

**ALASKA LEGISLATURE**

**2524**

**HOUSE and SENATE FINANCE COMMITTEE FILES, 2003-2004**

**HB**

**156**

**HFIN**

**FILE**

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# Alaska State Legislature

Please enter into the record my testimony to the

HOUSE FINANCE

committee name

Committee on HB 156

bill # / subject

Date, FEBRUARY 15, 2004

FINANCE CO CHAIR REPRESENTATIVE HARRIS,  
FINANCE CO CHAIR REPRESENTATIVE WILLIAMS,  
VICE CO - CHAIR REPRESENTATIVE MEYER,  
COMMITTEE REPRESENTATIVES: CHENAULT, FATE, FOSTER,  
COMMITTEE HAWKER, STOLTZE, CROFT, JOULE, AND MOSES:

HOUSE FINANCE COMMITTEE MEMBERS,

I do not support raising or adding more taxes on our gasoline.

I have never paid this much for gasoline anywhere in the United States. Gasoline cost over \$ 1.90 a gallon! Raising or adding taxes on our gasoline will not solve Alaska's fiscal crisis.

Increasing the fuel taxes will create a financial burden on everyone who drives an automobile. I do not want to give our State legislative body any more money. Our state needs long-range fiscal plans, in addition to a lot of serious budget cuts. I don't want gasoline taxes increased!

Instead of raising taxes and implementing user fees, our representative's need to balance the state's budget. I would rather see representatives focusing their energy on coming up with a long-range fiscal plan that will not impose/implement new taxes. **Please vote NO on HB 156!**

Signed: LAURIE CHURCHILL

Testifier

SELF

Representing (optional)

PO BOX 7043 NIKISKI, AK 99635 MY NEW EMAIL ACCOUNT: ak501c3@yahoo.com

Address

907-776-3499

Phone number

23-GH1118\V  
Kurtz  
2/9/04

2/9/04 adopted

**CS FOR HOUSE BILL NO. 156(FIN)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:

Referred:

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

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to the motor fuel tax, including the motor fuel tax rate for motor fuel  
2 blended with alcohol from lignocellulose derived from wood or from waste seafood, and  
3 repealing the special seasonal tax rate on motor fuel blended with alcohol; and  
4 providing for an effective date."

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

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

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

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

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

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

14 (4) through June 30, 2009 [THE TAX RATE ON MOTOR FUEL

1 THAT IS BLENDED WITH ALCOHOL IS THE SAME TAX RATE A GALLON  
2 AS OTHER MOTOR FUEL; HOWEVER,

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

11 (B) NOTWITHSTANDING (A) OF THIS PARAGRAPH,  
12 THROUGH JUNE 30, 2004], the tax on motor fuel sold or otherwise  
13 transferred within the state is eight cents a gallon less than the tax on other  
14 motor fuel not described in (1) - (3) of this subsection if the motor fuel

15 (A) [(i)] is at least 10 percent alcohol by volume, has been  
16 produced from the processing of lignocellulose derived from wood, and was  
17 produced in a facility that processes lignocellulose from wood, but this  
18 reduction in the rate of tax applies to motor fuel sold or transferred that  
19 contains alcohol that was produced only during the first five years of the  
20 facility's processing of lignocellulose from wood; or

21 (B) [(ii)] is at least 10 percent alcohol by volume, has been  
22 produced from the processing of waste seafood, and was produced in a facility  
23 that processes alcohol from waste seafood, but this reduction in the rate of tax  
24 applies to motor fuel sold or transferred that contains alcohol that was  
25 produced only during the first five years of the facility's processing of alcohol  
26 from waste seafood.

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

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

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

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

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

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16 (B) NOTWITHSTANDING (A) OF THIS PARAGRAPH,  
17 THROUGH JUNE 30, 2004], the tax on motor fuel consumed by a user within  
18 the state is eight cents a gallon less than the tax on other motor fuel not  
19 described in (1) - (3) of this subsection if the motor fuel

20 (A) [(i)] is at least 10 percent alcohol by volume, has been  
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22 produced in a facility that processes lignocellulose from wood, but this  
23 reduction in the rate of tax applies to motor fuel consumed by a user that  
24 contains alcohol that was produced only during the first five years of the  
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28 that processes alcohol from waste seafood, but this reduction in the rate of tax  
29 applies to motor fuel consumed by a user that contains alcohol that was  
30 produced only during the first five years of the facility's processing of alcohol  
31 from waste seafood.

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

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

21 \* **Sec. 4.** AS 43.40.010 is amended by adding a new subsection to read:

22 (m) An amount equal to the revenue obtained from six cents of the tax  
23 collected under (a) and (b) of this section, excluding the amounts collected under  
24 (a)(1) - (4) and (b)(1) - (4) of this section, shall be separately accounted for in the  
25 special highway fuel tax account under AS 43.40.010(g). The annual estimated  
26 balance of the amount separately accounted for may be appropriated by the legislature  
27 to the Department of Community and Economic Development for distribution to  
28 municipalities as follows:

29 (1) the Department of Community and Economic Development shall  
30 pay to a municipality that has power to provide for road maintenance and exercises  
31 that power an entitlement based on each mile of road, street, or highway maintained

1 by the municipality, excluding (A) the official state highway system, (B) roads,  
2 streets, or highways not dedicated to public use, (C) roads, streets, or highways  
3 maintained under AS 19.30.111 - 19.30.251 (local service road program), and (D)  
4 alleyways, in accordance with regulations adopted by the Department of  
5 Transportation and Public Facilities; a payment may not be made under this paragraph  
6 for maintenance of a road that is not used by automotive equipment; the entitlement  
7 payable under this paragraph is equal to the per mile entitlement payable under  
8 AS 29.60.110(a);

9 (2) the Department of Community and Economic Development shall  
10 pay for a frozen waterway and a connection from an inhabited area to a waterway that  
11 may be safely used for public transportation by automotive equipment and is so used  
12 during a portion of a year; the entitlement payable under this paragraph is \$250 a mile  
13 if the waterway and connection are maintained during the period of use by a  
14 municipality or combination of municipalities; the Department of Community and  
15 Economic Development, after consultation with the Department of Transportation and  
16 Public Facilities, shall determine which waterways and connections qualify and, if the  
17 waterways or connections lie outside the corporate limits of a municipality, which  
18 municipalities shall receive the payments under this paragraph, unless the  
19 municipalities involved have agreed in writing to a particular distribution;

20 (3) payments to a municipality under this subsection shall reflect area  
21 cost-of-living differentials that are calculated and applied under AS 29.60.160; and

22 (4) if amounts appropriated from the balance of the amount separately  
23 accounted for are insufficient to pay each municipality's share authorized under this  
24 subsection, the amounts that are available shall be distributed pro rata among eligible  
25 municipalities.

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

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

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

31 (2) the motor fuel is not aviation fuel, or motor fuel used in or on

1 watercraft; and

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

4 \* Sec. 6. AS 43.40.100(2) is amended to read:

5 (2) "motor fuel" means fuel used in an engine for the propulsion of a  
6 motor vehicle or aircraft, and fuel used in and on watercraft for any purpose, or in a  
7 stationary engine, machine, or mechanical contrivance that is run by an internal  
8 combustion motor; "motor fuel" does not include

9 (A) fuel consigned to foreign countries;

10 (B) fuel sold for use in jet propulsion aircraft operating in  
11 flights

12 (i) to foreign countries; or

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

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

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

21 (E) fuel used by charitable institutions;

22 (F) fuel sold or transferred between qualified dealers;

23 (G) fuel sold to federal, state, and local government agencies  
24 for official use; **for the purposes of this subparagraph, the Alaska Railroad**  
25 **Corporation (AS 42.40) is not a federal, state, or local government agency;**

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

28 (I) fuel used to heat private or commercial buildings or  
29 facilities;

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

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(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. 7. This Act takes effect July 1, 2004.

# STATE OF ALASKA

DEPARTMENT OF LAW

COMMERCIAL SECTION

FRANK H. MURKOWSKI, GOVERNOR

P.O. BOX 110300  
DIAMOND COURT HOUSE, 5<sup>TH</sup> FLOOR  
JUNEAU, ALASKA 99811-0300  
PHONE: (907) 465-3600  
FAX: (907) 465-2539

May 1, 2003

The Honorable Gene Therriault  
Senate Transportation Committee  
State Capitol, Room 111  
Juneau, AK 99801-1182

Re: CSSB 112 (TRA)  
Taxing the Alaska Railroad  
Our file: 023-96-0114

Dear Senator Therriault:

During the April 4<sup>th</sup> hearing on SB 112, language proposing to subject the Alaska Railroad to the motor fuel tax at the highway rate of \$.20/gallon was presented for discussion. In response, the Alaska Railroad cited a provision of federal law that purports to prevent tax discrimination in relation to railroads subject to federal jurisdiction: 49 U.S.C. § 11501. At the April 24<sup>th</sup> hearing in Senate Transportation, Senator Therriault requested an opinion with respect to 49 U.S.C. § 11501 from the Department of Law.

## I. BACKGROUND

The language in 49 U.S.C. § 11501 was originally enacted in 1976 as part of the Railroad Revitalization and Regulatory Reform Act (the "4-R Act").<sup>1</sup> 49 U.S.C. § 11501(b)(4) prohibits a state from imposing a tax "that discriminates against a rail carrier" subject to federal Surface Transportation Board jurisdiction. The Alaska Railroad is subject to federal Surface Transportation Board jurisdiction by virtue of the Alaska Railroad Transfer Act. 45 U.S.C. § 1207(a)(1).

<sup>1</sup> In 1995, the 4-R Act was re-enacted and re-codified as part of the Interstate Commerce Commission Termination Act of 1995, 109 Stat. 803.

The Honorable Gene Therriault, Senator  
Alaska State Legislature  
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The Ninth Circuit explained the intention of Congress in enacting this tax discrimination provision in *Atchison, Topeka and Santa Fe Railway Co. v. Arizona*, 78 F.3d 438 (9<sup>th</sup> Cir.), *cert. denied*, 519 U.S. 1029 (1996):

Moreover, the purpose of the 4-R Act was not to grant railroads preferential treatment. . . . Rather, in adopting the 4-R Act, Congress' purpose was to remedy discrimination against the railroads and place them on an even playing field with other state taxpayers.

*Id.* at 442.<sup>2</sup> The court went on to quote from legislative history regarding the bill that eventually evolved into the 4-R Act:

The proposal in no way alters the freedom of the State to tax its' taxpayers as in its discretion it deems best, so long as such carriers are *accorded equal tax treatment with other taxpayers.*

*Id.* Accordingly, it is clear that the 4-R Act does not prohibit state taxation of railroads. All that is prohibited is discriminatory taxation.

The *Atchison* court went on to hold that in order to determine whether the state's taxing scheme was discriminatory the tax treatment of all other "commercial and industrial taxpayers subject to the tax" must be examined. *Id.* On the facts of that case, the court determined that most other commercial and industrial taxpayers paid the same tax at the same rate, therefore there was no discrimination. *Id.* at 443-44.

Other states' fuel excise taxes have been challenged under the 4-R Act. Minnesota, for instance, sought to impose a \$.17/gallon fuel tax on railroads, which was the same rate as that imposed on the trucking and marine industry, but more than the rate imposed on the aviation industry. *See Burlington Northern Railroad Co. v. Triplett*, 682 F. Supp. 443 (D. Minn. 1988). There, the court found discrimination on two grounds. First, even though the tax rate for the trucking industry was the same, the court found that the revenues raised from the trucking industry were dedicated to repair and maintenance of roadbeds used by trucks. But none of the revenue raised from the railroad industry defrayed the costs of railroad bed maintenance and repair. Thus the trucks had a "distinct

<sup>2</sup> According to the U.S. Supreme Court, Congress determined in 1976 that railroads were overtaxed by at least \$50 million each year. *Burlington Northern Railroad Co. v. Oklahoma Tax Comm'n*, 481 U.S. 454, 457, 107 S. Ct. 1855, 1858 (1987).

The Honorable Gene Therriault, Senator  
Alaska State Legislature  
Our file: 023-96-0114

May 1, 2003  
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competitive advantage." *Id.* at 445.<sup>3</sup> Second, the court found discrimination against the railroad industry by virtue of the lower rate paid by the aviation industry.

