

LEG. FINANCE - BILLS 1977 - 1978 919

CSSB 148am cont., thru CSSB 149am

148
February 11, 1977

The Honorable John L. Rader
President of the Senate
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. President:

Under the authority of art, III, sec. 18 of the Alaska Constitution, and in accordance with AS 24.30.060(b) and the Uniform Rules of the Alaska State Legislature, I am transmitting a bill relating to child support enforcement. The bill proposes certain amendments to Alaska's new Child Support Enforcement Act, AS 47.23, and to Alaska's Uniform Reciprocal Enforcement of Support Act (URESAs), AS 25.25.

The purposes of the proposed amendments are: (1) to bring both Alaska Acts into conformity with the federal Child Support Act of 1975, Part D, Title IV of the Social Security Act, 42 U.S.C. secs. 651 - 660 (P. L. 93-647); (2) to remove certain features of the new Child Support Enforcement Act which are questionable from a legal or policy point of view; (3) to add a new subsection to the Child Support Enforcement Act which would provide criminal immunity to an obligor who testifies at a support hearing; (4) to make house-keeping changes in the Child Support Enforcement Act; (5) to make URESAs reflect changes necessitated by the substitution of the child support enforcement agency for the court trustee as to payments and collections; and (6) to add certain desirable features from the revised URESAs of 1968 to Alaska's URESAs originally enacted in 1953.

Because of the diverse nature of the proposed changes, each section will be discussed separately. Sections which contain features from the revised URESAs of 1968 are marked with an asterisk.

* AS 25.25.010. DEFINITIONS.

The extent of the "duty of support" is clarified by specifically including the duty to pay arrearages. Definitions of "support order" and "foreign support order" are added because the terms as used in the chapter are intended to be broadly construed.

AS 25.25.050. RELIEF FROM EXTRADITION.

This addition gives the obligor the same relief in an Alaska court as is available in the court of the state seeking extradition, when the obligor submits to the court's jurisdiction.

* AS 25.25.130. COSTS AND FEES.

The current language is repealed because Alaska is one of the very few states in the United States which requires a filing fee from the obligee in child support enforcement proceedings. The new language expressly states the Alaska Supreme Court's authority to prohibit Alaska courts from requiring that filing fees and other costs be paid by obligees. This language is worded permissively to avoid changing a court rule governing the administration of courts (e.g., Adm. R. 13). As discussed in the well-researched Alaska Legislative Council staff memorandum of July 1, 1960, entitled "The Coordination of Legislative Bill Drafting and Statutory Revision with Judicial Rule-making in Alaska", the Alaska Constitution, art. IV, sec. 13, allows legislative change of a court rule of "practice and procedure" but not a court rule "governing the administration of all courts." Therefore, although this section is related to certain court rules, it does not have the effect of changing them.

* AS 25.25.140. JURISDICTION BY ARREST.

By specifically providing for bail or release on an obligor's own recognizance in appropriate cases, this provision is intended to encourage judges to issue arrest warrants for obligors, who, without such a restraint, may flee the jurisdiction.

AS 25.25.150. STATE INFORMATION AGENCY.

The section is changed to reflect the federally required role of the agency as a locator agency. The child support enforcement agency is substituted for the Department of Health and Social Services as the state information agency.

A portion of paragraph (2) is removed to reflect the agency's take-over of duties from the court trustee.

A new paragraph (3) is added to assist the agency in its job of locating the obligor. This provision would override any state confidentiality statutes applicable to records in the possession of other state departments or agencies, but only to the extent that those departments or agencies must furnish, if they have the information, the last known address and the name and address of the last known employer of the obligor to the agency at its request. The agency must keep this information confidential and may use it only for child support purposes.

AS 25.25.160. COURT DUTY WHEN ALASKA RESPONDING STATE.

The child support enforcement agency is substituted for the court in Alaska and a similar agency is added as an alternative to the court in other states since many states have created such agencies to comply with the federal Child Support Act of 1975.

Duties are changed to reflect the roles of the agency and the court in Alaska, i.e., the agency must attempt to locate the obligor and the court must docket the case and set a time and place for hearing.

AS 25.25.170. FURTHER DUTY OF RESPONDING STATE.

The agency replaces the court trustee in advising the initiating state to remedy an inadequate complaint. The section provides that the agency shall make a diligent search for the defendant or his property before returning the initiating papers to the initiating state.

Subsection (b) is added to provide for Alaska's cooperation with other states in locating an obligor, as required by the federal Act. Currently, a case is merely dismissed in Alaska when it is discovered that an obligor and his property are in another state.

AS 25.25.190. TRANSMITTING ORDERS TO INITIATING STATE

The child support enforcement agency is substituted for the court in Alaska and a similar agency is added as an alternative to the court in other states.

AS 25.25.200. ADDITIONAL POWERS OF COURT.

The agency is substituted for the clerk of court or obligee in paragraph (2) to reflect the fact that all URESA payments must be made to the agency and cannot be made directly to an obligee.

AS 25.25.210 and 25.25.220. ADDITIONAL AGENCY DUTIES.

The child support enforcement agency is substituted for the court and clerk of court in Alaska and a similar agency is added as an alternative to the court in other states. Also, "immediately" is removed since the federal Child Support Act requires the initiating state to hold AFDC support collections for a certain amount of time before disbursement.

* AS 25.25.252. PROCEEDINGS NOT TO BE STAYED.

This new section is added to prevent delay in enforcing another state's child support orders when another proceeding is underway which may ultimately change the amount of support. Presently an Alaska court, when requested by another state, could refuse to have a hearing or could stay a hearing on child support enforcement if proceedings are underway in Alaska or another state which may change the amount of child support (e.g., divorce, dissolution, annulment, adoption, custody, etc.). During the time that these proceedings continue, a child may be without support. This section gives the court the power to issue a support order pendente lite (provisionally, until the outcome of the other proceeding is known) and provides that the support order must thereafter be made to conform to the terms of support allowed in the other proceeding. The court may not refuse to enforce its revised support order because the court in the other proceeding retained jurisdiction for enforcement purposes. This section affects the jurisdiction of the court.

* AS 25.25.254 - 25.25.259. REGISTRATION OF FOREIGN SUPPORT ORDERS.

These new sections are proposed to avoid the situation which now exists when both obligee and obligor are residing in Alaska but the child support order was

issued by the court of another state. The obligee can obtain an order in Alaska for prospective child support from the obligor. It is difficult, however, for the obligee to collect arrears due under the foreign (i.e., made in another state) decree in Alaska. One often impractical alternative is for the obligee to return to the state where the support order was filed and initiate URESA proceedings to collect arrears from the obligor in Alaska. Another alternative is for the obligee to file the foreign divorce decree containing the order for support in Alaska under the Uniform Enforcement of Foreign Judgments Act, AS 09.30.200 - 09.30.270. Once the foreign divorce decree is filed, however, modifiable decisions related to the divorce, such as custody and visitation as well as child support, may be relitigated in Alaska. Consequently, reliance on the Uniform Enforcement of Foreign Judgments Act to reach arrears due under a foreign order creates the possibility of time-consuming litigation as to custody and visitation in which the child support enforcement agency cannot represent the obligee.

The proposed sections would avoid these problems by allowing the court to treat a registered foreign support decree exactly like an Alaska support decree as a basis for reducing arrears to judgment and enforcing the judgment. Furthermore, registration of the foreign support order in Alaska would establish paternity and avoid any potential relitigation of the issue in Alaska if the obligor attempted to raise non-paternity as a defense to the duty of support in an Alaska proceeding.

AS 47.23.025 and AS 47.25.402. COURT ACTION.

In order to receive federal funding for its Aid to Families with Dependent Children (AFDC) program, a state must obtain assignments of claims for support from all AFDC applicants, and these claims must be enforced by the child support enforcement agency. Alaska is currently obtaining assignments of support claims to the state by contract with AFDC applicants, and these are being enforced by the agency. The Department of Health and Social Services believes that it is desirable to have statutory authority as well as contractual arrangements to meet these requirements for federal funding.

In sec. 14 of the bill, the section added to 47.23 gives the agency the right to enforce child support claims on behalf of the state in AFDC situations. In sec. 24 of the bill, the section added to 47.25 (in the article of AFDC statutes) gives the state a cause of action against an obligor whose family is receiving AFDC because the obligor is not paying support.

AS 47.23.040. DETERMINATION OF PATERNITY.

The proposed change is from "voluntary" to "proper" application by the mother or legal guardian. An application for determination of paternity is not always "voluntary" where it is a contractual condition for AFDC payments to the mother, as required by the federal Child Support Act of 1975. The term "proper" would cover the AFDC situation and still allow the court to refuse to consider non-voluntary applications in other situations.

AS 47.23.060. ORDER OF SUPPORT.

The bill removes the first sentence of subsection (a) because it is confusing. The term "administrator" as applied to the custodian of the child is ill-chosen since AS 47.23.020 states that it is the duty of the agency to administer child support orders and URESA.

The bill removes all of subsection (b) because the six-month limitation on collection of arrearages is unacceptable to the federal agency which has reviewed the state plan for conformance with the federal act. By an October 26, 1976 letter, Region X, Social and Rehabilitation Services, U.S. Department of HEW, disapproved that provision. Thus Alaska risks losing 5% of AFDC payments if that provision remains in effect (42 U.S.C. sec. 603(h)).

AS 47.23.070(b). ORDER TO ASSIGN WAGES FOR SUPPORT.

The last sentence is modified for clarification.

AS 47.23.080. ENFORCEMENT OF SUPPORT ORDERS.

The sentence regarding the court's acceptance of reasonable agreements as to methods of payment is changed to make it permissive rather than mandatory.

The last sentence in the section is amended because it is contrary to the majority view of jurisdictions of the United States. The duty of support and the right of visitation or custody may each be enforced by appropriate court orders, but neither is contingent on the other unless specifically made so by the decree. See cases collected in annotation, 95 ALR2d 118.

AS 47.23.090. REDUCING ARREARS TO JUDGMENT.

The clause "on behalf of the person awarded support for the benefit of the child" is removed because it does not cover the situation where the state seeks to reduce past due support payments to a money judgment on its own behalf for reimbursement of AFDC payments. The federal Child Support Act of 1975 requires that all AFDC payments be conditioned on an assignment to the state of the recipient's claim for child support.

The next sentence beginning "If the agency . . ." is not a complete sentence. It is amended for grammatical correctness.

Paragraph (2) is changed to reflect legal ability to pay. A person should not be required to pay if he or she does not have the income or resources to do so; however, a person may have the requisite income and resources and be "unable to pay" (the current wording) because of frivolous or unnecessary expenses. In the latter situation, the person would not have a "legal" inability.

Paragraph (3) is amended because it currently attempts to make a hearing where past due support payments are reduced to a money judgment against the obligor serve also as a forum for modification of custody and for past due support. Such a hearing is an inappropriate forum for either of these additional issues. Modification of custody requires the presence of the other parent or custodian -- often residing outside Alaska in support cases -- and should not involve the child support enforcement agency. The obligor can bring a separate action at any time requesting modification of the amount of future support due. Having failed to do so, he should not be able to ask for retroactive modification in the context of a hearing to reduce past due support payments to a money judgment. The obligor can still use the hearing as a forum to present evidence of the need for prospective modification of the support order.

AS 47.23.100. ALL PERSONS MAY USE AGENCY.

