

HB

156



217 Second Street, Suite 200 • Juneau, Alaska 99801
Tel (907) 586-1325 • Fax (907) 463-5480 • www.akml.org

March 11, 2003

Representative Jim Holm, Co-Chair
Representative Beverly Masek, Co-Chair
House Transportation Committee
State Capitol
Juneau, AK 99801

**Re: H.B. 156 – Increase Motor Vehicle Fuel Tax
H.B. 170 – Motor Vehicle Registration Fees**

Dear Representatives Holm and Masek,

As noted in the Alaska Municipal League (AML) policy statement, the AML supports an increase in motor vehicle registration fees and motor vehicle fuel taxes so long as:

- (1) fuel tax and vehicle registration fees are “used to fund state and municipal highway road operation, maintenance, and improvements;” and
- (2) the motor vehicle fuel tax and vehicle registration fees are “shared on an equitable basis between local and state government based on the proportion of local vs. state maintained roads.”

Thank you for the opportunity to express our views on this important legislation.

Sincerely,

Sarah A. Gilbertson
Policy and Program Coordinator

Cc: Senator John Cowdery

Equitable Sharing of Gas Tax with Local Taxpayers from Gas Used on Local Roads

- ❖ Taxpayers currently pay twice to maintain their local roads: once at the gas pump (State doesn't share gas tax for gas used on local roads); and then again when they pay property taxes.
- ❖ 43.5 % of all roads in Alaska are municipally maintained roads. 43.5 % of gas is consumed on municipal roads. 43.5% of the gas tax increase should be shared with local taxpayers.
- ❖ Most states share gas taxes with municipalities and local taxpayers. It is so logical, fair, and equitable that the average local share among the 50 states is 31%. Alaska is currently next to last among 47 sharing states at 5% of gas tax revenue.
- ❖ A fair gas tax revenue sharing program will be an incentive for municipalities to accept maintenance of more state roads.
- ❖ Citizens are far more likely to support a gas tax increase if they know a fair share will be returned to the community. Sharing the gas tax with local taxpayers specifically for road maintenance is the most direct way to gain public trust and acceptance.

Lane miles maintained by the State Department of Transportation:

(figures provided by DOT 8/12/99)

Central Region Lane Miles	4,669.3 lane miles
Northern Region Lane Miles	8,353.0 lane miles
Southeast Region Lane Miles	<u>1,347.0 lane miles</u>
TOTAL State Lane miles	14,369.3 lane miles

Lane miles maintained by Municipal Governments:

(figures provided by the Dept of Community and Economic Development 8/11/99)

TOTAL Public Roads lane Miles*	10,087.92
TOTAL Ice Road Miles	<u>993.38</u>
TOTAL Municipal Lane Miles	11,081.3 lane miles

* DCED maintains records in miles (5,043.96) this was converted to lane miles by multiplying by a factor of 2

Ratio of Municipal and State Lane Miles:

Total State plus Municipal Lane Miles = 25,450.6 Lane Miles	
Municipal Lane Miles as a % of all Lane Miles (11,081.3 / 25,450.6) =	43.5%
State Lane Miles as a % of all Lane Miles = (14,369.3 / 25,450.6) =	56.5%

Recommendation: Statutorily add 30 to 40% of gas tax increase to current municipal road revenue sharing program and enlist municipal leaders to gain public acceptance. (Municipal road revenue sharing is authorized at \$2500 per mile, but currently funded at less than \$350 per mile of locally maintained road.)

DISPOSITION OF STATE MOTOR-FUEL TAX RECEIPTS - 2001

State	Miles of Roads (not federal)	Receipts Available for Distribution (Thousands of dollars)	Distributed to Local Government (Thousands of dollars)	% of Revenue Distributed to Local Governments	Dollars Distributed per Mile (Thousands of dollars, not federal roads)
Dist. of Col.	1,448	28,688	28,688	100%	20
Iowa	113,322	393,436	254,046	65%	2
Illinois	138,103	1,214,890	717,705	59%	5
Michigan	120,057	1,049,129	598,121	57%	5
Indiana	94,038	770,834	426,010	55%	5
Kansas	134,598	357,113	196,462	55%	1
Washington	73,569	727,154	379,753	52%	5
Minnesota	130,319	597,081	303,954	51%	2
Alabama	93,708	556,271	280,079	50%	3
Wisconsin	111,825	812,396	397,244	49%	4
Colorado	78,634	542,227	246,732	46%	3
North Dakota	85,898	99,019	43,103	44%	1
Massachusetts	35,298	652,182	278,929	43%	8
Idaho	37,955	219,074	91,574	42%	2
Ohio	116,998	1,448,760	584,712	40%	5
California	155,326	3,041,595	1,196,679	39%	8
Mississippi	72,949	370,500	140,041	38%	2
Oklahoma	112,644	401,061	150,508	38%	1
Tennessee	87,526	735,904	275,025	37%	3
Nevada	35,915	371,894	137,955	37%	4
Oregon	55,630	385,439	141,449	37%	3
Nebraska	92,607	297,064	100,519	34%	1
Maryland	30,191	801,561	267,686	33%	9
Kentucky	77,887	447,971	148,633	33%	2
Arizona	43,418	572,024	188,133	33%	4
Missouri	123,220	661,982	210,328	32%	2
Arkansas	95,469	411,656	126,847	31%	1
Wyoming	23,970	95,056	27,087	28%	1
Utah	38,679	310,000	82,595	27%	2
Vermont	14,180	86,785	20,940	24%	1
New Mexico	52,571	233,506	51,509	22%	1
New York	112,865	1,446,780	310,790	21%	3
New Jersey	36,088	533,610	112,715	21%	3
Georgia	114,405	446,293	82,111	18%	1
Florida	115,222	1,628,490	298,858	18%	3
New Hampshire	15,372	139,636	25,234	18%	2
South Carolina	63,926	437,420	74,120	17%	1

South Dakota	81,608	122,397	20,665	17%	0
Virginia	68,862	820,409	119,367	15%	2
North Carolina	97,974	1,183,663	118,644	10%	1
Montana	55,800	174,312	16,892	10%	0
Maine	22,499	163,783	15,072	9%	1
Pennsylvania	119,041	1,728,126	142,896	8%	1
Rhode Island	6,042	133,945	9,737	7%	2
Connecticut	20,905	406,967	25,385	6%	1
Alaska	11,475	27,119	1,296	5%	0
Louisiana	60,206	545,485	21,438	4%	0
Hawaii	4,160	70,205	347	0%	0
Texas	300,302	2,733,773	7,301	0%	0
Delaware	5,808	104,137	-	0%	-
West Virginia	36,319	295,691	-	0%	-
Average Received by Local Governments:				31%	3

Source: U.S. Department of Transportation, Federal Highway Administration, October 2002

AMENDMENT

3 Adopted

OFFERED IN THE HOUSE

BY REPRESENTATIVE MASEK

TO: HB 156

1 Page 1, line 1, following "fuel tax":

2 Insert ", relating to the fund into which the proceeds of the motor fuel tax is paid,"

3

4 Page 4, following line 13:

5 Insert new bill sections to read:

6 *** Sec. 3.** AS 43.40.010(g) is amended to read:

7 (g) The proceeds of the revenue from the tax on all motor fuels, except as
8 provided in (e), (f), and (j) of this section, shall be paid into a state fund entitled
9 "highway maintenance revenue fund" and shall be used [DEPOSITED IN A
10 SPECIAL HIGHWAY FUEL TAX ACCOUNT IN THE STATE GENERAL FUND.
11 THE LEGISLATURE MAY APPROPRIATE FUNDS FROM IT] for expenditure by
12 the Department of Transportation and Public Facilities directly or as matched with
13 available federal-aid highway money for maintenance of highways, construction of
14 highway projects and ferries included in the program provided for in AS 19.10.150,
15 including approaches, appurtenances, and related facilities and acquisition of rights-of-
16 way or easements, and other highway costs including surveys, administration, and
17 related matters. All departments of the state government authorized to spend funds
18 collected from taxes imposed by this chapter shall perform, when feasible, all
19 construction or reconstruction projects by contract after the projects have been
20 advertised for competitive bids, except that, when feasible, arrangements shall be
21 made with political subdivisions to carry out the construction or reconstruction
22 projects. If it is not feasible for the work to be performed by state engineering forces,
23 the commissioner of transportation and public facilities may contract on a professional
24 basis with private engineering firms for road design, bridge design, and services in

1 connection with surveys. If more than one private engineering firm is available for the
2 work the contracts shall be entered into on a negotiated basis.

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

4 (h) All motor fuel tax receipts shall be paid into the highway maintenance
5 revenue fund or into the general fund, as appropriate. If paid into the general
6 fund, the receipts shall be [AND] distributed to the proper accounts in the general
7 fund. Valid motor fuel tax refund claims shall be paid from the highway maintenance
8 revenue fund or from the related [FUEL] tax account in the general fund, as
9 appropriate."

10
11 Renumber the following bill sections accordingly.

12
13 Page 4, following line 22:

14 Insert new bill sections to read:

15 ** Sec. 6. AS 43.40.070 is amended to read:

16 **Sec. 43.40.070. Refund warrants.** Upon approval of a refund claim by the
17 department, a warrant shall be drawn on the highway maintenance revenue fund or
18 from the related [FUEL] tax account in the general fund, as appropriate, in favor of
19 the applicant in the amount of the claim.

20 * Sec. 7. The uncodified law of the State of Alaska is amended by adding a new section to
21 read:

22 CONTINGENT EFFECT. This Act takes effect only if a constitutional amendment
23 proposed by the Twenty-Third Alaska State Legislature repealing sec. 7, art. IX, Constitution
24 of the State of Alaska, is adopted by the voters under sec. 1, art. XIII, Constitution of the State
25 of Alaska."

26
27 Renumber the following bill section accordingly.

28
29 Page 4, line 23:

30 Delete "July 1, 2003"

31 Insert "on the effective date of the constitutional amendment specified in sec. 7 of this

1 Act."

23-GH1118\D
Kurtz
3/19/03

CS FOR HOUSE BILL NO. 156()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-THIRD LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL
FOR AN ACT ENTITLED

1 "An Act increasing the tax on motor fuel to be used in motor vehicles, other than
2 aircraft and watercraft and increasing the tax refund for motor fuel used in motor
3 vehicles not licensed to be operated on public roadways; repealing the special tax rates
4 on blended fuels; relating to tax refunds for government agency purchases of motor
5 fuel; and providing for an effective date."

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

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

8 (a) There is levied a tax of 20 [EIGHT] cents a gallon on all motor fuel sold or
9 otherwise transferred within the state, except that

- 10 (1) the tax on aviation gasoline is four and seven-tenths cents a gallon;
- 11 (2) the tax on motor fuel used in and on watercraft of all descriptions is
- 12 five cents a gallon; and
- 13 (3) the tax on all aviation fuel other than gasoline is three and two-

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tenths cents a gallon [; AND

(4) THE TAX RATE ON MOTOR FUEL THAT IS BLENDED WITH ALCOHOL IS THE SAME TAX RATE A GALLON AS OTHER MOTOR FUEL; HOWEVER,

(A) IN AN AREA AND DURING THE MONTHS IN WHICH FUEL CONTAINING ALCOHOL IS REQUIRED TO BE SOLD, TRANSFERRED, OR USED IN AN EFFORT TO ATTAIN AIR QUALITY STANDARDS FOR CARBON MONOXIDE AS REQUIRED BY FEDERAL OR STATE LAW OR REGULATION, THE TAX RATE ON MOTOR FUEL THAT IS BLENDED WITH ALCOHOL IS SIX CENTS A GALLON LESS THAN THE TAX ON OTHER MOTOR FUEL NOT DESCRIBED IN (1) - (3) OF THIS SUBSECTION;

(B) NOTWITHSTANDING (A) OF THIS PARAGRAPH, THROUGH JUNE 30, 2004, THE TAX ON MOTOR FUEL SOLD OR OTHERWISE TRANSFERRED WITHIN THE STATE IS EIGHT CENTS A GALLON LESS THAN THE TAX ON OTHER MOTOR FUEL NOT DESCRIBED IN (1) - (3) OF THIS SUBSECTION IF THE MOTOR FUEL

(i) IS AT LEAST 10 PERCENT ALCOHOL BY VOLUME, HAS BEEN PRODUCED FROM THE PROCESSING OF LIGNOCELLULOSE DERIVED FROM WOOD, AND WAS PRODUCED IN A FACILITY THAT PROCESSES LIGNOCELLULOSE FROM WOOD, BUT THIS REDUCTION IN THE RATE OF TAX APPLIES TO MOTOR FUEL SOLD OR TRANSFERRED THAT CONTAINS ALCOHOL THAT WAS PRODUCED ONLY DURING THE FIRST FIVE YEARS OF THE FACILITY'S PROCESSING OF LIGNOCELLULOSE FROM WOOD; OR

(ii) IS AT LEAST 10 PERCENT ALCOHOL BY VOLUME, HAS BEEN PRODUCED FROM THE PROCESSING OF WASTE SEAFOOD, AND WAS PRODUCED IN A FACILITY THAT PROCESSES ALCOHOL FROM WASTE SEAFOOD, BUT

1 THIS REDUCTION IN THE RATE OF TAX APPLIES TO MOTOR
2 FUEL SOLD OR TRANSFERRED THAT CONTAINS ALCOHOL
3 THAT WAS PRODUCED ONLY DURING THE FIRST FIVE
4 YEARS OF THE FACILITY'S PROCESSING OF ALCOHOL FROM
5 WASTE SEAFOOD].