Courts have differed with respect to what the appropriate comparison class should be for evaluating discrimination. As noted above, the Ninth Circuit in *Atchison* compared the railroad's treatment with "all other commercial and industrial taxpayers" subject to the tax. *Atchison*, 78 F.3d at 441. The *Atchison* court rejected a narrower comparison class of the railroad's major competitors.

The Ninth Circuit view, however, was recently rejected by the Eighth Circuit, which held that the tax treatment of only the railroad's direct competitors should be considered when evaluating discrimination. See *Burlington Northern, Santa Fe railway Co. v. Lohman*, 193 F.3d 984 (8<sup>th</sup> Cir. 1999), *cert. denied*, 529 U.S. 1098 (2000). In that case, only barges and trucks were held to be the railroad's direct competitors and thus part of the comparison class. Since barges and trucks were exempt from the tax that the railroad was supposed to pay, the tax was struck down. *Id.* at 986.<sup>4</sup>

Thus, there appears to be a split in the federal circuit courts as to what the appropriate comparison class is for evaluating discrimination. Until that split is resolved by the U.S. Supreme Court (or the Ninth Circuit reverses itself), the broader view of the Ninth Circuit controls such disputes in Alaska. Thus, whether discrimination exists likely depends on the nature of the treatment of all other commercial and industrial motor fuel taxpayers.

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<sup>3</sup> This reasoning was recently rejected, however, by the Minnesota Supreme Court. See *Burlington Northern Railroad Co. v. Commissioner of Revenue*, 606 N.W.2d 54, 60-61 (Minn. 2000).

<sup>4</sup> The Eighth Circuit view was recently applied by the Minnesota Supreme Court in *Burlington Northern Railroad Co. v. Commissioner of Revenue*, 606 N.W.2d 54 (Minn. 2000). There the court found a 6.5% sales tax on railroad fuel (which equated to a rate that varied between \$.026/gallon to \$.042/gallon) to be not discriminatory when compared to the \$.20/gallon tax paid by the railroad's primary competitors, motor carriers. *Id.* at 61. The court appeared less concerned about differentials between the railroad rate and the aviation rate, which varied between \$.005/gallon and \$.05/gallon. *Id.* n.7.

The Honorable Gene Theriault, Senator  
Alaska State Legislature  
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## II. DISCUSSION

CSSB 112 (TRA) proposes to remove the Alaska Railroad from the government exemption from motor fuel tax set forth in AS 43.40.100(2)(G). This would in turn subject the Alaska Railroad to the general motor fuel tax rate set forth in AS 43.40.010. For purposes of the 4-R Act, the question then becomes the extent to which all other commercial and industrial taxpayers are subject to this tax at this rate.

Alaska Statute 43.40.010 sets different rates for different uses of motor fuel. CSSB 112 (TRA) proposes to raise the general motor fuel tax rate from \$.08/gallon to \$.20/gallon. The bill leaves the remaining rates unchanged. Aviation gasoline is taxed at a rate of \$.047/gallon. Marine motor fuel is taxed at the rate of \$.05/gallon. Jet fuel is taxed at a rate of \$.032/gallon. Off-road motor fuel is taxed at an after-refund rate of \$.02/gallon. AS 43.40.030(a).

The Department of Revenue advises that there are industrial and commercial motor fuel consumers in each category of motor fuel tax. Unfortunately, however, the Department of Revenue advises that it is impossible to tell the extent to which industrial users pay the tax as opposed to individual users. But it is clear that different industries pay at different rates, the lowest rate being the off-road rate of \$.02/gallon.

Applying the holding of the Ninth Circuit in the *Atchison* case to the state's motor fuel tax scheme, there is no question that the state can subject the Alaska Railroad to motor fuel taxes. The question is at what rate. The aviation and marine industries, as well as any industry that uses off-road vehicles, are granted preferential tax rates by AS 43.40. Subjecting the Alaska Railroad to the higher non-preferential rate would probably constitute discriminatory treatment under the Ninth Circuit's interpretation of the 4-R Act. 49 U.S.C. § 11501(b)(4). Nevertheless, under *Atchison*, we see no reason why the Alaska Railroad could not be subject to motor fuel tax at the off-road rate, the lowest rate in the motor fuel scheme.

That being said, if the Eighth Circuit view in *Burlington Northern* were to be applied in Alaska, the analysis would turn not on what rate all other commercial and industrial entities were paying, but rather what rate the Alaska Railroad's direct competitors were paying. Critical to this analysis would be the extent to which the Alaska Railroad directly competes with the marine, aviation and off-road industries. Full evaluation of this issue would require additional facts that are not presently before us. If, however, it could be demonstrated that the Alaska Railroad's only direct competitor was

The Honorable Gene Therriault, Senator  
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Page 5

the trucking industry, then an argument could be made that taxing the Alaska Railroad at the same rate as the trucking industry is not discriminatory. But this argument's chances of prevailing in a legal challenge are far from certain.<sup>5</sup> It would require the Ninth Circuit to abandon its holding in *Atchison* or be reversed by the U.S. Supreme Court.


### III. CONCLUSION

There is no legal prohibition against subjecting the Alaska Railroad to the motor fuel tax. If, however, the rate is more than the lowest rate other commercial and industrial taxpayers are paying the legislation could be vulnerable to a legal challenge. The litigation risk associated with such a legal challenge likely increases the higher the rate is set above the lowest rate.

Sincerely,

GREGG D. RENKES  
ATTORNEY GENERAL

By:

  
Michael A. Barnhill  
Assistant Attorney General

MAB:ame

cc: Senate Finance Committee

<sup>5</sup> We have not researched the power of the Alaska Railroad to seek legal remedy against the State of Alaska in the courts.



**CORPORATE**  
Board of Directors

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- [Purchasing/ Contracts](#)

## 2003 Alaska Railroad Fact Sheet

Fact Sheet	
<b>PURCHASE PRICE:</b> (Jan. 5, 1985):	\$22.3 million to federal government \$11.9 million start-up costs* \$34.2 million
<b>TOTAL ASSETS:</b> (Dec. 31, 2002):	\$366.6 million
<b>FINANCIAL STATISTICS:</b> (Jan. 1 - Dec. 31, 2002)	
Total Revenues	\$105.7 million
Total Expenses	\$96.8 million
Net Earnings	\$8.9 million
<b>OPERATING STATISTICS:</b> (Jan. 1 - Dec. 31, 2002)	
Passenger Ridership	480,049
Freight Tonnage	7,450,875
Revenue Car Loads	89,978
<b>OPERATING DATA:</b>	
Miles of Main Line	466
Miles of Branch Line	59
Miles of Yards and Sidings	86
Total Miles of Track	611
Freight Cars (owned & leased)	1,625
Passenger Equipment	43
Locomotives (owned & leased)	52
<b>EMPLOYEES:</b> (Dec. 31, 2002)	
Total Number of	644

## Highway User Fee Increase

### Increasing the Motor Fuel Tax from \$.08 to \$.20 per gallon

- The current \$.08 per gallon raises approximately \$29 million
- The increase from \$.08 to \$.20 will generate \$41 million in additional revenue
- The total raised from this highway user fee will be \$70 million annually
- Each year the DOT/PF spends approximately \$60 million in Highway maintenance and \$50 million in federal match for Highway and Aviation construction – general fund dollars
- The National average motor fuel tax is approximately \$.23 per gallon
- Nation wide, taxes range from \$.08 (Alaska) to \$.39 (Hawaii)
- If this increase goes into effect, only ten states will have lower rates than Alaska

### The current rate of \$.08

- Was enacted in 1961 and went into effect in 1963. At that time it was the highest in the Nation
- If this rate were adjusted for inflation using the CPI, the rate would be \$.48
- Alaska presently has the lowest motor fuel tax rate in the Nation

Incorporates Committee Action  
4/28/03 Version Q And  
Amendment 3 by Williams

**CS FOR HOUSE BILL NO. 156(FIN)**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**TWENTY-THIRD LEGISLATURE - FIRST SESSION**

**BY THE HOUSE FINANCE COMMITTEE**

**Offered:  
Referred:**

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

**A BILL**

**FOR AN ACT ENTITLED**

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3 repealing the special seasonal tax rate on motor fuel blended with alcohol; relating to tax  
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26 reduction in the rate of tax applies to motor fuel sold or transferred that  
27 contains alcohol that was produced only during the first five years of  
28 the facility's processing of alcohol from waste seafood.

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

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

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

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

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

7 (4) through June 30, 2009 [THE TAX RATE ON MOTOR FUEL  
8 THAT IS BLENDED WITH ALCOHOL IS THE SAME TAX RATE A GALLON  
9 AS OTHER MOTOR FUEL; HOWEVER,

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

18 (B) NOTWITHSTANDING (A) OF THIS PARAGRAPH,  
19 THROUGH JUNE 30, 2004], the tax on motor fuel consumed by a user within  
20 the state is eight cents a gallon less than the tax on other motor fuel not  
21 described in (1) - (3) of this subsection if the motor fuel

22 (A) [(i)] is at least 10 percent alcohol by volume, has  
23 been produced from the processing of lignocellulose derived from  
24 wood, and was produced in a facility that processes lignocellulose from  
25 wood, but this reduction in the rate of tax applies to motor fuel  
26 consumed by a user that contains alcohol that was produced only  
27 during the first five years of the facility's processing of lignocellulose  
28 from wood; or

29 (B) [(ii)] is at least 10 percent alcohol by volume, has  
30 been produced from the processing of waste seafood, and was produced  
31 in a facility that processes alcohol from waste seafood, but this

1 reduction in the rate of tax applies to motor fuel consumed by a user  
2 that contains alcohol that was produced only during the first five years  
3 of the facility's processing of alcohol from waste seafood.

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

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

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

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

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

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

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

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

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

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

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

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

23-GH1118\Q  
Kurtz  
4/25/03

*adopted with Amendment #3*

**CS FOR HOUSE BILL NO. 156(FIN)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - FIRST SESSION

*Acid*  
*called for work draft*

BY THE HOUSE FINANCE COMMITTEE

Offered:  
Referred:

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

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act increasing the motor fuel tax, including the motor fuel tax rate for motor fuel  
2 blended with alcohol from lignocellulose derived from wood or from waste seafood, and  
3 repealing the special seasonal tax rate on motor fuel blended with alcohol; and  
4 providing for an effective date."

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

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

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

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

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

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

14 (4) through June 30, 2009 [THE TAX RATE ON MOTOR FUEL

1 THAT IS BLENDED WITH ALCOHOL IS THE SAME TAX RATE A GALLON  
2 AS OTHER MOTOR FUEL; HOWEVER,

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

11 (B) NOTWITHSTANDING (A) OF THIS PARAGRAPH,  
12 THROUGH JUNE 30, 2004], the tax on motor fuel sold or otherwise  
13 transferred within the state is eight cents a gallon less than the tax on other  
14 motor fuel not described in (1) - (3) of this subsection if the motor fuel

15 (A) [(i)] is at least 10 percent alcohol by volume, has  
16 been produced from the processing of lignocellulose derived from  
17 wood, and was produced in a facility that processes lignocellulose from  
18 wood, but this reduction in the rate of tax applies to motor fuel sold or  
19 transferred that contains alcohol that was produced only during the first  
20 five years of the facility's processing of lignocellulose from wood; or

21 (B) [(ii)] is at least 10 percent alcohol by volume, has  
22 been produced from the processing of waste seafood, and was produced  
23 in a facility that processes alcohol from waste seafood, but this  
24 reduction in the rate of tax applies to motor fuel sold or transferred that  
25 contains alcohol that was produced only during the first five years of  
26 the facility's processing of alcohol from waste seafood.

