety. The department can provide fee adjustment figures, but they don't want to be in the position of being required to promulgate regulations. This should be clarified in the bill.

8. The Department of Public Safety informs me that the time schedule for fee increases in section five is inadequate. They need six months lead time for fee increases. Similarly, they require a later effective date, e.g., January 1, 1997, in order to administer the fee increases. Finally, DPS would prefer that the Department of Labor publicize the fee increases.

In addition to these technical comments, you should be aware that state criminal justice agencies met and agreed that removing the registration exemption for certain groups, e.g., Pearl Harbor survivors, is not a good idea. The savings involved in removing these exemptions is so minor that it isn't worth the possible affront to the few persons qualifying for them.

ADC:jf

cc: Ron Otte, Commissioner, DPS

9-LS 267A ✓
Ford
9/11/95

BILL NO.

IN THE LEGISLATURE OF THE STATE OF ALASKA
NINETEENTH LEGISLATURE - SECOND SESSION

BY

Introduced:
Referred:

A BILL**FOR AN ACT ENTITLED**

1 "An Act relating to motor vehicle registration fees; and providing for an effective
2 date."

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

4 * Section 1. AS 28.10.108(b) is amended to read:

5 (b) Subject to the provisions of (f) of this section, a vehicle subject to registration
6 (1) under AS 28.10.011 and 28.10.421(b)(3) and (4) and (c)(1) - (4) shall
7 have its initial registration, and may have its annual registration, renewed during the
8 month of December;

9 (2) under AS 28.10.181, 28.10.411 and 28.10.421(d)(3) and (8) [(9)]
10 shall have its initial registration, and may have its annual registration, renewed during the
11 month of January.

12 * Sec. 2. AS 28.10.421(b) is amended to read:

13 (b) The annual registration fees under this subsection are imposed within the
14 following classifications for:

(1) a passenger vehicle or motor home not used or maintained for the transportation of persons or property for hire or for other commercial use

..... \$70 [\$35];

(2) a pick-up truck or a van not exceeding 6,000 pounds unladen weight and not used or maintained for the transportation of persons or property for hire or for other commercial use

\$80 [\$40];

(3) a taxicab

\$140 [\$70];

(4) a motor bus with a seating capacity for 20 or more persons and used exclusively for commercial purposes in the transporting of visitors or tourists

..... \$170 [\$85];

(5) a motorcycle or a motor-driven cycle

\$40 [\$20];

(6) a trailer not used or maintained for the transportation of persons or property for hire or for other commercial use, including, but not limited to, a boat trailer, baggage trailer, box trailer, utility trailer, house trailer, travel trailer, or a trailer rented or offered for rent

\$10 [\$5].

* Sec. 3. AS 28.10.421(c) is amended to read:

(c) The annual registration fees under this subsection are imposed and are based upon the actual unladen weight as established by the manufacturer's advertised weight or upon the actual weight which the owner shall furnish, subject to the approval of the commissioner or the commissioner's representative, for a vehicle, including a motor vehicle pulling a trailer or semi-trailer, that is registered in the name of a company or business, or is used or maintained for the transportation of passengers for hire, excepting taxicabs and buses under (b) of this section, or for the transportation of property for hire or for other commercial purposes, including a trailer, semi-trailer, truck, wrecker, tow car, hearse, ambulance, and tractor, as follows:

(1) up to and including 5,000 pounds

\$102 [\$51];

(2) more than 5,000 pounds to and including 12,000 pounds

..... \$172 [\$86];

(3) more than 12,000 pounds to and including 18,000 pounds

..... \$312 [\$156];

(4) more than 18,000 pounds

\$442 [\$221].

- 1 the state at the next general election in conformity with art. XIII, sec. 1, Constitution of the
- 2 State of Alaska, and the election laws of the state.

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES LEGISLATIVE AFFAIRS AGENCY STATE OF ALASKA

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

130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

December 13, 1995

SUBJECT: Permanent fund/constitutional amendment
(Work Order No. 9-LS1433\)

TO: Brian Rogers, Chair
Long Range Financial Planning Commission

FROM: Tamara Brandt Cook *TBC*
Director

Here is the new resolution you requested based on the draft prepared by the Department of Law. I know that Assistant Attorney General Jim Baldwin testified in favor of leaving the appropriation limit ambiguous with respect to its application and authorizing the legislature to sort it out statutorily. I suspect, however, that, since the word "years" is used the court, in applying the ordinary meaning, will determine that the provision operates based upon the calendar year--that is, the five year averaging provision will be applied to calendar years and the "annual appropriation" language will be deemed to refer to calendar year appropriations. If this is not an acceptable result, an alternate period that constitutes a year for purposes of this section ought to be specifically identified.

Additionally, of course, there is the question of what an "annual appropriation" consists of. Do we look to the date of enactment, to the effective date of the appropriation (which is commonly 90 days later), or to some other date to determine which year to attribute a particular appropriation to for purposes of calculating whether the appropriation cap has been exceeded? May the legislature, under its power to implement, answer this question by law and, if so, may it change the answer by amending that law and, thus, manipulate the cap? What if a law implementing this section is simply not enacted? This looks to me like a potentially fertile source of litigation. Recall that the legislature has been given similar power to implement the repayment provision of the budget reserve fund, that a law (AS 37.10.420(b)) implementing that provision was indeed enacted, and the court found the law unconstitutional, thereby affording the legislature virtually no discretion in structuring repayment terms. (Hickel v. Cowper, 874 P.2d 922 (Alaska 1994) holding that the term "available for appropriation" used in Art. IX, sec. 17(d) has the same meaning as when the term is used in sec. 17(b) and that the legislature may not statutorily restrict money subject to the repayment provision despite the specific grant of authority to the legislature to implement that repayment provision.)

TBC:lmb
95-282.lmb

Enclosure