The numerical reference to the statute which established the revolving fund is corrected.

AS 47.23.105. IMMUNITY FROM CRIMINAL PROSECUTION.

This new section is proposed in order to protect the obligor from any potential criminal liability caused by his compelled testimony. An obligor may now refuse to answer questions on Fifth Amendment grounds because of potential criminal liability under AS 11.35.010, the criminal non-support statute, or possibly under revenue statutes. Inability to obtain information from the obligor as to his income and resources because of potential criminal liability makes child support enforcement difficult and sometimes impossible.

AS 47.23.110. DEFINITIONS

New definitions are added for four important terms used in the Act and currently not defined.

Sincerely,

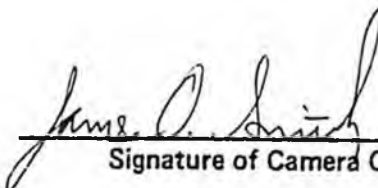
Jay S. Hammond
Governor



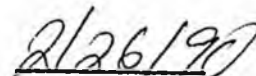
RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.



Signature of Camera Operator



Date

COMMITTEE REPORT
SENATE

4/14/77

_____ Date

Mr. President:

The Committee on FINANCE has had SB 142
tax on motor fuel for watercraft
under consideration. A majority of the members of the Committee

- recommends it do pass
- recommends it do not pass
- recommends it do pass with attached amendment(s)
- recommends it be replaced with CS for _____ and that
CS for _____ do pass
- (and) recommends it be referred to the _____
committee
- reports it back without recommendation
- AND attaches a report of its intent
- (other) do pass

MEMBERS SIGNING THE MAJORITY REPORT:

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

MEMBERS NOT CONCURRING IN THE MAJORITY REPORT:

_____ recommends: _____

_____ recommends: _____

_____ recommends: _____

_____ Chairman

Introduced: 2/11/77
Referred: Resources and Finance

1 THE SENATE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 SENATE BILL NO. 149

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the tax on motor fuel for water-
7 craft; and providing for an effective date."

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

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

10 CHAPTER 40. MOTOR FUEL [OIL] TAX.

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

13 (1) the tax on aviation gasoline is four cents a gallon,

14 (2) the tax on motor fuel used in and on [ENGINES FOR THE
15 PROPULSION OF BOATS AND] watercraft of all descriptions is six [FOUR]
16 cents a gallon, but up to 10 per cent of the motor fuel sold or other-
17 wise transferred at any one time is exempt from the tax if it is to be
18 used for cooking or heating and if the person who claims the exemption
19 signs [; IF A PERSON CLAIMS AN EXEMPTION FOR NONPROPULSION USE UNDER

20 THIS PARAGRAPH, HE SHALL SIGN] a statement at the time of the sale or
21 transfer [ATTESTING TO THE FACT] that the amount of fuel for which he
22 claims the exemption will be used only for cooking or heating [NON-
23 PROPULSION USE] aboard a boat or other watercraft, and

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

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

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

29 (1) the tax on aviation gasoline consumed is four cents a

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

(C) [AND EXCEPT] fuel used in stationary power plants operating as public utility plants and generating electrical energy for sale to the general public, [OR]

(D) fuel used by nonprofit power associations or corporations for generating electric energy for resale, or

(E) fuel used by charitable institutions;

* Sec. 5. This Act takes effect July 1, 1977.

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

Introduced: 2/11/77
Referred: Resources and Finance

1 THE SENATE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 SENATE BILL NO. 149

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the tax on motor fuel for water-
7 craft; and providing for an effective date."

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

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

10 CHAPTER 40. MOTOR FUEL [OIL] TAX.

11 (a) There is levied a tax of eight cents a gallon on all motor
12 fuel sold or otherwise transferred within the state, except that
13 (1) the tax on aviation gasoline is four cents a gallon,
14 (2) the tax on motor fuel used in and on [ENGINES FOR THE
15 PROPULSION OF BOATS AND] watercraft of all descriptions is six [FOUR]
16 cents a gallon, but up to 10 per cent of the motor fuel sold or other-
17 wise transferred at any one time is exempt from the tax if it is to be
18 used for cooking or heating and if the person who claims the exemption
19 signs [; IF A PERSON CLAIMS AN EXEMPTION FOR NONPROPULSION USE UNDER
20 THIS PARAGRAPH, HE SHALL SIGN] a statement at the time of the sale or
21 transfer [ATTESTING TO THE FACT] that the amount of fuel for which he
22 claims the exemption will be used only for cooking or heating [NON-
23 PROPULSION USE] aboard a boat or other watercraft, and

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

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

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

29 (1) the tax on aviation gasoline consumed is four cents a

1 gallon,

2 (2) the tax on motor fuel used in and on [ENGINES FOR THE
3 PROPULSION OF BOATS AND] watercraft of all descriptions is six [FOUR]
4 cents a gallon, but up to 10 per cent of the motor fuel purchased at
5 any one time is exempt from the tax if it is to be used for cooking or
6 heating and if the person who claims the exemption signs [; IF A
7 PERSON CLAIMS AN EXEMPTION FOR NONPROPULSION USE UNDER THIS PARAGRAPH,
8 HE SHALL SIGN] a statement at the time of the purchase [ATTESTING TO
9 THE FACT] that the amount of fuel for which he claims the exemption
10 will be used only for cooking or heating [NONPROPULSION USE] aboard a
11 boat or other watercraft, and

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

14 * Sec. 3. AS 43.40.020(b) is amended to read:

15 (b) A person who claims the heating and cooking [NONPROPULSION]
16 use fuel tax exemption under sec. 10(a)(2) or sec. 10(b)(2) of this
17 chapter and who uses a portion of the amount of the exempted fuel for
18 another purpose is guilty of a misdemeanor, and is punishable by a
19 fine of not more than \$5,000.

20 * Sec. 4. AS 43.40.100(2) is amended to read:

21 (2) "motor fuel" means fuel used in an engine for the
22 propulsion of a motor vehicle or [.] aircraft, and fuel used in a boat
23 or watercraft for any purpose, or in a stationary engine, machine or
24 mechanical contrivance which is run [PROPELLED] by an internal com-
25 bustion motor; "motor fuel" does not include [EXCEPT ON CONSIGNMENTS
26 OF MOTOR]

27 (A) fuel consigned [OIL] to foreign countries,

28 (B) [EXCEPT MOTOR] fuel [OIL] sold for use in jet
29 propulsion aircraft operating in flights to foreign countries,

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

(C) [AND EXCEPT] fuel used in stationary power plants operating as public utility plants and generating electrical energy for sale to the general public, [OR]

(D) fuel used by nonprofit power associations or corporations for generating electric energy for resale, or

(E) fuel used by charitable institutions;

* Sec. 5. This Act takes effect July 1, 1977.

249

February 11, 1977

The Honorable John L. Rader
President of the Senate
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. President:

Under the authority of art. III, sec. 18 of the Alaska Constitution, and in accordance with AS 24.30.060(b) and the Uniform Rules of the Alaska State Legislature, I am transmitting a bill to reduce the tax exemption now allowed for marine fuel used for non-propulsion purposes aboard watercraft and to increase the tax from four to six cents per gallon.

It is my opinion that there is no basis for exempting all nonpropulsion fuel used aboard watercraft. The unlimited exemption makes it easy for an individual to circumvent the law, with little chance of being caught, if he wilfully chooses to do so. A careful analysis of fuel transfer records shows marked differences in the percentage exempted from area to area, indicating a likelihood that fuel purchased as nonpropulsion is used for propulsion in many instances. Apparently there are cases of owners exempting large quantities of fuel during certain periods on the pretense that they are moored and not using their main propulsion. I do feel that a reasonable exemption should be granted for fuel used for cooking and heating since this fuel is similar to fuel used in households for the same purpose. Therefore, by the terms of the bill up to 10% of the fuel purchased at any one time is exempt from the tax if it is to be used for cooking or heating.

The increasing demand for harbor facilities throughout the state necessitates an increase in this tax. The marine fuel tax is paid into a special account in the general fund and is returned to the boater in the form of appropriations for improved harbor facilities. Most commercial fishermen and recreational boaters are already aware of the problems encountered in recent years in trying to maintain a viable harbor improvement program in the face of spiraling construction costs without increases in revenues. They are familiar with overcrowded moorage facilities and long waiting lists.

Based on historical data and revenue projections, it is estimated that the legislation proposed would increase by \$1,300,000 the revenue to the Watercraft Fuel Tax Account in Fiscal Year 78.

Sincerely,

Jay S. Hammond
Governor

Original sponsor: Rules Committee by
request of the Governor

Offered: 4/14/77
Referred: Finance

1 IN THE SENATE

BY THE RESOURCES COMMITTEE

2 CS FOR SENATE BILL NO. 149

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the tax on motor fuel for water-
7 craft; and providing for an effective date."

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

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

10 CHAPTER 40. MOTOR FUEL [OIL] TAX.

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

13 (1) the tax on aviation gasoline is four cents a gallon, (2)
14 the tax on motor fuel used in and on [ENGINES FOR THE
15 PROPULSION OF BOATS AND] watercraft of all descriptions is six [FOUR]
16 cents a gallon, but up to 10 per cent of the motor fuel sold or other-
17 wise transferred at any one time is exempt from the tax if it is to be
18 used for cooking or heating and up to 30 per cent of the motor fuel sold
19 or otherwise transferred at any one time is exempt from the tax if it is
20 to be used for auxiliary engine power for the purpose of generating
21 electricity, refrigeration, heat, hydraulic power or circulating sea
22 water for brine or live tanks [; IF A PERSON CLAIMS AN EXEMPTION FOR
23 NONPROPULSION USE UNDER THIS PARAGRAPH, HE SHALL SIGN A STATEMENT AT THE
24 TIME OF THE SALE OR TRANSFER ATTESTING TO THE FACT THAT THE AMOUNT OF
25 FUEL FOR WHICH HE CLAIMS THE EXEMPTION WILL BE USED ONLY FOR NONPROPUL-
26 SION USE ABOARD A BOAT OR WATERCRAFT], and

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

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

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

3 (1) the tax on aviation gasoline consumed is four cents a
4 gallon, [.]

5 (2) the tax on motor fuel used in and on [ENGINES FOR THE
6 PROPULSION OF BOATS AND] watercraft of all description is six [FOUR]
7 cents a gallon, but up to 10 per cent of the motor fuel purchased at any
8 one time is exempt from the tax if it is to be used for cooking or
9 heating and up to 30 per cent of the motor fuel sold or otherwise trans-
10 ferred at any one time is exempt from the tax if it is to be used for
11 auxiliary engine power for the purpose of generating electricity, refri-
12 geration, heat, hydraulic power or circulating sea water for brine or
13 live tanks [; IF A PERSON CLAIMS AN EXEMPTION FOR NONPROPULSION USE
14 UNDER THIS PARAGRAPH, HE SHALL SIGN A STATEMENT AT THE TIME OF PURCHASE
15 ATTESTING TO THE FACT THAT THE AMOUNT OF FUEL FOR WHICH HE CLAIMS THE
16 EXEMPTION WILL BE USED ONLY FOR NONPROPULSION USE ABOARD A BOAT OR
17 WATERCRAFT], and

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

20 * Sec. 3. AS 43.40.020(b) is amended to read:

21 (b) A person who claims the heating and cooking or auxiliary
22 engine power [NONPROPULSION] use fuel tax exemption under sec. 10(a)(2)
23 or sec. 10(b)(2) of this chapter and who uses a portion of the amount of
24 the exempted fuel for another purpose is guilty of a misdemeanor, and is
25 punishable by a fine of not more than \$5,000.