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

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

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

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

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

5 (4) through June 30, 2009 [THE TAX RATE ON MOTOR FUEL  
6 THAT IS BLENDED WITH ALCOHOL IS THE SAME TAX RATE A GALLON  
7 AS OTHER MOTOR FUEL; HOWEVER,

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

16 (B) NOTWITHSTANDING (A) OF THIS PARAGRAPH,  
17 THROUGH JUNE 30, 2004], the tax on motor fuel consumed by a user within  
18 the state is eight cents a gallon less than the tax on other motor fuel not  
19 described in (1) - (3) of this subsection if the motor fuel

20 (A) [(i)] is at least 10 percent alcohol by volume, has  
21 been produced from the processing of lignocellulose derived from  
22 wood, and was produced in a facility that processes lignocellulose from  
23 wood, but this reduction in the rate of tax applies to motor fuel  
24 consumed by a user that contains alcohol that was produced only  
25 during the first five years of the facility's processing of lignocellulose  
26 from wood; or

27 (B) [(ii)] is at least 10 percent alcohol by volume, has  
28 been produced from the processing of waste seafood, and was produced  
29 in a facility that processes alcohol from waste seafood, but this  
30 reduction in the rate of tax applies to motor fuel consumed by a user  
31 that contains alcohol that was produced only during the first five years

1 of the facility's processing of alcohol from waste seafood.

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

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

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

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

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

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

*New  
Draft  
includes Amend #3*

23-GH1118U  
Kurtz  
4/28/03

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

**BY THE HOUSE FINANCE COMMITTEE**

**Offered:**  
**Referred:**

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

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act increasing the motor fuel tax, including the motor fuel tax rate for motor fuel**  
2 **blended with alcohol from lignocellulose derived from wood or from waste seafood, and**  
3 **repealing the special seasonal tax rate on motor fuel blended with alcohol; relating to tax**  
4 **refunds for government agency purchases of motor fuel; and providing for an effective**  
5 **date."**

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

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

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

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

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

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

1 tenths cents a gallon; and

2 (4) through June 30, 2009 [THE TAX RATE ON MOTOR FUEL  
3 THAT IS BLENDED WITH ALCOHOL IS THE SAME TAX RATE A GALLON  
4 AS OTHER MOTOR FUEL; HOWEVER,

5 (A) IN AN AREA AND DURING THE MONTHS IN WHICH  
6 FUEL CONTAINING ALCOHOL IS REQUIRED TO BE SOLD,  
7 TRANSFERRED, OR USED IN AN EFFORT TO ATTAIN AIR QUALITY  
8 STANDARDS FOR CARBON MONOXIDE AS REQUIRED BY FEDERAL  
9 OR STATE LAW OR REGULATION, THE TAX RATE ON MOTOR FUEL  
10 THAT IS BLENDED WITH ALCOHOL IS SIX CENTS A GALLON LESS  
11 THAN THE TAX ON OTHER MOTOR FUEL NOT DESCRIBED IN (1) -  
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16 motor fuel not described in (1) - (3) of this subsection if the motor fuel

17 (A) [(i)] is at least 10 percent alcohol by volume, has  
18 been produced from the processing of lignocellulose derived from  
19 wood, and was produced in a facility that processes lignocellulose from  
20 wood, but this reduction in the rate of tax applies to motor fuel sold or  
21 transferred that contains alcohol that was produced only during the first  
22 five years of the facility's processing of lignocellulose from wood; or

23 (B) [(ii)] is at least 10 percent alcohol by volume, has  
24 been produced from the processing of waste seafood, and was produced  
25 in a facility that processes alcohol from waste seafood, but this  
26 reduction in the rate of tax applies to motor fuel sold or transferred that  
27 contains alcohol that was produced only during the first five years of  
28 the facility's processing of alcohol from waste seafood.

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

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

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

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

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

7 (4) through June 30, 2009 [THE TAX RATE ON MOTOR FUEL  
8 THAT IS BLENDED WITH ALCOHOL IS THE SAME TAX RATE A GALLON  
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10 (A) IN AN AREA AND DURING THE MONTHS IN WHICH  
11 FUEL CONTAINING ALCOHOL IS REQUIRED TO BE SOLD,  
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13 STANDARDS FOR CARBON MONOXIDE AS REQUIRED BY FEDERAL  
14 OR STATE LAW OR REGULATION, THE TAX RATE ON MOTOR FUEL  
15 THAT IS BLENDED WITH ALCOHOL IS SIX CENTS A GALLON LESS  
16 THAN THE TAX ON OTHER MOTOR FUEL NOT DESCRIBED IN (1) -  
17 (3) OF THIS SUBSECTION;

18 (B) NOTWITHSTANDING (A) OF THIS PARAGRAPH,  
19 THROUGH JUNE 30, 2004], the tax on motor fuel consumed by a user within  
20 the state is eight cents a gallon less than the tax on other motor fuel not  
21 described in (1) - (3) of this subsection if the motor fuel

22 (A) [(i)] is at least 10 percent alcohol by volume, has  
23 been produced from the processing of lignocellulose derived from  
24 wood, and was produced in a facility that processes lignocellulose from  
25 wood, but this reduction in the rate of tax applies to motor fuel  
26 consumed by a user that contains alcohol that was produced only  
27 during the first five years of the facility's processing of lignocellulose  
28 from wood; or

29 (B) [(ii)] is at least 10 percent alcohol by volume, has  
30 been produced from the processing of waste seafood, and was produced  
31 in a facility that processes alcohol from waste seafood, but this

1 reduction in the rate of tax applies to motor fuel consumed by a user  
2 that contains alcohol that was produced only during the first five years  
3 of the facility's processing of alcohol from waste seafood.

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

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

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

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

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

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

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

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

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

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

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

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

Failed - 3-5  
~~not passed~~

## AMENDMENT

OFFERED IN THE HOUSE FINANCE COMMITTEE  
BY REPRESENTATIVE CROFT

TO: HB 156

Page 1, line 13:

Delete "and"

Insert "[AND]"

Page 2 line 26 after "seafood":

Insert "and;"

(5) if less than \$41,472,000 was appropriated for all entitlements under AS 29.60.010 – 29.60.310 for the preceding fiscal year, the tax on motor fuel other than aviation gasoline and motor fuel used in and on watercraft of all descriptions is 20 cents multiplied by a fraction, the numerator of which is the amount actually appropriated for the preceding fiscal year for state aid to municipalities for roads under AS 29.60.110, and the denominator of which is the total entitlement to state aid to municipalities for roads under AS 29.60.110.

Page 3, line 4:

Delete "and"

Insert "[AND]"

Page 2 line 26 after "seafood":

Insert "and;"

(5) if less than \$41,472,000 was appropriated for all entitlements under AS 29.60.010 – 29.60.310 for the preceding fiscal year, the tax on motor fuel other than aviation gasoline and motor fuel used in and on watercraft of all descriptions is 20 cents multiplied by a fraction, the numerator of which is the amount actually appropriated for the preceding fiscal year for state aid to municipalities for roads under AS 29.60.110, and the denominator of which is the total entitlement to state aid to municipalities for roads under AS 29.60.110.

Page 4 line 4:

Delete "18"

Insert "all but two"

Page 4 line 4, following "gallon":

Insert "of the tax"

Renumber accordingly.

Failed 3-5

AMENDMENT

2

OFFERED IN THE HOUSE

BY REPRESENTATIVE CROFT

TO: CSHB 156(FIN), Draft Version "Q"

1 Page 1, line 3, following "alcohol;":

2 Insert "providing for separate accounting of a portion of the proceeds of the  
3 motor fuel tax for allocation to municipalities for road maintenance services;"

4

5 Page 1, following line 5:

6 Insert new bill sections to read:

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

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

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

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

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

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

24

1 Page 1, line 6:

2 Delete "Section 1"

3 Insert "Sec. 4"

4

5 Renumber the following bill sections accordingly.

6

7 Page 4, following line 1:

8 Insert new bill sections to read:

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

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

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

30 (m) An amount equal to the revenue obtained from five cents of the tax  
31 collected under (a) and (b) of this section, excluding the amounts collected under

1 (a)(1) - (4) and (b)(1) - (4) of this section, shall be separately accounted for in the  
2 special highway fuel tax account under AS 43.40.010(g). The annual estimated  
3 balance of the amount separately accounted for may be appropriated by the legislature  
4 to the municipal road maintenance account created under AS 29.60.185."

5

6 Renumber the following bill sections accordingly.

23-GH1118\Q.4  
Kurtz  
4/28/03

adopted n/o  
AMENDMENT 3

OFFERED IN THE HOUSE

BY REPRESENTATIVE WILLIAMS

TO: CSHB 156(FIN), Draft Version "Q"

1 Page 1, line 3, following "alcohol;":

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

3

4 Page 4, following line 10:

5 Insert new bill sections to read:

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

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

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

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

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

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

22

23 Renumber the following bill section accordingly.

4-14-03

23-GH1118H.2  
Kurtz  
4/14/03

*Failed*

*2-6*

*4*  
*Q*

AMENDMENT

OFFERED IN THE HOUSE  
TO: HB 156(TRA)

BY REPRESENTATIVE JOULE

1 Page 1, line 13:

2 Delete "and"

3

4 Page 2, line 2:

5 Delete "[; AND"

6 Insert "; and"

7

8 Page 2, line 3, following "(4)":

9 Insert "the tax rate on motor fuel used in a motor vehicle only on roads that are  
10 not connected by land highway or the Alaska marine highway system to the main road  
11 system of the state, whether or not licensed to be operated on public ways, is eight cents  
12 a gallon ["  
13

14 Page 3, line 13:

15 Delete "and"

16

17 Page 3, line 15:

18 Delete "[; AND"

19 Insert "; and"

20

21 Page 3, line 16, following "(4)":

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

23-GH1118VH.2

1 system of the state, whether or not licensed to be operated on public ways, is eight cents  
2 a gallon ["  
3

4 Page 5, line 18:

5 Delete "18"

6 Insert "all but two"

7

8 Page 5, line 18, following "gallon":

9 Insert "of the tax"

AMENDMENT #1

OFFERED IN THE HOUSE FINANCE COMMITTEE BY REPRESENTATIVE CROFT  
TO: HB 156(TRA)

1 Page 1, line 13:

2 Delete "and"

3

4 Page 2, line 2:

5 Delete "[; AND"

6 Insert "; and"

7

8 Page 2, line 3, following "(4)":

9 Insert "if less than \$41,472,000 was appropriated for all entitlements under  
10 AS 29.60.010 - 29.60.310 for the preceding fiscal year. the tax on motor fuel other than  
11 aviation gasoline and motor fuel used in and on watercraft of all descriptions is 20 cents  
12 multiplied by a fraction. the numerator of which is the amount actually appropriated for  
13 the preceding fiscal year for state aid to municipalities for roads under AS 29.60.110.  
14 and the denominator of which is the total entitlement to state aid to municipalities for  
15 roads under AS 29.60.110 ["

16

17 Page 3, line 13:

18 Delete "and"

19

20 Page 3, line 15:

21 Delete "[; AND"

22 Insert "; and"

23

4-14  
presented  
only

1 Page 3, line 16, following "(4)":

2       Insert "if less than \$41.472.000 was appropriated for all entitlements under  
3 AS 29.60.010 - 29.60.310 for the preceding fiscal year. the tax on motor fuel other than  
4 aviation gasoline and motor fuel used in and on watercraft of all descriptions is 20 cents  
5 multiplied by a fraction. the numerator of which is the amount actually appropriated for  
6 the preceding fiscal year for state aid to municipalities for roads under AS 29.60.110.  
7 and the denominator of which is the total entitlement to state aid to municipalities for  
8 roads under AS 29.60.110 ["

9

10 Page 5, line 18:

11       Delete "18"

12       Insert "all but two"

13

14 Page 5, line 18, following "gallon":

15       Insert "of the tax"

# FISCAL NOTE

**STATE OF ALASKA**  
**2003 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: CSHB156(TRS)  
 () Publish Date: \_\_\_\_\_

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

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

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

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services		107.0	107.0	107.0	107.0	107.0
Travel		5.0	5.0	5.0	5.0	5.0
Contractual		14.0	12.0	12.0	12.0	12.0
Supplies		1.0	1.0	1.0	1.0	1.0
Equipment		5.0				
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>132.0</b>	<b>125.0</b>	<b>125.0</b>	<b>125.0</b>	<b>125.0</b>
<b>CAPITAL EXPENDITURES</b>						
<b>CHANGE IN REVENUES ( )</b>	<b>0.0</b>	<b>17,150.0</b>	<b>41,160.0</b>	<b>41,160.0</b>	<b>41,160.0</b>	<b>41,160.0</b>

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF		132.0	125.0	125.0	125.0	125.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>132.0</b>	<b>125.0</b>	<b>125.0</b>	<b>125.0</b>	<b>125.0</b>

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

**POSITIONS**

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

**ANALYSIS:** (Attach a separate page if necessary)

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

The tax increase would only take effect if voters approve a constitutional amendment to deposit and dedicate highway motor fuel tax funds into a new Highway Maintenance Revenue Fund. Money in the fund could be used only for highway and state ferry maintenance and construction.