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

7 (b) There is levied a tax of 20 [EIGHT] cents a gallon on all motor fuel
8 consumed by a user, except that

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

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

13 (3) the tax on all aviation fuel other than gasoline is three and two-
14 tenths cents a gallon [; AND

15 (4) THE TAX RATE ON MOTOR FUEL THAT IS BLENDED
16 WITH ALCOHOL IS THE SAME TAX RATE A GALLON AS OTHER MOTOR
17 FUEL; HOWEVFR,

18 (A) IN AN AREA AND DURING THE MONTHS IN WHICH
19 FUEL CONTAINING ALCOHOL IS REQUIRED TO BE SOLD,
20 TRANSFERRED, OR USED IN AN EFFORT TO ATTAIN AIR QUALITY
21 STANDARDS FOR CARBON MONOXIDE AS REQUIRED BY FEDERAL
22 OR STATE LAW OR REGULATION, THE TAX RATE ON MOTOR FUEL
23 THAT IS BLENDED WITH ALCOHOL IS SIX CENTS A GALLON LESS
24 THAN THE TAX ON OTHER MOTOR FUEL NOT DESCRIBED IN (1) -
25 (3) OF THIS SUBSECTION;

26 (B) NOTWITHSTANDING (A) OF THIS PARAGRAPH,
27 THROUGH JUNE 30, 2004, THE TAX ON MOTOR FUEL CONSUMED
28 BY A USER WITHIN THE STATE IS EIGHT CENTS A GALLON LESS
29 THAN THE TAX ON OTHER MOTOR FUEL NOT DESCRIBED IN (1) -
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31 (i) IS AT LEAST 10 PERCENT ALCOHOL BY

1 VOLUME, HAS BEEN PRODUCED FROM THE PROCESSING OF
2 LIGNOCELLULOSE DERIVED FROM WOOD, AND WAS
3 PRODUCED IN A FACILITY THAT PROCESSES
4 LIGNOCELLULOSE FROM WOOD, BUT THIS REDUCTION IN
5 THE RATE OF TAX APPLIES TO MOTOR FUEL CONSUMED BY
6 A USER THAT CONTAINS ALCOHOL THAT WAS PRODUCED
7 ONLY DURING THE FIRST FIVE YEARS OF THE FACILITY'S
8 PROCESSING OF LIGNOCELLULOSE FROM WOOD; OR

9 (ii) IS AT LEAST 10 PERCENT ALCOHOL BY
10 VOLUME, HAS BEEN PRODUCED FROM THE PROCESSING OF
11 WASTE SEAFOOD, AND WAS PRODUCED IN A FACILITY
12 THAT PROCESSES ALCOHOL FROM WASTE SEAFOOD, BUT
13 THIS REDUCTION IN THE RATE OF TAX APPLIES TO MOTOR
14 FUEL CONSUMED BY A USER THAT CONTAINS ALCOHOL
15 THAT WAS PRODUCED ONLY DURING THE FIRST FIVE
16 YEARS OF THE FACILITY'S PROCESSING OF ALCOHOL FROM
17 WASTE SEAFOOD].

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

19 (a) Except as specified in AS 43.40.010(j), a person who uses motor fuel to
20 operate an internal combustion engine is entitled to a refund of 18 [SIX] cents a gallon
21 if

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

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

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

27 * Sec. 4. AS 43.40.035 is amended by adding a new subsection to read:

28 (c) For fuel sold to federal, state, and local government agencies for official
29 use and purchased with a government credit card, the credit card issuer may apply for
30 a refund of any motor fuel tax assessed on the purchases so long as the motor fuel tax
31 is not billed by the credit card issuer to the government agency making the purchase.

1 * **Sec. 5.** AS 43.40.050(c) is amended to read:

2 (c) A reseller who claims a refund or credit under AS 43.40.035(a)
3 [AS 43.40.035] shall present the refund claim to the department or to the supplier of
4 that reseller by affidavit on a form provided by the department. The claim shall
5 include the name, address, and occupation of the applicant, the nature of the business
6 of the applicant, and a description sufficient to identify the reason for the refund or
7 credit. The claim shall be supported by documentation required by the department.

8 * **Sec. 6.** AS 43.40.050 is amended by adding a new subsection to read:

9 (d) A credit card issuer who claims a refund under AS 43.40.035 shall present
10 the refund claim to the department on a form prescribed by the department and shall
11 provide any documentation required by the department.

12 * **Sec. 7.** This Act takes effect July 1, 2003.

THE
FOLLOWING
DOCUMENT(S)
ARE
POOR
ORIGINAL
COPIES

HOUSE COMMITTEE REPORT

(7)

Date Referred to Committee: March 5, 2003

FURTHER REFERRALS: Finance

Date of Committee Action: 3/27/03

The TRANSPORTATION Committee considered:

HB 156

HOUSE BILL NO. 156

INCREASE MOTOR FUEL TAX

"An Act increasing the motor fuel tax and repealing the special tax rates on blended fuels; and providing for an effective date."

Recommends it be replaced with HCS or HCS for HB 156 (TRA)
 For Senate Bills with new title: Technical Title New Title: HCR _____ Same Title New Title

- attach amendments
- add new referral to _____ Committee
- Letter of Intent _____ Committee

List of
Abbrev
for
Dept.s.:

- ADM
- CEC
- COR
- CRT
- EED
- DEC
- DFG
- GOV
- HSS
- LEG
- LAW
- LWF
- MVA
- DNR
- DPS
- REV
- DOT
- UA

NEW FISCAL NOTES				
*Assigned by Chief Clerk's Office				
List by Dept(s):	*FN#	Fiscal	Indet.	Zero
REV		✓		
DEC				✓

PREVIOUS FISCAL NOTES				
List by Dept(s):	FN#	Fiscal	Indet.	Zero

<u>Signing with recommendations</u>	Printed Last Name	DP	DNP	NR	AM

_____	OGG			✓	
Eric Lehning	Kohring		X		
Maria Kapsner	KAPSNER		✓		
John F. ...	Fate		✓		
Chair: _____	Hahn			✓	
Chair: Beverly Masek	Masek	X			

Equitable Sharing of Gas Tax with Local Taxpayers from Gas Used on Local Roads

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Recommendation: Statutorily add 30 to 40% of gas tax increase to current municipal road revenue sharing program and enlist municipal leaders to gain public acceptance. (Municipal road revenue sharing is authorized at \$2500 per mile, but currently funded at less than \$400 per mile of locally maintained road.)

How States Share Gas Taxes - 2001

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Texas	300,302	2,733,773	0%	0
Delaware	5,808	104,137	0%	-
West Virginia	36,319	295,691	0%	-
Average Received by Local Governments:			31%	3

Source: U.S. Department of Transportation, Federal Highway Administration, October 2002

AMENDMENT

OFFERED IN THE HOUSE

TO: CSHB 156(), Draft Version "D"

1 Page 1, line 5, following "fuel;":

2 Insert "creating a municipal road maintenance account, and providing for
3 allocation of funds to and from that account;"

4
5 Page 1, following line 6:

6 Insert new bill sections to read:

7 **** Section 1.** AS 29.60 is amended by adding a new section to article 2 to read:

8 **Sec. 29.60.185. Municipal road maintenance account.** The municipal road
9 maintenance account is established. Money to carry out the provisions of
10 AS 29.60.110 and 29.60.160 shall be allocated by the department to the account in
11 accordance with AS 29.60.280. If amounts in the account are insufficient to pay each
12 municipality's share authorized under AS 29.60.110 and 29.60.160, the amounts that
13 are available shall be distributed pro rata among eligible municipalities.

