SB 132

<TARGET><BILL>SB 132</BILL><SUBJECT>SB 132</SUBJECT><COMM>STRA29</COMM></TARGET>

SENATE COMMITTEE REPORT
First Committee of Referral

DATE: 1/19/16

FURTHER: Finance

Date of 5-Day Notice: 1/21/16
(in accordance with Uniform Rule 23)

DATE TURNED IN TO OFFICE: 2/22/16

Transportation Committee considered SENATE BILL NO. 132

SB 132-ELECTRONIC TAX RETURNS & MOTOR FUEL TAX

"An Act requiring the electronic submission of a tax return or report with the Department of Revenue; relating to the motor fuel tax; and providing for an effective date."

and recommends:

[X] be **replaced** with **CS** SB 132 (TRA) *[ ] Same Title [X] New Title*

[ ] adopt **previous CS** _____ (_____) *[ ] Same Title [ ] New Title*

[ ] attached amendment(s)

[ ] adopt _____ Letter of Intent

[ ] further referral to _____ Committee

Dept Abbr.	
ADM	LWF
CED	LAW
COR	LEG
EED	MVA
DEC	DNR
DFG	DPS
GOV	REV
DHS	DOT
AJS	UA

NEW FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #
REV	X			

PREVIOUS FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #

[ ] **APPROPRIATION - no fiscal note**

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	EGAN				✓
Bishop	BISHOP	✓			
	DUNLEAVY		✓		
	STEVENS		✓		
	MICCICHE			✓	
CHAIR:	Micciche				

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Governor Bill Walker
STATE OF ALASKA

January 15, 2016

The Honorable Kevin Meyer
President of the Senate
Alaska State Legislature
State Capitol, Room 111
Juneau, AK 99801-1182

Dear President Meyer:

Under the authority of Article III, Section 18 of the Alaska Constitution, I am transmitting a bill relating to the taxation of motor fuels.

The bill would raise the tax rates on the four categories of motor fuel currently taxed under AS 43.40.010 (motor fuel tax), but would not amend the refined fuel surcharge levied under AS 43.40.005 and passed last session. Instead, the bill would increase the currently outdated tax rates on all motor fuels including all motor fuel sold or transferred within the state, aviation gasoline, and motor fuel used on watercraft. The bill increases highway fuel from $0.08 to $0.16 per gallon; aviation fuel from $0.047 to $0.10 per gallon; marine fuel from $0.05 to $0.10 per gallon; jet fuel from $0.032 to $0.10 per gallon; gasohol from $0.08 to $0.16 per gallon; and also increases the credit for off road use from $0.06 to $0.12 per gallon. The bill would generate approximately $49,000,000 annually in increased revenue.

While this may at first appear to represent a significant increase, the tax rates on motor fuel sold or transferred within the state have not been raised in many years; for example, the tax on highway fuel has remained at eight cents a gallon since 1970. This bill would bring Alaska's tax rate on highway fuel closer to the current national average of 25 cents a gallon.

To increase administrative efficiency for the Department of Revenue and state taxpayers, the bill would require the electronic submission of tax returns with an exemption available upon request.

The bill is an integral component of the New Sustainable Alaska Plan to provide a balanced and sustainable budget for Alaska's long-term fiscal stability.

I urge your prompt and favorable action on this measure.

Sincerely,

Bill Walker
Governor

Enclosure

THE STATE
of ALASKA
GOVERNOR BILL WALKER

Department of Revenue
COMMISSIONER'S OFFICE
State Office Building
333 Willoughby Avenue, 11th Floor
PO Box 110400
Juneau, Alaska 99811-0400
Main: 907.465.2300
Fax: 907.465.2389

January 20, 2016

The Honorable Peter Micciche, Chair
Senate Transportation Committee
State Capitol Building
Juneau, AK 99801

Dear Senator Micciche:

The Department of Revenue (DOR) respectfully requests that SB 132, "An Act requiring the electronic submission of a tax return or report with the Department of Revenue; relating to the motor fuel tax; and providing for an effective date," be scheduled in the Senate Transportation Committee at your earliest convenience.

The purpose of this legislation is to raise the tax rates on the four categories of motor fuel currently taxed under AS 43.40.010 (motor fuel tax), but would not amend the refined fuel surcharge levied under AS 43.40.005, which passed last session. This increase would generate approximately $49,000,000 in additional annual revenue.

Your favorable consideration of this request is appreciated. If you need any additional information, please contact Jerry Burnett, Deputy Commissioner for the Department of Revenue at 907-465-3669.

Sincerely,

Randall J. Hoffbeck, Commissioner

Cc: Darwin Peterson, Legislative Director, Office of the Governor
Jerry Burnett, Deputy Commissioner, Department of Revenue
Ken Alper, Director, Tax Division, Department of Revenue

THE STATE of ALASKA
GOVERNOR BILL WALKER

Department of Revenue
TAX DIVISION
Juneau Office
333 Willoughby Ave, 11th Floor
Juneau, AK 00801
Main: 907.465.2320
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Sectional Analysis, SB 132 / HB 249

Motor Fuel Tax Bill

January 22, 2016

Sec. 1. Adds a $25 or 1% tax penalty for failure to file electronically unless an exemption is received by the taxpayer

Sec. 2. Requires electronic submission of tax returns, license applications, and other documents submitted to the Department of Revenue. This changes the general tax statutes, AS 43.05, and will apply to all tax types administered by the department. Provides a process to request an exemption if a taxpayer does not have the technological capability to do so.

Sec. 3. Changes the per-gallon tax rates for dealers for all categories of motor fuel: highway fuel and gasohol from $0.08 to $0.16; marine fuel from $0.05 to $0.10; aviation gasoline from $0.047 to $0.10; and jet fuel from $0.032 to $0.10.

Sec. 4. Changes the per-gallon tax rates for users for all categories of motor fuel: highway fuel and gasohol from $0.08 to $0.16; marine fuel from $0.05 to $0.10; aviation gasoline from $0.047 to $0.10; and jet fuel from $0.032 to $0.10.

Sec. 5. Changes the motor fuel refund rate for "off-road use", when the tax has been paid, from $0.06 to $0.12.

Sec. 6. Conforming applicability language clarifying that the tax increases apply to motor fuel sold after the effective date and the electronic filing requirement applies to returns submitted after the effective date.

Sec. 7. Transitional language allowing for regulations to implement the changes.

Sec. 8. Immediate effective date for the transitional regulatory language in Sec. 7.

Sec. 9. Effective date of 7/1/16 for the rest of the bill including the tax rate changes.

CS FOR SENATE BILL NO. 132(TRA)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-NINTH LEGISLATURE - SECOND SESSION

BY THE SENATE TRANSPORTATION COMMITTEE

Offered:
Referred:

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

A BILL

FOR AN ACT ENTITLED

"An Act relating to the motor fuel tax; relating to the duties of the commissioner of revenue; and providing for an effective date."

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

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

(a) In addition to the surcharge levied under AS 43.40.005,

(1) if the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the previous calendar year is more than $85, there is levied a tax of eight cents a gallon on all motor fuel sold or otherwise transferred within the state, except that **the tax on**

(A) [(1) THE TAX ON] aviation gasoline is four and seven-tenths cents a gallon;

(B) [(2) THE TAX ON] motor fuel used in and on watercraft of all descriptions is five cents a gallon;

(C) [(3) THE TAX ON] all aviation fuel other than gasoline is

three and two-tenths cents a gallon; and

(D) [(4) THE TAX RATE ON] motor fuel that is blended with alcohol is the same tax rate a gallon as other motor fuel; however, 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 **(A) - (C)** [(1) - (3)] of this **paragraph; or**

(2) if the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the previous calendar year is less than or equal to $85, there is levied a tax of 16 cents a gallon on all motor fuel sold or otherwise transferred within the state, except that the tax on

(A) aviation gasoline is 10 cents a gallon;

(B) motor fuel used in and on watercraft of all descriptions is 10 cents a gallon;

(C) all aviation fuel other than gasoline is 10 cents a gallon; and

(D) motor fuel that is blended with alcohol is the same tax rate a gallon as other motor fuel; however, 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 (A) - (C) of this paragraph [SUBSECTION].

* **Sec. 2.** AS 43.40.010(a), as amended by sec. 1 of this Act, is amended to read:

(a) In addition to the surcharge levied under AS 43.40.005,[(1) IF THE AVERAGE PRICE PER BARREL FOR ALASKA NORTH SLOPE CRUDE OIL FOR SALE ON THE UNITED STATES WEST COAST DURING THE PREVIOUS CALENDAR YEAR IS MORE THAN $85,] there is levied a tax of eight cents a gallon on all motor fuel sold or otherwise transferred within the state, except that the

tax on

(1) [(A)] aviation gasoline is four and seven-tenths cents a gallon;

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

(3) [(C)] all aviation fuel other than gasoline is three and two-tenths cents a gallon; and

(4) [(D)] motor fuel that is blended with alcohol is the same tax rate a gallon as other motor fuel; however, 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)** [(A) - (C)] of this **subsection** [PARAGRAPH; OR

(2) IF THE AVERAGE PRICE PER BARREL FOR ALASKA NORTH SLOPE CRUDE OIL FOR SALE ON THE UNITED STATES WEST COAST DURING THE PREVIOUS CALENDAR YEAR IS LESS THAN OR EQUAL TO $85, THERE IS LEVIED A TAX OF 16 CENTS A GALLON ON ALL MOTOR FUEL SOLD OR OTHERWISE TRANSFERRED WITHIN THE STATE, EXCEPT THAT THE TAX ON

(A) AVIATION GASOLINE IS 10 CENTS A GALLON;

(B) MOTOR FUEL USED IN AND ON WATERCRAFT OF ALL DESCRIPTIONS IS 10 CENTS A GALLON;

(C) ALL AVIATION FUEL OTHER THAN GASOLINE IS 10 CENTS A GALLON; AND

(D) MOTOR FUEL THAT IS BLENDED WITH ALCOHOL IS THE SAME TAX RATE A GALLON AS OTHER MOTOR FUEL; HOWEVER, 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 (A) - (C) OF THIS PARAGRAPH].

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

(b) In addition to the surcharge levied under AS 43.40.005,

(1) if the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the previous calendar year is more than $85, there is levied a tax of eight cents a gallon on all motor fuel consumed by a user, except that **the tax on**

(A) [(1) THE TAX ON] aviation gasoline consumed is four and seven-tenths cents a gallon;

(B) [(2) THE TAX ON] motor fuel used in and on watercraft of all descriptions is five cents a gallon;

(C) [(3) THE TAX ON] all aviation fuel other than gasoline is three and two-tenths cents a gallon; and

(D) [(4) THE TAX RATE ON] motor fuel that is blended with alcohol is the same tax rate a gallon as other motor fuel; however, 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 **(A) - (C)** [(1) - (3)] of this **paragraph; or**

(2) if the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the previous calendar year is less than or equal to $85, there is levied a tax of 16 cents a gallon on all motor fuel sold or otherwise transferred within the state, except that the tax on

(A) aviation gasoline consumed is 10 cents a gallon;

(B) motor fuel used in and on watercraft of all descriptions is 10 cents a gallon;

(C) all aviation fuel other than gasoline is 10 cents a gallon; and

(D) motor fuel that is blended with alcohol is the same tax rate a gallon as other motor fuel; however, 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 (A) - (C) of this paragraph [SUBSECTION].

* **Sec. 4.** AS 43.40.010(b), as amended by sec. 3 of this Act, is amended to read:

(b) In addition to the surcharge levied under AS 43.40.005, [(1) IF THE AVERAGE PRICE PER BARREL FOR ALASKA NORTH SLOPE CRUDE OIL FOR SALE ON THE UNITED STATES WEST COAST DURING THE PREVIOUS CALENDAR YEAR IS MORE THAN $85,] there is levied a tax of eight cents a gallon on all motor fuel consumed by a user, except that the tax on

(1) [(A)] aviation gasoline consumed is four and seven-tenths cents a gallon;

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

(3) [(C)] all aviation fuel other than gasoline is three and two-tenths cents a gallon; and

(4) [(D)] motor fuel that is blended with alcohol is the same tax rate a gallon as other motor fuel; however, 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)** [(A) - (C)] of this **subsection** [PARAGRAPH; OR

(2) IF THE AVERAGE PRICE PER BARREL FOR ALASKA NORTH SLOPE CRUDE OIL FOR SALE ON THE UNITED STATES WEST COAST DURING THE PREVIOUS CALENDAR YEAR IS LESS THAN OR EQUAL TO $85, THERE IS LEVIED A TAX OF 16 CENTS A GALLON ON ALL

MOTOR FUEL SOLD OR OTHERWISE TRANSFERRED WITHIN THE STATE, EXCEPT THAT THE TAX ON

(A) AVIATION GASOLINE CONSUMED IS 10 CENTS A GALLON;

(B) MOTOR FUEL USED IN AND ON WATERCRAFT OF ALL DESCRIPTIONS IS 10 CENTS A GALLON;

(C) ALL AVIATION FUEL OTHER THAN GASOLINE IS 10 CENTS A GALLON; AND

(D) MOTOR FUEL THAT IS BLENDED WITH ALCOHOL IS THE SAME TAX RATE A GALLON AS OTHER MOTOR FUEL; HOWEVER, 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)(A) - (C) OF THIS SUBSECTION].

* **Sec. 5.** AS 43.40.010 is amended by adding new subsections to read:

(m) The following motor fuel is exempt from taxation under this section:

(1) fuel consigned to foreign countries;

(2) fuel sold for use in jet propulsion aircraft operating in flights

(A) to foreign countries; or

(B) that continue from foreign countries, unless exemption of the motor fuel from taxation is disallowed because of the refiner's failure to comply with the provisions of a voluntary agreement under AS 43.40.092 in conjunction with expansion of refinery capacity;

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

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

(5) fuel used by charitable institutions;

(6) fuel sold or transferred between qualified dealers;

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

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

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

(10) fuel used for other nontaxable purposes as prescribed by regulations adopted by the department;

(11) fuel used in stationary power plants of 100 kilowatts or less that generate electrical power for commercial enterprises not for resale;

(12) residual fuel oil used in and on watercraft if the residual fuel oil is sold or transferred in the state or consumed by a user; in this paragraph, "residual fuel oil" means the heavy refined hydrocarbon known as number 6 fuel oil that is the residue from crude oil after refined petroleum products have been extracted by the refining process and that may be consumed or used only when sufficient heat is provided to the oil to reduce its viscosity rated by kinetic unit and to give it fluid properties sufficient for pumping and combustion;

(13) fuel used in an emergency vehicle, as defined in AS 11.56.825; or

(14) fuel used for student transportation services for which a school district receives funding under AS 14.09.010.

(n) As soon as practicable after the end of a fiscal year, the commissioner shall publish an accounting of the

(1) sources of motor fuels for which taxes were collected under this section during the fiscal year;

(2) amount of tax revenue deposited in the accounts described in (e) - (g) and (j) of this section during the fiscal year; and

(3) appropriation and expenditure of funds deposited in the accounts described in (e) - (g) and (j) of this section during the previous fiscal year.

* **Sec. 6.** AS 43.40.015(c) is amended to read:

(c) A certificate of use obtained under this section must be renewed annually

for exemptions listed under **AS 43.40.010(m)** [AS 43.40.100(2)].

* **Sec. 7.** AS 43.40.015(d) is amended to read:

(d) A certificate of use is not required under this section

(1) for fuel exempted under **AS 43.40.010(m)(3) or (10)** [AS 43.40.100(2)(C) OR (J)]; and

(2) for fuel exempted under **AS 43.40.010(m)(9)** [AS 43.40.100(2)(I)] other than fuel sold or transferred under this exemption to a person who is engaged in construction or mining activity.

* **Sec. 8.** 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 motor fuel tax refund of six cents a gallon **if the tax was paid under AS 43.40.010(a)(1) or (b)(1) or 12 cents a gallon if the tax was paid under AS 43.40.010(a)(2) or (b)(2), and** 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. 9.** AS 43.40.030(a), as amended by sec. 8 of this Act, 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 motor fuel tax refund of six cents a gallon [IF THE TAX WAS PAID UNDER AS 43.40.010(a)(1) OR (b)(1) OR 12 CENTS A GALLON IF THE TAX WAS PAID UNDER AS 43.40.010(a)(2) OR (b)(2), AND] 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. 10.** AS 43.40.100(2) is amended to read:

(2) "motor fuel" means fuel used in an engine for the propulsion of a

motor vehicle or aircraft, and fuel used in and on watercraft for any purpose, or in a stationary engine, machine, or mechanical contrivance that is run by an internal combustion motor; ["MOTOR FUEL" DOES NOT INCLUDE

(A) FUEL CONSIGNED TO FOREIGN COUNTRIES;

(B) FUEL SOLD FOR USE IN JET PROPULSION AIRCRAFT OPERATING IN FLIGHTS

(i) TO FOREIGN COUNTRIES; OR

(ii) THAT CONTINUE FROM FOREIGN COUNTRIES, UNLESS EXEMPTION OF THE MOTOR FUEL FROM TAXATION IS DISALLOWED BECAUSE OF THE REFINER'S FAILURE TO COMPLY WITH THE PROVISIONS OF A VOLUNTARY AGREEMENT UNDER AS 43.40.092 IN CONJUNCTION WITH EXPANSION OF REFINERY CAPACITY;

(C) FUEL USED IN STATIONARY POWER PLANTS OPERATING AS PUBLIC UTILITY PLANTS AND GENERATING ELECTRICAL ENERGY FOR SALE TO THE GENERAL PUBLIC;

(D) FUEL USED BY NONPROFIT POWER ASSOCIATIONS OR CORPORATIONS FOR GENERATING ELECTRIC ENERGY FOR RESALE;

(E) FUEL USED BY CHARITABLE INSTITUTIONS;

(F) FUEL SOLD OR TRANSFERRED BETWEEN QUALIFIED DEALERS;

(G) FUEL SOLD TO FEDERAL, STATE, AND LOCAL GOVERNMENT AGENCIES FOR OFFICIAL USE;

(H) FUEL USED IN STATIONARY POWER PLANTS THAT GENERATE ELECTRICAL ENERGY FOR PRIVATE RESIDENTIAL CONSUMPTION;

(I) FUEL USED TO HEAT PRIVATE OR COMMERCIAL BUILDINGS OR FACILITIES;

(J) FUEL USED FOR OTHER NONTAXABLE PURPOSES AS PRESCRIBED BY REGULATIONS ADOPTED BY THE

DEPARTMENT;

(K) FUEL USED IN STATIONARY POWER PLANTS OF 100 KILOWATTS OR LESS THAT GENERATE ELECTRICAL POWER FOR COMMERCIAL ENTERPRISES NOT FOR RESALE; OR

(L) RESIDUAL FUEL OIL USED IN AND ON WATERCRAFT IF THE RESIDUAL FUEL OIL IS SOLD OR TRANSFERRED IN THE STATE OR CONSUMED BY A USER; FOR PURPOSES OF THIS SUBPARAGRAPH, "RESIDUAL FUEL OIL" MEANS THE HEAVY REFINED HYDROCARBON KNOWN AS NUMBER 6 FUEL OIL THAT IS THE RESIDUE FROM CRUDE OIL AFTER REFINED PETROLEUM PRODUCTS HAVE BEEN EXTRACTED BY THE REFINING PROCESS AND THAT MAY BE CONSUMED OR USED ONLY WHEN SUFFICIENT HEAT IS PROVIDED TO THE OIL TO REDUCE ITS VISCOSITY RATED BY KINETIC UNIT AND TO GIVE IT FLUID PROPERTIES SUFFICIENT FOR PUMPING AND COMBUSTION;]

* **Sec. 11.** The uncodified law of the State of Alaska is amended by adding a new section to read:

APPLICABILITY. AS 43.40.030(a), as amended by sec. 9 of this Act, applies to a motor fuel tax refund on motor fuel used, transferred, or sold on or after the effective date of sec. 9 of this Act.