26 * Sec. 4. AS 43.40.100(2) is amended to read:

27 (2) "motor fuel" means fuel used in an engine for the propul-
28 sion of a motor vehicle or [,] aircraft, and fuel used in a boat or
29 watercraft for any purpose, or in a stationary engine, machine or

1 mechanical contrivance which is run [PROPELLED] by an internal com-
2 bustion motor; "motor fuel" does not include [EXCEPT ON CONSIGNMENTS OF
3 MOTOR]

4 (A) fuel consigned [OIL] to foreign countries,

5 (B) [EXCEPT MOTOR] fuel [OIL] sold for use in jet
6 propulsion aircraft operating in flights to foreign countries,

7 (C) fuel oil carried aboard a gasoline-powered boat or
8 watercraft and used for heating or cooking,

9 (D) [AND EXCEPT] fuel used in stationary power plants
10 operating as public utility plants and generating electrical
11 energy for sale to the general public, [OR]

12 (E) fuel used by nonprofit power associations or cor-
13 porations for generating electric energy for resale, or

14 (F) fuel used by charitable institutions;

15 * Sec. 5. This Act takes effect July 1, 1977.
16
17
18
19
20
21
22
23
24
25
26
27
28
29

Introduced: 2/11/77
Referred: Resources and Finance

1 THE SENATE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 SENATE BILL NO. 149

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the tax on motor fuel for water-
7 craft; and providing for an effective date."

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

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

10 CHAPTER 40. MOTOR FUEL [OIL] TAX.

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

13 (1) the tax on aviation gasoline is four cents a gallon,

14 (2) the tax on motor fuel used in and on [ENGINES FOR THE
15 PROPULSION OF BOATS AND] watercraft of all descriptions is six [FOUR]
16 cents a gallon, but up to 10 per cent of the motor fuel sold or other-
17 wise transferred at any one time is exempt from the tax if it is to be
18 used for cooking or heating and if the person who claims the exemption
19 signs [; IF A PERSON CLAIMS AN EXEMPTION FOR NONPROPULSION USE UNDER
20 THIS PARAGRAPH, HE SHALL SIGN] a statement at the time of the sale or
21 transfer [ATTESTING TO THE FACT] that the amount of fuel for which he
22 claims the exemption will be used only for cooking or heating [NON-
23 PROPULSION USE] aboard a boat or other watercraft, and

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

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

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

29 (1) the tax on aviation gasoline consumed is four cents a

1 (C) [AND EXCEPT] fuel used in stationary power plants
2 operating as public utility plants and generating electrical
3 energy for sale to the general public, [OR]

4 (D) fuel used by nonprofit power associations or cor-
5 porations for generating electric energy for resale, or

6 (E) fuel used by charitable institutions;

7 * Sec. 5. This Act takes effect July 1, 1977.
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. _____
 Title Watercraft Fuel Tax
 Requested by Office of the Governor Date January 25, 1977

II. FISCAL DETAIL
 Agency Affected Department of Public Works
 Program Category Affected Division of Water and Harbors
 Budget Request Unit(s) Affected None

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

HB 675 will have no negative impact on the State budget. It is assumed that the additional funds generated by the tax increase will be appropriated to the Division of Water and Harbors to fund those projects contained in the Water and Harbors' six year capital improvement program as submitted by the Department of Public Works. The following estimates are based on historical data and revenue projections as prepared by the Division of Water and Harbors and the Department of Revenue:

Estimated Additional Revenue to be Generated from HB 675

FY78	FY79	FY80	FY81	FY82	FY83
1,304.0	1,350.0	1,435.0	1,515.0	1,635.0	1,730.0

Refer to attached analysis.

IV. DATE January 25, 1977 PREPARED BY Dori Slatter, Director
 AGENCY Division of Water and Harbors, Public Works
 PHONE 586-2195
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

FISCAL YEAR 78 TAX ESTIMATE FROM DEPARTMENT OF REVENUE = \$1,550,000

\$1,550,000 = 38,750,000 gallons taxed at 4¢ per gallon

Estimate 80% of fuel is diesel =	31,000,000 gallons
Estimate 20% of fuel is gas =	7,750,000 gallons
-Estimate 30% of total diesel was exempted =	<u>13,250,000</u> gallons
Estimate total gallons sold FY 78 =	52,000,000 gallons

Revenue estimate for FY 78 based on 2¢ per gallon increase and limitation of 10% on exemptions =

Gas - 7,750,000 gallons x 6¢ =	\$465,000
Diesel - 44,250,000 gallons x .90 x 6¢ =	<u>2,389,000</u>
	\$2,854,000

Increase due to legislation = \$2,854,000 minus \$1,550,000 = \$1,304,000

Increase in future years =

FY 79 -	\$1,350,000
FY 80 -	1,435,000
FY 81 -	1,515,000
FY 82 -	1,635,000
FY 83 -	1,730,000

From the attached you can summarize as follows:

Increase in number of vessels registered per year = 15.5%

Increase in amount of fuel sold per year = 14.9%

Increase in amount of tax received per year = 6.9%

General rate of inflation per Dept. of Labor statistics = 6.7%

Amount of fuel being exempted Statewide is increasing approx: 5.5% per year.

Water and Harbors' budget request for FY 78 = \$5.3 million

✓ Fuel tax estimate for FY 78 (based on present 4¢ tax with 35% exemption) \$1.5 million.

Vessels Registered U.S.C.G

149

72 -	15,068	+ 16.0%
73 -	17,473	+ 14.5%
74 -	20,012	+ 16.3%
75 -	23,278	

72-75 15.5%

Marine Fuel Tax

179

FY 73	987.8	15.2%
FY 74	1,138.4	.6%
FY 75	1,145.2	5.4%
FY 76	1,206.7	

$$73-76 = 6.9\%$$

Marine Fuel Tax FY 76

JULY 1, 1975 thru June 30, 1976

	DIV I	DIV II	DIV III	DIV IV	TOTAL
<u>FUEL SOLD</u>	10,054,967		26,885,355		38,984,548
PRIOR YEAR	10,594,093		21,012,089		33,921,393
CHANGE					+14.9%
<u>FUEL TAXED</u>	8,573,741		18,967,350		29,320,054
PRIOR YEAR	8,953,357		15,825,345		27,090,327
CHANGE					+8.2%
<u>FUEL EXEMP.</u>	1,481,226		7,918,005		9,664,494
PRIOR YEAR	1,640,736		5,155,744		6,831,066
CHANGE					+41.5%
<u>DIESEL TAXED</u>	6,628,649		15,450,066		23,675,425
PRIOR YEAR	6,820,660		13,650,286		21,061,619
CHANGE					+12.4%
<u>% DIESEL EX</u>	18.3		33.9		29.0
PRIOR YEAR	19.4		27.5		24.5

149

REPORT OF MOTOR FUEL DISTRIBUTED OR SOLD IN ALASKA DURING November - 1976

ACCUMULATIVE TOTAL

from 7-1-76

to 11-30-76

	TOTAL GALLONS	EXEMPT GALLONS	DIVISION I	DIVISION II	DIVISION III	DIVISION IV	TAXABLE GALLONS	
Aviation-Jet	24,638,932	17,303,017	303,892	78,301	6,043,598	910,124	7,335,915	42,660,359
Aviation-Gas	999,933	79,741	79,379	52,869	587,567	200,377	920,192	7,552,124
(non-taxable) Aviation-Bonded	2,922,689	2,922,689	-0-	-0-	2,922,689	-0-	-0-	12,866,959
Gas-Highway	13,444,893	318,132	910,090	72,795	8,710,797	3,433,079	13,126,761	81,214,220
Diesel-Highway	13,886,832	3,857,152	541,998	1,257,962	3,821,924	4,407,796	10,029,680	59,073,955
Gas-Marine	144,780	43,101	63,029	53	35,194	3,403	101,679	3,831,436
Diesel-Marine	1,689,705	146,120	276,764	-0-	1,266,821	-0-	1,543,585	13,998,345
(non-taxable) Marine Non- propulsion	1,002,898	1,002,898	871,311	-0-	131,587	-0-	-0-	6,048,873
Other Type Fuel	918	-0-	(278)	168	(288)	1,316	918	371,997

76%

9%

30%

b41

ALASKA DEPARTMENT OF REVENUE

REPORT OF MOTOR FUEL DISTRIBUTED OR SOLD IN ALASKA DURING December 1976

ACCUMULATIVE TOTAL

from 7-1-76

to 12-31-76

	TOTAL GALLONS	EXEMPT GALLONS	DIVISION I	DIVISION II	DIVISION III	DIVISION IV	TAXABLE GALLONS	
ation-Jet	14,618,749	7,475,632	443,671	87,142	5,790,809	821,495	7,143,117	49,803,476
ation-Gas	628,802	63,803	84,346	58,863	251,710	170,080	564,999	8,117,123
(non-taxable) ation-Bonded	7,926,818	7,926,818	29,846	-0-	7,896,972	-0-	-0-	20,793,777
s-Highway	14,475,850	313,152	1,064,460	231,053	9,612,919	3,254,266	14,162,698	95,376,918
esel-Highway	13,973,735	6,199,557	304,825	2,039,435	3,695,005	3,734,913	9,774,178	68,848,133
s-Marine	90,008	27,264	65,435	(602)	(2,526)	437	62,744	3,894,180
esel-Marine	1,672,423	141,239	264,325	-0-	1,266,859	-0-	1,531,184	15,529,529
(non-taxable) rine Non- opulsion	1,138,110	1,138,110	61,498	-0-	1,076,612	-0-	-0-	7,186,983
er Type Fuel	41,789	-0-	161	1,021	40,433	174	41,789	413,786

18%

16%

327

149

USING DEPT. REV. FIGURES

CSSB # 149 WATERCRAFT FUEL TAX

2¢ increase + 40% max. exemption

FY 78

Fuel Sold = 52,000,000 gallons
 Diesel = 44,250,000
 Gas = 7,750,000

$44,250,000 \times .60 \times .06 = 1,593,000$
 $7,750,000 \times .06 = 465,000$

2,058,000

Rev. Est FY 78 = 1,550,000

Gain = 508,000

Using 30% total Exemption = \$ 773,000

1 THE SENATE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 SENATE BILL NO. 149

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the tax on motor fuel for water-
7 craft; and providing for an effective date."