This fiscal note assumes the constitutional amendment would be put before voters in November 2004 (the next general election), and that it would be approved by voters and the new tax rate would take effect January 1, 2005. That effective date would provide the state with five months of the new revenues for Fiscal 2005 (the January 2005 taxes would not be paid to the state until February 2005).

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

Prepared by: Robynn Wilson and Brett Fried Phone 269-6634  
 Division Tax Division Date/Time 3/29/03 11:14 AM  
 Approved by: Larry Persily, Deputy Commissioner Date 3/29/2003  
 Agency Department of Revenue

## FISCAL NOTE

STATE OF ALASKA  
2003 LEGISLATIVE SESSION

BILL NO. CSHB156(TRS)

### ANALYSIS CONTINUATION

#### Bill Analysis

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

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

#### Operating Expenditures

The Department of Revenue is requesting operating funds to cover the costs of a Revenue Auditor III position and a Tax Tech II position. With such a large increase in taxes due the state (an estimated \$41.16 million per year), the department anticipates increased taxpayer noncompliance.

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

The department is also requesting one-time Fiscal 2005 funding of \$5,000 for equipment and \$20,000 for start-up contractual costs. The recurring costs will be \$18,000 annually to cover travel, contractual and supplies.

#### Comparison to other states

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

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

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

Keplaced

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

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

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

Expenditures/Revenues (Thousands of Dollars)

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

Table with 7 columns: OPERATING EXPENDITURES, FY 2004, FY 2005, FY 2006, FY 2007, FY 2008, FY 2009. Rows include Personal Services, Travel, Contractual, Supplies, Equipment, Land & Structures, Grants & Claims, Miscellaneous, and TOTAL OPERATING.

CAPITAL EXPENDITURES table with 7 columns and 1 row.

CHANGE IN REVENUES ( ) table with 7 columns and 1 row.

FUND SOURCE (Thousands of Dollars)

Table with 7 columns: FUND SOURCE, FY 2004, FY 2005, FY 2006, FY 2007, FY 2008, FY 2009. Rows include 1002 Federal Receipts, 1003 GF Match, 1004 GF, 1005 GF/Program Receipts, 1037 GF/Mental Health, Other (Specify Type-Do not abbreviate), and TOTAL.

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

POSITIONS

Table with 7 columns: POSITIONS, FY 2004, FY 2005, FY 2006, FY 2007, FY 2008, FY 2009. Rows include Full-time, Part-time, and Temporary.

ANALYSIS: (Attach a separate page if necessary)
This legislation would increase the state's highway motor fuel tax rate from 8 cents a gallon to 20 cents a gallon, and would eliminate the special rate for gasohol (motor fuel blended with alcohol), thereby taxing gasohol at the same 20 cents a gallon rate as all other highway motor fuel. Alaska's highway motor fuel tax rate has not changed since 1970.
The tax increase would take effect July 1, 2003. The Department of Revenue estimates the increase will generate \$41.16 million in additional state revenue for a full fiscal year, with approximately \$37.7 million in Fiscal 2004 because the state will receive the higher revenues for 11 months in the first fiscal year. (Taxes are paid one month after sales, therefore the July 2003 tax revenues will be at the June 2003 tax rate.)
See attached pages for more information on the revenue and program costs.

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

## FISCAL NOTE #2

STATE OF ALASKA  
2003 LEGISLATIVE SESSION

BILL NO. HB 156 Motor Fuel Tax

### ANALYSIS CONTINUATION

#### Bill Analysis

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

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

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

#### Operating Expenditures

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

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

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

#### Comparison to other states

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

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

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

ALASKA DEPARTMENT OF REVENUE  
TAX DIVISION

**HIGHWAY MOTOR FUEL TAX INCREASE**

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

**CURRENT**

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

\* Values rounded and adjusted to match revenues.

**PROPOSED INCREASE**

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

**ESTIMATED TAX AFTER INCREASE**

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

**Assumptions:**

(1) No change in consumer or business behavior as a result of the tax rate increase.

(2) Consumption of taxable highway and diesel motor fuel remains constant at FY 2000 levels.

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

# FISCAL NOTE

**STATE OF ALASKA**  
**2003 LEGISLATIVE SESSION**

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

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

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

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

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

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

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

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

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

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

FRANK H. MURKOWSKI  
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March 5, 2003

AB 156

The Honorable Pete Kott  
Speaker of the House  
Alaska State Legislature  
State Capitol, Room 208  
Juneau, AK 99801-1182

Dear Speaker Kott:

Under Authority of article III, section 18, of the Alaska Constitution, I am transmitting a bill that would increase the state's highway motor fuel tax rate from 8 cents a gallon to 20 cents a gallon and repeal the special rate for gasohol.

In order for Alaska's economy to grow and diversify, we must expand and improve our transportation infrastructure. To do this, we must adequately fund highway construction and maintenance activities. Currently, Alaska spends nearly \$50 million per year in general funds to match our federal highway capital program and nearly \$60 million dollars per year on maintenance.

At the current eight cents per gallon, Alaska's highway motor fuel tax rate is now the lowest in the nation. Even after the proposed increase, thirty-eight states would have higher rates, and Alaska's fuel tax would be at the 20 cent national average. In fact, had the tax rate been indexed for inflation when it was initiated in 1961, it would be nearly 2½ times the rate proposed in the bill.

Under existing law, revenue from the motor fuel tax used on roads and highways is deposited in a highway fuel tax account in the general fund. This fund is available for maintenance and construction of highway projects and ferries.

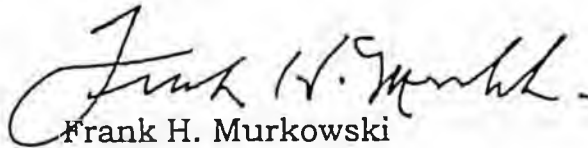
The Honorable Pete Kott  
March 5, 2003  
Page 2

This bill also deletes AS 43.40.010(a)(4) and AS 43.40.010(b)(4), which provide a special tax rate for blended fuel. Working with industry and private citizens, Alaska no longer requires the use of oxygenated fuels to meet air quality standards. However, the U.S. Environmental Protection Agency requires that the state be able to rapidly re-impose a requirement for the use of oxy fuels should air quality deteriorate. This legislation will not impact the state's ability to do so.

This proposal represents a modest, user-pays approach to expanding and improving our state's transportation infrastructure.

I urge your prompt and favorable action on this measure.

Sincerely,

A handwritten signature in cursive script, reading "Frank H. Murkowski".

Frank H. Murkowski  
Governor

**Estimates of State and Federal Gasoline Taxes as of July 2002**  
(cents per gallon)

State	State Excise <sup>a</sup>	Other State Taxes <sup>b</sup>	Total State Taxes	Total Federal & State Taxes <sup>c</sup>
Alabama	16.0	5.0	21.0	39.4
Alaska	8.0		8.0	26.4
Arizona	18.0	1.0	19.0	37.4
Arkansas	21.5	0.2	21.7	40.1
California	18.0	14.0	32.0	50.4
Colorado	22.0		22.0	40.4
Connecticut	25.0	4.7	29.7	48.1
Delaware	23.0		23.0	41.4
Dist. of Columbia	20.0		20.0	38.4
Florida	13.6	16.0	29.6	48.0
Georgia	7.5	4.7	12.2	30.6
Hawaii	16.0	19.1	35.1	53.5
Idaho	25.0		25.0	43.4
Illinois	19.0	11.0	30.0	48.4
Indiana	15.0	3.1	18.1	36.5
Iowa	20.1	1.0	21.1	39.5
Kansas	23.0	1.0	24.0	42.4
Kentucky	15.0	6.4	21.4	39.8
Louisiana	20.0		20.0	38.4
Maine	22.0	1.5	23.5	41.9
Maryland	23.5		23.5	41.9
Massachusetts	21.0	0.5	21.5	39.9
Michigan	19.0	7.2	26.2	44.6
Minnesota	20.0		20.0	38.4
Mississippi	18.0	0.8	18.8	37.2
Missouri	17.0		17.0	35.4
Montana	27.0	0.8	27.8	46.2
Nebraska	24.5	0.9	25.4	43.8
Nevada	23.0	10.3	33.3	51.7
New Hampshire	18.0	1.7	19.7	38.1
New Jersey	10.5	4.0	14.5	32.9
New Mexico	17.0	1.0	18.0	36.4
New York	8.0	22.3	30.3	48.7
North Carolina	22.1	0.3	22.4	40.8
North Dakota	21.0		21.0	39.4
Ohio	22.0		22.0	40.4
Oklahoma	16.0	1.0	17.0	35.4
Oregon	24.0		24.0	42.4
Pennsylvania	12.0	14.7	26.7	45.1
Rhode Island	27.0	4.0	31.0	49.4
South Carolina	16.0	0.8	16.8	35.2
South Dakota	22.0	2.0	24.0	42.4
Tennessee	20.0	1.4	21.4	39.8
Texas	20.0		20.0	38.4
Utah	24.5		24.5	42.9
Vermont	19.0	1.0	20.0	38.4
Virginia	17.5	1.4	18.9	37.3
Washington	23.0		23.0	41.4
West Virginia	20.5	4.9	25.4	43.8
Wisconsin	28.1	3.0	31.1	49.5
Wyoming	11.0	3.0	14.0	32.4
<b>U.S. Average<sup>d</sup></b>	<b>17.9</b>	<b>5.7</b>	<b>23.6</b>	<b>42.0</b>

<sup>a</sup> State excise taxes represent rates effective as of July 9, 2002.

<sup>b</sup> Largely excludes local taxes, which may average about 2 cents per gallon nationwide. However, some local county taxes in Alabama, California, Florida, Hawaii, Illinois, Nevada, New York, and Virginia are included. Includes state sales taxes, gross receipts taxes, and underground storage tank taxes. State sales taxes, expressed in cents per gallon, are based on selected city average retail gasoline prices as of June 21, 2002. See notes to tax tables for individual states.

<sup>c</sup> Includes 18.4 cents per gallon federal excise tax and volume-weighted average U.S. total state taxes.

<sup>d</sup> Represents the average of state tax rates multiplied by state gasoline consumption records.

Sources: API Issues Management and Industry Reputation, "State Motor Fuel Tax Rates, July 9, 2002" [www.api.org/consumer/fueltax1110.htm](http://www.api.org/consumer/fueltax1110.htm); the Federal Highway Administration, "Monthly Motor Fuel Reported by States"; and the U.S. Energy Information Administration, "Motor Gasoline Watch."