* **Sec. 12.** The uncodified law of the State of Alaska is amended by adding a new section to read:

TRANSITIONAL PROVISION: REGULATIONS. The Department of Revenue may adopt regulations necessary to implement the changes made by this Act. The regulations take effect under AS 44.62 (Administrative Procedure Act), but not before the effective date of the law implemented by the regulation.

* **Sec. 13.** Section 12 of this Act takes effect immediately under AS 01.10.070(c).

* **Sec. 14.** Sections 2, 4, and 9 of this Act take effect July 1, 2018.

* **Sec. 15.** Except as provided in secs. 13 and 14 of this Act, this Act takes effect July 1, 2016.

Fiscal Note

State of Alaska
2016 Legislative Session

Bill Version: SB 132
Fiscal Note Number:
() Publish Date:

Identifier: SB132-DOR-TAX-02-21-16
Title: ELECTRONIC TAX RETURNS & MOTOR FUEL TAX
Sponsor: RLS BY REQUEST OF THE GOVERNOR
Requester: Governor

Department: Department of Revenue
Appropriation: Taxation and Treasury
Allocation: Tax Division
OMB Component Number: 2476

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2017 Appropriation Requested	Included in Governor's FY2017 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY 2017**	**FY 2017**	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Fund Source (Operating Only)							
None							
Total	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Positions							
Full-time							
Part-time							
Temporary							
Change in Revenues		49,000.0	49,000.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2016) cost: 50.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2017) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Revised based on changes in Senate Transportation committee

Prepared By:	Ken Alper, Director	Phone:	(907)465-8221
Division:	Tax	Date:	02/20/2016 03:00 PM
Approved By:	Jerry Burnett, Deputy Commissioner	Date:	02/21/16
Agency:	Department of Revenue		

STATE OF ALASKA
2016 LEGISLATIVE SESSION

BILL NO. CSSB132(TRA)

Analysis

Bill Analysis

Alaska has had an excise tax on motor fuel since 1945, with the basic structure unchanged since the inception. Over the years, the tax rate has increased to account for inflation and public need. The motor fuel tax is charged and collected monthly.

The highway tax rate was last increased in 1970; marine rate in 1977; aviation and jet fuel rates in 1994. The last major changes to the program were in 2008 when the motor fuel tax was suspended effective September 1, 2008 to August 31, 2009. In 2015 the legislature passed HB 158 which added a surcharge of $0.0095 to certain motor fuels as well as other refined fuels such as home heating oil. The legislature may appropriate revenue from the surcharge for the oil and hazardous substance release prevention and response fund.

The primary change in this legislation would be to increase the tax rates of all categories of motor fuel, to new tax rates that range from $0.10 per gallon to $0.16 per gallon.

The increase is contingent on the price of oil remaining below $85 per barrel. Regardless, the increase sunsets at the end of Fiscal Year 2018, with the rates reverting to the current level. DOR forecasts prices well below $85 through the end of FY2018.

The bill also adds new tax exemptions for emergency vehicles and school buses for which the school district receives state funding. We do not have an estimate for any reduction in revenue due to the addition of these exemptions.

Revenue Impact

DOR estimates that increasing the tax rates will more than double tax collections, with additional revenue of approximately $49 million per year for the years in which the increases are in effect. Of this, approximately $0.2 million will be shared with municipally owned airports. The remaining funds will be paid into the general fund and distributed to the special aviation fuel account, the special watercraft fuel account, and the special highway fuel tax account. These accounts are used to fund aviation facilities, water and harbor facilities, and for the maintenance of highways, construction of highway projects and ferries, and other highway costs.

Estimates are based on the fall 2015 revenue forecast. The estimates assume that 60% of the additional revenue raised from aviation gasoline will be shared with municipalities. The estimates make no adjustment for changes in demand due to higher prices, or for stockpiling in advance of the tax increase.

Implementation Cost

This legislation would require the Department of Revenue to update its Tax Revenue Management System (TRMS) and Revenue Online (ROL) which allows a taxpayer to file a return online. The update would consist of reprogramming both systems, updating the return rules in TRMS and testing both systems thoroughly to verify that they function as expected. We would also need to update the current tax return forms.

The supplemental fiscal note figure of $50.0 in FY16 is to cover the costs of having our contractor update the two systems. We do not anticipate any continuing costs or additional staff needs. After the implementation of the changes, this legislation would not cause any additional administrative burden on the Tax Division.

29-GS2912\H
Nauman
2/8/16

CS FOR SENATE BILL NO. 132( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-NINTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

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

A BILL

FOR AN ACT ENTITLED

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

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

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

(a) In addition to the surcharge levied under AS 43.40.005,

(1) if the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the previous calendar year is more than $85, there is levied a tax of eight cents a gallon on all motor fuel sold or otherwise transferred within the state, except that **the tax on**

(A) [(1) THE TAX ON] aviation gasoline is four and seven-tenths cents a gallon;

(B) [(2) THE TAX ON] motor fuel used in and on watercraft of all descriptions is five cents a gallon;

(C) [(3) THE TAX ON] all aviation fuel other than gasoline is three and two-tenths cents a gallon; and

(D) [(4) THE TAX RATE ON] motor fuel that is blended with

alcohol is the same tax rate a gallon as other motor fuel; however, 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 **(A) - (C)** [(1) - (3)] of this **paragraph; or**

(2) if the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the previous calendar year is less than or equal to $85, there is levied a tax of 16 cents a gallon on all motor fuel sold or otherwise transferred within the state, except that the tax on

(A) aviation gasoline is 10 cents a gallon;

(B) motor fuel used in and on watercraft of all descriptions is 10 cents a gallon;

(C) all aviation fuel other than gasoline is 10 cents a gallon; and

(D) motor fuel that is blended with alcohol is the same tax rate a gallon as other motor fuel; however, 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 (A) - (C) of this paragraph [SUBSECTION].

*** Sec. 2.** AS 43.40.010(a), as amended by sec. 1 of this Act, is amended to read:

(a) In addition to the surcharge levied under AS 43.40.005,[(1) IF THE AVERAGE PRICE PER BARREL FOR ALASKA NORTH SLOPE CRUDE OIL FOR SALE ON THE UNITED STATES WEST COAST DURING THE PREVIOUS CALENDAR YEAR IS MORE THAN $85,] there is levied a tax of eight cents a gallon on all motor fuel sold or otherwise transferred within the state, except that the tax on

(1) [(A)] aviation gasoline is four and seven-tenths cents a gallon;

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

(3) [(C)] all aviation fuel other than gasoline is three and two-tenths cents a gallon; and

(4) [(D)] motor fuel that is blended with alcohol is the same tax rate a gallon as other motor fuel; however, 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)** [(A) - (C)] of this **subsection** [PARAGRAPH; OR

(2) IF THE AVERAGE PRICE PER BARREL FOR ALASKA NORTH SLOPE CRUDE OIL FOR SALE ON THE UNITED STATES WEST COAST DURING THE PREVIOUS CALENDAR YEAR IS LESS THAN OR EQUAL TO $85, THERE IS LEVIED A TAX OF 16 CENTS A GALLON ON ALL MOTOR FUEL SOLD OR OTHERWISE TRANSFERRED WITHIN THE STATE, EXCEPT THAT THE TAX ON

(A) AVIATION GASOLINE IS 10 CENTS A GALLON;

(B) MOTOR FUEL USED IN AND ON WATERCRAFT OF ALL DESCRIPTIONS IS 10 CENTS A GALLON;

(C) ALL AVIATION FUEL OTHER THAN GASOLINE IS 10 CENTS A GALLON; AND

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

(C) OF THIS PARAGRAPH].

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

(b) In addition to the surcharge levied under AS 43.40.005,

(1) if the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the previous calendar year is more than $85, there is levied a tax of eight cents a gallon on all motor fuel consumed by a user, except that **the tax on**

(A) [(1) THE TAX ON] aviation gasoline consumed is four and seven-tenths cents a gallon;

(B) [(2) THE TAX ON] motor fuel used in and on watercraft of all descriptions is five cents a gallon;

(C) [(3) THE TAX ON] all aviation fuel other than gasoline is three and two-tenths cents a gallon; and

(D) [(4) THE TAX RATE ON] motor fuel that is blended with alcohol is the same tax rate a gallon as other motor fuel; however, 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 **(A) - (C)** [(1) - (3)] of this **paragraph; or**

(2) if the average price per barrel for Alaska North Slope crude oil for sale on the United States West Coast during the previous calendar year is less than or equal to $85, there is levied a tax of 16 cents a gallon on all motor fuel sold or otherwise transferred within the state, except that the tax on

(A) aviation gasoline consumed is 10 cents a gallon;

(B) motor fuel used in and on watercraft of all descriptions is 10 cents a gallon;

(C) all aviation fuel other than gasoline is 10 cents a gallon; and

(D) motor fuel that is blended with alcohol is the same tax rate a gallon as other motor fuel; however, 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 (A) - (C) of this paragraph [SUBSECTION].

*** Sec. 4.** AS 43.40.010(b), as amended by sec. 3 of this Act, is amended to read:

(b) In addition to the surcharge levied under AS 43.40.005, [(1) IF THE AVERAGE PRICE PER BARREL FOR ALASKA NORTH SLOPE CRUDE OIL FOR SALE ON THE UNITED STATES WEST COAST DURING THE PREVIOUS CALENDAR YEAR IS MORE THAN $85,] there is levied a tax of eight cents a gallon on all motor fuel consumed by a user, except that the tax on

(1) [(A)] aviation gasoline consumed is four and seven-tenths cents a gallon;

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

(3) [(C)] all aviation fuel other than gasoline is three and two-tenths cents a gallon; and

(4) [(D)] motor fuel that is blended with alcohol is the same tax rate a gallon as other motor fuel; however, 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)** [(A) - (C)] of this **subsection** [PARAGRAPH; OR

(2) IF THE AVERAGE PRICE PER BARREL FOR ALASKA NORTH SLOPE CRUDE OIL FOR SALE ON THE UNITED STATES WEST COAST DURING THE PREVIOUS CALENDAR YEAR IS LESS THAN OR EQUAL TO $85, THERE IS LEVIED A TAX OF 16 CENTS A GALLON ON ALL MOTOR FUEL SOLD OR OTHERWISE TRANSFERRED WITHIN THE STATE, EXCEPT THAT THE TAX ON

(A) AVIATION GASOLINE CONSUMED IS 10 CENTS A GALLON;

(B) MOTOR FUEL USED IN AND ON WATERCRAFT OF ALL DESCRIPTIONS IS 10 CENTS A GALLON;

(C) ALL AVIATION FUEL OTHER THAN GASOLINE IS 10 CENTS A GALLON; AND

(D) MOTOR FUEL THAT IS BLENDED WITH ALCOHOL IS THE SAME TAX RATE A GALLON AS OTHER MOTOR FUEL; HOWEVER, 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)(A) - (C) OF THIS SUBSECTION].

*** Sec. 5.** AS 43.40.010 is amended by adding a new subsection to read:

(m) The following motor fuel is exempt from taxation under this section:

(1) fuel consigned to foreign countries;

(2) fuel sold for use in jet propulsion aircraft operating in flights

(A) to foreign countries; or

(B) that continue from foreign countries, unless exemption of the motor fuel from taxation is disallowed because of the refiner's failure to comply with the provisions of a voluntary agreement under AS 43.40.092 in conjunction with expansion of refinery capacity;

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

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

(5) fuel used by charitable institutions;

(6) fuel sold or transferred between qualified dealers;

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

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

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

(10) fuel used for other nontaxable purposes as prescribed by regulations adopted by the department;

(11) fuel used in stationary power plants of 100 kilowatts or less that generate electrical power for commercial enterprises not for resale;

(12) residual fuel oil used in and on watercraft if the residual fuel oil is sold or transferred in the state or consumed by a user; in this paragraph, "residual fuel oil" means the heavy refined hydrocarbon known as number 6 fuel oil that is the residue from crude oil after refined petroleum products have been extracted by the refining process and that may be consumed or used only when sufficient heat is provided to the oil to reduce its viscosity rated by kinetic unit and to give it fluid properties sufficient for pumping and combustion;

(13) fuel used in an emergency vehicle, as defined in AS 11.56.825; or

(14) fuel used for student transportation services for which a school district receives funding under AS 14.09.010.

* **Sec. 6.** AS 43.40.015(c) is amended to read:

(c) A certificate of use obtained under this section must be renewed annually for exemptions listed under **AS 43.40.010(m)** [AS 43.40.100(2)].

* **Sec. 7.** AS 43.40.015(d) is amended to read:

(d) A certificate of use is not required under this section

(1) for fuel exempted under **AS 43.40.010(m)(3) or (10)** [AS 43.40.100(2)(C) OR (J)]; and

(2) for fuel exempted under **AS 43.40.010(m)(9)** [AS 43.40.100(2)(I)] other than fuel sold or transferred under this exemption to a person who is engaged in construction or mining activity.

* **Sec. 8.** 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 motor fuel tax refund of six cents a gallon **if the tax was paid under AS 43.40.010(a)(1) or (b)(1) or 12 cents a gallon if the tax was paid under AS 43.40.010(a)(2) or (b)(2), and** 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. 9.** AS 43.40.030(a), as amended by sec. 8 of this Act, 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 motor fuel tax refund of six cents a gallon [IF THE TAX WAS PAID UNDER AS 43.40.010(a)(1) OR (b)(1) OR 12 CENTS A GALLON IF THE TAX WAS PAID UNDER AS 43.40.010(a)(2) OR (b)(2), AND] 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. 10.** AS 43.40.100(2) is amended to read:

(2) "motor fuel" means fuel used in an engine for the propulsion of a motor vehicle or aircraft, and fuel used in and on watercraft for any purpose, or in a stationary engine, machine, or mechanical contrivance that is run by an internal combustion motor; ["MOTOR FUEL" DOES NOT INCLUDE

(A) FUEL CONSIGNED TO FOREIGN COUNTRIES;

(B) FUEL SOLD FOR USE IN JET PROPULSION AIRCRAFT OPERATING IN FLIGHTS

(i) TO FOREIGN COUNTRIES; OR

(ii) THAT CONTINUE FROM FOREIGN COUNTRIES, UNLESS EXEMPTION OF THE MOTOR FUEL FROM TAXATION IS DISALLOWED BECAUSE OF THE

REFINER'S FAILURE TO COMPLY WITH THE PROVISIONS OF A VOLUNTARY AGREEMENT UNDER AS 43.40.092 IN CONJUNCTION WITH EXPANSION OF REFINERY CAPACITY;

(C) FUEL USED IN STATIONARY POWER PLANTS OPERATING AS PUBLIC UTILITY PLANTS AND GENERATING ELECTRICAL ENERGY FOR SALE TO THE GENERAL PUBLIC;

(D) FUEL USED BY NONPROFIT POWER ASSOCIATIONS OR CORPORATIONS FOR GENERATING ELECTRIC ENERGY FOR RESALE;

(E) FUEL USED BY CHARITABLE INSTITUTIONS;

(F) FUEL SOLD OR TRANSFERRED BETWEEN QUALIFIED DEALERS;

(G) FUEL SOLD TO FEDERAL, STATE, AND LOCAL GOVERNMENT AGENCIES FOR OFFICIAL USE;

(H) FUEL USED IN STATIONARY POWER PLANTS THAT GENERATE ELECTRICAL ENERGY FOR PRIVATE RESIDENTIAL CONSUMPTION;

(I) FUEL USED TO HEAT PRIVATE OR COMMERCIAL BUILDINGS OR FACILITIES;

(J) FUEL USED FOR OTHER NONTAXABLE PURPOSES AS PRESCRIBED BY REGULATIONS ADOPTED BY THE DEPARTMENT;

(K) FUEL USED IN STATIONARY POWER PLANTS OF 100 KILOWATTS OR LESS THAT GENERATE ELECTRICAL POWER FOR COMMERCIAL ENTERPRISES NOT FOR RESALE; OR

(L) RESIDUAL FUEL OIL USED IN AND ON WATERCRAFT IF THE RESIDUAL FUEL OIL IS SOLD OR TRANSFERRED IN THE STATE OR CONSUMED BY A USER; FOR PURPOSES OF THIS SUBPARAGRAPH, "RESIDUAL FUEL OIL" MEANS THE HEAVY REFINED HYDROCARBON KNOWN AS NUMBER 6 FUEL OIL THAT IS THE RESIDUE FROM CRUDE OIL

AFTER REFINED PETROLEUM PRODUCTS HAVE BEEN EXTRACTED BY THE REFINING PROCESS AND THAT MAY BE CONSUMED OR USED ONLY WHEN SUFFICIENT HEAT IS PROVIDED TO THE OIL TO REDUCE ITS VISCOSITY RATED BY KINETIC UNIT AND TO GIVE IT FLUID PROPERTIES SUFFICIENT FOR PUMPING AND COMBUSTION;]

*** Sec. 11.** The uncodified law of the State of Alaska is amended by adding a new section to read:

APPLICABILITY. AS 43.40.030(a), as amended by sec. 9 of this Act, applies to a motor fuel tax refund on motor fuel used, transferred, or sold on or after the effective date of sec. 9 of this Act.

*** Sec. 12.** The uncodified law of the State of Alaska is amended by adding a new section to read:

TRANSITIONAL PROVISION: REGULATIONS. The Department of Revenue may adopt regulations necessary to implement the changes made by this Act. The regulations take effect under AS 44.62 (Administrative Procedure Act), but not before the effective date of the law implemented by the regulation.

*** Sec. 13.** Section 12 of this Act takes effect immediately under AS 01.10.070(c).

*** Sec. 14.** Sections 2, 4, and 9 of this Act take effect July 1, 2018.

*** Sec. 15.** Except as provided in secs. 13 and 14 of this Act, this Act takes effect July 1, 2016.

Fiscal Note

State of Alaska
2016 Legislative Session

Bill Version:	SB 132
Fiscal Note Number:	1
(S) Publish Date:	1/19/2016

Identifier: DOR-TAX-01-13-16
Title: ELECTRONIC TAX RETURNS & MOTOR FUEL TAX
Sponsor: RLS BY REQUEST OF THE GOVERNOR
Requester: Governor

Department: Department of Revenue
Appropriation: Taxation and Treasury
Allocation: Tax Division
OMB Component Number: 2476

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2017 Appropriation Requested	Included in Governor's FY2017 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	**FY 2017**	**FY 2017**	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Fund Source (Operating Only)							
None							
Total	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Positions							
Full-time							
Part-time							
Temporary							
Change in Revenues		49,000.0	49,000.0	49,000.0	49,000.0	49,000.0	49,000.0

Estimated SUPPLEMENTAL (FY2016) cost: 50.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2017) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Not applicable, initial version.