14 *** Sec. 2.** AS 29.60.280(a) is amended to read:

15 (a) Each year, the department shall allocate money appropriated to the
16 accounts established in AS 29.60.060, 29.60.170, 29.60.185, and former AS 29.90.020
17 in the amounts determined by the legislature.

18 *** Sec. 3.** AS 29.60.280 is amended by adding a new subsection to read:

19 (d) Money in the municipal road maintenance account established in
20 AS 29.60.185 that exceeds the amount required to fully fund distributions authorized
21 by AS 29.60.110 and 29.60.160 shall be reallocated to the tax equalization account
22 established in AS 29.60.060 and distributed according to the provisions of
23 AS 29.60.010 - 29.60.080."

24

1 Page 1, line 7:

2 Delete "Section 1"

3 Insert "Sec. 4"

4

5 Renumber the following bill sections accordingly.

6

7 Page 4, following line 17:

8 Insert new bill sections to read:

9 **** Sec. 6.** AS 43.40.010(g) is amended to read:

10 (g) The proceeds of the revenue from the tax on all motor fuels, except as
11 provided in (e), (f), [AND] (j), **and (m)** of this section, shall be deposited in a special
12 highway fuel tax account in the state general fund. The legislature may appropriate
13 funds from it for expenditure by the Department of Transportation and Public
14 Facilities directly or as matched with available federal-aid highway money for
15 maintenance of highways, construction of highway projects and ferries included in the
16 program provided for in AS 19.10.150, including approaches, appurtenances and
17 related facilities and acquisition of rights-of-way or easements, and other highway
18 costs including surveys, administration, and related matters. All departments of the
19 state government authorized to spend funds collected from taxes imposed by this
20 chapter shall perform, when feasible, all construction or reconstruction projects by
21 contract after the projects have been advertised for competitive bids, except that, when
22 feasible, arrangements shall be made with political subdivisions to carry out the
23 construction or reconstruction projects. If it is not feasible for the work to be
24 performed by state engineering forces, the commissioner of transportation and public
25 facilities may contract on a professional basis with private engineering firms for road
26 design, bridge design, and services in connection with surveys. If more than one
27 private engineering firm is available for the work the contracts shall be entered into on
28 a negotiated basis.

29 *** Sec. 7.** AS 43.40.010 is amended by adding a new subsection to read:

30 (m) An amount equal to the revenue obtained from five cents of the tax
31 collected under (a) and (b), except (a)(1) - (3) and (b)(1) - (3), of this section shall be

- 1 deposited into the municipal road maintenance account created under AS 29.60.185."
- 2
- 3 Renumber the following bill sections accordingly.

Question: RE Am #1

do we treat
unincorporated
villages as tax
exempt? -

George: If they're
exempt now
they would be
exempt under
Am #1. (??)

AMENDMENT

#2 *Withdrawn*

OFFERED IN THE HOUSE
TO: HB 156

BY REPRESENTATIVE KAPSNER

1 Page 1, line 9:

2 Delete "and"

3

4 Page 1, line 11:

5 Delete "[; AND"

6 Insert "; and"

7

8 Page 1, line 12, following "(4)":

9 Insert "the tax rate on motor fuel used in a motor vehicle only on roads that are
10 not connected by land highway or the Alaska marine highway system to the main road
11 system of the state, whether or not licensed to be operated on public ways, is eight cents
12 a gallon ["

13

14 Page 3, line 8:

15 Delete "and"

16

17 Page 3, line 10:

18 Delete "[; AND"

19 Insert "; and"

20

21 Page 3, line 11, following "(4)":

22 Insert "the tax rate on motor fuel used in a motor vehicle only on roads that are
23 not connected by land highway or the Alaska marine highway system to the main road

- 1 system of the state, whether or not licensed to be operated on public ways, is eight cents
- 2 a gallon ["

Subject: H.B. 156 Gas Tax

Date: Tue, 25 Mar 2003 13:25:19 EST

From: SWill38776@aol.com

I am a retired DOT&PF Employee. I started with the old Dept of Highways in 1960 and retired in 1987. The assignments I had included Regional Engineer in SE Asaska for eight years, Chief Design Engineer and State Maintenance Engineer.

The facts are that Alaska has not raised its gas tax since Statehood and we have the lowest gas tax in the Nation. We have built only two new roads since Statehood. The Parks Highway and the Skagway Carcross Road. The Oil companies built the Haul Road. One reason that we have not had the money to build new infrastructure is that we are using capital money to rebuild existing infrastructure. We have siphoned off Federal Aid dollars towards providing needed repairs on roads that are falling apart prematurely. An ounce of maintenance now will prevent a pound of cure down the road. This increased gas tax is a user tax. What could be fairer? ! !

Regards,

(Sandy) Wallace K Williams

Box 240765

Douglas, Alaska 99824-0765

907-364-2243

Full Name:

Herb Simon

Last Name:

Simon

First Name:

Herb

Home:

(907) 822-3059

3/7 Herb Simon called from Nelchena and wants to talk about fuel tax, studded tires and road construction. Have Rynniva call.

3/10 Mr. Simon returned call. He said if the governor is worried about studded tires tearing up the roads he should ban studded tires. He said in the 1978 Rand McNally Atlas three northern states, prohibited Wisconsin, Minnesota, and Pennsylvania, have prohibited stud tires. He said the new McNally Map may show Alaska is one of last states to allow studded tires. Simon said we should phase studded tires out and tax them until they are gone.

Simon said he agrees with the governor that we need more gas taxes. But he wants some incentives built into the bill to encourage the governor to get rid of engineers that are designing our road construction now and hire engineers that know how to design roads for northern climates that will last more than one or two years before they start falling apart. He suggested we pass 12 cent gas tax- implment 6 cents now and implement the other six cents on Jan 1, 2004 contingent on getting a functional DOT that can build some roads that have a longer life. He said "I don't care how they build them in Georgia, we need to build them the way they are built in Canada." He said he would like to participate in any of the hearings on these issues. I told him I would relay his concerns to Representative Holm who is Co Chair of House Transportation. Simon recalled that In 1995, when they rebuilt Glenn Highway, they dug the old road out and built the new road in a trench. There is no place to move the snow off the roadbed. He said DOTPF needs to build roads on dykes so wind can blow snow off. He stressed that roads need to be desinged and built for ease of maintenance. He reiterated DOTPF needs good engineers and suggested the governor kidnap half a dozen out of Canada or get a Canada contingent of whiz kids over here as consultants. He said DOTPF can't continue to put down three feet of mud and lay two inches of pavement over it. He said "Johanson left because he got disgusted with the stupidity."

DOTPF builds roads with 90% of consturction money federally funding, then we are stuck with the maintenance and no federal funding for it. DOTPF hasn't built a road new since Parks Highway.



KEVIN RITCHIE
Executive Director

217 Second Street, Suite 200
Juneau, Alaska 99801

(Office) Tel (907) 586-1325

(Office) Fax (907) 463-5480

(Home) Tel (907) 463-3448

kevin@akml.org
www.akml.org

3/20/3

2029

ATTN:

Kathryn

Kurtz

HOUSE BILL NO. 156 Gas Tax

01 "An Act increasing the motor fuel tax and repealing the special tax rates on blended
02 fuels; and providing for an effective date."