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

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

10 CHAPTER 40. MOTOR FUEL [OIL] TAX.

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

13 (1) the tax on aviation gasoline is four cents a gallon,

14 (2) the tax on motor fuel used in and on [ENGINES FOR THE
15 PROPULSION OF BOATS AND] watercraft of all descriptions is six [FOUR]
16 cents a gallon, but up to 10 per cent of the motor fuel sold or other-
17 wise transferred at any one time is exempt from the tax if it is to be
18 used for cooking or heating and if the person who claims the exemption
19 signs [; IF A PERSON CLAIMS AN EXEMPTION FOR NONPROPULSION USE UNDER
20 THIS PARAGRAPH, HE SHALL SIGN] a statement at the time of the sale or
21 transfer [ATTESTING TO THE FACT] that the amount of fuel for which he
22 claims the exemption will be used only for cooking or heating [NON-
23 PROPULSION USE] aboard a boat or other watercraft, and

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

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

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

29 (1) the tax on aviation gasoline consumed is four cents a

1 gallon,

2 (2) the tax on motor fuel used in and on [ENGINES FOR THE
3 PROPULSION OF BOATS AND] watercraft of all descriptions is six [FOUR]
4 cents a gallon, but up to 10 per cent of the motor fuel purchased at
5 any one time is exempt from the tax if it is to be used for cooking or
6 heating and if the person who claims the exemption signs [; IF A
7 PERSON CLAIMS AN EXEMPTION FOR NONPROPULSION USE UNDER THIS PARAGRAPH,
8 HE SHALL SIGN] a statement at the time of the purchase [ATTESTING TO
9 THE FACT] that the amount of fuel for which he claims the exemption
10 will be used only for cooking or heating [NONPROPULSION USE] aboard a
11 boat or other watercraft, and

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

14 * Sec. 3. AS 43.40.020(b) is amended to read:

15 (b) A person who claims the heating and cooking [NONPROPULSION]
16 use fuel tax exemption under sec. 10(a)(2) or sec. 10(b)(2) of this
17 chapter and who uses a portion of the amount of the exempted fuel for
18 another purpose is guilty of a misdemeanor, and is punishable by a
19 fine of not more than \$5,000.

20 * Sec. 4. AS 43.40.100(2) is amended to read:

21 (2) "motor fuel" means fuel used in an engine for the
22 propulsion of a motor vehicle or [,] aircraft, and fuel used in a boat
23 or watercraft for any purpose, or in a stationary engine, machine or
24 mechanical contrivance which is run [PROPELLED] by an internal com-
25 bustion motor; "motor fuel" does not include [EXCEPT ON CONSIGNMENTS
26 OF MOTOR]

27 (A) fuel consigned [OIL] to foreign countries,

28 (B) [EXCEPT MOTOR] fuel [OIL] sold for use in jet
29 propulsion aircraft operating in flights to foreign countries,

Original sponsor: Rules Committee by
request of the Governor

Offered: 4/14/77
Referred: Finance

1 IN THE SENATE

BY THE RESOURCES COMMITTEE

2 CS FOR SENATE BILL NO. 149

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the tax on motor fuel for water-
7 craft; and providing for an effective date."

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

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

10 CHAPTER 40. MOTOR FUEL [OIL] TAX.

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

13 (1) the tax on aviation gasoline is four cents a gallon, (2)
14 the tax on motor fuel used in and on [ENGINES FOR THE
15 PROPULSION OF BOATS AND] watercraft of all descriptions is six [FOUR]
16 cents a gallon, but up to 10 per cent of the motor fuel sold or other-
17 wise transferred at any one time is exempt from the tax if it is to be
18 used for cooking or heating and up to 30 per cent of the motor fuel sold
19 or otherwise transferred at any one time is exempt from the tax if it is
20 to be used for auxiliary engine power for the purpose of generating
21 electricity, refrigeration, heat, hydraulic power or circulating sea
22 water for brine or live tanks [; IF A PERSON CLAIMS AN EXEMPTION FOR
23 NONPROPULSION USE UNDER THIS PARAGRAPH, HE SHALL SIGN A STATEMENT AT THE
24 TIME OF THE SALE OR TRANSFER ATTESTING TO THE FACT THAT THE AMOUNT OF
25 FUEL FOR WHICH HE CLAIMS THE EXEMPTION WILL BE USED ONLY FOR NONPROPUL-
26 SION USE ABOARD A BOAT OR WATERCRAFT], and

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

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

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

3 (1) the tax on aviation gasoline consumed is four cents a
4 gallon, [.]

5 (2) the tax on motor fuel used in and on [ENGINES FOR THE
6 PROPULSION OF BOATS AND] watercraft of all descriptions is six [FOUR]
7 cents a gallon, but up to 10 per cent of the motor fuel purchased at any
8 one time is exempt from the tax if it is to be used for cooking or
9 heating and up to 30 per cent of the motor fuel sold or otherwise trans-
10 ferred at any one time is exempt from the tax if it is to be used for
11 auxiliary engine power for the purpose of generating electricity, refri-
12 geration, heat, hydraulic power or circulating sea water for brine or
13 live tanks [; IF A PERSON CLAIMS AN EXEMPTION FOR NONPROPULSION USE
14 UNDER THIS PARAGRAPH, HE SHALL SIGN A STATEMENT AT THE TIME OF PURCHASE
15 ATTESTING TO THE FACT THAT THE AMOUNT OF FUEL FOR WHICH HE CLAIMS THE
16 EXEMPTION WILL BE USED ONLY FOR NONPROPULSION USE ABOARD A BOAT OR
17 WATERCRAFT], and

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

20 * Sec. 3. AS 43.40.020(b) is amended to read:

21 (b) A person who claims the heating and cooking or auxiliary
22 engine power [NONPROPULSION] use fuel tax exemption under sec. 10(a)(2)
23 or sec. 10(b)(2) of this chapter and who uses a portion of the amount of
24 the exempted fuel for another purpose is guilty of a misdemeanor, and is
25 punishable by a fine of not more than \$5,000.

26 * Sec. 4. AS 43.40.100(2) is amended to read:

27 (2) "motor fuel" means fuel used in an engine for the propul-
28 sion of a motor vehicle or [.] aircraft, and fuel used in a boat or
29 watercraft for any purpose, or in a stationary engine, machine or

1 mechanical contrivance which is run [PROPELLED] by an internal com-
2 bustion motor; "motor fuel" does not include [EXCEPT ON CONSIGNMENTS OF
3 MOTOR]

4 (A) fuel consigned [OIL] to foreign countries,

5 (B) [EXCEPT MOTOR] fuel [OIL] sold for use in jet
6 propulsion aircraft operating in flights to foreign countries,

7 (C) fuel oil carried aboard a gasoline-powered boat or
8 watercraft and used for heating or cooking,

9 (D) [AND EXCEPT] fuel used in stationary power plants
10 operating as public utility plants and generating electrical
11 energy for sale to the general public, [OR]

12 (E) fuel used by nonprofit power associations or cor-
13 porations for generating electric energy for resale, or

14 (F) fuel used by charitable institutions;

15 * Sec. 5. This Act takes effect July 1, 1977.
16
17
18
19
20
21
22
23
24
25
26
27
28
29

1 (C) [AND EXCEPT] fuel used in stationary power plants
2 operating as public utility plants and generating electrical
3 energy for sale to the general public, [OR]

4 (D) fuel used by nonprofit power associations or cor-
5 porations for generating electric energy for resale, or

6 (E) fuel used by charitable institutions;

7 * Sec. 5. This Act takes effect July 1, 1977.
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

	ALLOCATIONS	APPROPRIATION ITEMS	APPROPRIATION GENERAL FUND	FUND SOURCES OTHER FUNDS
1	PUBLIC PROTECTION (CONT.)			
2				
3				
4	DEPARTMENT OF PUBLIC SAFETY			
5		13,000	13,000	
6		16,000	16,000	
7	* * * * *	* * * * *		
8	* * * * *	ADMINISTRACION OF JUSTICE		
9	* * * * *	* * * * *		
10	DEPARTMENT OF HEALTH & SOCIAL SERVICES			
11		230,000	230,000	
12		120,000	120,000	
13		1,500,000	1,500,000	
14		125,000	125,000	
15	ALASKA COURT SYSTEM			
16		2,000,000	2,000,000	
17		60,000	60,000	
18		50,000	50,000	
19		1,063,000	1,063,000	
20	* * * * *	* * * * *		
21	* * * * *	DEVELCPMENT		
22	* * * * *	* * * * *		
23	DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT			
24		810,000	162,000	648,000
25		10,000	10,000	
26		15,000	15,000	
27	DEPARTMENT OF NATURAL RESOURCES			
28		400,000	400,000	
29		226,100	226,100	
30		125,000	125,000	
31		30,000	30,000	
32		140,000	140,000	
33		30,000	30,000	
34	DEPARTMENT OF PUBLIC WORKS			
35		5,565,000	5,565,000	
36		2,500		
37		600,000		

1 DEVELOPMENT (CONT.)

2		ALLOCATIONS	APPROPRIATION ITEMS	APPROPRIATION GENERAL FUND	FUND SOURCES OTHER FUNDS
3					
4	KING COVE HARBOR FACILITIES	500,000			
5	SANDPOINT HARBOR FACILITIES	600,000			
6	HOMER/SELDOVIA HARBOR FACILITIES	500,000			
7	PETERSBURG HARBOR FACILITIES	250,000			
8	SKAGWAY HARBOR FACILITIES	500,000			
9	VALDEZ HARBOR FACILITIES	375,000			
10	KETCHIKAN HARBOR FACILITIES	175,000			
11	JUNEAU HARBOR FACILITIES	325,000			
12	FAIRBANKS LAUNCHING RAMPS	22,500			
13	SITKA HARBOR IMPROVEMENTS	100,000			
14	CORDOVA HARBOR IMPROVEMENTS	200,000			
15	SEWARD HARBOR IMPROVEMENTS	250,000			
16	WHITTIER HARBOR IMPROVEMENTS	25,000			
17	ANCHORAGE - SHIP CREEK DREDGING	50,000			
18	EMERGENCY REPAIRS	75,000			
19	ADMINISTRATION, PLANNING, ENGINEERING	450,000			
20	BETHEL-RIVER-BANK EROSION <i>Port</i>	500,000			
21	NORTHWEST INTERIOR HARBOR STUDY	15,000			
22	TENAKEE BOAT HARBOR	50,000			
23		* * * * *	* * * * *		
24		* * * * * TRANSPORTATION	* * * * *		
25		* * * * *	* * * * *		
26	DEPARTMENT OF TRANSPORTATION				
27	MARINE TRANSPORTATION				
28	COLUMBIA FAST FOOD CONVERSION		400,000	400,000	
29	VESSEL UPGRADE		180,000	180,000	
30	SPARE PARTS		271,000	271,000	
31	WASTE DISPOSAL DESIGN		50,000	50,000	
32	DOCK ELECTRICAL & SAFETY REHABILITATION		40,000	40,000	
33	ANCHORAGE INTERNATIONAL AIRPORT				
34	NORTH/SOUTH RUNWAY - STAGE III		6,542,000		6,542,000
35	MISCELLANEOUS IMPROVEMENTS		300,000		300,000
36	BLAST PROTECTION & RUNWAY SEAL COAT		2,060,000		2,060,000
37	AUTO PARKING EXPANSION		930,000		930,000