Prepared By:	Brandon Spanos, Deputy Director	Phone:	(907)269-6736
Division:	Tax	Date:	01/13/2016 12:00 PM
Approved By:	Jerry Burnett	Date:	01/13/16
Agency:	Deputy Commissioner, DOR		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

Analysis

Bill Analysis
Alaska has had an excise tax on motor fuel since 1945, with the basic structure unchanged since the inception. Over the years, the tax rate has increased to account for inflation and public need. The motor fuel tax is charged and collected monthly.

The highway tax rate was last increased in 1970; marine rate in 1977; aviation and jet fuel rates in 1994. The last major changes to the program were in 2008 when the motor fuel tax was suspended effective September 1, 2008 to August 31, 2009. In 2015 the legislature passed HB 158 which added a surcharge of $0.0095 to certain motor fuels as well as other refined fuels such as home heating oil. The legislature may appropriate revenue from the surcharge for the oil and hazardous substance release prevention and response fund.

The primary change in this legislation would be to increase the tax rates of all categories of motor fuel, to new tax rates that range from $0.10 per gallon to $0.16 per gallon.

The other major change is to require electronic tax filing. With the implementation of the Tax Revenue Management System, DOR has a much more advanced, integrated tax database with a strong online portal and robust reporting functions. Paper tax filings require a laborious process of scanning and manual data entry, and the department is working to transition away from this system. To this end, each of the several revenue bills being introduced contains language in the general revenue statutes to require electronic submission unless the taxpayer does not have the technological capability to do so.

Revenue Impact
DOR estimates that increasing the tax rates will more than double tax collections, with additional revenue of approximately $49 million per year. Of this, approximately $0.2 million will be shared with municipally owned airports. The remaining funds will be paid into the general fund and distributed to the special aviation fuel account, the special watercraft fuel account, and the special highway fuel tax account. These accounts are used to fund aviation facilities, water and harbor facilities, and for the maintenance of highways, construction of highway projects and ferries, and other highway costs.

Estimates are based on the fall 2015 revenue forecast. The estimates assume that 60% of the additional revenue raised from aviation gasoline will be shared with municipalities. The estimates make no adjustment for changes in demand due to higher prices, or for stockpiling in advance of the tax increase.

Implementation Cost
This legislation would require the Department of Revenue to update its Tax Revenue Management System (TRMS) and Revenue Online (ROL) which allows a taxpayer to file a return online. The update would consist of reprogramming both systems, updating the return rules in TRMS and testing both systems thoroughly to verify that they function as expected. We would also need to update the current tax return forms.

The supplemental fiscal note figure of $50.0 in FY16 is to cover the costs of having our contractor update the two systems. We do not anticipate any continuing costs or additional staff needs. After the implementation of the changes, this legislation would not cause any additional administrative burden on the Tax Division.

NEW SUSTAINABLE
ALASKA
PLAN

Pulling Together to Build Our Future

Senate Transportation Committee
January 26, 2016

Motor Fuel Tax
SB132

Motor Fuel Tax Increase

"An Act requiring the electronic submission of a tax return or report with the Department of Revenue; relating to the motor fuel tax; and providing for an effective date."

Motor Fuel Tax History

- Began in 1945

- Tax rates have increased over time, but structure unchanged
  - Last increase: highway 1970, marine 1977, aviation fuel 1994

Motor Fuel Tax History (Continued)

- Tax was suspended from Sept. 1, 2008, to Aug. 31, 2009

- In 2015, HB 158 added $0.0095 surcharge on motor fuels and some other refined fuels
  - Intended for spill prevention and response fund

Motor Fuel Tax Proposal

- Increases all tax rates:

Type of fuel	Before (per gallon)	After (per gallon)
Highway	$0.08	$0.16
Marine	$0.05	$0.10
Jet fuel	$0.032	$0.10
Aviation gas	$0.047	$0.10
"Off-road use" credit	-$0.06	-$0.12

- Requires electronic filing
  - Provides exemption process

Relative Motor Fuel Tax Rate

- Alaska's fuel taxes are among lowest in U.S.[1]
  - Highway fuel: lowest
  - Jet fuel: 35th out of 50
  - Aviation gas: 24th out of 50
- Under this bill, Alaska taxes would be:
  - Below national average (20.17 cents) for highway fuel
  - Above national average for jet/aviation fuel

[1] As of January 1, 2015. No comprehensive data for other states' marine fuel taxes. However, we believe that in most states the "marine" rate is the "highway" rate. Therefore, our "marine" rate is likely also one of the lowest in the country.

Impacts of Tax Proposal

- Gas prices at the pump would rise
- More aviation taxes to fund certificated urban and rural airports
  - Requested by aviation advisory committee as preferable to landing fee increases

Revenue Impact

- Dept. of Revenue estimates increasing the tax rate will more than double tax collections

- Additional revenue about $49 million per year
  - $0.2 million will be shared with municipal-owned airports
  - Remainder: general fund and special accounts for road, water transport, and aviation facilities

Revenue Impact (Continued)

- Estimates based on fall 2015 revenue forecast
- Does not account for changes in fuel demand or stockpiling

Implementation Cost

- Dept. of Revenue must update:
  - Tax Revenue Management System (TRMS)
  - Revenue Online (ROL) which allows a taxpayer to file a return and apply for a dealer license online
  - Tax return forms

- One-time implementation cost of $50,000 to recreate tax forms and reprogram and test the tax system to accommodate the rate changes

- No additional costs to administer the tax program

Closing the Budget Gap

	(Millions)
FY16 Budget	**$ 5,200**
FY17 Baseline Revenue (after proposed legislation)	
AK Permanent Fund Protection Act (annual draw)	$ 3,300
Revenue from existing taxes and fees	$ 850
Earnings on Savings	$ 135
	$ 4,285
FY17 Spending Reductions	
Continue Cuts	$ 140
Reform O&G Tax Credits	$ 400
Net Priority Investments	($ 40)
	$ 500

Closing the Budget Gap (Continued)

New Revenue Components (estimated)	**(Millions)**
Mining (starting in FY 2018)	$ 6
Fishing	$ 18
Tourism	$ 15
Motor Fuel	***$ 49***
Alcohol	$ 40
Tobacco	$ 29
Oil and Gas	$ 100
Income Tax (half in FY17; first full year is FY18)	$ 200
	$ 457
Total with reductions and new revenue	**$ 5,242**

Sectional Analysis

Sec. 1. Adds a $25 or 1% tax penalty for failure to file electronically unless an exemption is received by the taxpayer

Sec. 2. Requires electronic submission of tax returns, license applications, and other documents submitted to the Department of Revenue. This changes the general tax statutes, AS 43.05, and will apply to all tax types administered by the department. Provides a process to request an exemption if a taxpayer does not have the technological capability to do so.

Sec. 3. Changes the per-gallon tax rates for dealers for all categories of motor fuel: highway fuel and gasohol from $0.08 to $0.16; marine fuel from $0.05 to $0.10; aviation gasoline from $0.047 to $0.10; and jet fuel from $0.032 to $0.10.

Sec. 4. Changes the per-gallon tax rates for users for all categories of motor fuel: highway fuel and gasohol from $0.08 to $0.16; marine fuel from $0.05 to $0.10; aviation gasoline from $0.047 to $0.10; and jet fuel from $0.032 to $0.10.

Sectional Analysis (Continued)

Sec. 5. Changes the motor fuel refund rate for "off-road use", when the tax has been paid, from $0.06 to $0.12.

Sec. 6. Conforming applicability language clarifying that the tax increases apply to motor fuel sold after the effective date and the electronic filing requirement applies to returns submitted after the effective date.

Sec. 7. Transitional language allowing for regulations to implement the changes.

Sec. 8. Immediate effective date for the transitional regulatory language in Sec. 7.

Sec. 9. Effective date of 7/1/16 for the rest of the bill including the tax rate changes.

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Pulling Together to Build Our Future

Contact Information

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DOT&PF's Input for Motor Fuel Tax FAQ

1. **What is the current aviation fuel tax rate?**
   The current aviation fuel tax rate is 3.2 cents per gallon on jet fuel and 4.7 cents per gallon on aviation gas.

2. **How much revenue was collected in past years through aviation fuel taxes?**
   In FY14 aviation fuel tax revenues collected were $4.1M on jet fuel (~130 million gallons) and $450K on aviation gas (~10 million gallons).

3. **How much revenue is anticipated by increasing the aviation fuel tax rate to 10 cents per gallon?**
   Based on FY14 usage numbers, approximately $13M in jet fuel and $1M in aviation gas may be collected. This represents an increase of ~$9.5M in aviation fuel tax revenue.

4. **Where does aviation fuel tax revenue go?**
   Aviation fuel tax revenue flows into the state general fund.

5. **Are there any restrictions on what aviation fuel tax revenue is used for?**
   Per FAA federal grant obligations, revenue generated through aviation fuel taxes must be invested back into the airport or airport system and may not be used for other purposes.

6. **Who is exempt from paying aviation fuel taxes?**
   In addition to sales between qualified dealers, the following sales and uses are exempt from motor fuel tax: heating, federal, state, and local government agencies, foreign flights (jet fuel), exports, charitable institutions, and bunker fuel (residual fuel oil or #6 fuel oil).

7. **Does any other entity benefit from fuel tax revenue other than the State of Alaska?**
   Local airport sponsors (communities/municipalities who own and operate their own airport) receive back 60% of the aviation fuel tax revenue collected at their airports each year as part of a revenue sharing program managed by the Department of Revenue.

8. **What is the current Alaska highway motor-fuel tax rate?**
   The current highway motor-fuel tax rate is 8.0 cents a gallon with a refined fuel surcharge of 0.95 cents for a total of 8.95 cents per gallon. The current motor-fuel tax rate of 8.0 cents was set in 1970 while the surcharge was added by HB 158 effective July 1, 2015 (FY16).

9. **How much revenue was collected in past years through the motor-fuel tax?**
   In FY15 state motor-fuel tax receipts contributed $21.9M for gasoline (~274.1 million gallons) and $10.1M for diesel (~125.8 million gallons). A five year average (FY11-FY15) shows a $21.5M (268.8 million gallons) annual average from gasoline and $9.8M (122.7 million gallons) from diesel.

Commissioner Marc Luiken, submitted 19 Jan 16

10. **How much revenue is anticipated by increasing the highway motor-fuel tax to 16.0 cents per gallon?**
    Based on FY15 gallons sold, approximately $43.8M from gasoline and $20.2M from diesel would be generated by the new tax rate. This represents an increase of $32M in highway motor-fuel tax revenue.

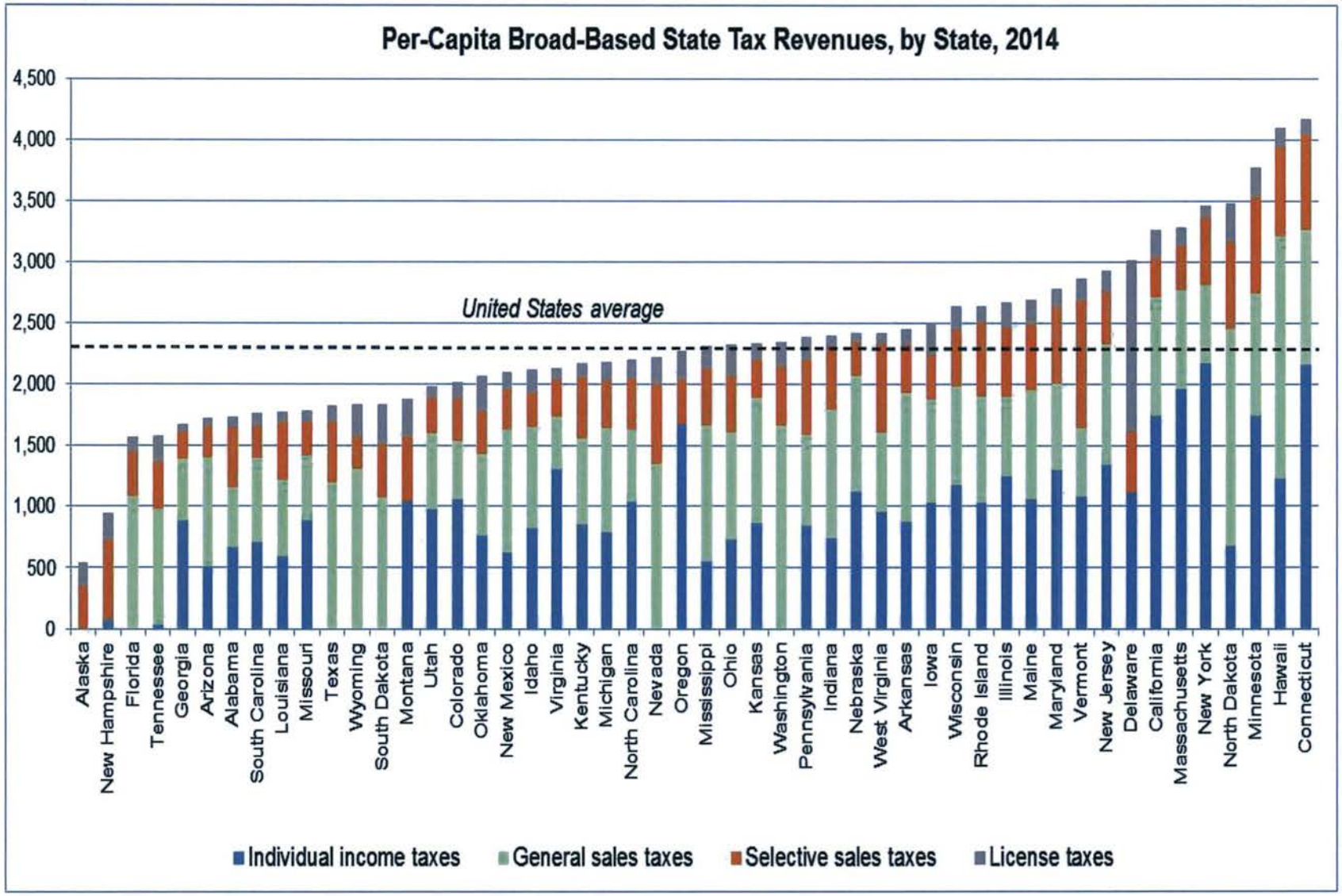
11. **Where does highway motor-fuel tax revenue go?**
    Highway motor-fuel tax revenue flows into the state general fund.

12. **What is the national average state motor-fuel tax?**
    According to a January 1, 2016 report from the American Petroleum Institute, the national average for state motor-fuels is 20.91 cents per gallon of gasoline and 20.17 cents per gallon of diesel.

13. **What is the current Alaska motor-fuel tax for marine use?**
    The current tax on motor-fuel used in and on watercraft of all descriptions is 5.0 cents per gallon.

Commissioner Marc Luiken, submitted 19 Jan 16

Options (Increase Revenue)



Alaska Department of Transportation and Public Facilities
P.O. Box 196900 • Anchorage, AK 99519-6900

Aviation Advisory Board

November 2, 2015

The Honorable Bill Walker
Governor of Alaska
PO Box 110001
Juneau, AK 99811-0001

Re: Revenue Enhancement for the Rural Alaska Aviation System

Dear Governor Walker:

Members of the Governor's Aviation Advisory Board met with you last January, and asked that we work with the leadership at the Department of Transportation and Public Facilities to explore various revenue opportunities for the Rural Alaska Airport System, which serves communities across the State. Since that time, the Advisory Board met with the Department commissioners and administration to explore three revenue enhancement options, which are:

1. Landing Fees,
2. Airport User Fees, and
3. Motor Fuel Tax increases on aviation gasoline and jet fuel.

Criteria for the evaluation and subsequent recommendation was based upon the general principles of equity, uniformity and simplicity. During the August meeting which was held in Ketchikan and after considering all three potential revenue opportunities including the administrative complexity, the impact to various segments of the State and the administrative costs of each option, the following resolution was unanimously adopted:

> *In order to help support the sustained operations of the Alaska Rural Aviation System, the Aviation Advisory Board recommends increasing the motor fuel tax (avgas and jet fuel) to 10 cents/gal, at or below $100/barrel ANS crude market price, and indexed annually to return to current levels at or above $140/barrel ANS crude.*
>
> *This recommendation is predicated on the revenues being used to support the aviation system outside the Alaska International Airport System, and further statewide revenue generation and increased operating efficiencies.*

The Advisory Board believes that an increase in motor fuel tax is the most fair and equitable method to increase system revenue without creating undue and burdensome administrative oversight and costs. The State of Alaska already has administrative procedures and personnel to administer motor fuel tax collection and expenditure. At the same time, the board expressly suggests that more research specific to industry economic and social impact is required when considering landing fees or airport user fees. Furthermore, concerns exist that the proposed

Alaska Department of Transportation and Public Facilities
P.O. Box 196900 • Anchorage, AK 99519-6900

Aviation Advisory Board

landing fees would disproportionately impact the residents of rural Alaska when compared with residents being served by the marine and road transportation network.

The Landing Fee or Airport User fee proposal requires a rate structure based on logical criteria and it further requires an economic or social impact study on both the aviation industry and impacted communities. In addition, the fuel tax, if raised to the recommended rate, provides the target revenue identified by the Department of Transportation.

Finally, the Aviation Advisory Board members are pleased to hear that the Department of Transportation plans to restructure the Part 139 Airports under the Division of Statewide Aviation. We fully expect this change helps to streamline costs, but equally important, it creates more aviation-minded management oversights which are vital to the health of the aviation system.

We look forward to working with the Department and your administration as the state moves to address the revenue situation resulting from the low price of oil.

Sincerely,

Lee Ryan
Chair, Aviation Advisory Board

Aviation Advisory Board

Alaska Department of Transportation and Public Facilities
P.O. Box 196900 • Anchorage, AK 99519-6900

Aviation Advisory Board
Resolution No. 2015-1

Resolution Supporting Revenue Enhancement for the Rural Alaska Aviation System

Whereas, the Alaska Department of Transportation and Public Facilities (ADOT&PF) has responsibility for operating and maintaining 247 rural public airports; and

Whereas, additional revenue is needed to support the operation and maintenance of the rural aviation system; and

Whereas, the Governor requested the Aviation Advisory Board to work with ADOT&PF leadership to explore various revenue opportunities for the rural aviation system

NOW THEREFORE BE IT RESOLVED: *In order to help support the sustained operations of the Alaska Rural Aviation System, the Aviation Advisory Board recommends increasing the motor fuel tax (avgas and jet fuel) to 10 cents/gal, at or below $100/barrel ANS crude market price, and indexed annually to return to current levels at or above $140/barrel ANS crude.*

This recommendation is predicated on the revenues being used to support the aviation system outside the Alaska International Airport System, and further statewide revenue generation and increased operating efficiencies.