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

**AMENDMENT FOR MUNICIPAL GAS TAX SHARING TO SHARE 28% OF REVENUE
(MUNICIPALITIES MAINTAIN OVER 43% OF ROADS IN ALASKA – THE NATIONAL
AVERAGE FOR GAS TAX SHARING BY STATES TO MUNICIPALITIES IS 31%)**

*Drafting
on*

This language is essentially the same as CS for HB 59 (TRA) 2/17/00 Kurtz. It creates a sharing of 28% (6 of 21 cents) of the gas tax with municipalities and distributes it through the current municipal road revenue sharing formula.

Amendment

Sec. AS 29.60 is amended by adding a new section to article 2 to read:

Sec 29.60.185. Municipal road maintenance account. The municipal road maintenance account is established. Money to carry out the provisions of AS 29.60.110 and 29.60.160 shall be allocated by the department to the account in accordance with AS 29.60.280. If the amounts in the account are insufficient to pay each municipality's share authorized under AS 29.60.110 and 29.60.160, the amounts that are available shall be distributed pro rata among the eligible municipalities.

Sec. AS 43.40.010 is amended by adding a new subsection to read:

(m) An amount equal to the revenue obtained from six cents of the tax collected under (a) and (b), except (a)(1) – (4) and (b) (1) – (4), of this section shall be deposited into the municipal road maintenance account created under AS 29.60.185.

Sec. AS 29.60.280 is amended by adding a new subsection to read:

(d) Money in the municipal road maintenance account established in AS 29.60.185 that exceeds the amount required to fully fund the distributions authorized by AS 29.60.110 and 29.60.160 shall be reallocated to the tax equalization account established in AS 29.60.060 and distributed according the the provisions f AS 29.60.010 – 29.60.080

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

05 (a) There is levied a tax of **20** [EIGHT] cents a gallon on all motor fuel sold or
06 otherwise transferred within the state, except that

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

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

10 (3) the tax on all aviation fuel other than gasoline is three and two-
11 tenths cents a gallon [; AND

Barbara

4858

12 (4) THE TAX RATE ON MOTOR FUEL THAT IS BLENDED
13 WITH ALCOHOL IS THE SAME TAX RATE A GALLON AS OTHER MOTOR
14 FUEL; HOWEVER,

01 (A) IN AN AREA AND DURING THE MONTHS IN WHICH
02 FUEL CONTAINING ALCOHOL IS REQUIRED TO BE SOLD,
03 TRANSFERRED, OR USED IN AN EFFORT TO ATTAIN AIR QUALITY
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05 OR STATE LAW OR REGULATION, THE TAX RATE ON MOTOR FUEL
06 THAT IS BLENDED WITH ALCOHOL IS SIX CENTS A GALLON LESS
07 THAN THE TAX ON OTHER MOTOR FUEL NOT DESCRIBED IN (1) -
08 (3) OF THIS SUBSECTION;

09 (B) NOTWITHSTANDING (A) OF THIS PARAGRAPH,
10 THROUGH JUNE 30, 2004, THE TAX ON MOTOR FUEL SOLD OR
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15 VOLUME, HAS BEEN PRODUCED FROM THE PROCESSING OF
16 LIGNOCELLULOSE DERIVED FROM WOOD, AND WAS
17 PRODUCED IN A FACILITY THAT PROCESSES
18 LIGNOCELLULOSE FROM WOOD, BUT THIS REDUCTION IN
19 THE RATE OF TAX APPLIES TO MOTOR FUEL SOLD OR
20 TRANSFERRED THAT CONTAINS ALCOHOL THAT WAS
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31 YEARS OF THE FACILITY'S PROCESSING OF ALCOHOL FROM
01 WASTE SEAFOOD].

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

03 (b) There is levied a tax of 20 [EIGHT] cents a gallon on all motor fuel
04 consumed by a user, except that

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

07 (2) the tax on motor fuel used in and on watercraft of all descriptions is
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12 YEARS OF THE FACILITY'S PROCESSING OF ALCOHOL FROM
13 WASTE SEAFOOD].

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

15 (a) Except as specified in AS 43.40.010(j), a person who uses motor fuel to
16 operate an internal combustion engine is entitled to a refund of 18 [SIX] cents a gallon
17 if

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

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

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

Sec. 4. This Act takes effect July 1, 2003.

3/20/13

Review
things
this

→ NA Wed 5:25pm

Run this up

Munic. ^{Major} Arch

Mayers Thompson

Jackson
Boyles

Whinner
has road Service
Boilers

Kenai etc.

What about Service
Areas

Ellen Cummings

Great idea -

AML Amendment,

for Fuel tax.

HOUSE BILL NO. 156 Gas Tax

01 "An Act increasing the motor fuel tax and repealing the special tax rates on blended
02 fuels; and providing for an effective date."

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

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08 (2) the tax on motor fuel used in and on watercraft of all descriptions is
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31 YEARS OF THE FACILITY'S PROCESSING OF ALCOHOL FROM
01 WASTE SEAFOOD].

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

03 (b) There is levied a tax of 20 [EIGHT] cents a gallon on all motor fuel
04 consumed by a user, except that

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06 cents a gallon;

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

15 (a) Except as specified in AS 43.40.010(j), a person who uses motor fuel to
16 operate an internal combustion engine is entitled to a refund of **18** [SIX] cents a gallon
17 if

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

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

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

Sec. 4. This Act takes effect July 1, 2003.

23-GH1118\D
Kurtz
3/19/03

CS FOR HOUSE BILL NO. 156()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-THIRD LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 "An Act increasing the tax on motor fuel to be used in motor vehicles, other than
2 aircraft and watercraft and increasing the tax refund for motor fuel used in motor
3 vehicles not licensed to be operated on public roadways; repealing the special tax rates
4 on blended fuels; relating to tax refunds for government agency purchases of motor
5 fuel; and providing for an effective date."

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

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

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

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5 THE RATE OF TAX APPLIES TO MOTOR FUEL CONSUMED BY
6 A USER THAT CONTAINS ALCOHOL THAT WAS PRODUCED
7 ONLY DURING THE FIRST FIVE YEARS OF THE FACILITY'S
8 PROCESSING OF LIGNOCELLULOSE FROM WOOD; OR

9 (ii) IS AT LEAST 10 PERCENT ALCOHOL BY
10 VOLUME, HAS BEEN PRODUCED FROM THE PROCESSING OF
11 WASTE SEAFOOD, AND WAS PRODUCED IN A FACILITY
12 THAT PROCESSES ALCOHOL FROM WASTE SEAFOOD, BUT
13 THIS REDUCTION IN THE RATE OF TAX APPLIES TO MOTOR
14 FUEL CONSUMED BY A USER THAT CONTAINS ALCOHOL
15 THAT WAS PRODUCED ONLY DURING THE FIRST FIVE
16 YEARS OF THE FACILITY'S PROCESSING OF ALCOHOL FROM
17 WASTE SEAFOOD].