**Estimates of State and Federal Diesel Fuel Taxes as of July 2002**  
(cents per gallon)

State	State Excise <sup>a</sup>	Other State Taxes <sup>b</sup>	Total State Taxes	Total Federal & State Taxes <sup>c</sup>
Alabama	17.0	4.9	21.9	46.3
Alaska	8.0		8.0	32.4
Arizona	18.0	10.0	28.0	52.4
Arkansas	22.5	0.2	22.7	47.1
California	18.0	12.6	30.6	55.0
Colorado	20.5		20.5	44.9
Connecticut	26.0	4.8	30.8	55.2
Delaware	22.0		22.0	46.4
Dist. of Columbia	20.0		20.0	44.4
Florida	26.4	2.2	28.6	53.0
Georgia	7.5	4.7	12.2	36.6
Hawaii	16.0	19.2	35.2	59.6
Idaho	25.0		25.0	49.4
Illinois	21.5	11.2	32.7	57.1
Indiana	16.0	14.8	30.8	55.2
Iowa	22.5	1.0	23.5	47.9
Kansas	25.0	1.0	26.0	50.4
Kentucky	12.0	8.6	20.6	45.0
Louisiana	20.0		20.0	44.4
Maine	23.0	0.7	23.7	48.1
Maryland	24.3		24.3	48.7
Massachusetts	21.0	0.5	21.5	45.9
Michigan	15.0	7.6	22.6	47.0
Minnesota	20.0		20.0	44.4
Mississippi	18.0	0.8	18.8	43.2
Missouri	17.0		17.0	41.4
Montana	27.8	0.8	28.5	52.9
Nebraska	24.5	0.3	24.8	49.2
Nevada	27.0	0.8	27.8	52.2
New Hampshire	18.0	1.7	19.7	44.1
New Jersey	13.5	4.0	17.5	41.9
New Mexico	18.0	1.0	19.0	43.4
New York	8.0	21.5	29.5	53.9
North Carolina	22.1	0.3	22.4	46.8
North Dakota	21.0		21.0	45.4
Ohio	22.0	3.0	25.0	49.4
Oklahoma	13.0	1.0	14.0	38.4
Oregon	24.0		24.0	48.4
Pennsylvania	12.0	19.9	31.9	56.3
Rhode Island	27.0	4.0	31.0	55.4
South Carolina	16.0	0.8	16.8	41.2
South Dakota	22.0	2.0	24.0	48.4
Tennessee	18.0	0.4	18.4	42.8
Texas	20.0		20.0	44.4
Utah	24.5		24.5	48.9
Vermont	25.0	1.0	26.0	50.4
Virginia	16.0	1.2	17.2	41.6
Washington	23.0		23.0	47.4
West Virginia	20.5	4.9	25.4	49.8
Wisconsin	28.1	3.0	31.1	55.5
Wyoming	11.0	3.0	14.0	38.4
<b>U.S. Average<sup>d</sup></b>	<b>18.5</b>	<b>5.1</b>	<b>23.6</b>	<b>48.0</b>

<sup>a</sup> State excise taxes represent rates effective as of July 9, 2002.

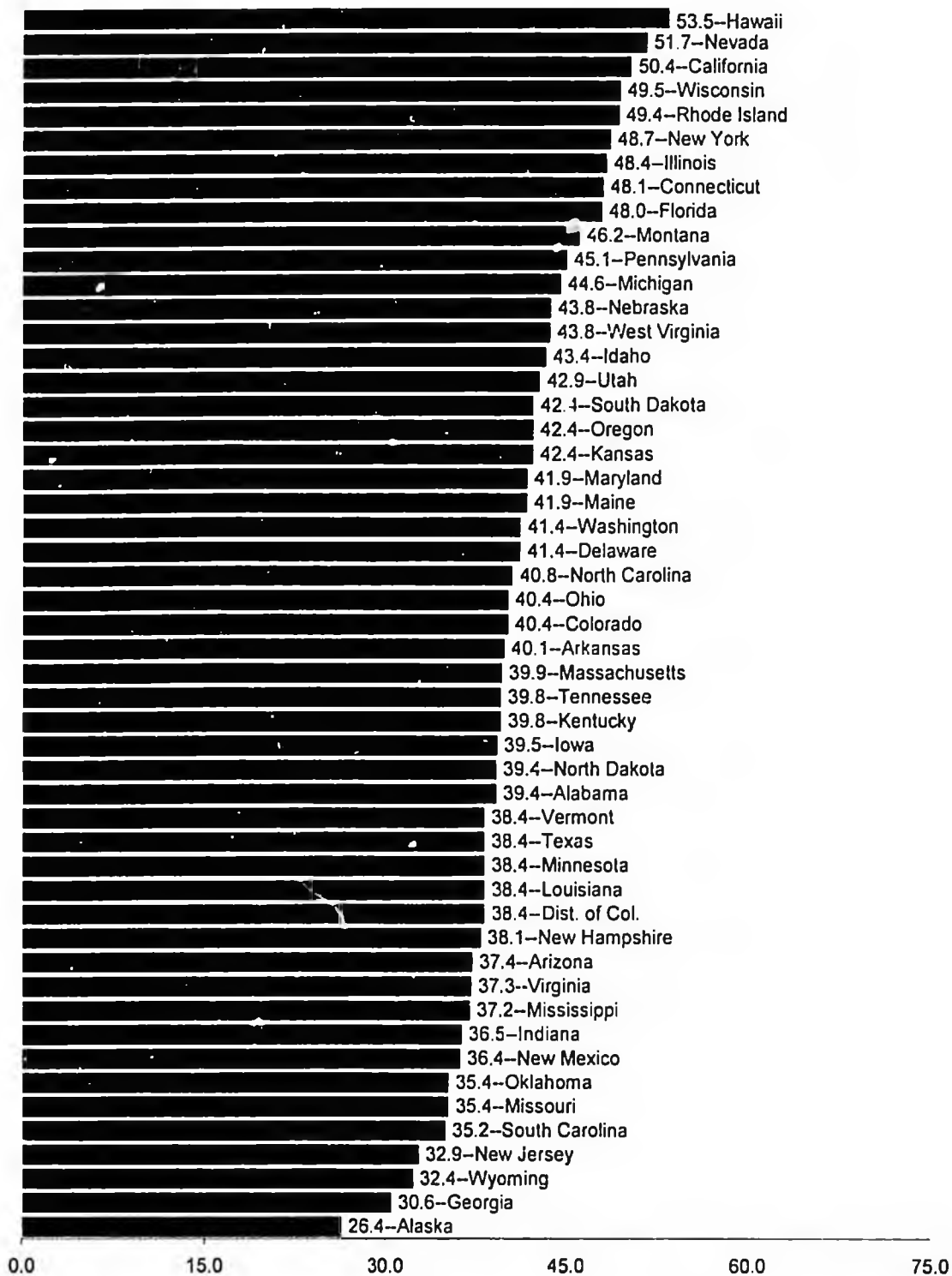
<sup>b</sup> Largely excludes local taxes which may average about 2 cents per gallon nationwide. However, some local county taxes in Alabama, California, Florida, Hawaii, Illinois, New York, and Virginia, and additional commercial motor fuel use fees in Arizona, Illinois, Indiana, Kentucky, and Ohio are included. Includes state sales taxes, gross receipts taxes, and underground storage tank taxes. State sales taxes, expressed in cents per gallon, are based on regional self-serve on-highway diesel prices as of July 8, 2002. See notes to tax tables for individual states.

<sup>c</sup> Includes 24.4 cents per gallon federal excise tax and volume-weighted average U.S. total state taxes.

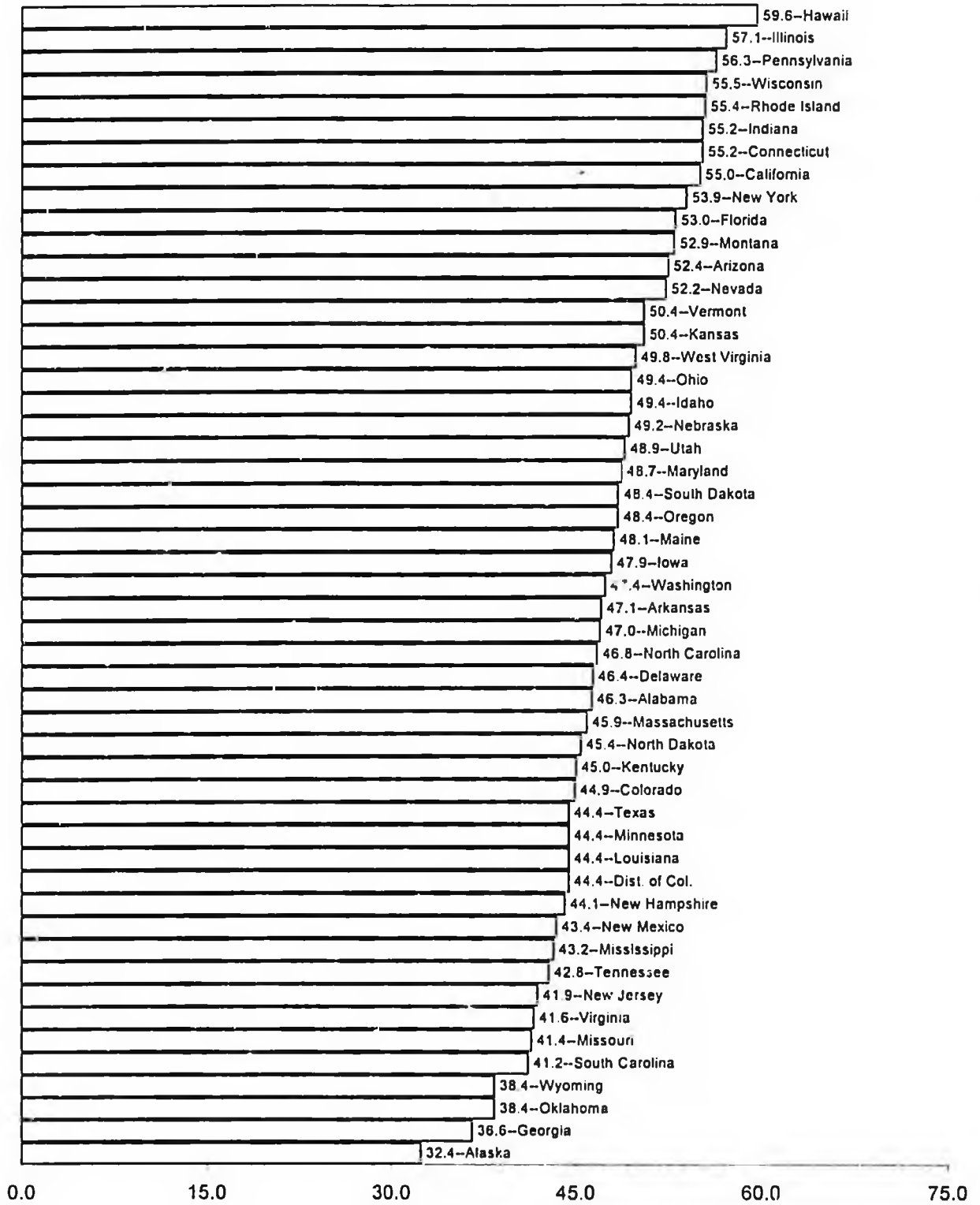
<sup>d</sup> Represents the average of state tax rates multiplied by state diesel consumption records.

Sources: API Issues Management and Reputation, "State Motor Fuel Tax Rates, July 9, 2002" [www.api.org/consumer/fueltax1110.htm](http://www.api.org/consumer/fueltax1110.htm), the Federal Highway Administration, "Monthly Motor Fuel Reported by States", and the U.S. Energy Information Administration, "On-Highway Diesel Retail Prices."

## Motor Gasoline Taxes as of July 2002 (cents per gallon)



# Motor Diesel Taxes as of July 2002 (cents per gallon)



**Notes to State Gasoline and Diesel Excise Tax Tables  
July 2002**

Alabama -	Other taxes include a 2 cpg inspection fee. Counties can levy up to 5 cpg with approval of the state legislature. Cities can levy additional tax with city council approval. Other taxes include .3 cpg (approx.) UST/AST Trust Fund fee at the wholesale level.
Alaska -	There is a .06 per gallon tax credit for gasoline used during a mandated control period in a CO non-attainment area.
Arizona -	Other taxes include 1 cpg UST tax. Use class vehicles pay an additional 9 cpg on diesel (with an exemption for vehicles under 26,000 gw).
Arkansas -	Other taxes include 0.2 cpg environmental assurance fee assessed at the wholesale level for underground storage tank fund.
California -	Other taxes include 7.0 cpg for gasoline and 5.5 cpg for diesel sales tax and 1.2 cpg state UST fee, and local sales taxes.
Connecticut* -	Other taxes include 5% gross earnings tax collected at wholesale. Per budget bill passed 6/30/02, diesel tax will increase by 8 cents per gallon effective 8/1/02 to 26 cents per gallon. Tax was increased as a means to address state budget deficit.
Florida* -	Other taxes include 2.2-cpg tax/fee for environmental inspection purposes. (5 cents per barrel tax for the water quality fund, 80 cents per barrel for the inland protection trust fund, 2 cents per barrel for the coastal protection trust fund and 1/8 cpg for weights and measures inspection fee.) Other taxes also include additional 1 to 17.1-cpg local option tax portion. Tax, which changes annually based on the consumer price index, increased by 0.3 cpg on 1/1/02 for gasoline and 0.5 cpg for diesel. Statewide sales and excise tax is 13.9 cents per gallon for gasoline and 26.4 cpg for diesel.
Georgia -	Other taxes include a 3-percent "second motor-fuel tax" and a 1-percent sales tax that apply to the sales price including the federal motor-fuel tax.
Hawaii -	Other taxes include 4% sales tax and additional county taxes and 0.12 cpg environmental response tax.
Illinois -	Other taxes include 6.25% and 0.3 % tax for underground storage tank fund, and other local sales and gasoline taxes. Diesel fuel taxes are 27.5 cpg for commercial highway users.
Indiana -	Other taxes include a 5% sales tax and a 0.008 cent per gallon inspection fee. For diesel, there is an 11 cpg surcharge paid on a quarterly self-reporting basis. Legislation passed in 2002 special session provides for a 3 cent per gallon increase on gasoline effective 1/1/03. Sales tax scheduled to increase to 6% on 12/1/02.
Iowa -	Other taxes include 1 cpg UST fee. The gasoline tax for ethanol-blended gasoline is 19 cpg. Tax on gasoline increased 0.1 cents per gallon per 2001 legislation which bases tax rate on amount of ethanol sold in the state.
Kansas -	Other taxes include 1 cpg environmental fee. Legislation signed in 2002 raised the gasoline tax 2 cents per gallon effective 7/1/02.
Kentucky* -	Variable based on 9 % of the average wholesale price of gasoline with minimum price of \$1.11 or 10 cpg. In addition, there is a supplemental highway user tax of 5 cpg for gasoline and 2 cpg for special fuels plus a 1.4 cpg underground storage tank fee. Commercial carriers pay a surtax via a quarterly report of 2.2 cpg on gasoline and 5.2 cpg on special fuels.