Signed: Lee M Ryan Date: August 26, 2015

Lee M. Ryan, Aviation Advisory Board Chair

Alaska Trucking Association, Inc.
3443 Minnesota Drive · Anchorage, Alaska 99503 · Phone (907) 276-1149 · Fax (907) 274-1946
www.aktrucks.org
The authoritative voice of the trucking industry in Alaska

SB132 Electronic Tax Returns & Motor Fuel Tax

Senate Transportation Committee

1:00 pm, February 4, 2016

Aves D. Thompson, Executive Director

Alaska Trucking Association

Thank you. Mr. Chairman and members of the committee, I am Aves Thompson, Executive Director of the Alaska Trucking Association. The Alaska Trucking Association is a state wide organization representing the interests of our nearly 200 member companies from Barrow to Ketchikan. Freight movement is an essential element of our economy and impacts all of us each and every day.

One of the ATA Legislative Priorities for 2016 is the development of a balanced, durable long term fiscal plan, utilizing cuts to state government, use of the permanent fund earnings and taxes, if required. The fuel tax increase, as proposed in SB132, is acceptable within the framework of the long term fiscal plan. We believe that action is critical this legislative session.

Alaska Trucking Association, Inc.
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www.aktrucks.org
The authoritative voice of the trucking industry in Alaska

The Alaska Trucking Association has long supported a fuel tax increase if the funds could be dedicated to transportation needs. We realize that this won't happen in this bill but feel strongly that we need to help to resolve the fiscal issues by doing our part.

Thank you for your time and I'm available to answer any questions.

Aves Thompson
Executive Director

AOPA
your freedom to *fly*

February 5, 2016

Senator Peter Micciche, Chair
Senator Click Bishop, Vice-Chair
Senate Transportation Committee
State Capitol, Room 9
Juneau, AK 99801

Dear Senators Micciche and Bishop:

The Aircraft Owners and Pilots Association (AOPA) is the world's largest aviation organization, representing the general aviation interests of pilots and aircraft owners, including over 3,200 of our members in the state of Alaska. Since 1939, AOPA has been committed to ensuring the safety, future viability and development of general aviation as an integral part of our nation's transportation system.

While no one is anxious to increase the cost to fly, we recognize the fiscal situation facing Alaska. AOPA supports SB 132, which increases the motor fuel tax on aviation gasoline and jet fuel from current levels to ten cents/gallon. The continued operation of the Rural Alaska Airport System is important to our members, and to the public who relies on airports as a key component of Alaska's transportation system.

We have worked with the Department of Transportation & Public Facilities (DOTPF) to evaluate alternative methods to provide support for the operation of the 247 rural airports. We believe that this modest increase in motor fuel tax is more equitable than other options that were considered, and does not expand state government to collect the additional revenue. We also support the Aviation Advisory Board's recommendation to index the tax increase, or to create a sunset provision should the price of oil increase in the future.

AOPA is pleased that DOTPF has taken the first steps toward streamlining the operations of the airport system, and will continue to work with them to seek further efficiencies that should help control costs of the airport system.

Thank you again for undertaking this legislation. I look forward to working with you and your committee on this issue.

Sincerely,

Tom George

Tom George
Alaska Regional Manager

PO Box 83750, Fairbanks, Alaska 99708 | t: 301-695-2082 | aopa.org/region/ak

ASSOCIATED GENERAL CONTRACTORS of ALASKA

8005 SCHOON STREET, SUITE 100 • ANCHORAGE, ALASKA 99518
TELEPHONE (907) 561-5354 • FAX (907) 562-6118

February 5, 2016

Senator Peter Micciche
State Capitol, Room 514
Juneau AK, 99801

Re: Senate Bill 132

Dear Senator Micciche,

The Associated General Contractors of Alaska (AGC) is a trade association representing over 640 Alaskan businesses in the construction industry. On behalf of the AGC and those businesses, I offer the following comments in support of the increase to the motor fuel tax as proposed in House Bill 249.

At 8 cents per gallon, Alaska is in 50th place with the lowest state motor fuel tax in the nation. The proposed increase to 16 cents will move us up to 48th place, just ahead of Wyoming and New Jersey at 14 and 14.5 cents per gallon respectively.

At the time of statehood, there was a motor fuel tax of 6 cents per gallon that carried with it the special provision of "dedication" for uses related to highway purposes. In those days, we proudly paid our own way. In 1960 the legislature amended the motor fuel statute, increasing the tax to 8 cents per gallon, and in doing so, effectively removed the dedication. The motor fuel tax has remained at 8 cents per gallon for the past 55 years. Adjusted for inflation, 8 cents in 1960 is over 64 cents today.

It is too complicated to return to a dedicated motor fuel tax for highway purposes like we had at statehood. But we can start paying a little more of our way for the construction and maintenance of our highways.

Today, most of our highway construction dollars come from the federal government and federal gas tax dollars. Most states are "donor" states, paying more in federal gas taxes than they receive back. Alaska is a "donee" state, receiving over five times in federal highway funding that we contribute through the 18.4 cent per gallon federal tax.

That multiple doesn't go unnoticed in Congress with every Highway Reauthorization and re-calculation of the allocations to the states, especially in light of our own paltry state tax rate. To get the more than $500 million in federal funds, Alaska must match its federal highway dollars with approximately ten percent state funds – that is $50 million in current capital budget.

No one likes taxes, but the most palatable taxes are those where there is a direct and visible nexus between the tax or fee and a service received. In Alaska, we enjoy the privilege of driving on more than 5,000 miles of state roads and an annual federal contribution of $500 million to rebuild and maintain those roads – all partially funded by a motor fuel tax.

We recognize the integral relationship between improving transportation infrastructure, economic health and fiscal responsibility. We recognize the serious fiscal condition of the state because of the low price of oil. We recognize the need all Alaskan's to pitch in and for the legislature and the administration to take action.

Sincerely,

John MacKinnon, Executive Director
Associated General Contractors of Alaska

Dana Debel
Director
Government Affairs

Delta Air Lines, Inc.
Detroit Metro Airport
2601 WorldGateway Place
Detroit MI 48242.
T. +1 734 247 2271
F. +1 734 247 2274
dana.debel@delta.com

Date: February 9, 2016

To: Senator Peter Micciche, Alaska

From: Dana Debel, Director of State and Local Government Affairs

RE: Delta Air Lines Opposition to Alaska Senate Bill 132

On behalf of the Delta Air Lines employees and their families in Alaska, we ask that you oppose SB 132, which would result in a 312.5% increase in the tax rate on jet fuel. In addition, this would put Alaska among the states with the highest taxes on jet fuel. The proposed increase in HB 132 could have a significant impact on Alaska's competitive position for air service. Delta currently operates 38 flights per day to and from 5 destinations in Alaska. We are proud that over the past few years we have been able to enhance service through larger aircraft and more flights including new announced service between Portland and Anchorage, and Seattle and Fairbanks in 2016.

Supporting airport infrastructure where we operate has always been a Delta priority. Through landing fees, rental rates, Passenger Facility Charges and other charges, Delta pays millions annually to operate, maintain and invest in the airport facilities in Alaska. We maintain that additional funding is not needed at this time for those airports, but if it is, the appropriate way to go about doing so is through the lease negotiation process directly between the individual airports and the carriers that serve them..

We understand there has also been discussion of using the revenues from this tax to fund the general revenues of the State. The Federal Aviation Administration (FAA) has been clear that any new or increased taxes since 1987 on aviation fuel needs to be used either on the airport from which it is raised or for a state aviation program. Non-compliance with this provision puts ALL of the federal dollars used to support aviation at risk, as well as opening the State to penalties from the FAA.

Delta understands the critical need to invest in infrastructure where we operate, and we believe we do that through the current taxes and fees we pay in Alaska. We respectfully ask the Alaska legislature to reject HB 132 so that Alaska doesn't end up with the dubious distinction of having one of the highest effective jet fuel tax rates in the country.

Memo

Date: February 8, 2016

To: Senator Peter Micciche

Alaska Senate Transportation Committee Members

From: Nick D'Andrea, Director, UPS Airlines Public Affairs

Subject: Fuel Tax Bill (SB 132)

Thank you for the opportunity to provide testimony on the proposed Fuel Tax Bill (SB 132) and the impact it could have on UPS. I am writing this letter today to notify you that UPS ***opposes*** passage of the Fuel Tax Bill (SB 132), as it would significantly impact our operations in Alaska.

UPS appreciates the long-standing working relationship with the State of Alaska. This relationship has led us to grow to more than 1,110 employees in Alaska, including 489 of our pilots who are domiciled there. Traditionally, Alaska has played an important role in UPS's global reach; not only do we deliver to thousands of customers there daily, but Anchorage serves as our gateway to the Asia-Pacific region. We have also invested in Alaska, making Anchorage a major training hub for our pilots. In 2008, we invested millions to build a flight training center where our pilots are trained on the Boeing 747 and MD-11 fleets.

Millions of customers depend on the cargo coming in and out of the Asia-Pacific Region – products ranging from life-saving medical devices to electronics vital to global businesses. Up to 18 UPS flights go through Anchorage each day, helping make Ted Stevens International Airport the 2nd busiest cargo airport in North America and one of the busiest in the world.

UPS located in Alaska because of the business-friendly climate created by elected leadership. UPS has a tax burden in the state, paying close to $6 million in taxes. UPS also pays approximately $7.2 million in landing fees annually to cover costs at airports, as well as paying taxes on aviation fuel purchases of $130 million. Tripling the aviation fuel tax to $0.10 would move Alaska from number 35 to number 19 on the list of most burdensome aviation-related tax states. Tax rates are a very important factor when UPS and other companies look to expand or relocate to a state.

While we remain grateful to the State of Alaska and for the role it plays in our global network, UPS firmly opposes the current proposal to triple the jet fuel tax contained in SB 132.

Thank you for your time.

Nick D'Andrea, UPS Public Affairs

THE STATE of ALASKA
GOVERNOR BILL WALKER

Department of Revenue
COMMISSIONER'S OFFICE
State Office Building
333 Willoughby Avenue, 11th Floor
PO Box 110400
Juneau, Alaska 99811-0400
Main: 907.465.2300
Fax: 907.465.2389

February 1, 2016

The Honorable Peter Micciche
Alaska State Senator
Chair, Senate Transportation
State Capitol Room 514
Juneau, AK 99801

Dear Senator Micciche:

The purpose of this letter is to provide you with responses to the questions asked of the Department of Revenue during our presentation to the Senate Transportation Committee on January 26, 2016. Please see questions in italics and our responses immediately below the questions.

1. *What percentage of the current gap between revenue and expenses at airports in Alaska could be covered by the proposed increase in the taxes on jet fuel and aviation gas?*

According to the Department of Transportation, the maintenance and operations costs of the rural airport system in FY 2015 were $34.8 million, and there were $5 million of additional administrative costs for a total of $39.8 million. The rural airport system generated $5.8 million in revenue. This leaves a gap of $34 million. The Department of Revenue projects this gap to remain roughly constant in the future.

Under the current motor fuel tax regime, the Department of Revenue projects jet fuel taxes to raise $4.6 million for the state in FY 2017, and aviation gasoline taxes to raise $0.4 million for the state after the municipal sharing component is removed. This is a total of $5 million in projected aviation fuel tax revenue. The Legislature may appropriate taxes from aviation fuel (both jet fuel and gasoline) to the rural airport system. Therefore, if the Legislature were to appropriate the entire $5 million, the rural airport system's funding gap would be about $29 million.

Under the governor's proposed motor fuel tax increase, the Department of Revenue projects that jet fuel taxes would raise $14.3 million in FY 2017, while aviation gasoline taxes would raise $0.8 million, for a total of $15 million. This represents a $10 million increase over the projection for the existing motor fuel tax rates. Therefore, if the Legislature were to appropriate the entire $10 million to the rural airport system, that would represent 34% of the projected $29 million funding gap.

2. *Please provide more background information on airport costs in Senator Stedman's district (District R in Southeast Alaska).*

Attached are the Department of Transportation's estimates of revenue and expenditures for all state-owned airports in FY 2015. Please note the disclaimers contained in the introduction to that document. Airports in Senate District R can be found in the "SE Region" list.

I hope you find this information to be useful. Please do not hesitate to contact me if you have further questions.

Sincerely,

Randall Hoffbeck
Commissioner

Attachments: DOT&PF estimates of airport revenue and expenditures

Maintenance and Operations Airport Expenses and Leasing Revenues for FY 2015

This report provides only a portion of the income and expense data related to rural airport operations for DOT&PF. It does not reflect funds received from FAA capital or maintenance grants, Air Carrier Compliance program, or M&O badge or ramp fees. It does not reflect expenses for FAA and State share for capital and maintenance project grants, managerial expenses by Commissioner, Deputy Commissioner, Statewide Aviation staff, or administrative costs incurred by Division of Administrative Services (Budget, Finance, IT, appeals functions), Statewide Aviation Leasing, ROW, Planning, Design and Engineering Services or Construction. It does not reflect expenses for the rural airport Facilities component building costs such as repairs, electricity and heating fuel, or other utilities for buildings. It does include Maintenance and Operations costs such as personnel, utilities and fuel for equipment, runway lights, and some buildings such as heated storage.

Compiled by:
Statewide Aviation Leasing
2301 Peger Road
Fairbanks, AK 99709
Ph 451-2216

Maintenance and Operations Airport Expenses and
Leasing Revenues for FY 2015

Statewide Rural Airports FY2015

Region	Airport Name	Ledger Code	M&O Expenses	Leasing Revenue	Revenue Less Expenses
CR	Adak *	34301476	$ -	$ 3,417.50	$ 3,417.50
CR	Akhiok	35810010	$ 19,937.06	$ -	$ (19,937.06)
CR	Akiachak	35810022	$ 36,031.71	$ -	$ (36,031.71)
CR	Akiak	35810002	$ 26,808.76	$ -	$ (26,808.76)
CR	Akutan	34302662	$ 788,816.81	$ -	$ (788,816.81)
NR	Alakanuk	35810004	$ 116,083.93	$ -	$ (116,083.93)
CR	Aleknagik	35810007	$ 18,357.70	$ -	$ (18,357.70)
NR	Allakaket	35820005	$ 91,025.61	$ 2,521.41	$ (88,504.20)
NR	Ambler	35840552	$ 110,084.37	$ 2,172.95	$ (107,911.42)
SE	Angoon	35830051	$ -	$ -	$ -
SE	Angoon Seaplane Float	35296500	$ 3,120.00	$ 550.00	$ (2,570.00)
CR	Aniak	35810012	$ 474,188.11	$ 81,570.57	$ (392,617.54)
NR	Anvik	35810014	$ 98,822.84	$ 1,410.00	$ (97,412.84)
CR	Atka	35810015	$ 37,944.37	$ -	$ (37,944.37)
CR	Atmautluak	35810520	$ 17,441.01	$ -	$ (17,441.01)
NR	Barrow	35820324	$ 1,953,816.65	$ 157,158.11	$ (1,796,658.54)
NR	Beaver	35820028	$ 85,064.15	$ 1,650.75	$ (83,413.40)
CR	Bethel Airport	35810031	$ 3,253,108.02	$ 356,901.06	$ (2,896,206.96)
NR	Bettles	35820034	$ 109,204.94	$ 52,645.66	$ (56,559.28)
NR	Bettles VOR	35092280	$ -	$ 4,898.65	$ 4,898.65
CR	Big Lake	35810037	$ 30,194.20	$ 41,698.79	$ 11,504.59
NR	Birch Creek	35820033	$ 65,669.00	$ -	$ (65,669.00)
CR	Birchwood	35810038	$ 66,793.98	$ 208,165.98	$ 141,372.00
NR	Boundary	35820041	$ -	$ -	$ -
NR	Brevig Mission	35840444	$ 80,058.36	$ -	$ (80,058.36)
NR	Buckland	35840551	$ 92,861.92	$ 100.00	$ (92,761.92)
NR	Central	35820060	$ 4,869.54	$ 420.00	$ (4,449.54)
NR	Chalkyitsik	35820481	$ 79,795.65	$ -	$ (79,795.65)
NR	Chandalar Lake	35820061	$ -	$ 550.00	$ 550.00
NR	Chandalar Shelf	35820492	$ -	$ 1,461.23	$ 1,461.23
CR	Chefornak	35810576	$ 35,151.96	$ -	$ (35,151.96)
CR	Chenega Bay	34300779	$ 102,723.25	$ -	$ (102,723.25)
CR	Chevak	35810093	$ 28,635.97	$ -	$ (28,635.97)
NR	Chicken	35820066	$ 15,963.08	$ -	$ (15,963.08)

CR = Central Region (Anchorage)
NR = Northern Region (Fairbanks)
SE = Southeast Region (Juneau)

Statewide Rural Airports FY2015

Region	Airport Name	Ledger Code	M&O Expenses	Leasing Revenue	Revenue Less Expenses
CR	Chignik	35810096	$ 96,987.16	$ 2,104.19	$ (94,882.97)
CR	Chignik Lagoon	35810521	$ 32,526.34	$ 550.00	$ (31,976.34)
CR	Chignik Lake	35810097	$ 13,859.93	$ 1,100.00	$ (12,759.93)
NR	Chisana	35850071	$ -	$ -	$ -
NR	Chistochina	35850068	$ 1,269.49	$ -	$ (1,269.49)
NR	Chitina	35850069	$ 9,876.60	$ 2,459.94	$ (7,416.66)
CR	Chuathbaluk	35810406	$ 27,042.98	$ -	$ (27,042.98)
NR	Circle	35820070	$ 59,385.20	$ -	$ (59,385.20)
NR	Circle Hot Springs	35820071	$ 7,413.40	$ -	$ (7,413.40)
CR	Clarks Point	35810094	$ 14,273.35	$ -	$ (14,273.35)
NR	Clear	35820072	$ 65,909.40	$ 1,890.40	$ (64,019.00)
SE	Coffman Cove SPF	35296084	$ 1,421.64	$ -	$ (1,421.64)
CR	Cold Bay	35810075	$ 997,307.87	$ 103,536.42	$ (893,771.45)
NR	Coldfoot	35820491	$ 39,840.74	$ 14,140.91	$ (25,699.83)
NR	Copper Center	35850078	$ 1,290.03	$ -	$ (1,290.03)
NR	Cordova	35810079	$ 654,199.83	$ 56,405.88	$ (597,793.95)
NR	Cordova-Eyak	35810080	$ 248.62	$ 7,505.07	$ 7,256.45
NR	Council	35840082	$ 201.61	$ -	$ (201.61)
CR	Crooked Creek	35810087	$ 9,537.79	$ -	$ (9,537.79)
NR	Dahl Creek	35840100	$ -	$ 11,639.16	$ 11,639.16
NR	Deadhorse	35820107	$ 2,250,327.75	$ 2,356,557.27	$ 106,229.52
NR	Deering	35840102	$ 99,279.61	$ -	$ (99,279.61)
CR	Dillingham	35810104	$ 1,410,317.79	$ 107,753.80	$ (1,302,563.99)
NR	Diomede	35840593	$ 60,426.54	$ -	$ (60,426.54)
NR	Eagle	35820112	$ 53,757.29	$ 5,402.20	$ (48,355.09)
CR	Eek Float	35810125	$ 28,287.42	$ -	$ (28,287.42)
CR	Ekwok	35810115	$ 17,653.11	$ 550.00	$ (17,103.11)
NR	Elim	35840117	$ 126,512.54	$ -	$ (126,512.54)
NR	Emmonak	35810553	$ 164,599.98	$ 6,336.75	$ (158,263.23)
CR	False Pass	35840544	$ 13,453.35	$ 825.00	$ (12,628.35)
CR	Flat	35810130	$ 536.07	$ -	$ (536.07)
NR	Fort Yukon	35820132	$ 59,989.29	$ 27,221.27	$ (32,768.02)
NR	Galbraith	35820508	$ -	$ 4,196.23	$ 4,196.23
NR	Galena	35820140	$ 476,129.82	$ 60,479.24	$ (415,650.58)
NR	Gambell	35840141	$ 179,162.63	$ -	$ (179,162.63)
CR	Girdwood	35810143	$ 22,856.83	$ 23,376.44	$ 519.61
NR	Goldking	35820520	$ -	$ -	$ -