1 ADMINISTRATION OF JUSTICE (CONT.)		APPROPRIATION	APPROPRIATION FUND SOURCES	
2		ITEMS	GENERAL FUND	OTHER FUNDS
3	ALLOCATIONS			
4	MCLAUGHLIN YOUTH CENTER	120,000	120,000	
5	KETCHIKAN CORRECTION CENTER PLANNING	125,000	125,000	
6	WOMEN AND JUVENILE DETENTION FACILITY, JUNEAU	1,500,000	1,500,000	
7	CORDOVA MUNICIPAL JAIL - FOR STATE USE	100,000	100,000	
8	* * * * *			
9	* * * * * DEVELOPMENT * * * * *			
10	* * * * *			
11	DEPARTMENT OF REVENUE			
12	INCREASED CAPITALIZATION - MUNICIPAL BOND BANK	1,000,000	1,000,000	
13	DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT			
14	COMMUNITY ASSISTANCE EDA	810,000	162,000	648,000
15	ENERGY POWER & ALASKA ECONOMY MANAGEMENT SYSTEM	200,000	200,000	
16	WIND GENERATOR MAINTENANCE & REPAIR	10,000	10,000	
17	TECHNICAL & ECONOMIC OPTIONS - WASTE HEAT USE	55,000	55,000	
18	DEPARTMENT OF NATURAL RESOURCES			
19	AGRICULTURE REVOLVING LOAN FUND	400,000	400,000	
20	RED BEEF PROJECT	226,100	226,100	
21	PLANT MATERIALS CENTER - OFFICE/LABORATORY	125,000	125,000	
22	PLANT MATERIALS CENTER - ELECTRICAL UPGRADE	30,000	30,000	
23	STATE FAIR CAPITAL GRANTS	140,000	140,000	
24	DEPARTMENT OF PUBLIC WORKS:			
25	SMALL BOAT HARBORS			
26	HOMER/SELDOVIA HARBOR FACILITIES	400,000	400,000	
27	SITKA HARBOR IMPROVEMENTS	100,000	100,000	
28	ANCHORAGE - SHIP CREEK DREDGING	50,000	50,000	
29	TENAKEE BOAT HARBOR	50,000	50,000	
30	KETCHIKAN PORT PROJECT	500,000	500,000	
31	WESTERN ALASKA PORT PROJECTS	300,000	300,000	
32	JUNEAU PORT PROJECTS	1,500,000	1,500,000	
33	NAKNEK DOCK FEASIBILITY STUDY	30,000	30,000	
34	VARIOUS DREDGING PROJECTS	75,000	75,000	
35	MITKOF ISLAND LAUNCHING PAMP	50,000	50,000	
36	DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS			
37	FAIRBANKS TOWN/VILLAGE ASSOCIATION GRANT	75,000	75,000	

11,310,555,000



Stallan
6-2195

CITY of BETHEL

P. O. Box 388 • Bethel, Alaska 99559
543-2297 — Area Code 907

March 22, 1977

Senator Kay Polland
Senate Resources Committee
Pouch V
Juneau, Alaska 99811

Dear Senator Polland:

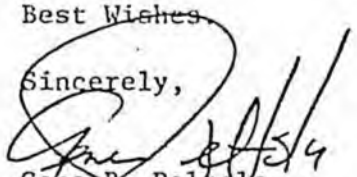
Pursuant to the Motor Fuel (Oil) Tax Bill, (SB 149) as introduced during the current legislative session, the Mayor and City Manager of the City of Bethel endorse and support the Act relating to the tax on motor fuel for watercraft. Our support for the bill is based on the assumption that if the State realizes additional revenue within this area, funding for water and harbor projects may well occur during FY 1978, with respect to projects planned by appropriate State agencies and municipalities involved in the development of port facilities and other related projects of a similar nature.

The tax increase proposed is, in our opinion, justifiable because of the need for additional project development within areas related to watercraft, and that the equibilty factor has not necessarily been in effect in terms of the current amount of tax paid on motor fuel (oil) for watercraft by consumers in the state.


The economic impact will not necessarily be negative, in that most watercraft users take advantage of and rely upon publicly funded projects in the water and harbors area, and therefore should assist from a monetary standpoint in supporting facilities and programs of this type.

Best Wishes

Sincerely,



Gene R. Peltola
Mayor



Bruce L. Bartlett
City Manager



THE CITY AND BOROUGH OF JUNEAU

CAPITAL OF ALASKA

155 SOUTH SLWARD ST. JUNEAU, ALASKA 99801

DATE: March 21, 1977

FILE NO. Legislation-1977

SUBJECT: Senate Bill 149
Watercraft Fuel Tax

The Honorable Kay Poland, Chairman
Senate Resources Committee
Pouch V
Juneau, Alaska 99811

Dear Senator Poland:

The City and Borough of Juneau supports SB 149 which has been referred to your committee. The bill would not only provide revenues which are crucially needed for harbor improvements throughout the state, it would also address the abuses of the heating and cooking exemption.

Our Small Boat Harbor Advisory Committee which is made up of a cross section of the commercial fishing and pleasure boating interests which utilize our small boat harbors has considered SB 149 and supports its passage.

We urge you to schedule SB 149 for hearings and also solicit your support of the bill.

Very truly yours,

Gerald L. Sharp
City/Borough Attorney

cc. Jim Coffee, Chairman
Small Boat Harbor Advisory Committee

bc. Don Statter, Director
State Division of Water & Harbors
Dept. Public Works

TELEGRAM

ROA ALASKA COMMUNICATIONS, INC.

PHONE: 836-6440

JUNEAU, ALASKA 99801

APR 11 11 11

#

16062 NL SEWARD ALASKA 03-31 400P AST

PMS DON STATTER DIRECTOR

POUCH Z

JUNEAU

HE CITY OF SEWARD URGES YOUR APPROVAL OF SB 149
A BILL TO INCREASE STATE WATER CRAFT FUEL TAX
WE FEEL CURRENT REVENUES COLLECTED FROM WATER CRAFT
FUEL TAX ARE INADEQUATE AND THAT TWO CENTS INCREASE
PROVIDED IN SB 149 WOULD GREATLY HELP STATE MEET INCREASING
SKILL BOAT HARBOR COSTS

CITY OF SEWARD

CITY OF HAINES

April 12, 1977

The Honorable Bill Ray
State Senator
165 Behrends Avenue
Juneau, Alaska 99801

Re: Senate Bill No. 149; Tax on Motor Fuel for Watercraft

Dear Senator Ray:

Following a study and public discussion concerning the Governor's proposed increase in the tax on motor fuel for watercraft, the Council of the City of Haines expressed its unanimous support for SB 149 at its April 4, 1977 meeting. The Mayor and members of the Council consider the measure to be financially responsible to the State's populace, as well as fair to the sportsmen and fishermen who will enjoy the facilities constructed with the aid of those tax revenues.

Please consider the position of the City of Haines when acting on this matter.

Sincerely,

Dan R. Bockhorst
City Administrator

DB:wh

cc: Jim Duncan
Mike Miller
Don Statler

CITY OF SKAGWAY

GATEWAY TO THE GOLD RUSH OF '98"

P. O. BOX 415 SKAGWAY, ALASKA 99840

March 18, 1977

Telegrams to:

- 1) Senator Kay Poland, Chairman, Senate Resources Committee
- 2) Senator Robert H. Zigler Sr., Chairman, Senate Rules Committee
- 3) Senator John C. Sackett, Chairman, Senate Finance Committee
- 4) Representative Steve Cowper, Chairman, House Finance Committee
- 5) Senator Bill Ray
- 6) Representative Mike Miller
- 7) Representative Jim Duncan

TIMELY PORT DEVELOPMENT IS ESSENTIAL TO ECONOMIC VIABILITY OF ALASKAN COASTAL COMMUNITIES. THE COMMON COUNCIL, CITY OF SKAGWAY STRONGLY URGES PASSAGE OF SENATE BILL NO. 149 RELATING TO TAX ON MOTOR FUEL FOR WATER CRAFT.

FOR THE CITY

JOHN EDWARDS
MAYOR

cc: Don Statter - Division of Waters & Harbors ✓
Alaska Municipal League

500' x 1000' Moorage Basin

will accommodate 60 100' vessels
280 40' vessels

* Harbor Cost - TOTAL (Federal - State - Local)

100' vessels \$6,000,000
40' vessels 5,000,000

* Harbor Cost - STATE ONLY

100' vessels 1,500,000
40' vessels 1,000,000

Berth Cost - Total

100' vessel = 100,000 per berth
40' vessel = 17,800 per berth

Berth Cost - State only

100' vessel = 25,000 per berth
40' vessel = 3,600 per berth

* Harbor costs take into consideration the additional costs that are incurred due to larger vessels such as:
deeper draft dredging
loading docks
wharves
girdirans (100' boat = \$150,000 40' boat = \$30,000)
etc.

OVER 80'

3 80'

20 gal per hour power - 4 gal per hour auxiliaries - 10 gal per day cooking

Resident = 12 hrs per day
 4 days of 5
 10 months of year } Power

24 hrs per day
 every day
 11 months of year } Aux. & Cooking & Heating.

Power = $12 \times 24 \times 10 \times 20 \text{ gal} = 57,600 \text{ gal}^2$
 Aux = $24 \times 30 \times 11 \times 4 \text{ gal} = 31,680 \text{ gal} \quad 34.2$
 Heat & Cook = $30 \times 11 \times 10 \text{ gal} = 3,300 \text{ gal} \quad 3.6$
 = = =

COOKING-HEATING-AUXILIARIES = 38 % of total fuel

Transient = Fishes 7 months of year

Power = $12 \times 24 \times 7 \times 20 \text{ gal} = 40,320$
 Aux = $24 \times 30 \times 7 \times 4 \text{ gal} = 20,160$
 Cook = $30 \times 7 \times 10 \text{ gal} = 2,100$

COOKING-HEATING-AUXILIARIES = 36 % of total fuel

40' - 60'

30' - 60'

5 gal per hour power - 2 gal per hour auxiliaries - 5 gal per day cooking

Resident = $\left. \begin{array}{l} 12 \text{ hours per day} \\ 2 \text{ days of 3} \\ 7 \text{ months of year} \end{array} \right\} \text{Power}$

$\left. \begin{array}{l} 24 \text{ hours per day} \\ \text{every day} \\ 7 \text{ months of year} \end{array} \right\} \text{Aux \& cooking}$

Power =	$12 \times 20 \times 7 \times 15 =$	25,200	
Aux =	$24 \times 30 \times 7 \times 2 =$	10,080	
Heat & Cook =	$30 \times 7 \times 5 =$	1,050	2.9%
			36,330

COOLING-HEATING-AUXILIARIES = 31 % of total fuel

Transient = Fishes 5 months of year

Power =	$12 \times 20 \times 5 \times 15 =$	18,000
Aux =	$24 \times 30 \times 5 \times 2 =$	7,200
Cook =	$30 \times 5 \times 5 =$	750

COOLING-HEATING-AUXILIARIES = 31 % of total fuel

STATE COST

100' Boat vs. 40' Boat

100' Boat brings in 2.7 times the revenue but costs 6.9 times as much to berth.

GEAR LICENCES

BY TYPE

(Source F&G)

Clam / Shell fish	6.8 %
Troll / Net	83.4 %
Long Line	8.8 %
Other (Trawl - Dredge)	1.0 %

100' Boat

Berth costs 100,000
Generates 3240 in taxes
31 years to pay for berth

40' Boat

Berth costs 17,800
Generates 1200 in taxes
15 years to pay for berth

STATE DOLLARS ONLY

100' Boat

Berth costs 25,000
Generates 3240 in taxes
8 years to pay for berth

40' Boat

Berth costs 3,600
Generates 1200 in taxes
3 years to pay for berth

FUEL USED - TAX GENERATED

100' Boat burns 90,000 gal
Exempts 40% for non-propulsion
 $90,000 \text{ gallons} \times .60 \times 6¢ = \$3,240 \text{ tax}$

40' Boat burns 25,000 gal
Exempts 20% for non-propulsion
 $25,000 \text{ gallons} \times .80 \times 6¢ = \$1,200 \text{ tax}$

Watercraft Fuel

SB 141.2 m.