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

19 (a) Except as specified in AS 43.40.010(j), a person who uses motor fuel to
20 operate an internal combustion engine is entitled to a refund of 18 [SIX] cents a gallon
21 if

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

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

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

27 * Sec. 4. AS 43.40.035 is amended by adding a new subsection to read:

28 (c) For fuel sold to federal, state, and local government agencies for official
29 use and purchased with a government credit card, the credit card issuer may apply for
30 a refund of any motor fuel tax assessed on the purchases so long as the motor fuel tax
31 is not billed by the credit card issuer to the government agency making the purchase.

1 * Sec. 5. AS 43.40.050(c) is amended to read:

2 (c) A ^{person} ~~reseller~~ who claims a refund or credit under ~~AS 43.40.035(a)~~
3 ~~AS 43.40.035~~ shall present the refund claim to the department or to the supplier of
4 that ^{person} ~~reseller~~ by affidavit on a form ^(prescribed) provided by the department. The claim shall
5 include the name, address, and occupation of the applicant, the nature of the business
6 of the applicant, and a description sufficient to identify the reason for the refund or
7 credit. The claim shall be supported by documentation required by the department.

8 * ~~Sec. 6. AS 43.40.050 is amended by adding a new subsection to read:~~

9 ~~(d) A credit card issuer who claims a refund under AS 43.40.035 shall present~~
10 ~~the refund claim to the department on a form prescribed by the department and shall~~
11 ~~provide any documentation required by the department.~~

12 * Sec. 7. This Act takes effect July 1, 2003.



GEORGE LEVASSEUR
DISTRICT MANAGER
SOUTHCENTRAL DISTRICT

STATE OF ALASKA
Department of Transportation
and Public Facilities

PO Box 507
Valdez, AK 99686
(907) 834-1039
(907) 834-1004
Cell Phone 255-9215
e-mail george_levasseur@dot.state.ak.us

907-269-
6634

Rubin Wilson
Dept of Rev -
Alaska Fuel tax
Division

Louisa - Dept of Rev.

Tel: 2302
Fax: 2389

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

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

March 20, 2003

SUBJECT: Motor Fuel Tax Increase (Work Order No. 23-GH1118/D)

TO: Representative Jim Holm
Chair of the House Transportation Committee
Attn: Barbara Cotting

FROM: Kathryn L. Kurtz *KLK*
Legislative Counsel

Enclosed is the draft committee substitute you requested.

I tightened the title to reflect the exemption of fuel for watercraft and aircraft from the increase, and the increase in the refund for vehicles not licensed for use on public ways.

I incorporated the changes the committee made in the amendment you provided. However, I am not entirely sure I understand them. I tried calling Dennis Poshard as you asked, but did not reach him immediately and did not want to hold up your bill draft while we played telephone tag.

Sales of fuel to government agencies for official use are already exempt. They are already excluded from the definition of taxable motor fuel under AS 43.40.100(2)(G). I assume the amendment is intended to provide a remedy if a government employee buys gas at the pump using a credit card, where the pump is not set up to differentiate the tax-exempt government from any other credit card user.

My questions:

- Is this amendment designed to cover sales to government by any seller (not just resellers)? I assume so, given the catchline to AS 43.40.035, but AS 43.40.050 gets a little confusing.
- Is there any reason not to just amend AS 43.40.050(c) to say "A person [RESELLER] who claims a refund or credit under AS 43.40.035..." instead of adding the new subsection (d) as this draft does? As it is, I had to add a conforming amendment to AS 43.40.050(c) anyway.

Please let me know if you would like another draft.

KLK:med
03-327.med

Enclosure

Order is to specify
Vehicle motor vehicles used on
state-maint. highways

23-GH118W

HOUSE BILL NO. 156

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - FIRST SESSION

BY THE HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 3/5/03

Referred: Transportation, Finance

Kurtz

A BILL

FOR AN ACT ENTITLED

1 "An Act increasing the motor fuel tax ^{for} and repealing the special tax rates on blended
2 fuels; and providing for an effective date."

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

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

5 (a) There is levied a tax of 20 [EIGHT] cents a gallon on all motor fuel sold or
6 otherwise transferred within the state, except that

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

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

10 (3) the tax on all aviation fuel other than gasoline is three and two-
11 tenths cents a gallon [; AND

12 (4) THE TAX RATE ON MOTOR FUEL THAT IS BLENDED
13 WITH ALCOHOL IS THE SAME TAX RATE A GALLON AS OTHER MOTOR
14 FUEL; HOWEVER,

1 (A) IN AN AREA AND DURING THE MONTHS IN WHICH
2 FUEL CONTAINING ALCOHOL IS REQUIRED TO BE SOLD,
3 TRANSFERRED, OR USED IN AN EFFORT TO ATTAIN AIR QUALITY
4 STANDARDS FOR CARBON MONOXIDE AS REQUIRED BY FEDERAL
5 OR STATE LAW OR REGULATION, THE TAX RATE ON MOTOR FUEL
6 THAT IS BLENDED WITH ALCOHOL IS SIX CENTS A GALLON LESS
7 THAN THE TAX ON OTHER MOTOR FUEL NOT DESCRIBED IN (1) -
8 (3) OF THIS SUBSECTION;

9 (B) NOTWITHSTANDING (A) OF THIS PARAGRAPH,
10 THROUGH JUNE 30, 2004, THE TAX ON MOTOR FUEL SOLD OR
11 OTHERWISE TRANSFERRED WITHIN THE STATE IS EIGHT CENTS A
12 GALLON LESS THAN THE TAX ON OTHER MOTOR FUEL NOT
13 DESCRIBED IN (1) - (3) OF THIS SUBSECTION IF THE MOTOR FUEL

14 (i) IS AT LEAST 10 PERCENT ALCOHOL BY
15 VOLUME, HAS BEEN PRODUCED FROM THE PROCESSING OF
16 LIGNOCELLULOSE DERIVED FROM WOOD, AND WAS
17 PRODUCED IN A FACILITY THAT PROCESSES
18 LIGNOCELLULOSE FROM WOOD, BUT THIS REDUCTION IN
19 THE RATE OF TAX APPLIES TO MOTOR FUEL SOLD OR
20 TRANSFERRED THAT CONTAINS ALCOHOL THAT WAS
21 PRODUCED ONLY DURING THE FIRST FIVE YEARS OF THE
22 FACILITY'S PROCESSING OF LIGNOCELLULOSE FROM
23 WOOD; OR

24 (ii) IS AT LEAST 10 PERCENT ALCOHOL BY
25 VOLUME, HAS BEEN PRODUCED FROM THE PROCESSING OF
26 WASTE SEAFOOD, AND WAS PRODUCED IN A FACILITY
27 THAT PROCESSES ALCOHOL FROM WASTE SEAFOOD, BUT
28 THIS REDUCTION IN THE RATE OF TAX APPLIES TO MOTOR
29 FUEL SOLD OR TRANSFERRED THAT CONTAINS ALCOHOL
30 THAT WAS PRODUCED ONLY DURING THE FIRST FIVE
31 YEARS OF THE FACILITY'S PROCESSING OF ALCOHOL FROM