CR = Central Region (Anchorage)
NR = Northern Region (Fairbanks)
SE = Southeast Region (Juneau)

Statewide Rural Airports FY2015

Region	Airport Name	Ledger Code	M&O Expenses	Leasing Revenue	Revenue Less Expenses
NR	Golovin	35840147	$ 75,788.36	$ -	$ (75,788.36)
CR	Goodnews Bay	35810148	$ 25,805.17	$ -	$ (25,805.17)
CR	Goose Bay	35810149	$ 7,375.00	$ -	$ (7,375.00)
NR	Grayling	35810138	$ 83,236.73	$ -	$ (83,236.73)
NR	Gulkana	35850152	$ 83,927.77	$ 20,469.69	$ (63,458.08)
SE	Gustavus	35830153	$ 174,864.97	$ 44,822.74	$ (130,042.23)
SE	Haines	35830157	$ 171,728.19	$ 15,155.00	$ (156,573.19)
NR	Healy River	35820270	$ 6,235.69	$ 20,836.67	$ 14,600.98
SE	Hollis Seaplane Float	35296083	$ 2,205.06	$ -	$ (2,205.06)
NR	Holy Cross	35810165	$ 70,673.16	$ -	$ (70,673.16)
CR	Homer	35810166	$ 720,205.92	$ 171,987.08	$ (548,218.84)
SE	Hoonah	35830169	$ 85,474.14	$ 12,194.54	$ (73,279.60)
CR	Hooper Bay	35810170	$ 35,647.41	$ 820.00	$ (34,827.41)
CR	Hope	35810171	$ 7,671.50	$ 5,026.43	$ (2,645.07)
NR	Hughes	35820172	$ 80,730.50	$ -	$ (80,730.50)
NR	Huslia	35820173	$ 95,832.77	$ -	$ (95,832.77)
SE	Hydaburg Float	35830174	$ 1,921.23	$ -	$ (1,921.23)
SE	Hydaburg Seaplane Float	35292105	$ 3,198.62	$ -	$ (3,198.62)
CR	Igiugig	35810182	$ 39,230.10	$ 3,420.00	$ (35,810.10)
CR	Iliamna	35810183	$ 622,918.81	$ 72,951.60	$ (549,967.21)
SE	Kake	35093077	$ 77,700.33	$ 550.00	$ (77,150.33)
SE	Kake Seaplane Float	35292036	$ -	$ -	$ -
CR	Kalskag	35810228	$ 29,005.67	$ 6,089.42	$ (22,916.25)
NR	Kaltag	35820199	$ 97,674.57	$ 1,544.09	$ (96,130.48)
NR	Kantishna	35820510	$ 3,741.43	$ -	$ (3,741.43)
CR	Karluk	35810523	$ 20,112.28	$ -	$ (20,112.28)
CR	Kasigluk	35810530	$ 38,973.81	$ -	$ (38,973.81)
CR	Kasilof	35810201	$ 654.91	$ -	$ (654.91)
SE	Kassan Seaplane Float	35296088	$ 2,862.95	$ -	$ (2,862.95)
SE	Ketchikan *	35830205	$ 551,484.66	$ -	$ (551,484.66)
NR	Kiana	35840207	$ 78,936.77	$ 2,456.61	$ (76,480.16)
CR	King Cove	35810210	$ 28,617.43	$ 2,896.51	$ (25,720.92)
CR	King Salmon	35810211	$ 1,056,147.28	$ 151,081.66	$ (905,065.62)
CR	Kipnuk	35810234	$ 35,220.51	$ 1,100.00	$ (34,120.51)
NR	Kivalina	35840213	$ 80,991.66	$ 1,712.50	$ (79,279.16)
SE	Klawock	35830215	$ 95,762.27	$ 24,229.39	$ (71,532.88)
NR	Kobuk	35840377	$ 75,822.92	$ -	$ (75,822.92)
CR	Kodiak	35810217	$ 1,141,998.74	$ 173,956.87	$ (968,041.87)

CR = Central Region (Anchorage)
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Statewide Rural Airports FY2015

Region	Airport Name	Ledger Code	M&O Expenses	Leasing Revenue	Revenue Less Expenses
CR	**Kokhanok**	35810231	$ 32,614.56	$ 1,650.00	$ (30,964.56)
CR	**Koliganek**	35810545	$ 30,853.81	$ 1,583.07	$ (29,270.74)
CR	**Koniganak**	35810223	$ 26,778.67	$ -	$ (26,778.67)
NR	**Kotlik**	35810554	$ 65,894.13	$ -	$ (65,894.13)
NR	**Kotzebue**	35840219	$ 1,604,506.64	$ 97,158.15	$ (1,507,348.49)
NR	**Koyuk**	35840221	$ 75,418.77	$ 100.00	$ (75,318.77)
NR	**Koyukuk**	35820222	$ 104,568.56	$ -	$ (104,568.56)
CR	**Kwethluk**	35810236	$ 23,497.91	$ -	$ (23,497.91)
CR	**Kwigillingok**	35810237	$ 24,183.65	$ -	$ (24,183.65)
NR	**Lake Louise**	35850239	$ 1,927.49	$ -	$ (1,927.49)
CR	**Larsen Bay**	35810490	$ 16,879.27	$ -	$ (16,879.27)
CR	**Lawing**	35810241	$ 3,141.44	$ -	$ (3,141.44)
CR	**Levelock**	35810250	$ 34,510.21	$ -	$ (34,510.21)
CR	**Lime Village**	35810491	$ 44,632.53	$ 630.00	$ (44,002.53)
NR	**Livengood**	35020241	$ 1,231.25	$ 756.07	$ (475.18)
NR	**Manley Hot Springs**	35820260	$ 17,345.78	$ -	$ (17,345.78)
CR	**Manokotak**	35810548	$ 34,986.36	$ 2,930.53	$ (32,055.83)
NR	**Marshall**	35810261	$ 54,756.23	$ -	$ (54,756.23)
NR	**May Creek**	35850070	$ 2,901.43	$ -	$ (2,901.43)
NR	**McCarthy**	35850256	$ 9,597.53	$ 7,882.58	$ (1,714.95)
CR	**McGrath**	35810257	$ 270,514.59	$ 63,462.71	$ (207,051.88)
CR	**Mekoryuk**	35810265	$ 48,503.69	$ -	$ (48,503.69)
NR	**Minchumina**	35810271	$ 101,123.32	$ 1,488.53	$ (99,634.79)
NR	**Minto**	35820284	$ 7,612.39	$ -	$ (7,612.39)
NR	**Mountain Village**	35810276	$ 50,729.14	$ 1,348.75	$ (49,380.39)
CR	**Naknek**	35810287	$ 16,591.57	$ -	$ (16,591.57)
CR	**Nanwalek** (English Bay)	35810120	$ 14,267.14	$ -	$ (14,267.14)
CR	**Napakiak**	35810527	$ 32,892.88	$ -	$ (32,892.88)
CR	**Napaskiak**	35810528	$ 18,448.37	$ -	$ (18,448.37)
CR	**Nelson Lagoon**	35810531	$ 19,079.03	$ -	$ (19,079.03)
CR	**New Stuyahok**	35810524	$ 34,207.14	$ 550.00	$ (33,657.14)
CR	**Newtok**	35810529	$ 28,253.57	$ -	$ (28,253.57)
CR	**Nightmute**	35810550	$ 22,863.72	$ -	$ (22,863.72)
CR	**Nikolai**	35810590	$ 32,091.99	$ -	$ (32,091.99)
CR	**Ninilchik**	35810295	$ 1,789.22	$ 1,697.74	$ (91.48)
NR	**Noatak**	35840296	$ 98,628.42	$ 7,988.27	$ (90,640.15)
NR	**Nome**	35840297	$ 2,040,274.06	$ 138,929.42	$ (1,901,344.64)
NR	**Nome Basin Creek**	35840361	$ 17,296.55	$ -	$ (17,296.55)
NR	**Nome City Field**	35840299	$ -	$ 10,886.68	$ 10,886.68

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Statewide Rural Airports FY2015

Region	Airport Name	Ledger Code	M&O Expenses	Leasing Revenue	Revenue Less Expenses
CR	Nondalton	35810306	$ 37,078.04	$ -	$ (37,078.04)
NR	Noorvik	35840298	$ 55,094.17	$ -	$ (55,094.17)
NR	Northway	35820301	$ 47,822.35	$ 2,907.50	$ (44,914.85)
NR	Nulato	35820303	$ 114,848.87	$ -	$ (114,848.87)
CR	Nunapitchuk	35810532	$ 15,587.13	$ -	$ (15,587.13)
CR	Old Harbor	35810525	$ 10,987.05	$ 825.00	$ (10,162.05)
CR	Ouzinkie	35810526	$ 26,005.07	$ -	$ (26,005.07)
CR	Pedro Bay	35810343	$ 50,597.50	$ -	$ (50,597.50)
SE	Peninsula Pt SPF	35292040	$ -	$ 55,824.01	$ 55,824.01
CR	Perryville	35810316	$ 15,395.44	$ -	$ (15,395.44)
SE	Petersburg	35830345	$ 455,262.94	$ 47,858.92	$ (407,404.02)
SE	Petersburg SPF	35830318	$ 12,892.23	$ 6,625.04	$ (6,267.19)
NR	Pilot Station	35810543	$ 68,427.25	$ -	$ (68,427.25)
CR	Pilot Point	35810322	$ 34,327.35	$ -	$ (34,327.35)
CR	Platinum	35810323	$ 40,125.86	$ -	$ (40,125.86)
SE	Point Baker SPF	35296087	$ -	$ 2,806.61	$ 2,806.61
NR	Point Hope	35840325	$ 139,007.45	$ 1,142.50	$ (137,864.95)
CR	Port Graham	35810331	$ 16,116.41	$ -	$ (16,116.41)
CR	Port Heiden	35810332	$ 44,116.12	$ 8,863.23	$ (35,252.89)
CR	Port Lions	35810341	$ 20,118.85	$ -	$ (20,118.85)
CR	Portage Creek	35810342	$ 23,322.87	$ -	$ (23,322.87)
NR	Prospect	35820509	$ -	$ -	$ -
NR	Quartz Creek (Kougarok)	35840362	$ -	$ 548.49	$ 548.49
CR	Quartz Creek	35810346	$ 161.75	$ -	$ (161.75)
CR	Quinhagak	35810348	$ -	$ -	$ -
NR	Rampart	35820351	$ 128,548.59	$ -	$ (128,548.59)
CR	Red Devil	35810101	$ 29,440.47	$ 550.00	$ (28,890.47)
NR	Ruby	35820353	$ 127,153.82	$ 100.00	$ (127,053.82)
NR	Russian Mission	35810357	$ 75,731.91	$ -	$ (75,731.91)
NR	Salmon Lake	35840360	$ -	$ -	$ -
CR	Sand Point	35810363	$ 119,036.35	$ 13,932.92	$ (105,103.43)
NR	Savoonga	35840365	$ 127,792.49	$ -	$ (127,792.49)
CR	Scammon Bay	35810398	$ 36,021.52	$ -	$ (36,021.52)
NR	Selawik	35840366	$ 101,921.40	$ -	$ (101,921.40)
CR	Seldovia	35810367	$ 37,378.56	$ 9,920.58	$ (27,457.98)
CR	Seward	35810396	$ 27,614.98	$ 10,379.06	$ (17,235.92)
NR	Shageluk	35810405	$ 121,186.01	$ 1,213.83	$ (119,972.18)
NR	Shaktoolik	35840369	$ 59,264.59	$ -	$ (59,264.59)

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Statewide Rural Airports FY2015

Region	Airport Name	Ledger Code	M&O Expenses	Leasing Revenue	Revenue Less Expenses
CR	**Sheep Mountain**	35810370	$ 596.86	$ 320.00	$ (276.86)
NR	**Sheldon Point** (Nunam Iqua)	35810403	$ 62,091.47	$ -	$ (62,091.47)
NR	**Shishmaref**	35840373	$ 176,368.35	$ 2,731.68	$ (173,636.67)
NR	**Shungnak**	35840376	$ 73,370.43	$ 2,498.23	$ (70,872.20)
SE	**Sitka**	35830155	$ 1,100,288.64	$ 120,155.61	$ (980,133.03)
SE	**Skagway**	35830377	$ 56,497.02	$ 23,328.50	$ (33,168.52)
CR	**Skwentna**	35810378	$ 77,959.21	$ 2,183.02	$ (75,776.19)
CR	**Sleetmute**	35810379	$ 29,082.90	$ -	$ (29,082.90)
CR	**South Naknek**	35810512	$ 21,333.87	$ -	$ (21,333.87)
CR	**St. George**	35810540	$ 207,840.82	$ 1,070.00	$ (206,770.82)
NR	**St. Mary's**	35810254	$ 437,171.57	$ 25,770.41	$ (411,401.16)
NR	**St. Michael**	35840358	$ 70,745.06	$ 100.00	$ (70,645.06)
CR	**St. Paul**	35810359	$ 172,467.21	$ 3,216.88	$ (169,250.33)
NR	**Stebbins**	35840402	$ 74,073.16	$ 1,585.47	$ (72,487.69)
NR	**Stevens Village**	35820389	$ 83,199.81	$ -	$ (83,199.81)
CR	**Stony River**	35810390	$ 39,811.01	$ 55.00	$ (39,756.01)
NR	**Summit**	35820280	$ 1,618.03	$ 220.00	$ (1,398.03)
CR	**Takotna**	35810412	$ 44,216.64	$ -	$ (44,216.64)
CR	**Talkeetna**	35810413	$ 88,372.32	$ 69,428.34	$ (18,943.98)
NR	**Tanana**	35820418	$ 79,773.19	$ 2,184.53	$ (77,588.66)
NR	**Tatitlek**	35810504	$ 77,383.02	$ -	$ (77,383.02)
NR	**Tazlina**	35850425	$ -	$ -	$ -
NR	**Teller**	35840427	$ 113,216.88	$ -	$ (113,216.88)
SE	**Tenakee Springs SPF**	35292023	$ -	$ -	$ -
NR	**Tetlin**	35820302	$ 9,401.66	$ -	$ (9,401.66)
SE	**Thorne Bay SPF**	35292024	$ 5,795.99	$ -	$ (5,795.99)
CR	**Togiak**	35810440	$ 30,159.31	$ 5,276.69	$ (24,882.62)
NR	**Tok Junction**	35820435	$ 10,430.68	$ 13,412.98	$ 2,982.30
CR	**Toksook Bay**	35810445	$ 22,012.42	$ 1,530.00	$ (20,482.42)
CR	**Tuluksak**	35810441	$ 51,916.00	$ -	$ (51,916.00)
CR	**Tuntutuliak**	35810555	$ 31,957.10	$ -	$ (31,957.10)
CR	**Tununak**	35810420	$ 47,032.33	$ -	$ (47,032.33)
CR	**Twin Hills**	35810410	$ 20,335.94	$ -	$ (20,335.94)
CR	**Ugashik**	35810446	$ 5,787.05	$ -	$ (5,787.05)
NR	**Umiat**	35820480	$ 2,085.30	$ 24,086.10	$ 22,000.80
CR	**Umnak**	35810560	$ -	$ -	$ -
NR	**Unalakleet**	35840500	$ 416,553.47	$ 14,235.18	$ (402,318.29)
CR	**Unalaska**	35810106	$ 823,897.32	$ 56,099.88	$ (767,797.44)

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Statewide Rural Airports FY2015

Region	Airport Name	Ledger Code	M&O Expenses	Leasing Revenue	Revenue Less Expenses
NR	**Valdez**	35850452	$ 886,510.19	$ 99,334.15	$ (787,176.04)
NR	**Wales**	35840456	$ 86,957.61	$ 705.00	$ (86,252.61)
SE	**Whale Pass SPF**	35292150	$ 3,529.25	$ -	$ (3,529.25)
NR	**White Mountain**	35804459	$ 130,406.77	$ -	$ (130,406.77)
CR	**Whittier**	35810470	$ 12,583.57	$ 475.00	$ (12,108.57)
CR	**Willow**	35810461	$ 89,703.82	$ 98,974.29	$ 9,270.47
NR	**Wiseman**	35820465	$ 909.26	$ -	$ (909.26)
SE	**Wrangell**	35830471	$ 475,195.55	$ 131,356.10	$ (343,839.45)
SE	**Yakutat**	35830474	$ 572,954.89	$ 103,446.34	$ (469,508.55)
	Total		**$ 34,756,205.63**	**$ 5,750,943.20**	**$ (29,005,262.43)**

		Expenditure	Revenue	Difference
Subtotal:	**Central Region (CR)**	$ 14,642,435.78	$ 1,876,483.26	$ (12,765,952.52)
	Northern Region (NR)	$ 16,259,609.28	$ 3,285,557.14	$ (12,974,052.14)
	Southeast Region (SE)	$ 3,854,160.57	$ 588,902.80	$ (3,265,257.77)
	Grand Total	**$34,756,205.63**	**$5,750,943.20**	**$ (29,005,262.43)**

* Adak Airport is fully funded from a capital project.
* Ketchikan Airport is leased in its entirety to the Ketchikan Gateway Borough who retain all revenues generated and pay most of the Maintenance & Operations costs.