Maine	Other taxes include for gasoline a .07 cpg for Coastal and Inland Water fund, 1.38 cpg for Groundwater Fund and 40 cpg/10,000 gallons for Petroleum Market Share Act. Other taxes on diesel include .07 cpg for Coastal and Inland Water Fund and 0.6 cpg for Groundwater Fund. Governor signed legislation in 2002 to index gasoline tax beginning in 2003.
Massachusetts -	Other taxes include a 0.5 cpg UST fund tax.
Michigan -	Other taxes include 6% sales tax and 0.875 cpg for environmental regulation fee for UST fund. Diesel purchasers with IFTA stickers receive 6 cpg discount.
Minnesota -	Other taxes include a periodic 2 cpg UST cleanup fee at the wholesale level, which fluctuates depending on the fund balance.
Mississippi -	Other taxes include a 0.4 cpg underground storage tank fee. In Hancock, Harrison and Jackson counties there is an additional 3 cpg Seawall tax.
Montana -	Other taxes include 0.75 cpg fee assessed at the pump to go toward the state cleanup fund.
Nebraska* -	Variable—12.5 cent base plus 12.0 cpg variable rate. Other taxes include 0.9 cpg release prevention fee for gasoline and 0.3 cpg release prevention fee for diesel and other fuels.
Nevada -	Other taxes include up to 10-cpg county tax on gasoline, 0.75 cpg cleanup fee, and 0.055 cpg inspection fee.
New Hampshire -	Other taxes include 0.1 cpg for oil pollution control fund, 1.5 cpg for UST cleanup fund, 0.1 cpg for AST and aboveground bulk storage fund. Also 2 cpg for fuel oil and bulk fuel oil storage.
New Jersey -	Includes 10.5 cpg excise tax. Other taxes include 4 cpg Petroleum Products Gross Receipts Tax.
New Mexico -	Other taxes include 1 cpg loading fee. Effective 7/1/03 the tax drops to 16 cpg.
New York -	Includes 8 cpg excise tax, Petroleum Business Tax (14.6 cpg for gasoline and 12.85 cpg for diesel, 6.3 cpg prepaid sales tax on gasoline upstate and 7.9 cpg downstate for a statewide volume-weighted average of 7.3 cpg. The prepaid sales tax on diesel upstate is 7.4 cpg and 8.7 cpg downstate for a statewide volume-weighted average of 8.3 cpg. A spill tax of 0.3 cpg is collected on gasoline and diesel and a petroleum testing fee of 0.05 cpg also is levied on gasoline.
North Carolina* -	Other taxes include 0.25 cent inspection tax. The flat rate decreased from 24.2 cpg to 22.1 cpg for the period 7/1/02 through 12/31/02. It consists of a 17.5 cpg flat rate plus a variable rate of 4.6 wholesale component based on 7% average wholesale price component based on prices during period of 10/1/01 – 3/31/02 (the average price for that period was 65.37 cents per gallon).
Ohio -	Diesel taxes are 22 cpg when paid at pump and 25 cpg when for commercial vehicles. For gas and diesel, there is a 3 cpg surcharge paid on a quarterly, self-reporting basis by commercial vehicles.
Oklahoma -	Other taxes include a 1 cpg per gallon UST fee.
Pennsylvania -	Other taxes include 0.10 cpg fee on gasoline going into USTs (increased by .05 cpg on 4/1/02), and 14.6 cents per gallon oil company franchise tax on liquid fuels (primarily gasoline) and 19.8 cpg oil company franchise tax on fuels (primarily diesel).

Rhode Island* -	Variable. Other taxes include 3-cpg wholesale distributor tax and 1 cent per gallon environmental protection regulatory fee for UST program. Tax was increased 2 cpg on 7/1/02 per 2002 legislation.
South Carolina -	Other taxes include a 0.25 cpg inspection fee and a 0.50 cpg environmental fee for UST cleanup assessed on all petroleum products at the wholesale level.
South Dakota -	Other taxes include a 2-cpg throughput tax on distributors.
Tennessee -	Other taxes include 1-cent special petroleum tax for gasoline and 0.4 cpg environmental assurance fee.
Vermont -	Other taxes include 1 cpg license fee for UST fund.
Virginia -	Other taxes include 0.6 cpg petroleum storage tank fee and 2% sales tax on motor fuels in localities that are part of the Northern Virginia Transportation District.
Washington	State will have proposal on the November ballot to increase the gasoline tax by 5 cents per gallon effective 1/1/03 and by another 4 cpg on 1/1/04. Legislation to submit referendum to voters approved by '02 legislature.
West Virginia -	Other taxes include 5% variable wholesale tax, presently 4.85 cpg, based on statewide average wholesale price of gasoline with a minimum price of \$0.97 per gallon.
Wisconsin* -	Variable—adjusted annually on 4/1. Rate calculated by multiplying the current rate by an inflation factor (annual change in the consumer price index). State also imposes a 3 cpg oil inspection fee on gasoline and diesel. Effective 4/1/02 tax on gasoline and diesel increased by 0.8 cpg.
Wyoming -	Includes base rate of 11 cpg, 1 cpg to the environmental cleanup costs and a 2 cpg for the school fund.

\* = Variable tax

cpg = cents per gallon

The federal gasoline excise tax is 18.4 cpg for gasoline and 24.4 cpg for diesel.

API Issues Management and Industry Reputation

Updated: July 9, 2002

## Nationwide and State-by-State Motor Fuel Taxes, July 2002

The nationwide average tax on gasoline is 42 cents per gallon as of July 2002. Taxes on motor diesel fuel are six cents per gallon more, averaging 48 cents per gallon. The breakdown by federal, state, and additional other taxes is summarized below. The state excise tax figures are weighted by volumes consumed. This results in a U.S. average state gasoline excise tax of 17.9 cents per gallon, and an average state diesel excise tax of 18.5 cents per gallon. Additional other taxes add 5.7 cents per gallon to the average tax of gasoline and 5.1 cents per gallon to the tax of diesel fuel. These additional taxes include applicable sales taxes, gross receipts taxes, oil inspection fees, underground storage tank fees, other miscellaneous environmental fees, and commercial motor fuel use fees. Adding these taxes and fees to the state excise taxes results in a volume-weighted average state tax of 23.6 cents per gallon for gasoline and motor diesel fuel.

Estimates of Motor Fuel Taxes* as of July 2002 (cents per gallon)		
Taxes	Gasoline	Diesel
State excise only	17.9	18.5
Other state taxes	+5.7	+5.1
<b>Total State</b>	<b>23.6</b>	<b>23.6</b>
Federal	+18.4	+24.4
<b>Total State and Federal</b>	<b>42.0</b>	<b>48.0</b>
*Largely excludes local taxes, which may average about 2 cents per gallon nationwide. Sources: API Issues Management and Industry Reputation, "State Motor Fuel Tax Rates, July 9, 2002," <a href="http://www.apl.org/consumer/fuellax1110.htm">www.apl.org/consumer/fuellax1110.htm</a> ; the U.S. Energy Information Administration, "Retail Gasoline National Price—All Grades" and "Retail On-Highway Diesel Fuel Prices by Week and by Petroleum Administration for Defense District," <a href="http://www.eia.doe.gov">www.eia.doe.gov</a> .		

Taxes add a significant amount to the price of motor fuel. The nationwide average price of gasoline, exclusive of taxes, on July 8, 2002 was \$1.00 per gallon and for motor diesel fuel it was \$0.95 per gallon. The table below shows the magnitude of taxes as a share of retail prices. Federal and state taxes are shown to account for 29.6 percent of the pump price of gasoline and 33.6 percent of the pump price of motor diesel fuel. Another way to measure motor fuel taxes is as a percentage share of the net-of-tax retail prices, or product prices. The resulting shares are equivalent to a nationwide sales tax of 42.0 percent on gasoline and 50.5 percent on diesel fuel. In contrast, state sales tax rates range from 3 to 7 percent and average 5 percent nationwide.

Nationwide Average Retail Motor Fuel Prices and Taxes* (\$ per gallon)		
Price/Tax	Gasoline	Diesel
<b>Prices:</b>		
Average Retail	\$1.42	\$1.43
Product Price (retail net of taxes)	\$1.00	\$0.95
<b>Taxes:</b>		
as % of Retail Price	29.6%	33.6%
as % of Product Price (sales tax equivalent)	42.0%	50.5%
<small>* Largely excludes local taxes, which may average about 2 cents per gallon nationwide. Sources: The U.S. Energy Information Administration motor fuel prices as of July 8, 2002. The retail price of gasoline is the volume-weighted average price for conventional and reformulated gasolines. The retail diesel price represents the on-highway price.</small>		

State-by-state tax estimates for gasoline and diesel fuel are shown in the following tables and the results are ranked in descending order in the charts that follow. Hawaii leads the nation with the highest gasoline tax. As of July 2002 it totaled 53.5 cents per gallon. This includes 18.4 cents per gallon in federal taxes, 16 cents per gallon in state excise taxes, 15.0 cents per gallon in additional county taxes, an estimated 4.0 cents per gallon from a 4 percent state sales tax, and 0.1 cent per gallon for an environmental response tax. Hawaii also has the highest diesel fuel tax — 59.6 cents per gallon. This includes the federal tax of 24.4 cents per gallon, 16 cents per gallon in state excise taxes, 15 cents per gallon in additional county taxes, an estimated 4.1 cents per gallon from a 4 percent state sales tax, and 0.1 cent per gallon for an environmental response tax. In contrast, Alaska has the lowest taxes at 26.4 cents per gallon for gasoline and 32.4 cents per gallon for diesel.

The taxes shown in the tables and figures below *largely* exclude local taxes, which are estimated to average approximately 2 cents per gallon nationwide. Some exceptions to this exclusion have been made. In states where counties collect taxes on motor fuel, a rough average of the amount levied in all the counties is calculated and included under the column heading "other state taxes" shown in the third column of the tables below. The states affected include Alabama, California, Florida, Hawaii, Illinois, Nevada, New York, and Virginia. So, for example, in Florida 67 counties levy an additional tax on gasoline ranging from 1 to 17.1 cents per gallon. Each county tax rate is multiplied by its population to obtain an estimated statewide average county tax of 13.8 cents per gallon. Florida also collects 2.2 cents per gallon in taxes for environmental purposes. Together these additional other taxes and fees amount to 16.0 cents per gallon. This amount is shown in the third column of the state gasoline tax table. Explanations of the other taxes for individual states are provided in the notes to the tax tables at the end of this report. Although rough, the resulting averages are a more accurate reflection of the amount of tax collected in these states than they would be with the exclusion of this category of taxes.