1 WASTE SEAFOOD].

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

3 (b) There is levied a tax of 20 [EIGHT] cents a gallon on all motor fuel
4 consumed by a user, except that5 (1) the tax on aviation gasoline consumed is four and seven-tenths
6 cents a gallon;7 (2) the tax on motor fuel used in and on watercraft of all descriptions is
8 five cents a gallon; and9 (3) the tax on all aviation fuel other than gasoline is three and two-
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12 WITH ALCOHOL IS THE SAME TAX RATE A GALLON AS OTHER MOTOR
13 FUEL; HOWEVER,14 (A) IN AN AREA AND DURING THE MONTHS IN WHICH
15 FUEL CONTAINING ALCOHOL IS REQUIRED TO BE SOLD,
16 TRANSFERRED, OR USED IN AN EFFORT TO ATTAIN AIR QUALITY
17 STANDARDS FOR CARBON MONOXIDE AS REQUIRED BY FEDERAL
18 OR STATE LAW OR REGULATION, THE TAX RATE ON MOTOR FUEL
19 THAT IS BLENDED WITH ALCOHOL IS SIX CENTS A GALLON LESS
20 THAN THE TAX ON OTHER MOTOR FUEL NOT DESCRIBED IN (1) -
21 (3) OF THIS SUBSECTION;22 (B) NOTWITHSTANDING (A) OF THIS PARAGRAPH,
23 THROUGH JUNE 30, 2004, THE TAX ON MOTOR FUEL CONSUMED
24 BY A USER WITHIN THE STATE IS EIGHT CENTS A GALLON LESS
25 THAN THE TAX ON OTHER MOTOR FUEL NOT DESCRIBED IN (1) -
26 (3) OF THIS SUBSECTION IF THE MOTOR FUEL27 (i) IS AT LEAST 10 PERCENT ALCOHOL BY
28 VOLUME, HAS BEEN PRODUCED FROM THE PROCESSING OF
29 LIGNOCELLULOSE DERIVED FROM WOOD, AND WAS
30 PRODUCED IN A FACILITY THAT PROCESSES
31 LIGNOCELLULOSE FROM WOOD, BUT THIS REDUCTION IN

1 THE RATE OF TAX APPLIES TO MOTOR FUEL CONSUMED BY
 2 A USER THAT CONTAINS ALCOHOL THAT WAS PRODUCED
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 16 operate an internal combustion engine is entitled to a refund of 18 [SIX] cents a gallon
 17 if

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

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

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

23 * Sec. 4. This Act takes effect July 1, 2003.

AMENDMENT

1 Moved by Helm

OFFERED IN THE HOUSE BY
TRANSPORTATION COMMITTEE
TO: HB 156

Page 1, line 1, following "motor fuel tax":

Delete "and"

Insert ":",

Unanimous!

Page 1, line 2, following "fuels"

Insert "; and relating to tax refunds for government agency purchases of fuel"

Page 4, following line 22:

Insert new bill sections to read:

*Sec. 5. AS 43.40.035 is amended by adding a new subsection to read:

(c) For fuel sold to federal, state, and local government agencies for official use and purchased with a government credit card, the credit card issuer may apply for a refund of any motor fuel tax assessed on such purchase, so long as the tax is not billed by the credit card issuer to the government agency making the purchase.

*Sec. 6. AS 43.40.050 is amended by adding a new subsection to read:

(d) A credit card issuer who claims a refund under AS 43.40.035 shall present the refund claim to the department on a form prescribed by the department and shall be supported by documentation required by the department."

Remember the following bill section accordingly.

STATE OF ALASKA
HOUSE OF REPRESENTATIVES

Representative Jim Holm



119 N. Cushman
Fairbanks, AK 99701
TEL 456-7423, FAX 451-9293

House District 9

State Capitol
Juneau, AK 99801
TEL 465-3466, FAX 465-2937

DATE: March 18, 2003
TO: Kathryn Kurtz, 2029
FROM: Barbara Cotting

Amendment #1

Attached is the amendment to HB 156 passed by the Transportation Committee today.

Please incorporate that into a CS, along with a change in title etc. to reflect that the fuel tax increase applies only to motor vehicles used on "roads maintained by the state, service areas, and municipalities." The quotes are from my boss AFTER I talked to you. Do you think that says what we want?

My direct line is 4858.

THANKS!

Barbara

DOT + DDA

Dennis

Richard:

Have HB 156 Amendment -

requires a title
Change -

State Vehicles have Credit
Cards with specific
Companies + DOT is

Working ^{from} contract with
Master Card - but ^{stations} won't

know NOT to charge the
tax - so Man agreed to ~~at~~

have different Companies apply ~~for~~ refunds.

AMENDMENT

OFFERED IN THE HOUSE
TRANSPORTATION COMMITTEE
TO: HB 156

BY

1 Moved by
Helm -

Page 1, line 1, following "motor fuel tax":

Delete "and"

Insert ";

Unanimous!

Page 1, line 2, following "fuels"

Insert "; and relating to tax refunds for government agency purchases of fuel"

Page 4, following line 22:

Insert new bill sections to read:

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(e) For fuel sold to federal, state, and local government agencies for official use and purchased with a government credit card, the credit card issuer may apply for a refund of any motor fuel tax assessed on such purchase, so long as the tax is not billed by the credit card issuer to the government agency making the purchase.

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(d) A credit card issuer who claims a refund under AS 43.40.035 shall present the refund claim to the department on a form prescribed by the department and shall be supported by documentation required by the department."

Remember the following bill section accordingly.



Department of Transportation and Public Facilities
Office of the Commissioner
3132 Channel Drive
Juneau AK 99801-7898
(907) 465-3900 • Fax: (907) 586-8365

FAX

Date: 3/17/03 PHONE: _____

TO: Barbara Cotting FAX: 465-2937

FROM: Juanita DeRose / Kurt Parkan / Dennis Poshard PHONE: 465-3902

Number of Pages (including this cover sheet): 2

Message:

Here is amendment discussed.

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: HB 156
 (H) Publish Date: 3/5/03

Revision Date/Time (Note if correction): _____ Dept. Affected: DEC
 Title "Increasing the motor fuel tax and BRU Air & Water Quality
repealing the special taxes on blended fuels" Component Air Quality
 Sponsor Rules Committee
 Requester Governor Component No. 2061

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	0.0	0.0	0.0	0.0	0.0	0.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type-Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Working with industry and private citizens, Alaska will no longer require the use of oxygenated fuels to meet air quality standards in the fall of 2003. However the U.S. Environmental Protection Agency requires that the state be able to rapidly re-impose a requirement for the use of oxy fuels should air quality deteriorate. This legislation will not impact the state's ability to do that. The bill eliminates the tax benefit that producers and distributors receive on the production and distribution of oxygenated fuels.