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Maintenance and Operations Airport Expenses and
Leasing Revenues for FY 2015

Central Region Rural Airports FY2015

Airport Name	Ledger Code	M&O Expenses	Leasing Revenue	Revenue Less Expenses
Adak *	34301476	$ -	$ 3,417.50	$ 3,417.50
Akhiok	35810010	$ 19,937.06	$ -	$ (19,937.06)
Akiachak	35810022	$ 36,031.71	$ -	$ (36,031.71)
Akiak	35810002	$ 26,808.76	$ -	$ (26,808.76)
Akutan	34302662	$ 788,816.81	$ -	$ (788,816.81)
Aleknagik	35810007	$ 18,357.70	$ -	$ (18,357.70)
Aniak	35810012	$ 474,188.11	$ 81,570.57	$ (392,617.54)
Atka	35810015	$ 37,944.37	$ -	$ (37,944.37)
Atmautluak	35810520	$ 17,441.01	$ -	$ (17,441.01)
Bethel	35810031	$ 3,253,108.02	$ 356,901.06	$ (2,896,206.96)
Big Lake	35810037	$ 30,194.20	$ 41,698.79	$ 11,504.59
Birchwood	35810038	$ 66,793.98	$ 208,165.98	$ 141,372.00
Chefornak	35810576	$ 35,151.96	$ -	$ (35,151.96)
Chenega Bay	34300779	$ 102,723.25	$ -	$ (102,723.25)
Chevak	35810093	$ 28,635.97	$ -	$ (28,635.97)
Chignik	35810096	$ 96,987.16	$ 2,104.19	$ (94,882.97)
Chignik Lagoon	35810521	$ 32,526.34	$ 550.00	$ (31,976.34)
Chignik Lake	35810097	$ 13,859.93	$ 1,100.00	$ (12,759.93)
Chuathbaluk	35810406	$ 27,042.98	$ -	$ (27,042.98)
Clarks Point	35810094	$ 14,273.35	$ -	$ (14,273.35)
Cold Bay	35810075	$ 997,307.87	$ 103,536.42	$ (893,771.45)
Crooked Creek	35810087	$ 9,537.79	$ -	$ (9,537.79)
Dillingham	35810104	$ 1,410,317.79	$ 107,753.80	$ (1,302,563.99)
Eek Float	35810125	$ 28,287.42	$ -	$ (28,287.42)
Ekwok	35810115	$ 17,653.11	$ 550.00	$ (17,103.11)
False Pass	35840544	$ 13,453.35	$ 825.00	$ (12,628.35)
Flat	35810130	$ 536.07	$ -	$ (536.07)
Girdwood	35810143	$ 22,856.83	$ 23,376.44	$ 519.61
Goodnews Bay	35810148	$ 25,805.17	$ -	$ (25,805.17)
Goose Bay	35810149	$ 7,375.00	$ -	$ (7,375.00)
Homer	35810166	$ 720,205.92	$ 171,987.08	$ (548,218.84)
Hooper Bay	35810170	$ 35,647.41	$ 820.00	$ (34,827.41)
Hope	35810171	$ 7,671.50	$ 5,026.43	$ (2,645.07)
Igiugig	35810182	$ 39,230.10	$ 3,420.00	$ (35,810.10)

Central Region Rural Airports FY2015

Airport Name	Ledger Code	M&O Expenses	Leasing Revenue	Revenue Less Expenses
Iliamna	35810183	$ 622,918.81	$ 72,951.60	$ (549,967.21)
Kalskag	35810228	$ 29,005.67	$ 6,089.42	$ (22,916.25)
Karluk	35810523	$ 20,112.28	$ -	$ (20,112.28)
Kasigluk	35810530	$ 38,973.81	$ -	$ (38,973.81)
Kasilof	35810201	$ 654.91	$ -	$ (654.91)
King Cove	35810210	$ 28,617.43	$ 2,896.51	$ (25,720.92)
King Salmon	35810211	$ 1,056,147.28	$ 151,081.66	$ (905,065.62)
Kipnuk	35810234	$ 35,220.51	$ 1,100.00	$ (34,120.51)
Kodiak	35810217	$ 1,141,998.74	$ 173,956.87	$ (968,041.87)
Kokhanok	35810231	$ 32,614.56	$ 1,650.00	$ (30,964.56)
Koliganek	35810545	$ 30,853.81	$ 1,583.07	$ (29,270.74)
Koniganak	35810223	$ 26,778.67	$ -	$ (26,778.67)
Kwethluk	35810236	$ 23,497.91	$ -	$ (23,497.91)
Kwigillingok	35810237	$ 24,183.65	$ -	$ (24,183.65)
Larsen Bay	35810490	$ 16,879.27	$ -	$ (16,879.27)
Lawing	35810241	$ 3,141.44	$ -	$ (3,141.44)
Levelock	35810250	$ 34,510.21	$ -	$ (34,510.21)
Lime Village	35810491	$ 44,632.53	$ 630.00	$ (44,002.53)
Manokotak	35810548	$ 34,986.36	$ 2,930.53	$ (32,055.83)
McGrath	35810257	$ 270,514.59	$ 63,462.71	$ (207,051.88)
Mekoryuk	35810265	$ 48,503.69	$ -	$ (48,503.69)
Naknek	35810287	$ 16,591.57	$ -	$ (16,591.57)
Nanwalek English Ba	35810120	$ 14,267.14	$ -	$ (14,267.14)
Napakiak	35810527	$ 32,892.88	$ -	$ (32,892.88)
Napaskiak	35810528	$ 18,448.37	$ -	$ (18,448.37)
Nelson Lagoon	35810531	$ 19,079.03	$ -	$ (19,079.03)
New Stuyahok	35810524	$ 34,207.14	$ 550.00	$ (33,657.14)
Newtok	35810529	$ 28,253.57	$ -	$ (28,253.57)
Nightmute	35810550	$ 22,863.72	$ -	$ (22,863.72)
Nikolai	35810590	$ 32,091.99	$ -	$ (32,091.99)
Ninilchik	35810295	$ 1,789.22	$ 1,697.74	$ (91.48)
Nondalton	35810306	$ 37,078.04	$ -	$ (37,078.04)
Nunapitchuk	35810532	$ 15,587.13	$ -	$ (15,587.13)
Old Harbor	35810525	$ 10,987.05	$ 825.00	$ (10,162.05)
Ouzinkie	35810526	$ 26,005.07	$ -	$ (26,005.07)
Pedro Bay	35810343	$ 50,597.50	$ -	$ (50,597.50)
Perryville	35810316	$ 15,395.44	$ -	$ (15,395.44)
Pilot Point	35810322	$ 34,327.35	$ -	$ (34,327.35)
Platinum	35810323	$ 40,125.86	$ -	$ (40,125.86)
Port Graham	35810331	$ 16,116.41	$ -	$ (16,116.41)

Central Region Rural Airports FY2015

Airport Name	Ledger Code	M&O Expenses	Leasing Revenue	Revenue Less Expenses
Port Heiden	35810332	$ 44,116.12	$ 8,863.23	$ (35,252.89)
Port Lions	35810341	$ 20,118.85	$ -	$ (20,118.85)
Portage Creek	35810342	$ 23,322.87	$ -	$ (23,322.87)
Quartz Creek	35810346	$ 161.75	$ -	$ (161.75)
Quinhagak	35810348	$ -	$ -	$ -
Red Devil	35810101	$ 29,440.47	$ 550.00	$ (28,890.47)
Sand Point	35810363	$ 119,036.35	$ 13,932.92	$ (105,103.43)
Scammon Bay	35810398	$ 36,021.52	$ -	$ (36,021.52)
Seldovia	35810367	$ 37,378.56	$ 9,920.58	$ (27,457.98)
Seward	35810396	$ 27,614.98	$ 10,379.06	$ (17,235.92)
Sheep Mountain	35810370	$ 596.86	$ 320.00	$ (276.86)
Skwentna	35810378	$ 77,959.21	$ 2,183.02	$ (75,776.19)
Sleetmute	35810379	$ 29,082.90	$ -	$ (29,082.90)
South Naknek	35810512	$ 21,333.87	$ -	$ (21,333.87)
St. George	35810540	$ 207,840.82	$ 1,070.00	$ (206,770.82)
St. Paul	35810359	$ 172,467.21	$ 3,216.88	$ (169,250.33)
Stony River	35810390	$ 39,811.01	$ 55.00	$ (39,756.01)
Takotna	35810412	$ 44,216.64	$ -	$ (44,216.64)
Talkeetna	35810413	$ 88,372.32	$ 69,428.34	$ (18,943.98)
Togiak	35810440	$ 30,159.31	$ 5,276.69	$ (24,882.62)
Toksook Bay	35810445	$ 22,012.42	$ 1,530.00	$ (20,482.42)
Tuluksak	35810441	$ 51,916.00	$ -	$ (51,916.00)
Tuntutuliak	35810555	$ 31,957.10	$ -	$ (31,957.10)
Tununak	35810420	$ 47,032.33	$ -	$ (47,032.33)
Twin Hills	35810410	$ 20,335.94	$ -	$ (20,335.94)
Ugashik	35810446	$ 5,787.05	$ -	$ (5,787.05)
Umnak	35810560	$ -	$ -	$ -
Unalaska	35810106	$ 823,897.32	$ 56,099.88	$ (767,797.44)
Whittier	35810470	$ 12,583.57	$ 475.00	$ (12,108.57)
Willow	35810461	$ 89,703.82	$ 98,974.29	$ 9,270.47
Total		**$ 14,642,435.78**	**$ 1,876,483.26**	**$ (12,765,952.52)**

Maintenance and Operations Airport Expenses and
Leasing Revenues for FY 2015

Northern Region Rural Airports FY2015

Airport Name	Ledger Code	M&O Expenses	Leasing Revenue	Revenue Less Expenses
Alakanuk	35810004	$ 116,083.93	$ -	$ (116,083.93)
Allakaket	35820005	$ 91,025.61	$ 2,521.41	$ (88,504.20)
Ambler	35840552	$ 110,084.37	$ 2,172.95	$ (107,911.42)
Anvik	35810014	$ 98,822.84	$ 1,410.00	$ (97,412.84)
Barrow	36820324	$ 1,953,816.65	$ 157,158.11	$ (1,796,658.54)
Beaver	35820028	$ 85,064.15	$ 1,650.75	$ (83,413.40)
Bettles	35820034	$ 109,204.94	$ 52,645.66	$ (56,559.28)
Bettles VOR	35092280	$ -	$ 4,898.65	$ 4,898.65
Birch Creek	35820033	$ 65,669.00	$ -	$ (65,669.00)
Boundary	35820041	$ -	$ -	$ -
Brevig Mission	35840444	$ 80,058.36	$ -	$ (80,058.36)
Buckland	35840551	$ 92,861.92	$ 100.00	$ (92,761.92)
Central	35820060	$ 4,869.54	$ 420.00	$ (4,449.54)
Chalkyitsik	35820481	$ 79,795.65	$ -	$ (79,795.65)
Chandalar Lake	35820061	$ -	$ 550.00	$ 550.00
Chandalar Shelf	35820492	$ -	$ 1,461.23	$ 1,461.23
Chicken	35820066	$ 15,963.08	$ -	$ (15,963.08)
Chisana	35850071	$ -	$ -	$ -
Chistochina	35850068	$ 1,269.49	$ -	$ (1,269.49)
Chitina	35850069	$ 9,876.60	$ 2,459.94	$ (7,416.66)
Circle	35820070	$ 59,385.20	$ -	$ (59,385.20)
Circle Hot Springs	35820071	$ 7,413.40	$ -	$ (7,413.40)
Clear	35820072	$ 65,909.40	$ 1,890.40	$ (64,019.00)
Coldfoot	35820491	$ 39,840.74	$ 14,140.91	$ (25,699.83)
Copper Center	35850078	$ 1,290.03	$ -	$ (1,290.03)
Cordova	35810079	$ 654,199.83	$ 56,405.88	$ (597,793.95)
Cordova-Eyak	35810080	$ 248.62	$ 7,505.07	$ 7,256.45
Council	35840082	$ 201.61	$ -	$ (201.61)
Dahl Creek	35840100	$ -	$ 11,639.16	$ 11,639.16
Deadhorse	35820107	$ 2,250,327.75	$ 2,356,557.27	$ 106,229.52
Deering	35840102	$ 99,279.61	$ -	$ (99,279.61)
Diomede	35840593	$ 60,426.54	$ -	$ (60,426.54)
Eagle	35820112	$ 53,757.29	$ 5,402.20	$ (48,355.09)
Elim	35840117	$ 126,512.54	$ -	$ (126,512.54)
Emmonak	35810553	$ 164,599.98	$ 6,336.75	$ (158,263.23)
Ft. Yukon	35820132	$ 59,989.29	$ 27,221.27	$ (32,768.02)
Galbraith	35820508	$ -	$ 4,196.23	$ 4,196.23
Galena	35820140	$ 476,129.82	$ 60,479.24	$ (415,650.58)
Gambell	35840141	$ 179,162.63	$ -	$ (179,162.63)

Northern Region Rural Airports FY2015

Airport Name	Ledger Code	M&O Expenses	Leasing Revenue	Revenue Less Expenses
Goldking	35820520	$ -	$ -	$ -
Golovin	35840147	$ 75,788.36	$ -	$ (75,788.36)
Grayling	35810138	$ 83,236.73	$ -	$ (83,236.73)
Gulkana	35850152	$ 83,927.77	$ 20,469.69	$ (63,458.08)
Healy River	35820270	$ 6,235.69	$ 20,836.67	$ 14,600.98
Holy Cross	35810165	$ 70,673.16	$ -	$ (70,673.16)
Hughes	35820172	$ 80,730.50	$ -	$ (80,730.50)
Huslia	35820173	$ 95,832.77	$ -	$ (95,832.77)
Kaltag	35820199	$ 97,674.57	$ 1,544.09	$ (96,130.48)
Kantishna	35820510	$ 3,741.43	$ -	$ (3,741.43)
Kiana	35840207	$ 78,936.77	$ 2,456.61	$ (76,480.16)
Kivalina	35840213	$ 80,991.66	$ 1,712.50	$ (79,279.16)
Kobuk	35840377	$ 75,822.92	$ -	$ (75,822.92)
Kotlik	35810554	$ 65,894.13	$ -	$ (65,894.13)
Kotzebue	35840219	$ 1,604,506.64	$ 97,158.15	$ (1,507,348.49)
Koyuk	35840221	$ 75,418.77	$ 100.00	$ (75,318.77)
Koyukuk	35820222	$ 104,568.56	$ -	$ (104,568.56)
Lake Louise	35850239	$ 1,927.49	$ -	$ (1,927.49)
Livengood	35820241	$ 1,231.25	$ 756.07	$ (475.18)
Manley Hot Springs	35820260	$ 17,345.78	$ -	$ (17,345.78)
Marshall	35810261	$ 54,756.23	$ -	$ (54,756.23)
May Creek	35850070	$ 2,901.43	$ -	$ (2,901.43)
McCarthy	35850256	$ 9,597.53	$ 7,882.58	$ (1,714.95)
Minchumina	35810271	$ 101,123.32	$ 1,488.53	$ (99,634.79)
Minto	35820284	$ 7,612.39	$ -	$ (7,612.39)
Mountain Village	35810276	$ 50,729.14	$ 1,348.75	$ (49,380.39)
Noatak	35840296	$ 98,628.42	$ 7,988.27	$ (90,640.15)
Nome	35840297	$ 2,040,274.06	$ 138,929.42	$ (1,901,344.64)
Nome Basin Creek	35840361	$ 17,296.55	$ -	$ (17,296.55)
Nome City Field	35840299	$ -	$ 10,886.68	$ 10,886.68
Noorvik	35840298	$ 55,094.17	$ -	$ (55,094.17)
Northway	35820301	$ 47,822.35	$ 2,907.50	$ (44,914.85)
Nulato	35820303	$ 114,848.87	$ -	$ (114,848.87)
Pilot Station	35810543	$ 68,427.25	$ -	$ (68,427.25)
Point Hope	35840325	$ 139,007.45	$ 1,142.50	$ (137,864.95)
Prospect	35820509	$ -	$ -	$ -
Quartz Cr. (Kougarok)	35840362	$ -	$ 548.49	$ 548.49
Rampart	35820351	$ 128,548.59	$ -	$ (128,548.59)
Ruby	35820353	$ 127,153.82	$ 100.00	$ (127,053.82)
Russian Mission	35810357	$ 75,731.91	$ -	$ (75,731.91)
Salmon Lake	35840360	$ -	$ -	$ -
Savoonga	35840365	$ 127,792.49	$ -	$ (127,792.49)
Selawik	35840366	$ 101,921.40	$ -	$ (101,921.40)
Shageluk	35810405	$ 121,186.01	$ 1,213.83	$ (119,972.18)
Shaktoolik	35840369	$ 59,264.59	$ -	$ (59,264.59)

Northern Region Rural Airports FY2015

Airport Name	Ledger Code	M&O Expenses	Leasing Revenue	Revenue Less Expenses
Sheldon Point (Nunam Iqua)	35810403	$ 62,091.47	$ -	$ (62,091.47)
Shishmaref	35840373	$ 176,368.35	$ 2,731.68	$ (173,636.67)
Shungnak	35840376	$ 73,370.43	$ 2,498.23	$ (70,872.20)
St. Mary's	35810254	$ 437,171.57	$ 25,770.41	$ (411,401.16)
St. Michael	35840358	$ 70,745.06	$ 100.00	$ (70,645.06)
Stebbins	35840402	$ 74,073.16	$ 1,585.47	$ (72,487.69)
Stevens Village	35820389	$ 83,199.81	$ -	$ (83,199.81)
Summit	35820280	$ 1,618.03	$ 220.00	$ (1,398.03)
Tanana	35820418	$ 79,773.19	$ 2,184.53	$ (77,588.66)
Tatitlek	35810504	$ 77,383.02	$ -	$ (77,383.02)
Tazlina	35850425	$ -	$ -	$ -
Teller	35840427	$ 113,216.88	$ -	$ (113,216.88)
Tetlin	35820302	$ 9,401.66	$ -	$ (9,401.66)
Tok Junction	35820435	$ 10,430.68	$ 13,412.98	$ 2,982.30
Umiat	35820480	$ 2,085.30	$ 24,086.10	$ 22,000.80
Unalakleet	35840500	$ 416,553.47	$ 14,235.18	$ (402,318.29)
Valdez	35850452	$ 886,510.19	$ 99,334.15	$ (787,176.04)
Wales	35840456	$ 86,957.61	$ 705.00	$ (86,252.61)
White Mountain	35804459	$ 130,406.77	$ -	$ (130,406.77)
Wiseman	35820465	$ 909.26	$ -	$ (909.26)
Total		**$ 16,259,609.28**	**$ 3,285,557.14**	**$ (12,974,052.14)**

Maintenance and Operations Airport Expenses and
Leasing Revenues for FY 2015

Southeast Region Rural Airports FY2015

Airport Name	Ledger Code	M&O Expenses	Leasing Revenue	Revenue Less Expenses
Angoon	35830051	$ -	$ -	$ -
Angoon SPF	35296500	$ 3,120.00	$ 550.00	$ (2,570.00)
Coffman Cove SPF	35296084	$ 1,421.64	$ -	$ (1,421.64)
Gustavus	35830153	$ 174,864.97	$ 44,822.74	$ (130,042.23)
Haines	35830157	$ 171,728.19	$ 15,155.00	$ (156,573.19)
Hollis SPF	35296083	$ 2,205.06	$ -	$ (2,205.06)
Hoonah	35830169	$ 85,474.14	$ 12,194.54	$ (73,279.60)
Hydaburg Float	35830174	$ 1,921.23	$ -	$ (1,921.23)
Hydaburg SPF	35292105	$ 3,198.62	$ -	$ (3,198.62)
Kake	35093077	$ 77,700.33	$ 550.00	$ (77,150.33)
Kake SPF	35292036	$ -	$ -	$ -
Kassan SPF	35296088	$ 2,862.95	$ -	$ (2,862.95)
Ketchikan *	35830205	$ 551,484.66	$ -	$ (551,484.66)
Klawock	35830215	$ 95,762.27	$ 24,229.39	$ (71,532.88)
Peninsula Pt SPF	35292040	$ -	$ 55,824.01	$ 55,824.01
Petersburg	35830345	$ 455,262.94	$ 47,858.92	$ (407,404.02)
Petersburg SPF	35830318	$ 12,892.23	$ 6,625.04	$ (6,267.19)
Pt Baker SPF	35296087	$ -	$ 2,806.61	$ 2,806.61
Sitka	35830155	$ 1,100,288.64	$ 120,155.61	$ (980,133.03)
Skagway	35830377	$ 56,497.02	$ 23,328.50	$ (33,168.52)
Tenakee Springs SPF	35292023	$ -	$ -	$ -
Thorne Bay SPF	35292024	$ 5,795.99	$ -	$ (5,795.99)
Whale Pass SPF	35292150	$ 3,529.25	$ -	$ (3,529.25)
Wrangell	35830471	$ 475,195.55	$ 131,356.10	$ (343,839.45)
Yakutat	35830474	$ 572,954.89	$ 103,446.34	$ (469,508.55)
Total		**$ 3,854,160.57**	**$ 588,902.80**	**$ (3,265,257.77)**

* Ketchikan Airport is leased in its entirety to the Ketchikan Gateway Borough who retain all revenues generated and pay most of the Maintenance & Operations costs.