Applicable state sales taxes are also included in the amounts shown in the third column of the state gasoline and diesel tax tables. Although only a handful of states apply these taxes on top of the excise taxes (including California, Georgia, Hawaii, Indiana, Illinois, Michigan, and New York), together they apply to about one-third of the motor fuel used in the U.S. Moreover, some of these states even tax the taxes on motor fuel. New York, Michigan, and Georgia, for example,

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apply the sales tax to the federal excise tax, and California applies its sales tax to both the state and federal excise taxes. Finally, a few states (Arizona, Illinois, Indiana, Kentucky, and Ohio) levy higher motor fuel taxes on commercial vehicles than passenger vehicles. Since most diesel fuel is consumed commercially, the higher rate is included in the state diesel tax table.

# GASOLINE TAX COMPILATION

*This division of the Reporter covers the tax on motor fuel imposed by Title 43, Chapter 40, Alaska Statutes.*

*Citations of the statutory provisions in this compilation are to section numbers in that chapter of the Alaska Statutes, as amended to date. The statutes on which the compilation is based are reproduced in "The Law" division.*

*For motor vehicle taxes, see ¶ 50-002.*

*For business license taxes, see ¶ 30-002.*

*For provisions concerning practice and procedure of taxes, see ¶ 89-010.*

[¶ 40-000]

## GASOLINE TAX

Persons and Motor Fuel Subject to Tax . . . . .	¶ 40-001	Payment of Tax . . . . .	¶ 40-045
Rate of Tax . . . . .	¶ 40-015	Credits and Refunds . . . . .	¶ 40-050
Reports . . . . .	¶ 40-030	Local Taxation . . . . .	¶ 40-060

[¶ 40-001] **Persons and Motor Fuel Subject to Tax.**—Dealers must collect and remit a tax on each gallon of motor fuel sold or otherwise transferred within Alaska, and users must pay a tax on each gallon consumed in Alaska. The tax on the transfer or consumption of motor fuel does not apply to liquefied petroleum gas. (.01, .06) (Form 04-530: Motor Fuels Tax Instructions pg. 1 (Rev. 4/01))

"Motor fuel" means fuel used in an engine for the propulsion of a motor vehicle or aircraft, and fuel used in and on watercraft, or in a stationary engine, machine, or mechanical contrivance that is run by an internal combustion motor. (.01, .065) (Form 04-530: Motor Fuels Tax Instructions pg. 1 (Rev. 4/01))

Terms are defined by regulation. (.065)

● **Exemption from tax**

"Motor fuel" does not include (.01, .061) (Form 04-530: Motor Fuels Tax Instructions pg. 1 (Rev. 4/01)):

- fuel consigned to foreign countries;
- fuel sold for use in jets operating in flights to foreign countries or that continue from foreign countries, unless the exemption is disallowed because the refiner fails to comply with the provisions of a voluntary agreement to hire resident workers in conjunction with refinery expansion;
- fuel used in stationary power plants operating as public utilities;
- fuel used by charitable institutions;
- fuel sold or transferred between qualified dealers;
- fuel sold to federal, state and local government agencies for official use;
- fuel used in stationary power plants that generate electrical energy for private residential consumption;
- fuel used to heat private or commercial buildings or facilities, excluding watercraft;
- fuel used for other nontaxable purposes as prescribed by Department of Revenue regulations;

- fuel used in stationary power plants of 100 kilowatts or less that generate electrical power for commercial enterprises not for resale;
- residual oil fuel used in and on watercraft if the residual fuel oil is sold or transferred in the state or consumed by a user; or
- fuel withdrawn from a foreign trade zone or bonded warehouse to the extent that an exemption is required by 19 USC 81a-81 and 19 U.S.C. 1309(a) and (d);
- fuel that is exported;
- fuel exclusively used for domestic purposes, excluding watercraft; or
- fuel volume lost during handling, transporting, and storage.

● **Residual fuel (bunker fuel)**

Residual oil fuel or bunker fuel is the heavy refined hydrocarbon known as number 6 fuel oil. This fuel is exempt from tax. If a higher grade fuel is blended with residual fuel, then the resulting mix is also exempt from tax if it still meets the number 6 diesel specifications and does not meet specifications for higher diesel grades. (.02) (Form 04-530: Motor Fuels Tax Instructions pg. 3 (Rev. 4/01))

- .01 AlaskaStat Sec. 43.40.010; ¶ 97-491.
- .02 AlaskaStat Sec. 43.40.100; ¶ 97-514.
- .06 AlaskaAdminCode Tit. 15 Sec. 40.300; ¶ 44-040.
- .061 AlaskaAdminCode Tit. 15 Sec. 40.310; ¶ 44-041.
- .065 AlaskaAdminCode Tit. 15 Sec. 40.900; ¶ 44-090.
- .07 AlaskaAdminCode Tit. 15 Sec. 40.500; ¶ 44-060.
- .20 Civil Air Patrol.—Motor fuel sold to the Civil Air Patrol for use in its aircraft and motor vehicles is exempt from the Alaska Motor Fuel Oil Tax. The Civil Air Patrol is an instrumentality of the federal government and, since the incidence of the motor fuel oil tax is on the vendee, such sales are exempt from the tax under the doctrine of implied intergovernmental tax immunity.

*Opinion of the Attorney General*, No. 26-61, December 13, 1961.

.31 Sales to federal government.—When a sale is made directly to the federal government, a sales tax is to be collected when the incidence of the tax is upon the vendor. Sales made to agencies of the federal government directly and not through a third party are exempt unless the incidence of the motor fuel tax falls on the vendor. Since the incidence of the motor fuel tax falls on the vendee, sales of motor fuel directly to the federal government or its agencies are exempt from the motor fuel tax.

*Opinion of the Attorney General*, March 19, 1958.

.45 International transportation of fuel.—The motor fuel tax was due on fuel sold in Alaska to a railway operating daily round trips between Alaska and Canada. Although the motor fuel tax law exempts "consignments of motor fuel oil to foreign countries," the mere transportation of the motor fuel into a foreign country does not exempt the fuel from the tax. Consignment means goods or property sent by means of common carrier by one or more persons, called the consignors, in one

place, to one or more persons, called the consignees, in another place. If the fuel was actually consigned to Canada it would not come within the statutory definition of "motor fuel" and would not be taxable.

*Opinion of the Attorney General*, August 13, 1954.

.55 Indian corporations.—The Alaska motor fuel tax does not apply to fuel used by a federally chartered Indian corporation for the generation of electricity for the operation of its cannery plant and for lighting the community and its stores.

*Opinion of the Attorney General*, July 26, 1949.

.57 Non-Indian contractor working on Indian reservation (AZ).—The imposition of Arizona fuel use and motor carrier license taxes on a non-Indian company that contracted with a tribal timber business to cut down and remove timber from the tribe's reservation is invalid because state taxation was preempted by congressional legislation. The federal government enacted comprehensive laws and regulations governing Indian reservation timber and sales. The policy underlying these regulations is to encourage tribal sovereignty over the reservation and to allow Indians to benefit from the profits derived from their enterprises. The state's claim that it may assess taxes on non-Indians engaged in commerce on the reservation whenever there is no express congressional statement to the contrary is false; the existence of a comprehensive federal regulatory scheme must be considered, as well as the economic burden of a state tax on the tribe.

Arizona's fuel use tax, based on the fuel consumed by motor vehicles using the state highways, and its motor carrier license tax, based on the carrier's gross receipts, would undermine the federal policy and regulatory scheme if allowed to apply to a non-Indian contractor. These taxes would interfere with the ability of the federal government to set rates and fees for Indian timber

sales, impose an economic burden on the tribe, and affect the tribe's ability to comply with sustained-yield policies required by federal law.

A state's general desire to raise revenue does not justify the imposition of the taxes in question, because the roads used by the non-Indian company were built, maintained, and policed by the federal government, the tribe, and the contractor, not by the state. Consequently, the state did not provide any service for which it could exact the taxes it sought to impose. The state lacked a sufficient interest to permit interference with tribal sovereignty and with the federal regulatory scheme governing Indian timber harvesting and sales.

*White Mountain Apache Tribe et al. v. Bracker et al.* (1980) 448 U.S. 136.

.60 **Indian retailers (OK).**—An Oklahoma motor fuels excise tax imposed on fuel sold by Indian retail stores on an Indian tribe's trust land was prohibited under the doctrine of Indian sovereignty because the legal incidence of the tax rested on the tribe as retailer. The legal incidence of the tax rested upon the retailer, rather than on the distributor or consumer, because (1) the tax must be remitted on behalf of a licensed retailer, (2) retailers were liable for tax not paid by the consumer, (3) retailers were not compensated for collecting the tax, and (4) the tax was imposed when fuel was sold by a distributor to a retailer without regard to whether the fuel was later purchased by a consumer.

*Oklahoma Tax Commission v. Chickasaw Nation*, US Sct, Docket No. 94-771, June 14, 1995; CCH OKLAHOMA ST. TAX REP., ¶ 200-702.

.65 **Domestic air carrier.**—Alaska motor fuel tax on an air carrier's use of fuel purchased in Alaska was not limited to fuel consumed over Alaskan airspace, but could be imposed on fuel consumed during flights to destinations throughout the United States. A taxable use or consumption of fuel occurs in Alaska when the fuel is

purchased at a fuel pump in Alaska for subsequent use in flights bound outside Alaska. Whether the motor fuel tax is imposed when fuel is sold to a purchaser or after a sale, when the fuel is actually consumed, as in this case, taxable fuel consumption is measured by the amount of fuel purchased for domestic flights. When a buyer of fuel is taxed as a user rather than purchaser of fuel, the range of taxation is not narrowed to estimates of fuel consumed over Alaskan airspace.

*United Parcel Service Co. v. Dept. of Revenue*, Supreme Court of Alaska, S-8561, 1 P3d 83, April 7, 2000; ¶ 200-428.

.70 **Diesel fuel resold for heating purposes.**—A seafood processing company that paid Alaska motor fuel tax on purchases of diesel fuel was entitled to a refund of tax for the quantity of diesel fuel it resold to a heating fuel distributor that resold the fuel to customers for use for exempt heating purposes. The company was entitled to a refund as a motor fuel reseller that had paid tax on the fuel, even though the company had not obtained a certificate of use from its customer and was not the last supplier of the fuel to the ultimate consumers. Although the tax statutes expressly exempt the last supplier from having to obtain a certificate of use from exempt heating-fuel customers, the company provided with its refund claim a letter from its customer, the last supplier, stating that the diesel fuel in question was used for exempt heating purposes, and that statement sufficiently verified exempt use for purposes of the company's refund claim. Furthermore, requiring the company to collect tax from its customer seemed pointless and unreasonable because if the company's customer had claimed the refund, it would not, in turn, have been required to obtain certificates of use from its customers who were the ultimate consumers.

*Trident Seafoods Corp.*, Alaska Office of Tax Appeals, No. 27-OTA-99, May 9, 2000; ¶ 200-429.

[¶ 40-015] **Rate of Tax.**—The motor fuel tax rates are as follows (.01):

Motor fuel, 8¢ per gallon.

Aviation gasoline, 4.7¢ per gallon.

Fuel used in and on watercraft, 5¢ per gallon.

Aviation fuel other than gasoline, 3.2¢ per gallon.

Fuel blended with alcohol (gasohol), the same rate as motor fuel, except that:

— in an area and during the months in which such fuel is required to be sold for air quality purposes (Anchorage from October 27 through February 28 or 29), the tax is 6¢ less per gallon than the tax on motor fuel; (Form 04-530; Motor Fuels Tax Instructions pg. 3 (Rev. 4/01)) and

— notwithstanding (A) above, through June 30, 2004, the tax on motor fuel sold or otherwise transferred within Alaska is 8¢ per gallon less than the tax on

other motor fuel if it is at least 10% alcohol by volume and was produced: (1) from the processing of lignocellulose derived from wood, during the first 5 years of a facility's processing of lignocellulose from wood; or (2) from the processing of waste seafood, during a facility's first 5 years of processing alcohol from waste seafood. (Form 04-530: Motor Fuels Tax Instructions pg. 3 (Rev. 4/01))

.01 AlaskaStat Sec. 43.40.010; ¶ 97-491.