Prepared by: tom Chappie - Director Phone 465-5128
 Division Air & Water Quality Date/Time 3/3/03 3:38 PM
 Approved by: Lurt Fredriksson - Deputy Commissioner Date 3/3/2003
 Agency Department of Environmental Conservation

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: HB 156
(H) Publish Date: 3/5/03

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
Title Highway motor fuel tax BRU Revenue Operations
Component Tax Division
Sponsor Rules Committee
Requester Governor Component No. 2476

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services	107.0	107.0	107.0	107.0	107.0	107.0
Travel	5.0	5.0	5.0	5.0	5.0	5.0
Contractual	14.0	12.0	12.0	12.0	12.0	12.0
Supplies	1.0	1.0	1.0	1.0	1.0	1.0
Equipment	5.0					
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	132.0	125.0	125.0	125.0	125.0	125.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()	37,700.0	41,160.0	41,160.0	41,160.0	41,160.0	41,160.0
-------------------------------	-----------------	-----------------	-----------------	-----------------	-----------------	-----------------

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	132.0	125.0	125.0	125.0	125.0	125.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type-Do not abbreviate)						
TOTAL	132.0	125.0	125.0	125.0	125.0	125.0

Estimate of any current year (FY2003) cost: 0.0
Check this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal.

POSITIONS

Full-time	2	2	2	2	2	2
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation would increase the state's highway motor fuel tax rate from 8 cents a gallon to 20 cents a gallon, and would eliminate the special rate for gasohol (motor fuel blended with alcohol), thereby taxing gasohol at the same 20 cents a gallon rate as all other highway motor fuel. Alaska's highway motor fuel tax rate has not changed since 1970.

The tax increase would take effect July 1, 2003. The Department of Revenue estimates the increase will generate \$41.16 million in additional state revenue for a full fiscal year, with approximately \$37.7 million in Fiscal 2004 because the state will receive the higher revenues for 11 months in the first fiscal year. (Taxes are paid one month after sales, therefore the July 2003 tax revenues will be at the June 2003 tax rate.)

See attached pages for more information on the revenue and program costs.

Prepared by: Robynn Wilson and Brett Fried Phone 269-6634
Division: Tax Division Date/Time 3/3/03 2:56 PM
Approved by: Larry Persily, Deputy Commissioner Date 3/3/2003
Agency: Department of Revenue

FISCAL NOTE #2

STATE OF ALASKA
2003 LEGISLATIVE SESSION

BILL NO. HB 156 Motor Fuel Tax

ANALYSIS CONTINUATION

Bill Analysis

Sections 1 and 2 increase the tax rate on highway motor fuel from 8 cents a gallon to 20 cents a gallon for all motor fuel sold or transferred within the state. These sections also eliminate the differential tax rate for gasohol (alcohol-blended fuel), thereby imposing a 20-cent tax rate on these fuels.

Section 3 increases the off-highway refund from 6 cents a gallon to 18 cents a gallon, maintaining the effective tax rate at 2 cents a gallon.

Section 4 establishes an effective date of July 1, 2003.

Operating Expenditures

The Department of Revenue is requesting operating funds to cover the costs of a Revenue Auditor III position and a Tax Tech II position. With such a large increase in taxes due the state (an estimated \$41.6 million per year), the department anticipates increased taxpayer noncompliance.

With significantly higher levels of tax, it is possible that taxpayers will look for loopholes. Certainly, the increase in the tax rate makes the use of refunds more attractive. These include exempt fuel (e.g., fuel for heating use and governmental use), fuel conversions and off-highway refunds. These two new positions will be responsible for ensuring that all taxpayers are identified and are paying the proper amount of tax. The projected annual salary costs for these positions totals \$107,000.

The department is also requesting one-time FY 03 funding of \$5,000 for equipment and \$20,000 for start-up contractual costs. The recurring costs will be \$18,000 annually to cover travel, contractual and supplies.

Comparison to other states

For comparison purposes, even at 20 cents a gallon, Alaska's motor fuel excise tax would still be in the lower half nationwide. There would be 26 other states at 20 cents a gallon and above. The highest are Montana at 27 cents, Rhode Island at 28 cents, and Wisconsin at 27 cents.

But the above just applies to excise taxes. Many states also apply special taxes to motor fuel. Adding those in you get a total of 29 other states at 20 cents a gallon and above.

The total tax rate climbs even higher if you add in all state sales and local taxes on fuel (there are a variety of these nationwide, based on the price of the fuel or environmental or business taxes or state sales taxes). Counting everything, Illinois is at the top at 38.7 cents per gallon, followed by Hawaii at 37.94, Nevada at 34.61, Wisconsin at 31 and New York at 30.22. Alaska, at 20 cents a gallon, would be tied for 38th on the list.

ALASKA DEPARTMENT OF REVENUE
TAX DIVISION

HIGHWAY MOTOR FUEL TAX INCREASE

Tax Rate Increase Highway \$ 0.12
Tax Rate Increase Gasohol \$ 0.18
Tax Rate Increase Off-Highway \$

CURRENT

	RATE	GALLONS			REVENUE		
	per gallon	GAS	DIESEL	TOTAL	GAS	DIESEL	TOTAL
Taxable Gallons*	\$0.08	216,000,000	70,000,000	286,000,000	\$17,280,000	\$5,600,000	\$22,880,000
Gasohol	\$0.02	38,000,000	0	38,000,000	\$760,000	\$0	\$760,000
Off-Highway	\$0.02	2,000,000	90,000,000	92,000,000	\$40,000	\$1,800,000	\$1,840,000
Total		256,000,000	160,000,000	416,000,000	\$18,080,000	\$7,400,000	\$25,480,000

* Values rounded and adjusted to match revenues.

PROPOSED INCREASE

	RATE	GALLONS			REVENUE		
	per gallon	GAS	DIESEL	TOTAL	GAS	DIESEL	TOTAL
Taxable Gallons*	\$ 0.12	216,000,000	70,000,000	286,000,000	\$25,920,000	\$8,400,000	\$34,320,000
Gasohol	\$ 0.18	38,000,000	0	38,000,000	\$6,840,000	\$0	\$6,840,000
Off-Highway	\$ -	2,000,000	90,000,000	92,000,000	\$0	\$0	\$0
Total Increase		256,000,000	160,000,000	416,000,000	\$32,760,000	\$8,400,000	\$41,160,000

ESTIMATED TAX AFTER INCREASE

	RATE	GALLONS			REVENUE		
	per gallon	GAS	DIESEL	TOTAL	GAS	DIESEL	TOTAL
Taxable Gallons	\$ 0.20	216,000,000	70,000,000	286,000,000	\$43,200,000	\$14,000,000	\$57,200,000
Taxable Gallons	\$ 0.20	38,000,000	0	38,000,000	\$7,600,000	\$0	\$7,600,000
Off-Highway	\$ 0.02	2,000,000	90,000,000	92,000,000	\$40,000	\$1,800,000	\$1,840,000
Total After Increase		256,000,000	160,000,000	416,000,000	\$50,840,000	\$15,800,000	\$66,640,000

Assumptions:

- (1) No change in consumer or business behavior as a result of the tax rate increase.
- (2) Consumption of taxable highway and diesel motor fuel remains constant at FY 2000 levels.

Note: We used FY 2000 and FY 1999 gallons adjusted to approximate FY 2000 revenues because of overpayments in FY 2001 and FY 2002 and the subsequent refunds in FY 2003.