Title: **Current-Year Revenue Subject to Appropriation, for FY 2017-2018, at $70-100 ANS**

Preparer: Dan Stickel, Assistant Chief Economist, 465-3279

Date: 2/11/2016

Purpose: To show estimates of all current year revenue subject to appropriation at oil prices ranging from $70 to $100 ANS, to aid in analysis of oil price "trigger" in motor fuel tax legislation.

Data Source: Fall 2015 forecast and modeling.

Key Assumptions: Fall 2015 production, lease expenditures, and non-petroleum revenue are held constant in this analysis. The only variable changed is ANS price. Additional or decreased production would likely increase / decrease revenue from amounts shown here. No iterative impact of higher oil prices on investment revenues have been modeled for this analysis.

History: A version of this analysis at the forecast price for FY 2015-2017 was included as table 2-5 in the Fall 2015 Revenue Sources Book. This analysis adds an additional year and also adds price scenarios ranging from $70-100 ANS.

Disclaimer: The Department of Revenue is in the process of reviewing and updating the data on which this analysis is based. As a result, future analysis could have different results.

This analysis presents revenue estimates at a range of ANS prices, holding all other variables constant. Analysis assumes that the given price is in place for the current year (FY 2016) and for all years shown. Only production tax, royalties, and corporate income tax are adjusted for purposes of this analysis. Users should be cautioned that changes in any number of variables may cause revenue to vary significantly from amounts shown. These variables include but are not limited to production, lease expenditures, and netback costs. In addition, revenues may vary from amount shown due to changes in company decision making, company specific tax calculation issues, month to month variation in price or production, and changes in non-oil revenue.

Current-Year Revenue Subject to Appropriation, FY 2015 actual and FY 2016-2018 forecast, at forecast price [1]

Prepared 2/11/16 by Dan Stickel

	($ millions)			
	History	Forecast		
	FY 2015	FY 2016	FY 2017	FY 2018
Petroleum Revenue				
Unrestricted General Fund	1,687.9	1,061.5	1,237.3	1,443.0
Royalties to Alaska Permanent Fund beyond 25% dedication [2]	111.3	48.4	53.9	60.1
Tax and Royalty Settlements to CBRF	149.0	20.0	20.0	20.0
Subtotal Petroleum Revenues	**1,948.2**	**1,130.0**	**1,311.2**	**1,523.1**
Non-Petroleum Revenue				
Unrestricted General Fund	521.5	510.1	521.0	525.2
Designated General Fund	313.3	348.2	338.7	338.3
Royalties to Alaska Permanent Fund beyond 25% dedication [2]	0.2	1.1	1.1	0.9
Tax and Royalty Settlements to CBRF	0.1	0.1	0.1	0.1
Subtotal Non-Petroleum Revenues	**835.1**	**859.5**	**860.9**	**864.5**
Investment Revenue				
Unrestricted General Fund	47.9	21.3	38.1	52.8
Designated General Fund	17.7	6.8	37.8	37.8
Constitutional Budget Reserve Fund	197.7	65.5	95.8	53.6
Alaska Permanent Fund - Realized Earnings [3]	2,931.4	3,354.4	3,403.5	3,403.5
Subtotal Investment Revenues	**3,194.7**	**3,448.0**	**3,575.2**	**3,547.7**
Total Revenue Subject to Appropriation	**5,977.9**	**5,437.5**	**5,747.3**	**5,935.3**

(1) This figure presents only the largest known categories of current year funds subject to appropriation. A comprehensive review of all accounts in the state accounting system would likely reveal additional revenues subject to appropriation beyond those identified here.

(2) Estimated based on deposit to Permanent Fund minus 25% of total royalties.

(3) Investment revenue from the Permanent Fund available for appropriation is based on realized gains, a portion of which has been used to inflation-proof the fund historically. In order to inflation-proof the fund in FY 2016, the appropriation is projected at $892 million.

Current-Year Revenue Subject to Appropriation, FY 2017-2018 forecast, at $70-100 ANS prices [1]

Prepared 2/11/16 by Dan Stickel

	$70 ANS price ($ millions) Forecast		$75 ANS price ($ millions) Forecast		$80 ANS price ($ millions) Forecast	
	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018
Petroleum Revenue						
Unrestricted General Fund	1,679.0	1,627.0	1,813.0	1,778.0	2,038.0	1,967.0
Royalties to Alaska Permanent Fund beyond 25% dedication [2]	70.0	68.0	76.0	74.0	82.0	80.0
Tax and Royalty Settlements to CBRF	20.0	20.0	20.0	20.0	20.0	20.0
Subtotal Petroleum Revenues	**1,769.0**	**1,715.0**	**1,909.0**	**1,872.0**	**2,140.0**	**2,067.0**
Non-Petroleum Revenue						
Unrestricted General Fund	521.0	525.2	521.0	525.2	521.0	525.2
Designated General Fund	338.7	338.3	338.7	338.3	338.7	338.3
Royalties to Alaska Permanent Fund beyond 25% dedication [2]	1.1	0.9	1.1	0.9	1.1	0.9
Tax and Royalty Settlements to CBRF	0.1	0.1	0.1	0.1	0.1	0.1
Subtotal Non-Petroleum Revenues	**860.9**	**864.5**	**860.9**	**864.5**	**860.9**	**864.5**
Investment Revenue						
Unrestricted General Fund	38.1	52.8	38.1	52.8	38.1	52.8
Designated General Fund	37.8	37.8	37.8	37.8	37.8	37.8
Constitutional Budget Reserve Fund	95.8	53.6	95.8	53.6	95.8	53.6
Alaska Permanent Fund - Realized Earnings [3]	3,403.5	3,403.5	3,403.5	3,403.5	3,403.5	3,403.5
Subtotal Investment Revenues	**3,575.2**	**3,547.7**	**3,575.2**	**3,547.7**	**3,575.2**	**3,547.7**
Total Revenue Subject to Appropriation	**6,205.1**	**6,127.2**	**6,345.1**	**6,284.2**	**6,576.1**	**6,479.2**

(1) This figure presents only the largest known categories of current year funds subject to appropriation. A comprehensive review of all accounts in the state accounting system would likely reveal additional revenues subject to appropriation beyond those identified here.

(2) Estimated based on deposit to Permanent Fund minus 25% of total royalties.

(3) Investment revenue from the Permanent Fund available for appropriation is based on realized gains, a portion of which has been used to inflation-proof the fund historically. In order to inflation-proof the fund in FY 2016, the appropriation is projected at $892 million.

Current-Year Revenue Subject to Appropriation, FY 2017-2018 forecast, at $70-100 ANS prices [1]

Prepared 2/11/16 by Dan Stickel

	$85 ANS price ($ millions) Forecast		$90 ANS price ($ millions) Forecast		$95 ANS price ($ millions) Forecast		$100 ANS price ($ millions) Forecast	
	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018
Petroleum Revenue								
Unrestricted General Fund	2,384.0	2,213.0	2,739.0	2,551.0	3,235.0	3,035.0	3,590.0	3,381.0
Royalties to Alaska Permanent Fund beyond 25% dedication [2]	87.0	86.0	93.0	91.0	99.0	97.0	105.0	103.0
Tax and Royalty Settlements to CBRF	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
Subtotal Petroleum Revenues	**2,491.0**	**2,319.0**	**2,852.0**	**2,662.0**	**3,354.0**	**3,152.0**	**3,715.0**	**3,504.0**
Non-Petroleum Revenue								
Unrestricted General Fund	521.0	525.2	521.0	525.2	521.0	525.2	521.0	525.2
Designated General Fund	338.7	338.3	338.7	338.3	338.7	338.3	338.7	338.3
Royalties to Alaska Permanent Fund beyond 25% dedication [2]	1.1	0.9	1.1	0.9	1.1	0.9	1.1	0.9
Tax and Royalty Settlements to CBRF	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Subtotal Non-Petroleum Revenues	**860.9**	**864.5**	**860.9**	**864.5**	**860.9**	**864.5**	**860.9**	**864.5**
Investment Revenue								
Unrestricted General Fund	38.1	52.8	38.1	52.8	38.1	52.8	38.1	52.8
Designated General Fund	37.8	37.8	37.8	37.8	37.8	37.8	37.8	37.8
Constitutional Budget Reserve Fund	95.8	53.6	95.8	53.6	95.8	53.6	95.8	53.6
Alaska Permanent Fund - Realized Earnings [3]	3,403.5	3,403.5	3,403.5	3,403.5	3,403.5	3,403.5	3,403.5	3,403.5
Subtotal Investment Revenues	**3,575.2**	**3,547.7**	**3,575.2**	**3,547.7**	**3,575.2**	**3,547.7**	**3,575.2**	**3,547.7**
Total Revenue Subject to Appropriation	**6,927.1**	**6,731.2**	**7,288.1**	**7,074.2**	**7,790.1**	**7,564.2**	**8,151.1**	**7,916.2**

(1) This figure presents only the largest known categories of current year funds subject to appropriation. A comprehensive review of all accounts in the state accounting system would likely reveal additional revenues subject to appropriation beyond those identified here.

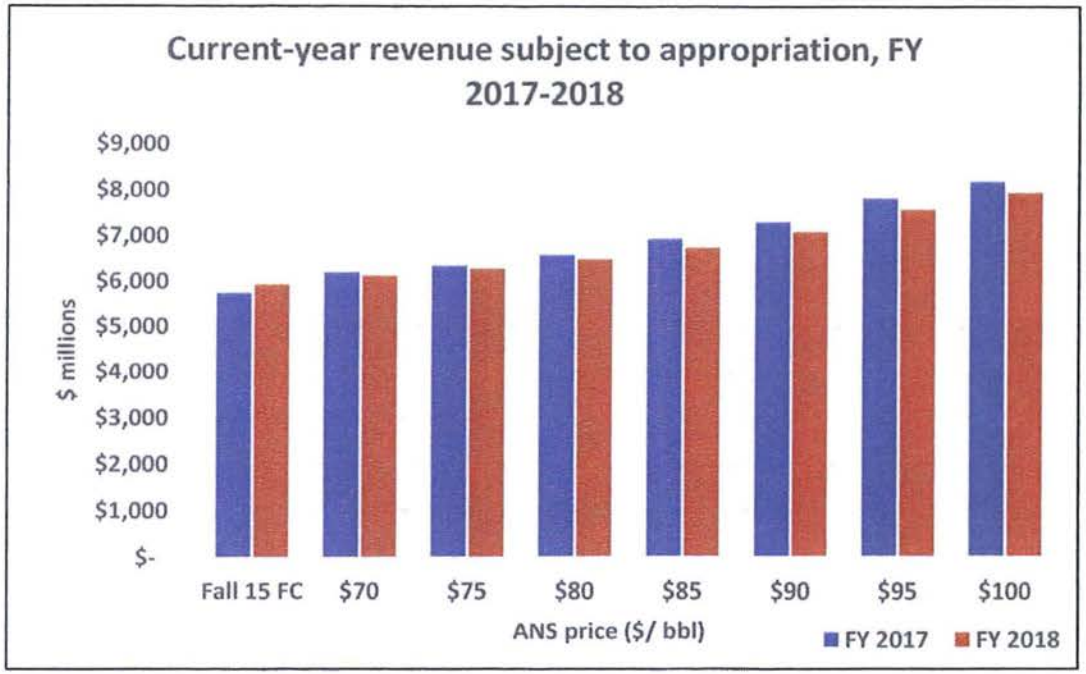
(2) Estimated based on deposit to Permanent Fund minus 25% of total royalties.

(3) Investment revenue from the Permanent Fund available for appropriation is based on realized gains, a portion of which has been used to inflation-proof the fund historically. In order to inflation-proof the fund in FY 2016, the appropriation is projected at $892 million.

Current-Year Revenue Subject to Appropriation, for FY 2017-2018, at $70-100 ANS

Prepared 2/11/16 by Dan Stickel

ANS Price $/bbl	FY 2017 $ millions	FY 2018 $ millions
Fall 15 FC	$ 5,747	$ 5,935
$ 70	$ 6,205	$ 6,127
$ 75	$ 6,345	$ 6,284
$ 80	$ 6,576	$ 6,479
$ 85	$ 6,927	$ 6,731
$ 90	$ 7,288	$ 7,074
$ 95	$ 7,790	$ 7,564
$ 100	$ 8,151	$ 7,916



Lynne Smith

From:	Alexander, Stephanie O (DOR) <stephanie.alexander@alaska.gov>
Sent:	Friday, March 11, 2016 4:30 PM
To:	Sen. Peter Micciche
Cc:	Sen. Click Bishop; Sen. Mike Dunleavy; Sen. Bert Stedman; Sen. Dennis Egan; Lynne Smith; Burnett, Jerry D (DOR)
Subject:	DOR Response to the Senate Transportation Committee - Hearing 2.4.16
Attachments:	AEA_Fuel_Oct3108.pdf

Honorable Senator Micciche, Senate Transportation Chair,

Below is the response to a question asked of the Department of Revenue during the February 4, 2016 Senate Transportation Committee.

QUESTION: *"Can we get a breakdown of fuel consumption by community or region of the state?"*

RESPONSE: The Tax Division does not collect data on the location of fuel consumption, since the motor fuel tax is paid by distributors and not consumers. However, some helpful information may be found in an October 2008 report by the Institute of Social and Economic Research (ISER) that attempted to study fuel consumption in different communities of rural Alaska. In the report, which is attached, ISER found that "no comprehensive Alaska fuel use data exist at the community level." However even with the lack of solid data, ISER still published estimates of fuel consumption for several communities. We note that ISER identified several issues and made many assumptions in order to arrive at the estimates they prepared.

I hope this information is helpful. Please do not hesitate to contact us if we can be of further assistance.

REVENUE LEGISLATIVE CONTACT:
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Sincerely,

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ALASKA COMMUNITY FUEL USE

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Prepared for the Alaska Energy Authority

October 2008

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Introduction

The goal of this project was to estimate the amount of fuel used for space heating and electricity production by communities in Alaska. No comprehensive Alaska fuel use data exist at the community level. Community fuel consumption by type of fuel and end use is needed to estimate the potential economic benefits from demand- and supply-side investments in fuel use reduction projects. These investments include weatherization and housing stock improvements; improved lighting, appliance and space heating efficiencies; waste heat capture; electric interties, and alternative energy supply options such as wind and hydroelectric generation. Ultimately the Alaska Energy Authority (AEA) and others can use this information to rank and select a suite of projects that provide the largest gains in fuel reductions at the lowest long-term costs and the highest returns on investment over the life of the projects. Study communities consisted of Power Cost Equalization (PCE) eligible communities. Communities in the North Slope Borough were excluded because fuel subsidies offered by the borough result in different patterns of energy use by households.

Methods

In the absence of reliable community fuel use data, two approaches were used to develop community fuel use estimates. The first was to develop a statistical model to predict the amount of fuel used by communities based on community characteristics. Community data consisted primarily of electric use, bulk fuel storage capacity, climate and heating degree days, demographic, housing stock, and income and employment information. For a sample of 30 communities, fuel use data was collected from a telephone survey of local fuel suppliers. The community characteristics and fuel survey data were combined in a data set for statistical analysis including correlation and regression analyses. The objective was to use the resulting model to estimate the amount of fuel used for the unsampled PCE communities. The amount of fuel used for electricity generation was known from PCE annual reports. The modeling was intended to estimate space heating fuel use. The amount of fuel used by each community for electricity generation and space heating provide a basis for estimating the amount of fuel that could potentially be displaced by renewable energy projects for each community.

The second method used to estimate community fuel use was to collect available secondary energy data. With the exception of PCE data, secondary fuel use data is only available at the state level. The primary intent of the secondary data collection was to help evaluate the reliability of the developed model. This would be done by comparing the aggregate total for the model with secondary source data. Ultimately the secondary data collection was also intended to identify the reliability of current secondary energy data sources, identify data gaps, and suggest improvements in data collection and reporting to address the on-going and long-run need for reliable Alaska energy data.

Fuel Use Model

The tested model was based on fuel survey data for a sample of communities and a set of known community variables for all communities. The statistical population of the analysis was narrowed to PCE communities and the dependent variable was narrowed to the estimated amount of diesel sold in a recent annual time period that was not purchased by the electric utility or school. Data for electric generation fuel use was known from

PCE reports. Most of the schools associated with the sample communities purchase fuel separately; few had the information on quantity used readily available. Therefore, schools were not included in the modeling.

To collect the data on the amount of diesel sold in each community, an open-ended survey questionnaire was administered by phone to 30 communities selected representing regional and demographic characteristics (Table 1). The survey consisted of 11 questions (with several additional sub questions). The survey instrument is contained in Appendix A.

Table 1. Fuel Use Survey Communities

Allakaket	Hydaburg	Perryville
Alatna	Kobuk	Ruby
Angoon	Lime Village	Selawik
Aniak	Manokotak	St. Paul
Chenega Bay	McGrath	Tanacross
Chignik	Mekoryuk	Teller
Chitina	Mountain Village	Toksook Bay
Diomede	Naknek	Unalakleet
False Pass	Nondalton	Venetie
Fort Yukon	Ouzinkie	Yakutat
Gustavus		

All of the 30 communities were contacted by phone during the month of August 2008. Ultimately, the survey was completed in its entirety for 23 communities. If more than one entity purchased and sold fuel, all were contacted. We repeated phone calling until we had exhausted all possibilities of collecting information.