$\frac{1.4 \text{ m}}{4}$

SB: Large vessels $\frac{1.8}{1.3}$ 40% exemption.
(tax-free up to $\frac{3.1}{3.1}$ harbors).

No exemption: 400,000

Increase: \$ 1.3 million.

CS/SB 167- \$ 500,000 - with medium sized.

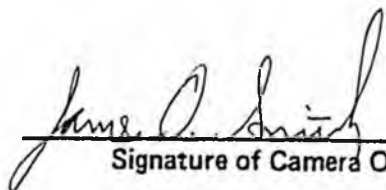
15% increase in fuel each year - 6% increase in tax.

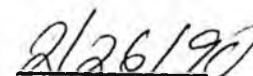


RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.


Signature of Camera Operator


Date

COMMITTEE REPORT

5/5/77

HOUSE

May 7 1977 Date

Mr. Speaker:

The Committee on FINANCE has had CSSB 149 am under consideration. A majority of the members of the Committee

- recommends it do pass
- recommends it do not pass
- recommends it do pass with attached amendment(s)
- recommends it be replaced with ^{FINANCE} CS for CSSB 149 am and that ^{FINANCE} CS for CSSB 149 am do pass
- (and) recommends it be referred to the _____ committee
- reports it back without recommendation
- AND attaches a report of its intent
- (other) _____

MEMBERS SIGNING THE MAJORITY REPORT:

[Signature] _____

[Signature] _____

[Signature] _____

[Signature] _____

MEMBERS NOT CONCURRING IN THE MAJORITY REPORT:

Freeman recommends: DO NOT PASS

[Signature] recommends: NO REC

[Signature] recommends: [Signature]

[Signature] _____

[Signature] _____

Chairman

Original sponsor: Rules Committee by
request of the Governor

1 IN THE SENATE BY THE FINANCE COMMITTEE
2 HOUSE CS FOR CS FOR SENATE BILL NO. 149
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the tax on motor fuel for water-
7 craft; and providing for an effective date."

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

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

10 CHAPTER 40. MOTOR FUEL [OIL] TAX.

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

13 (1) the tax on aviation gasoline is four cents a gallon,

14 (2) the tax on motor fuel used in and on [ENGINES FOR THE

15 PROPULSION OF BOATS AND] watercraft of all descriptions is five [FOUR]

16 cents a gallon [; IF A PERSON CLAIMS AN EXEMPTION FOR NONPROPULSION USE

17 UNDER THIS PARAGRAPH, HE SHALL SIGN A STATEMENT AT THE TIME OF THE SALE

18 OR TRANSFER ATTESTING TO THE FACT THAT THE AMOUNT OF FUEL FOR WHICH HE

19 CLAIMS THE EXEMPTION WILL BE USED ONLY FOR NONPROPULSION USE ABOARD A

20 BOAT OR WATERCRAFT], and

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

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

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

26 (1) the tax on aviation gasoline consumed is five [FOUR]
27 cents a gallon, [.]

28 (2) the tax on motor fuel used in and on [ENGINES FOR THE
29 PROPULSION OF BOATS AND] watercraft of all descriptions is four cents a

1 gallon [; IF A PERSON CLAIMS AN EXEMPTION FOR NONPROPULSION USE UNDER
2 THIS PARAGRAPH, HE SHALL SIGN A STATEMENT AT THE TIME OF PURCHASE
3 ATTESTING TO THE FACT THAT THE AMOUNT OF FUEL FOR WHICH HE CLAIMS THE
4 EXEMPTION WILL BE USED ONLY FOR NONPROPULSION USE ABOARD A BOAT OR
5 WATERCRAFT], and

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

8 * Sec. 3. AS 43.40.020(b) is repealed.

9 * Sec. 4. AS 43.40.030(a)(2) is amended to read:

10 (2) the motor fuel is not aviation fuel, or motor fuel used
11 in or on [AN ENGINE TO PROPEL A BOAT OR] watercraft [, INCLUDING MOTOR
12 FUEL WHICH MAY BE USED FOR HEATING AND COOKING ABOARD BOATS AND WATER-
13 CRAFT]; and

14 * Sec. 5. AS 43.40.100(2) is amended to read:

15 (2) "motor fuel" means fuel used in an engine for the propul-
16 sion of a motor vehicle or [,] aircraft, and fuel used in and on [BOAT
17 OR] watercraft for any purpose, or in a stationary engine, machine or
18 mechanical contrivance which is run [PROPELLED] by an internal combus-
19 tion motor; "motor fuel" does not include [EXCEPT ON CONSIGNMENTS OF
20 MOTOR]

21 (A) fuel consigned [OIL] to foreign countries,

22 (B) [EXCEPT MOTOR] fuel [OIL] sold for use in jet prop-
23 pulsion aircraft operating in flights to foreign countries,

24 (C) [EXCEPT] fuel used in stationary power plants
25 operating as public utility plants and generating electrical energy
26 for sale to the general public, [OR]

27 (D) fuel used by nonprofit power associations or cor-
28 porations for generating electric energy for resale, or

29 (E) fuel used by charitable institutions;

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

* Sec. 6. This Act takes effect July 1, 1977.

249

February 11, 1977

The Honorable John L. Rader
President of the Senate
Alaska State Legislature
Juneau, Alaska 99811

Dear Mr. President:

Under the authority of art. III, sec. 18 of the Alaska Constitution, and in accordance with AS 24.30.060(b) and the Uniform Rules of the Alaska State Legislature, I am transmitting a bill to reduce the tax exemption now allowed for marine fuel used for non-propulsion purposes aboard watercraft and to increase the tax from four to six cents per gallon.

It is my opinion that there is no basis for exempting all nonpropulsion fuel used aboard watercraft. The unlimited exemption makes it easy for an individual to circumvent the law, with little chance of being caught, if he wilfully chooses to do so. A careful analysis of fuel transfer records shows marked differences in the percentage exempted from area to area, indicating a likelihood that fuel purchased as nonpropulsion is used for propulsion in many instances. Apparently there are cases of owners exempting large quantities of fuel during certain periods on the pretense that they are moored and not using their main propulsion. I do feel that a reasonable exemption should be granted for fuel used for cooking and heating since this fuel is similar to fuel used in households for the same purpose. Therefore, by the terms of the bill up to 10% of the fuel purchased at any one time is exempt from the tax if it is to be used for cooking or heating.

The increasing demand for harbor facilities throughout the state necessitates an increase in this tax. The marine fuel tax is paid into a special account in the general fund and is returned to the boater in the form of appropriations for improved harbor facilities. Most commercial fishermen and recreational boaters are already aware of the problems encountered in recent years in trying to maintain a viable harbor improvement program in the face of spiraling construction costs without increases in revenues. They are familiar with overcrowded moorage facilities and long waiting lists.

Based on historical data and revenue projections, it is estimated that the legislation proposed would increase by \$1,300,000 the revenue to the Watercraft Fuel Tax Account in Fiscal Year 78.

Sincerely,

Jay S. Hammond
Governor

Original sponsor: Rules Committee by
request of the Governor

Offered: 4/14/77
Referred: Finance

1 IN THE SENATE

BY THE RESOURCES COMMITTEE

2 CS FOR SENATE BILL NO. 149 am

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the tax on motor fuel for water-
7 craft; and providing for an effective date."

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

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

10 CHAPTER 40. MOTOR FUEL [OIL] TAX.

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

13 (1) the tax on aviation gasoline is four cents a gallon, (2)
14 the tax on motor fuel used in and on [ENGINES FOR THE
15 PROPULSION OF BOATS AND] watercraft of all descriptions is six [FOUR]
16 cents a gallon, but up to 10 per cent of the motor fuel sold or other-
17 wise transferred at any one time is exempt from the tax if it is to be
18 used for cooking or heating [; IF A PERSON CLAIMS AN EXEMPTION FOR
19 NONPROPULSION USE UNDER THIS PARAGRAPH, HE SHALL SIGN A STATEMENT AT THE
20 TIME OF THE SALE OR TRANSFER ATTESTING TO THE FACT THAT THE AMOUNT OF
21 FUEL FOR WHICH HE CLAIMS THE EXEMPTION WILL BE USED ONLY FOR NONPROPUL-
22 SION USE ABOARD A BOAT OR WATERCRAFT], and

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

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

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

28 (1) the tax on aviation gasoline consumed is four cents a
29 gallon, [.]

1 (2) the tax on motor fuel used in and on [ENGINES FOR THE
2 PROPULSION OF BOATS AND] watercraft of all descriptions is six [FOUR]
3 cents a gallon, but up to 10 per cent of the motor fuel purchased at any
4 one time is exempt from the tax if it is to be used for cooking or
5 heating and up to 30 per cent of the motor fuel sold or otherwise trans-
6 ferred at any one time is exempt from the tax if it is to be used for
7 auxiliary engine power for the purpose of generating electricity, refri-
8 geration, heat, hydraulic power or circulating sea water for brine or
9 live tanks [; IF A PERSON CLAIMS AN EXEMPTION FOR NONPROPULSION USE
10 UNDER THIS PARAGRAPH, HE SHALL SIGN A STATEMENT AT THE TIME OF PURCHASE
11 ATTESTING TO THE FACT THAT THE AMOUNT OF FUEL FOR WHICH HE CLAIMS THE
12 EXEMPTION WILL BE USED ONLY FOR NONPROPULSION USE ABOARD A BOAT OR
13 WATERCRAFT], and

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

16 * Sec. 3. AS 43.40.020(b) is amended to read:

17 (b) A person who claims the heating and cooking or auxiliary
18 engine power [NONPROPULSION] use fuel tax exemption under sec. 10(a)(2)
19 or sec. 10(b)(2) of this chapter and who uses a portion of the amount of
20 the exempted fuel for another purpose is guilty of a misdemeanor, and is
21 punishable by a fine of not more than \$5,000.

22 * Sec. 4. AS 43.40.100(2) is amended to read:

23 (2) "motor fuel" means fuel used in an engine for the propul-
24 sion of a motor vehicle or [,] aircraft, and fuel used in a boat or
25 watercraft for any purpose, or in a stationary engine, machine or
26 mechanical contrivance which is run [PROPELLED] by an internal com-
27 bustion motor; "motor fuel" does not include [EXCEPT ON CONSIGNMENTS OF
28 MOTOR]

29 (A) fuel consigned [OIL] to foreign countries,

1 (B) [EXCEPT MOTOR] fuel [OIL] sold for use in jet
2 propulsion aircraft operating in flights to foreign countries,

3 (C) fuel oil carried aboard a gasoline-powered boat or
4 watercraft and used for heating or cooking,

5 (D) [AND EXCEPT] fuel used in stationary power plants
6 operating as public utility plants and generating electrical
7 energy for sale to the general public, [OR]

8 (E) fuel used by nonprofit power associations or cor-
9 porations for generating electric energy for resale, or

10 (F) fuel used by charitable institutions;

11 * Sec. 5. This Act takes effect July 1, 1977.

12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

Introduced: 2/11/77
Referred: Resources and Finance

1 THE SENATE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 SENATE BILL NO. 149

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the tax on motor fuel for water-
7 craft; and providing for an effective date."