Seven communities did not complete the survey for a variety of reasons:

1. Yakutat – Proprietary fuel information not available from fuel distributor and retailer, Delta Western. Completed most of the survey except for question #2 and #4, which were the primary questions for fuel use modeling.
2. Naknek – Large fuel hub community; too difficult to identify transient fuel used in the community and fuel transferred to smaller outlying communities. Completed most of the survey except for question #2 and #4.
3. Chignik – worked with Trident Seafood's main office in Seattle. Unable to provide detailed fuel use information.
4. Angoon – local fuel retailer was not interested in participating in survey.
5. Hydaburg – Receive fuel from the community of Craig (Petro Marine). Unable to give us proprietary fuel information.
6. Lime Village – Completed most of survey but they were unsure of exact amounts of fuel consumption.
7. Chenega Bay – repeated attempts to contact the fuel retailer were unsuccessful.

Fuel use data for the sample communities was matched with community characteristics to build a predictive model. The community characteristics were collected from a variety of sources, including the 2000 U.S. Census and the AEA PCE data. ISER researchers tested different combinations of community characteristics as explanatory variables in order to determine the most accurate potential models.

Results

We discovered significant errors in the models' ability to predict individual community fuel use, largely because of the small sample of surveyed communities and the difficulty most survey respondents had in estimating total annual fuel use. For most communities surveyed there were a number of fuel buyers and users, each with varying quality of fuel purchase and use records. This was compounded by the individual available to be surveyed having varying access to fuel purchase and use records. Many individuals we contacted had difficulty obtaining the information required to complete the survey. In addition, the individual fuel retailers were not always motivated to complete the survey (we called them during or before the fall orders), and they had to complete some of the survey from memory (not knowing the exact amounts of fuel).

As a result, we do not believe the survey data collected are complete or accurate, which, in combination with a lack of data from fuel distributors, was a major cause of the poor modeling results. The biggest obstacle to collecting survey data was not having support from the major fuel distributors (Crowley, Delta Western, and Petro Marine). We received fuel delivery information from one distributor, but delivery information was needed from all other distributors in order to estimate total fuel delivery to a region. Delivery information was also needed from other distributors to allow aggregation of information in order to maintain the proprietary nature of the information.

However, given the need for fuel use estimates, we used the best model results to develop rough estimates for initial project technical screening analyses. To this end, the results of the three best models were averaged. Averaging the models' results addressed two issues. First, some communities were missing data for the most statistically significant community characteristics. Therefore, if we used one model, some communities had no results. Second, averaging the predictions from the three independent models reduced the variability of the estimates across the models. The average provided an estimate of the non-electricity generating diesel fuel use per study community.

The survey data collected included both heating and transportation fuel because survey respondents were not able to identify the final end uses of fuels. To estimate the share of fuel used for transportation, we used model number three (Appendix B). This model estimated fuel use based on the number of PCE households using heating oil and the number of jobs in a community. The model coefficient for households is 737 gallons of fuel use per year; the job coefficient is 548 gallons of fuel. Total fuel use for each community is the number of households and jobs within a community multiplied by their respective coefficients.

Applying model number three results, we assumed all the diesel fuel associated with "households" is space heating fuel, while half of the diesel associated with "employment" is space heating fuel and the other half is used for transportation. The reasoning behind these assumptions is that all jobs in a community increase household income. This increased income results in increased household fuel use. As a result, each gallon of fuel associated with employment is split between transportation, commercial, and community building space heating and increased residential space heating. As a result, we believe it is reasonable to assume that half of diesel fuel use associated with employment is transportation fuel and the rest is space heating fuel. We then applied this estimate of the proportion of fuel used for transportation by each community to "back out" the transportation portion of the total community fuel use estimate derived from the averaged model results. The amount of total fuel used for electricity generation was taken from PCE data.

Figure 1 shows the estimated diesel fuel by type of use from applying modeling results. The models estimated a total of 64.6 million gallons of fuel used in the study communities—PCE communities, excluding those in the North Slope Borough. The electricity generation portion of fuel use (41%) was from PCE reports. The modeling effort was used to estimate the amount of fuel used for space heating and transportation.

We aggregated the results across study census areas with more than one community in the analysis. Figure 2 shows the diesel use per household by census area. The regions are ranked from left to right by lowest to highest average heating fuel use per household.

These results represent the best available estimate of diesel fuel use in Alaska. Estimates would improve with additional and more accurate community fuel use data.

Figure 1

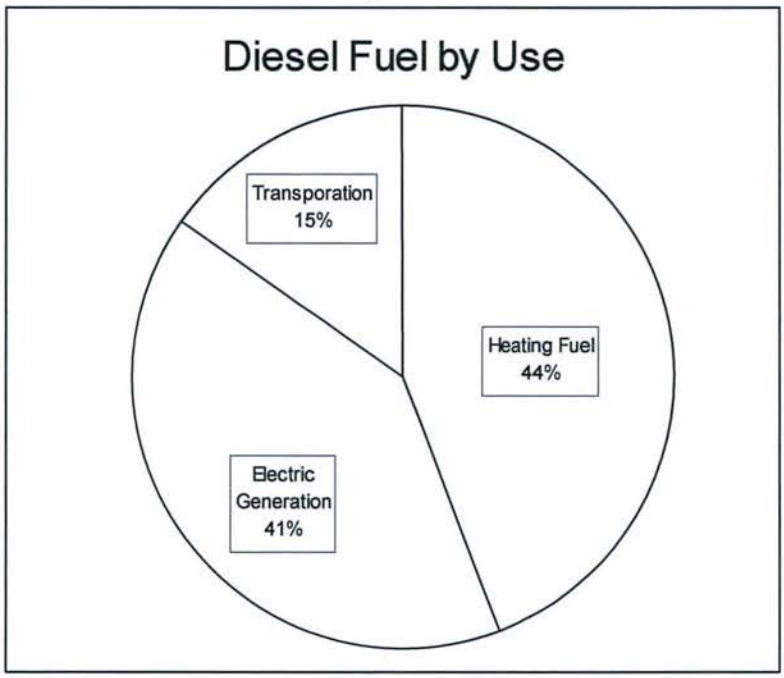
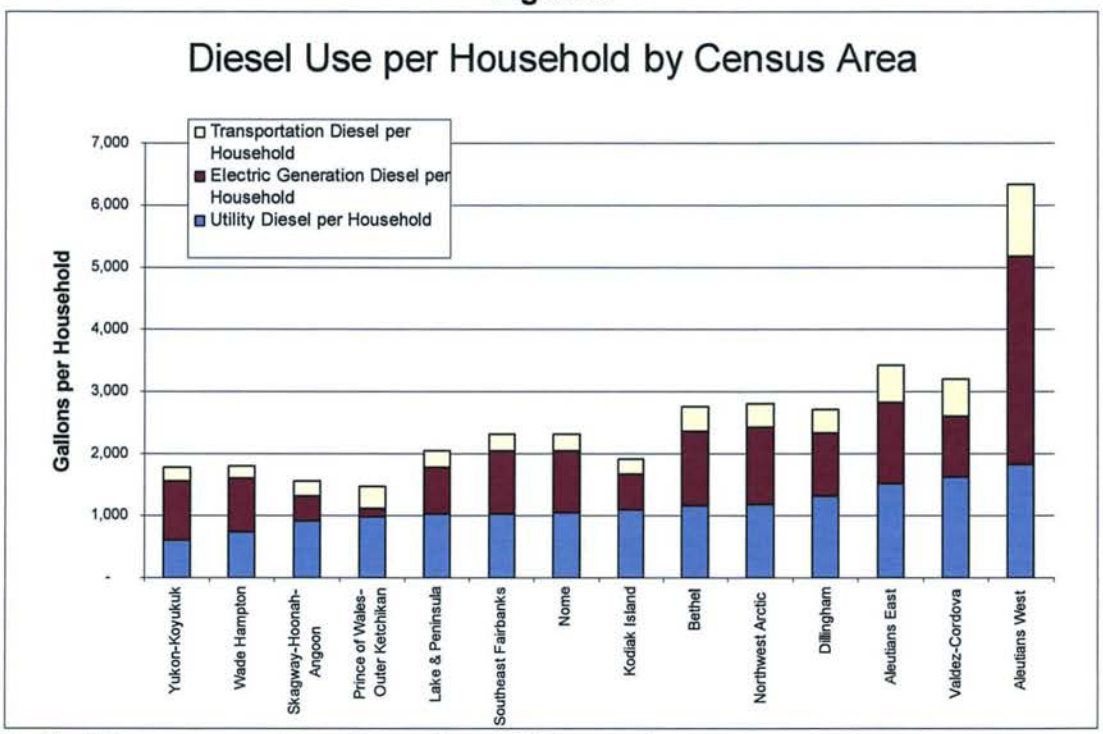


Figure 2



The 14 of 27 census areas are those with more than one PCE community.

Secondary Data

The results of our secondary data collection and analysis are contained in electronic Appendix C. In general, the most reliable data available is from the U.S. Energy Information Administration but most of these data are on a statewide basis only. We found little data available on a community level. Much of what is collected on an ad hoc basis lacks sufficient statistical rigor and sampling methods to be useful. There are a number of potential sources and modifications to collection and reporting methods that would significantly improve the availability and reliability of Alaska energy data.

Discussion

In summary, none of the models developed provided robust results. However, with cooperation from fuel distributors or actual records of fuel deliveries and sales from villages, both of which would provide more reliable data on fuel use, model results might be improved. However, the effort to determine, obtain, and verify the explanatory data would be such that it would probably be more efficient to obtain fuel use information directly for all communities. Even if it were possible to develop a robust predictive model, it would be unlikely to give accurate predictions for all individual communities because of inevitable modeling "noise", outliers, missing variables. Since each community is individually important for screen their perspective energy project, this would pose a recurrent problem. This would also be exacerbated by the fact that conditions and fuel prices and use are currently changing so rapidly. Any explanatory data would have to be very current, and new important factors are likely to surface.

Similarly, secondary data at the community level is lacking in Alaska but opportunities exist to improve data collection and reporting to provide more routine data availability. A dataset for space heating fuel use similar to the PCE database would provide fuel use information for energy project assessment. If a new program is developed to address the high cost of heating fuel in Alaska or the Low Income Energy Assistance Program is amended or expanded, establishing a mechanism or reporting process to track fuel prices and quantities, similar to the PCE program, would be a valuable component.

Appendix A
ISER 2008 Community Fuel Use Survey

Community Name: _____
Contact Name: _____
Business/Company Name: _____
Type of Business (ex – native corporation, private, etc): _____
Phone Number: _____

Contact:

Date	Time	Contact Person	Notes

Hello, my name is Meghan Wilson and I am a researcher with the Institute of Social and Economic Research at UAA. We are doing a research project with the Alaska Energy Authority looking at several communities across the state of Alaska to accurately estimate the consumption of fuel for the most recent calendar year. We aren't looking at prices, just consumption of fuel in various communities.

1. What types of fuel do you sell?
What is the fuel typically being used for by your customers?

	Name	Technical Name	Used for
1			
2			

2. How many deliveries do you get per year?
How much is delivered?
Who delivers your fuel and by what method of transportation?

	Fuel Name	Deliveries/year	How much	Delivery Operator	Transportation Method
1					
2					

3. Do you keep track of how much fuel you sell? (If no, do you know, or could you estimate how much was fuel in the tanks before and after the deliveries or if they can otherwise estimate the amount of fuel sold or consumed).

4. How many gallons were sold and consumed in the last year? What is the timeframe?

	Fuel Name	Sold/Consumed	Timeframe
1			
2			

5. Who are your biggest customers, what are they buying, and what is it being used for?

6. How do your customers pay for the fuel that they purchase from you? Cash, check, credit card, account, etc.?

7. Has the consumption of fuel gone down when the price has gone up?

8. What are people cutting back on? (both on types of fuel and activities)?

9. What impacts are you seeing with the increase in energy costs?

10. What about the other big customers/buildings in the community? What types of fuel are they purchasing, from whom, and a possible contact person?

Customer	Owner/Contact	Fuel Type	Fuel Delivery Contact	Notes
Houses				
Washeteria				
Schools				
State buildings				
Federal buildings (FAA, NPS)				
Commercial buildings/facilities				
Industrial buildings				
Construction Projects				
Airport				
Tribal buildings				
Health Clinics				
Other				

11. Any other comments?

Appendix B
Community Fuel Use Model

Details on the modeling effort are contained in electronic Appendix B (http://iser.uaa.alaska.edu/Publications/AEA_Fuel_Use_Appendix_B_Model.xls) The model file contains the set of community data, from our surveys and other sources, our three best linear regression models, the predicted values from these models and the fuel use estimates by community and type of use. The fourth tab provides information on the variables tested, their definitions and sources.

The results of the model are in the two worksheets with red tabs. The community fuel use estimates are in the sheet titled "Community Results". The average fuel use by region is in "Regional Results".

The information on the models used can be found in the worksheets with yellow tabs. The sheets "Model 1", "Model 2", and "Model 3" contain Excel outputs for the model regressions. The sheet "Model Results" shows the community estimates for each model as well as the average estimate. The dependent variable for all three models is the amount of non-utility, non-school diesel sold in the community during the time frame for which the community provided us sales quantities (a very recent full year or heating season), as we were able to interpret from the numbers provided by the community fuel seller.

The worksheets containing calculations and data used to categorize and calculate regional average use are titled "Region Average" and "Community Info". "Heat Share" contains the calculations used to separate the model results into heating and transportation fuel. The sheet called "All Data" contains all of the community data as well as the model predictions. These worksheets have blue tabs.

Appendix C
Secondary Fuel Use Data

Details on secondary data are contained in electronic Appendix C
(http://iser.uaa.alaska.edu/Publications/AEA_Fuel_Use_Appendix_C_Secondary_Data.xls)

National Sources

U.S. Energy Information Administration State Energy Data System

Geographic level: state

http://www.eia.doe.gov/emeu/states/_seds_updates.html

The 2006 SEDS contains statewide consumption estimates, based primarily on sales data, by fuel type and sector. Documentation of EIA's methodology is available at http://www.eia.doe.gov/emeu/states/sep_fuel/notes/use_petrol.pdf

ISER has extended the estimates, based on more sales data from EIA, to more detailed breakouts by fuel type and end use. Fuel sold in the state but burned elsewhere is included, and fuel sold elsewhere but burned in the state is excluded. Nevertheless, this seems to be the most useful, complete, and reliable source of fuel use data, its only real limitation being that it is not available on a finer geographic level than by state.

Waterborne Commerce Statistics Center

Geographic level: state

http://www.iwr.usace.army.mil/ndc/wcsc/wcsc.htm

WCSC Commodity Movements data by source state and by destination state provide the quantity of crude oil, petroleum products (in a single aggregated category), and coal that moved into, within, and out of the state by water in 2006. ISER has summed the states other than Alaska to obtain total imports, exports, internal movement, and net exports. The data does not differentiate between the various petroleum products. Another problem with the data is that it is reported in tons rather than gallons or barrels for petroleum products, which do not all have the same density (i.e. barrels per ton). We have converted the figures to barrels using approximate conversion factors.

Another dataset called "Waterborne Commerce of the United States (WCUS) Waterways and Harbors" provides similar information by port. It breaks the "petroleum products" category into eleven types. However, figures are rounded to the nearest 1,000 tons, and the way the source and destination of the freight are specified does not have sufficient detail to determine whether the source and destination were in different states.

U.S. Environmental Protection Agency eGRID

Geographic level: individual electric plants

http://www.epa.gov/cleanenergy/energy-resources/egrid/index.html

"The Emissions & Generation Resource Integrated Database (eGRID) is a comprehensive inventory of environmental attributes of electric power systems. The preeminent source of air emissions data for the electric power sector, eGRID is based on available plant-specific data for all U.S. electricity generating plants that provide power to the electric grid and report data to the U.S. government."

An extract from the eGRID plant-level data for 2004 is included. The columns highlighted in orange -- primary fuel type and annual heat input in MMBtu -- could be used, along with a conversion factor from Btu to an appropriate unit of quantity for the given fuel type, to estimate annual fuel use.

State Sources

Alaska Department of Revenue
Geographic level: state
The Tax Division 2007 Annual Report includes the number of gallons of fuel taxed, in broad categories, under the Motor Fuel Tax. In addition, DoR provided highway and marine fuel broken out into gasoline and diesel quantities, which is not normally provided in the Annual Report. Unfortunately, they were unable to break out the data by community, and cannot provide quantities sold for non-taxable uses, such as heating. Also, it is not clear how accurately the reported taxable quantities sold match the quantities actually purchased for taxable uses: the suppliers who report to the Tax Division, the "qualified" dealers, are not always the final sellers. Therefore, it seems that they may need to base their reports on estimates of taxable quantity.

Alaska Department of Transportation and Public Facilities
Geographic level: state
DoT provided ISER with gallons purchased in FY 2008 for the Alaska Marine Highway System and for state vehicles.

Alaska Department of Environmental Conservation
Geographic level: individual Title V facilities
ADEC Division of Air Quality maintains a database called AIRTOOLS containing data for Title V (stationary source of emissions) facilities. This database is not always complete or up to date, nor is it readily available to the public, but it contains quantity of fuel used. Many of the Title V operating permits require the permittee to report fuel use in periodic Facility Operating Reports, but these are all on paper and not available electronically.

Alaska School Districts
Geographic level: community
The Alaska Department of Education and Early Development requires school districts to keep records of fuel use, but DoE does not collect them. It would be necessary to contact the school districts individually. ISER's effort to do this has had varying degrees of success. The data here are obtained directly from a few of the school districts.

Other Sources

Northern Economics, Inc. Cost Assessment for Diesel Fuel Transition in Western and Northern Alaska Communities
Geographic level: state, study area of Western & Northern Alaska, and community type

This report by Northern Economics and others on the cost of the coming transition to ultra-low sulfur diesel, prepared for ADEC in December 2007, contains estimates of annual fuel use by fuel type, end use, and community type (though not all together).

Potential Sources

The following are potential sources of data on fuel use that we have not successfully obtained and/or have not included in this file.

Alaska Energy Authority's Bulk Fuel Upgrade Program: Conceptual Design *Reports / Business Plans for bulk fuel tank farms*
Geographic level: community
AEA has conceptual design reports for approximately 60 bulk fuel upgrade projects, which include estimates of annual fuel usage. Some of these provide separate figures for heating and non-heating diesel. These data have not been compiled, nor are most of the reports available in electronic form. The reports were created beginning in the 1990s when the Bulk Fuel Upgrade Program began, so most of the figures are not current. However, they contain what we believe to be the most complete set of community-level fuel use data (aside from the PCE data, which only contains fuel used by PCE electric utilities).

Fuel Delivery Companies
Geographic level: regions defined by suppliers
ISER has contacted Crowley and Delta Western asking for data on fuel delivery quantities. They have been reluctant to share this data, because it is proprietary. Neither company is likely to provide community level data. Crowley has provided region level data, but without similar numbers from Delta Western, which delivers the majority of the remainder of the total quantity of fuel delivered in rural Alaska, Crowley's data is not of much use in estimating total quantity consumed in each region. There has been some recent communication with Delta Western suggesting that they may provide region level data. If this materializes, it may be possible, along with information from the smaller delivery companies, to calculate region-level delivery quantity data.