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

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

10 CHAPTER 40. MOTOR FUEL [OIL] TAX.

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

13 (1) the tax on aviation gasoline is four cents a gallon,

14 (2) the tax on motor fuel used in and on [ENGINES FOR THE
15 PROPULSION OF BOATS AND] watercraft of all descriptions is six [FOUR]
16 cents a gallon, but up to 10 per cent of the motor fuel sold or other-
17 wise transferred at any one time is exempt from the tax if it is to be
18 used for cooking or heating and if the person who claims the exemption

19 signs [; IF A PERSON CLAIMS AN EXEMPTION FOR NONPROPULSION USE UNDER
20 THIS PARAGRAPH, HE SHALL SIGN] a statement at the time of the sale or
21 transfer [ATTESTING TO THE FACT] that the amount of fuel for which he
22 claims the exemption will be used only for cooking or heating [NON-
23 PROPULSION USE] aboard a boat or other watercraft, and

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

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

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

29 (1) the tax on aviation gasoline consumed is four cents a

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

(C) [AND EXCEPT] fuel used in stationary power plants operating as public utility plants and generating electrical energy for sale to the general public, [OR]

(D) fuel used by nonprof' power associations or corporations for generating electric energy for resale, or

(E) fuel used by charitable institutions;

* Sec. 5. This Act takes effect July 1, 1977.

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

Introduced: 2/11/77
Referred: Resources and Finance

1 THE SENATE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2 SENATE BILL NO. 149

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the tax on motor fuel for water-
7 craft; and providing for an effective date."

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

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

10 CHAPTER 40. MOTOR FUEL [OIL] TAX.

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

13 (1) the tax on aviation gasoline is four cents a gallon,

14 (2) the tax on motor fuel used in and on [ENGINES FOR THE
15 PROPULSION OF BOATS AND] watercraft of all descriptions is six [FOUR]
16 cents a gallon, but up to 10 per cent of the motor fuel sold or other-
17 wise transferred at any one time is exempt from the tax if it is to be
18 used for cooking or heating and if the person who claims the exemption
19 signs [; IF A PERSON CLAIMS AN EXEMPTION FOR NONPROPULSION USE UNDER
20 THIS PARAGRAPH, HE SHALL SIGN] a statement at the time of the sale or
21 transfer [ATTESTING TO THE FACT] that the amount of fuel for which he
22 claims the exemption will be used only for cooking or heating [NON-
23 PROPULSION USE] aboard a boat or other watercraft, and

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

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

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

29 (1) the tax on aviation gasoline consumed is four cents a

1 gallon,

2 (2) the tax on motor fuel used in and on [ENGINES FOR THE
3 PROPULSION OF BOATS AND] watercraft of all descriptions is six [FOUR]
4 cents a gallon, but up to 10 per cent of the motor fuel purchased at
5 any one time is exempt from the tax if it is to be used for cooking or
6 heating and if the person who claims the exemption signs [; IF A
7 PERSON CLAIMS AN EXEMPTION FOR NONPROPULSION USE UNDER THIS PARAGRAPH,
8 HE SHALL SIGN] a statement at the time of the purchase [ATTESTING TO
9 THE FACT] that the amount of fuel for which he claims the exemption
10 will be used only for cooking or heating [NONPROPULSION USE] aboard a
11 boat or other watercraft, and

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

14 * Sec. 3. AS 43.40.020(b) is amended to read:

15 (b) A person who claims the heating and cooking [NONPROPULSION]
16 use fuel tax exemption under sec. 10(a)(2) or sec. 10(b)(2) of this
17 chapter and who uses a portion of the amount of the exempted fuel for
18 another purpose is guilty of a misdemeanor, and is punishable by a
19 fine of not more than \$5,000.

20 * Sec. 4. AS 43.40.100(2) is amended to read:

21 (2) "motor fuel" means fuel used in an engine for the
22 propulsion of a motor vehicle or [,] aircraft, and fuel used in a boat
23 or watercraft for any purpose, or in a stationary engine, machine or
24 mechanical contrivance which is run [PROPELLED] by an internal com-
25 bustion motor; "motor fuel" does not include [EXCEPT ON CONSIGNMENTS
26 OF MOTOR]

27 (A) fuel consigned [OIL] to foreign countries,

28 (B) [EXCEPT MOTOR] fuel [OIL] sold for use in jet
29 propulsion aircraft operating in flights to foreign countries,

1 (C) [AND EXCEPT] fuel used in stationary power plants
2 operating as public utility plants and generating electrical
3 energy for sale to the general public, [OR]

4 (D) fuel used by nonprofit power associations or cor-
5 porations for generating electric energy for resale, or

6 (E) fuel used by charitable institutions;

7 * Sec. 5. This Act takes effect July 1, 1977.
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

THE LEGISLATURE OF THE STATE OF ALASKA
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
Bill/Resolution No. _____
Title Watercraft Fuel Tax
Requested by Office of the Governor Date January 25, 1977

II. FISCAL DETAIL
Agency Affected Department of Public Works
Program Category Affected Division of Water and Harbors
Budget Request Unit(s) Affected None

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -

FUNDING (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

HB 675 will have no negative impact on the State budget. It is assumed that the additional funds generated by the tax increase will be appropriated to the Division of Water and Harbors to fund those projects contained in the Water and Harbors' six year capital improvement program as submitted by the Department of Public Works. The following estimates are based on historical data and revenue projections as prepared by the Division of Water and Harbors and the Department of Revenue:

Estimated Additional Revenue to be Generated from HB 675

FY78	FY79	FY80	FY81	FY82	FY83
1,304.0	1,350.0	1,435.0	1,515.0	1,635.0	1,730.0

Refer to attached analysis.

IV. DATE January 25, 1977 PREPARED BY Don Statter, Director
AGENCY Division of Water and Harbors, Public Works
PHONE 586-2195
Original: Legislative Finance
cc: Budget and Management
Prime Sponsor (First Legislator Named)

FISCAL YEAR 78 TAX ESTIMATE FROM DEPARTMENT OF REVENUE = \$1,550,000

\$1,550,000 = 38,750,000 gallons taxed at 4¢ per gallon

Estimate 80% of fuel is diesel = 31,000,000 gallons

Estimate 20% of fuel is gas 7,750,000 gallons

Estimate 30% of total diesel was exempted = 13,250,000 gallons

Estimate total gallons sold FY 78 = 52,000,000 gallons

Revenue estimate for FY 78 based on 2¢ per gallon increase and limitation of 10% on exemptions =

Gas - 7,750,000 gallons x 6¢ = \$465,000

Diesel - 44,250,000 gallons x .90 x 6¢ = 2,389,000

\$2,854,000

Increase due to legislation = \$2,854,000 minus \$1,550,000 = \$1,304,000

Increase in future years =

FY 79 - \$1,350,000

FY 80 - 1,435,000

FY 81 - 1,515,000

FY 82 - 1,635,000

FY 83 - 1,730,000

From the attached you can summarize as follows:

Increase in number of vessels registered per year = 15.5%

Increase in amount of fuel sold per year = 14.9%

Increase in amount of tax received per year = 6.9%

General rate of inflation per Dept. of Labor statistics = 6.7%

Amount of fuel being exempted Statewide is increasing approx. 5.5% per year.

Water and Harbors' budget request for FY 78 = \$5.3 million

✓ Fuel tax estimate for FY 78 (based on present 4¢ tax with 35% exemption) \$1.5 million.

Vessels Registered - U.S.C.G.

149

72 -	15,068	+16.0%
73 -	17,473	+14.5%
74 -	20,012	+16.3%
75 -	23,278	

72-75 15.5%

Max fuel tax

199

FY 73	987.8	15.2%
FY 74	1,138.4	.6%
FY 75	1,145.2	5.4%
FY 76	1,206.7	

73-76 = 6.9%

Marine Fuel Tax FY 76

JULY 1, 1975 thru June 30, 1976

	DIV I	DIV II	DIV III	DIV IV	TOTAL
<u>FUEL SOLD</u>	10,054,967		26,885,355		38,984,548
PRIOR YEAR	10,594,093		21,012,089		33,921,393
CHANGE					+14.9%
<u>FUEL TAXED</u>	8,573,741		18,967,350		29,320,054
PRIOR YEAR	8,953,357		15,825,345		27,090,327
CHANGE					+8.2%
<u>FUEL EXEMP.</u>	1,481,226		7,918,005		9,664,494
PRIOR YEAR	1,640,736		5,186,744		6,831,066
CHANGE					+41.5%
<u>DIESEL TAXED</u>	6,628,649		15,450,066		23,675,425
PRIOR YEAR	6,820,660		13,650,286		21,061,619
CHANGE					+12.4%
<u>% DIESEL EX</u>	18.3		33.9		29.0
PRIOR YEAR	19.4		27.5		24.5

REPORT OF MOTCR FUEL DISTRIBUTED OR SOLD IN ALASKA DURING November - 1976

ACCUMULATIVE TOTAL

from 7-1-76

to 11-30-76

	TOTAL GALLONS	EXEMPT GALLONS	DIVISION I	DIVISION II	DIVISION III	DIVISION IV	TAXABLE GALLONS	
Aviation-Jet	24,638,932	17,303,017	303,892	78,301	6,043,598	910,124	7,335,915	42,660,359
Aviation-Gas	999,933	79,741	79,379	52,869	587,567	200,377	920,192	7,552,124
(non-taxable)								
Aviation-Bonded	2,922,689	2,922,689	-0-	-0-	2,922,689	-0-	-0-	12,866,959
Gas-Highway	13,444,893	318,132	910,090	72,795	8,710,797	3,433,079	13,126,761	81,214,220
Diesel-Highway	13,886,832	3,857,152	541,998	1,257,962	3,821,924	4,407,796	10,029,680	59,073,955
Gas-Marine	144,780	43,101	63,029	53	35,194	3,403	101,679	3,831,436
Diesel-Marine	1,689,705	146,120	276,764	-0-	1,266,821	-0-	1,543,585	13,998,345
(non-taxable)								
Marine Non- repulsion	1,002,898	1,002,898	871,311	-0-	131,587	-0-	-0-	6,048,873
Other Type Fuel	918	-0-	(278)	168	(288)	1,316	918	371,997

76%

9%

30%

144

ALASKA DEPARTMENT OF REVENUE

REPORT OF MOTOR FUEL DISTRIBUTED OR SOLD IN ALASKA DURING December 1976

ACCUMULATIVE TOTAL

from 7-1-76

to 12-31-76

	TOTAL GALLONS	EXEMPT GALLONS	DIVISION I	DIVISION II	DIVISION III	DIVISION IV	TAXABLE GALLONS	
ation-Jet	14,618,749	7,475,632	443,671	87,142	5,790,809	821,495	7,143,117	49,803,476
ation-Gas	628,802	63,803	84,346	58,863	251,710	170,080	564,999	8,117,123
(non-taxable)								
ation-Bonded	7,926,818	7,926,818	29,846	-0-	7,896,972	-0-	-0-	20,793,777
s-Highway	14,475,850	313,152	1,064,460	231,053	9,612,919	3,254,266	14,162,698	95,376,918
esel-Highway	15,973,735	6,199,557	304,825	2,039,435	3,695,005	3,734,913	9,774,178	68,848,133
s-Marine	90,008	27,264	65,435	(602)	(2,526)	437	62,744	3,894,180
esel-Marine	1,672,423	141,239	264,325	-0-	1,266,859	-0-	1,531,184	15,529,529
(non-taxable)								
rine Non- pulsion	1,138,110	1,138,110	61,498	-0-	1,076,612	-0-	-0-	7,186,983
er Type Fuel	41,789	-0-	161	1,021	40,433	174	41,789	413,786

327

149

SB 149 Kodiak
76 AMERICAS FIRST INDUSTRY

United Fishermen's Marketing Association, Inc.

P.O. Box 1035 Kodiak, Alaska 99615

Telephone 486-3453



March 11, 1977

Representative Steve Cowper, Chairman
Finance Committee
Alaska State House of Representatives
Pouch V
Juneau, Alaska

Dear Mr. Cowper,

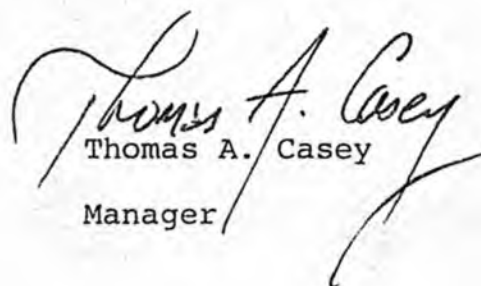
We oppose Senate Bill #149, which proposes a higher tax on motor fuel for watercraft. As king crab, tanner crab, and salmon fishermen, we are among the State's most productive citizens. Likewise, the advent of the 200-mile limit now presents new challenges and opportunities for expansion of the fishing industry in Alaska. Any new gains made by the Alaska fishing fleet will be achieved by competitive advantage. If Alaskan fishermen can increase their efficiency and productivity, whole new fisheries will open to them. Therefore, it's ironic that a tax increase on marine fuel is proposed by the Governor at such a critical point in Alaska fisheries development.

Page 2

We wish to remind the Legislature that of the \$500,000 appropriated in the Capitol Budget of 1975 and 1976 for harbor improvements in Kodiak, not one cent has yet been expended. What happened to this money? And now we're being asked to raise more funny money from marine fuel tax?

Please defend the producers in Alaska by defeating Senate Bill # 149.

Yours Truly,


Thomas A. Casey
Manager

TAC:mnm



United Fishermen's Marketing Association, Inc.

P.O. Box 1035 Kodiak, Alaska 99615

Telephone 486-1453



Page 2

March 11, 1977

Representative Steve Cowper, Chairman
Finance Committee
Alaska State House of Representatives
Pouch V
Juneau, Alaska

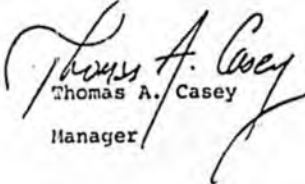
Dear Mr. Cowper,

We oppose Senate Bill #149, which proposes a higher tax on motor fuel for watercraft. As king crab, tanner crab, and salmon fishermen, we are among the State's most productive citizens. Likewise, the advent of the 200-mile limit now presents new challenges and opportunities for expansion of the fishing industry in Alaska. Any new gains made by the Alaska fishing fleet will be achieved by competitive advantage. If Alaskan fishermen can increase their efficiency and productivity, whole new fisheries will open to them. Therefore, it's ironic that a tax increase on marine fuel is proposed by the Governor at such a critical point in Alaska fisheries development.

We wish to remind the Legislature that of the \$500,000 appropriated in the Capitol Budget of 1975 and 1976 for harbor improvements in Kodiak, not one cent has yet been expended. What happened to this money? And now we're being asked to raise more funny money from marine fuel tax?

Please defend the producers in Alaska by defeating Senate Bill # 149.

Yours Truly,


Thomas A. Casey
Manager

TAC:mnm



United Fishermen's Marketing Association, Inc.

P.O. Box 1035 Kodiak, Alaska 99615

Telephone 486-3453

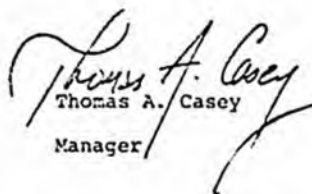


March 11, 1977

We wish to remind the Legislature that of the \$500,000 appropriated in the Capitol Budget of 1975 and 1976 for harbor improvements in Kodiak, not one cent has yet been expended. What happened to this money? And now we're being asked to raise more funny money from marine fuel tax?

Please defend the producers in Alaska by defeating Senate Bill # 149.

Yours Truly,


Thomas A. Casey
Manager

TAC:emm

Representative Steve Cowper, Chairman
Finance Committee
Alaska State House of Representatives
Pouch V
Juneau, Alaska

Dear Mr. Cowper,

We oppose Senate Bill #149, which proposes a higher tax on motor fuel for watercraft. As king crab, tanner crab, and salmon fishermen, we are among the State's most productive citizens. Likewise, the advent of the 200-mile limit now presents new challenges and opportunities for expansion of the fishing industry in Alaska. Any new gains made by the Alaska fishing fleet will be achieved by competitive advantage. If Alaskan fishermen can increase their efficiency and productivity, whole new fisheries will open to them. Therefore, it's ironic that a tax increase on marine fuel is proposed by the Governor at such a critical point in Alaska fisheries development.

Send to S.A. Committee.

STATE OF ALASKA

DEPARTMENT OF HIGHWAYS

OFFICE OF THE COMMISSIONER

COPY TO Finance

JAY S. HAMMOND, GOVERNOR

MAR 15 1977

SB 149
SB 149

P. O. BOX 1467 - JUNEAU 99802
(907) 364-2121
(TELEX 099-45-371)

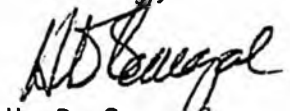
March 11, 1977

Honorable Hugh Malone
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Dear Representative Malone:

In reference to our conversation the other day about Motor Vehicle Fuel Tax, I am enclosing a "Lundberg Letter" with the graphs of various taxes in relation to the price of gasoline. I thought this might be of interest to you.

Sincerely,



H. D. Scougal
Commissioner of Highways

HDS/mn

Enclosure

LUNDBERG LETTER

A Petroleum Statistics News Letter

March 7, 1977



H. D. Scougal
Commissioner of Highways
Department of Highways
P.O. Box 1467
Juneau, Alaska 99802

Dear Mr. Scougal:

We know about your vital interest in variable-rate gasoline taxation. Our most recent issue of LUNDBERG LETTER (enclosed) will be of special interest to you.

LUNDBERG LETTER, drawing on the extensive field resources of Lundberg Survey, is published weekly at an annual subscription rate of \$231.

Yours truly,

A handwritten signature in cursive script that reads "Jan C. Lundberg".

Jan C. Lundberg
Publisher

A Weekly Filing of
 Statistics and Related
 Petroleum Industry News

VOLUME IV NUMBER 18

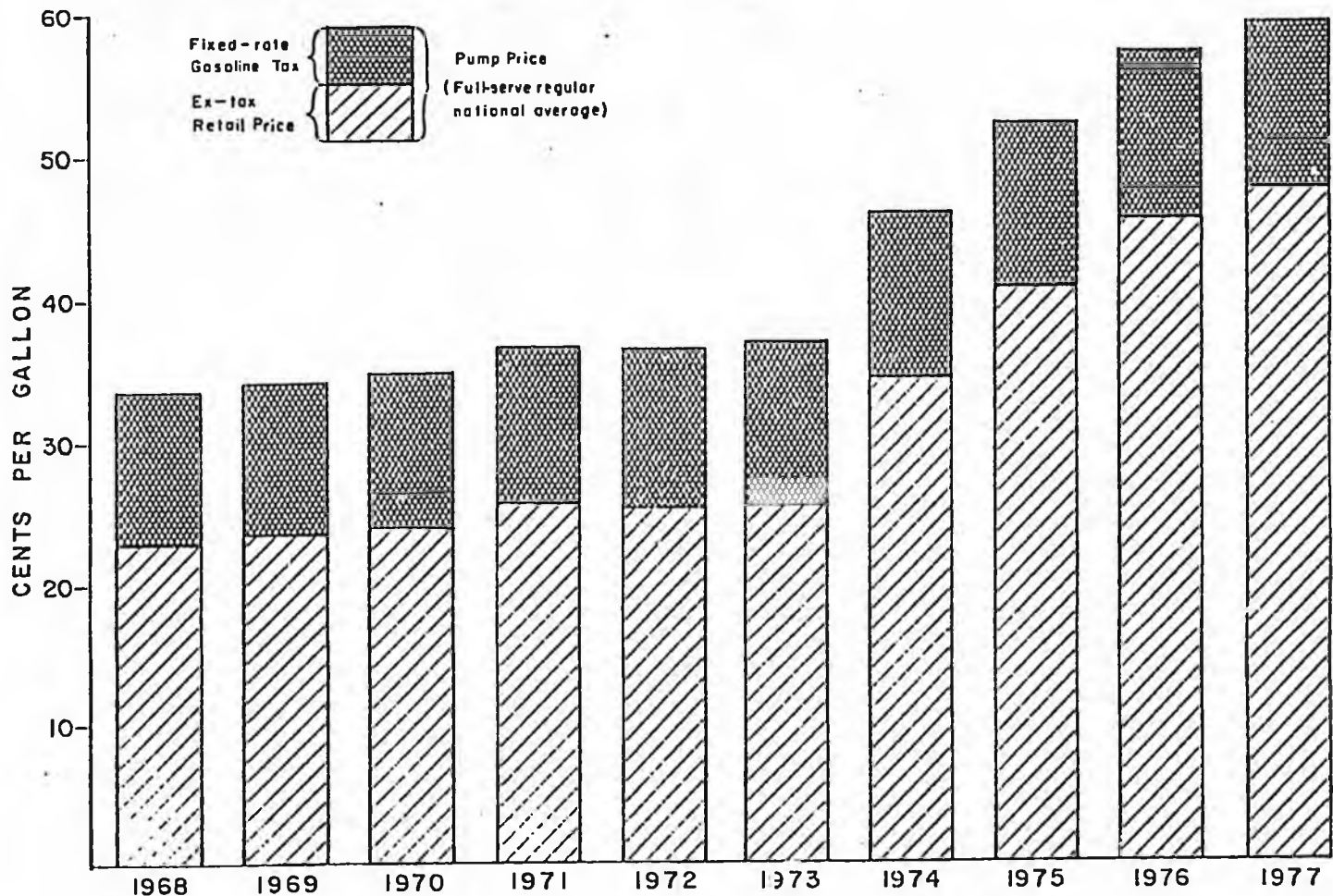
Published Fridays

MARCH 4, 1977

Variable Gasoline Taxes: What Effect on Price?

The *AGONY* to Come

UNDER EXISTING TAXATION SYSTEMS, GASOLINE TAXES HAVE REMAINED RELATIVELY STEADY



This graph shows gasoline taxes and prices under the fixed-rate systems now in effect. Gasoline prices do not affect taxes. Following graphs show what proposed variable rates would do to prices.

Jan C. Lundberg, Publisher. Mark Emond, Editor-in-Chief. Lynn L. Beavers, Director of Research
 Ellen L. Martz, Editor-in-Charge of Correspondents. Nancy R. Harwich, Copy Editor
 William R. Keene, Graphic Presentation. Craig P. Hardin, Production.

Published by Tele-Drop, Inc., P.O. Box 3996, N. Hollywood, CA 91609. Tel. (213) 768-5111. TWX 1-910-4982739 LUNDBERG LSA.
 Annual full subscription rate \$400. All rights reserved, but petroleum industry citation by subscribers and reasonable quotation by media permitted. Please do not reduce selling effectiveness of publisher by private circulation.