**¶ 40-030 Reports.**—Dealers and users must submit a statement to the Commissioner of Revenue when remitting the tax showing the amount of motor fuel distributed or used during the month, even if the fuel is exempt from tax. A separate return must be filed for gasoline, diesel, aviation fuel, and gasohol. (.01, .06) (Form 04-530: Motor Fuels Tax Instructions pg. 1 (Rev. 4/01))

Excel templates that can be used in preparing tax returns are available on the Alaska Department of Revenue website. (Form 04-530: Motor Fuels Tax Instructions pg. 1 (Rev. 4/01))

● **Due date**

Returns must be filed by the last day of the next succeeding month that the fuel was sold, transferred, or used. (.01) (Form 04-530: Motor Fuels Tax Instructions pg. 2 (Rev. 4/01))

● **Record keeping**

Records pertaining to sales, transfers, and purchases of fuel should be kept for three years. Records include items such as general ledgers, purchases journals, bank statements, tax returns, sales invoices, and inventory balances. (Form 04-530: Motor Fuels Tax Instructions pg. 2 (Rev. 4/01))

Dealers, reseller, and users must keep records of information required on tax returns and claims for refund. Information must include fuel purchases, transfer, and use. Also, an accounting of inventory on the first and last days of the month is required for returns, and inventories on the first and last day of claim periods for claims for refund. Failure to keep records could result in a denial of refund. (.07)

.01 AlaskaStat Sec. 43.40.010; ¶ 97-491.

.07 AlaskaAdminCode Tit. 15 Sec. 40.800;

.06 AlaskaAdminCode Tit. 15 Sec. 40.400; ¶ 44-080.  
¶ 44-050.

**¶ 40-045 Payment.**—The motor fuels tax is remitted monthly to the Commissioner of Revenue along with the tax return. Payment is required by the last day of the month following the month in which the tax was collected. (.01)

Arrangements to make payments at a later date (warehousing payments) are allowed. (Form 04-530: Motor Fuels Tax Instructions pg. 2 (Rev. 4/01))

See ¶ 89-108 for payment information, including the Alaska State Automated Payment system.

● **Election to defer tax**

To defer tax, the municipalities, tribes, and eligible air carriers must file Form 04-539 (Election to Defer Tax). The purchaser is now liable for paying tax on taxable sales. (Form 04-530: Motor Fuels Tax Instructions pg. 2 (Rev. 4/01))

**Municipalities and Indian (native American) tribes.**—Certain municipalities and federally recognized Indian (native American) tribes can defer tax on purchased of diesel fuel that will be distributed to residents or tribal members. To qualify, the municipality must be incorporated under AS 29.05.011 and the municipality or tribe must not be connected to more than 200 miles of publicly maintained roads. (.06) (Form 04-530: Motor Fuels Tax Instructions pgs. 1-2 (Rev. 4/01))

**Jet propulsion aircraft.**—Transfers of fuel to a common storage tank for jet propulsion aircraft may be deferred. The amount of tax due must be paid by the last day of the succeeding month following the withdrawal of fuel from the storage tank. The Election to Defer must be filled out and given to the seller not sent to the Department of Revenue. (Form 04-530: Motor Fuels Tax Instructions pg. 2 (Rev. 4/01); Form 04-539: Election to Defer (Rev/ 04/01))

.01 AlaskaStat Sec. 43.40.010; ¶ 97-491.

.06 AlaskaAdminCode Tit. 15 Sec. 40.320; ¶ 44-042.

.30 **Engaging in business.**—The words "not usually engaged" in Sec. 48-5-2(c) [AS 43.40.010] refer to and modify only "other person" and not the word "dealer." Sec. 48-5-1 [AS 43.40.100] defines "dealer" as any person making the first sale. Consequently, "dealer" means any person making the first sale, regardless of whether or not he is usually engaged in the business of selling motor fuel. If Sec. 48-5-2(c) [AS 43.40.100] covers only dealers not usually engaged in the business,

then those dealers who are usually engaged in the business are in no way bound to remit the tax. Such an unreasonable construction is, therefore, to be avoided.

*Opinion of the Attorney General, March 19, 1958.*

.86 **Theft of funds.**—The motor fuel tax must be paid even though the proceeds of the sale of motor fuel have been stolen through no fault or negligence of the taxpayer.

*Opinion of the Attorney General, June 24, 1952.*

[¶ 40-050] **Credits and Refunds.**—Credits and refund can be claimed against Alaska motor fuel tax.

● **Deduction for timely filing**

A collection discount is allowed in an amount equal to 1% of the total monthly tax due, but not to exceed \$100. This deduction is only allowed for complete tax returns that are timely filed. A tax return is not complete unless it includes information on the sales, transfer, or purchases of all fuel classified as motor fuel held as inventory within Alaska. (.01, .07) (Form 04-530: Motor Fuels Tax Instructions pgs. 1 & 3 (Rev. 4/01))

● **Nonhighway use fuel**

A refund of 6¢ is allowed on each gallon of motor fuel used for nonhighway purposes, except aviation fuel and fuel used in or on watercraft. The entire tax is refunded on fuel used for nonhighway purposes in a foreign country on which the tax has been paid when the fuel is sold and delivered in Alaska. The refund is claimed on Form 04-544 (Claim for Refund) (.03) (Form 04-530: Motor Fuels Tax Instructions pg. 2 (Rev. 4/01))

● **Resold fuel**

A person who resells tax-paid fuel is entitled to a credit or refund if the resold fuel is not motor fuel and a certificate of use is acquired or the amount of tax previously paid exceeds the tax due on the resale. The amount of the credit or refund is equal to the amount of tax previously paid on the resold fuel less the amount of Alaska fuel tax due. A reseller may elect to claim a refund from the supplier or from the Department of Revenue. (.02, .06) (Form 04-530: Motor Fuels Tax Instructions pg. 2 (Rev. 4/01))

**Refund claim.**—A claim of refund must be made within one year from the date on the invoice. Claims for refund must include the original invoices issued to the reseller, copies of invoices issued by the reseller, and copies of each required certificate of use. The invoices must indicate the type of fuel transferred, the number of gallons transferred, and the amount of tax billed. (.02, .06)

● **Lower tax rate**

If fuel is used in such a way that it is subject to a lower tax rate than the rate of tax already paid or it becomes exempt from tax and the tax is already paid, then a refund can be claimed within one year from the date of purchase using Form 04-544 (Claim for Refund). The claim for refund must include original invoices of each

purchase of fuel for which tax is being refunded. The invoices must show the type of fuel purchased, the number of gallons purchased, and the amount of tax paid. Claims for refund of \$100 or more may be made at any time; only one claim for refund of under \$100 may be made within a six month period. (.04, .065) (Form 04-530: Motor Fuels Tax Instructions pg. 2 (Rev. 4/01))

● *Bad debt credit*

Motor fuel dealers are entitled to a credit against the Alaska motor fuel tax in the amount of those taxes paid on sales or transfers of fuel made by credit transaction that later become worthless debts if the tax liability is \$500 or more. The credit may be applied during the month in which written notification and a copy of the bankruptcy petition filed by the purchaser are submitted to the Department of Revenue, or in the first month after the dealer deducts the amount as a worthless debt for federal tax purposes. The credit is not available to the dealer, however, if the dealer, during the five years preceding a current claim for the same purchaser, but after June 30, 1998, took a federal bad debt deduction regarding the purchaser, or if a sale was knowingly made to a bankruptcy debtor. The term "credit transaction" means a transaction in which payment for motor fuel will be made at a future date. This credit will be automatically repealed July 1, 2008. (.01) (Form 04-530: Motor Fuels Tax Instructions pg. 3 (Rev. 4/01))

- |   |   |
|---|---|
| .01 AlaskaStat Sec. 43.40.025; ¶ 97-500.  | .065 AlaskaAdminCode Tit. 15 Sec. 40.510. |
| .02 AlaskaStat Sec. 43.40.035; ¶ 97-506b. | ¶ 44-061.                                 |
| .03 AlaskaStat Sec. 43.40.030; ¶ 97-501.  | .07 AlaskaAdminCode Tit. 15 Sec. 40.400;  |
| .04 AlaskaStat Sec. 43.40.050; ¶ 97-508.  | ¶ 44-050.                                 |
| .06 AlaskaAdminCode Tit. 15 Sec. 40.500;  |   |
| ¶ 44-060.                                 |   |

[¶ 40-060] Local Taxation.—See ¶ 72-015 for local tax rates, including motor fuel and fuel transfer taxes.

- .68 Powers in doubt.—When there is doubt as to whether a municipality has been granted a power that it claims, such doubt is to be resolved against the use of such power by the municipality.

*Fainbanks v. Independent Meat Market* (1910), 4 Alaska 147.

[The next page is 4301.]

**GASOLINE TAX****FINDING LIST OF REGULATIONS**

The following table lists the permanent motor fuel tax regulations adopted by the Department of Revenue on October 14, 1982, and which are effective November 14, 1982. The text of the regulations are reproduced at the end of the division beginning at §§ 44-001.

**TITLE 15****Revenue****Chapter 40****Motor Fuel Tax****Article 1. Application of Tax**

15 AAC	Title	Paragraph
40.010	Tax Return Filing Requirements .....	44-001
40.020	Fuel Subject to Tax, Bulk Sales, and Exemptions .....	44-002
40.030	Certificate Requirements for Certain Sales .....	44-003
40.040	Qualified Dealer License .....	44-004
40.045	Affidavit of Motor Fuel Taxes Due .....	44-004a
40.050	Security Requirement for Qualified Dealer License .....	44-005
40.055	Waiver of Security .....	44-005a
40.060	Revocation of Qualified Dealer License .....	44-006
40.070	Records .....	44-007
	<b>Article 2. Tax Refunds and Credits for Fuel Resellers</b>	
40.100	Refunds and Credits on Certain Sales or Transfers of Motor Fuel .....	44-010
	<b>Article 3. Tax Refunds and Credits for Final Users</b>	
40.200	Refunds on Certain Uses of Motor Fuel .....	44-020
40.210	Requirements for Filing Claims for Refund of Motor Fuel Tax ..	44-021
40.220	Recovery of Erroneous Refunds .....	44-022
40.230	Records .....	44-023
	<b>Article 4—Article 8 (Reserved)</b>	
	<b>Article 9. General Provisions</b>	
40.900	Definitions .....	44-090

[The next page is 4305.]

## GASOLINE TAX REGULATIONS

*The following regulations were initially adopted as emergency regulations on July 19, 1982, and were subsequently amended and adopted as permanent regulations by the Department on October 14, 1982. The finding list for these regulations is located at page 4301.*

### Title 15.—Revenue

#### Chapter 40.—Motor Fuel Tax

##### Article 1.—Application of Tax

[¶ 44-001] 15 AAC 40.010 Tax Return Filing Requirements.—[Repealed.]

(Adopted as an emergency regulation July 19, 1982; amended and adopted as a permanent regulation October 14, 1982, and effective November 14, 1982; amended January 19, 1986; repealed April 1, 2001.)

[¶ 44-002] 15 AAC 40.020 Fuel Subject to Tax, Bulk Sales, and Exemptions.—[Repealed.]

(Adopted as an emergency regulation July 19, 1982; amended and adopted as a permanent regulation October 14, 1982, and effective November 14, 1982; amended January 19, 1986; repealed April 1, 2001.)

[¶ 44-003] 15 AAC 40.030 Certificate Requirements for Certain Sales.—[Repealed.]

(Effective July 19, 1982; amended November 14, 1982; August 12, 1984; January 19, 1986; and March 9, 1990; repealed April 1, 2001.)

[¶ 44-004] 15 AAC 40.040 Qualified Dealer License.—[Repealed.]

(Adopted as an emergency regulation July 19, 1982; amended and permanently adopted October 14, 1982, and effective November 14, 1982; amended August 12, 1984; amended January 19, 1986; repealed April 1, 2001.)

[¶ 44-004a] 15 AAC 40.045 Affidavit of Motor Fuel Taxes Due.—[Repealed.]

(Effective January 22, 1989; repealed April 1, 2001.)

[¶ 44-005] 15 AAC 40.050 Security Requirement for Qualified Dealer License.—[Repealed.]

(Effective July 19, 1982; amended January 22, 1989; amended April 1, 2001.)

[¶ 44-005a] 15 AAC 40.055 Waiver of Security.—[Repealed.]

(Effective January 22, 1989; repealed April 1, 2001.)

[¶ 44-006] 15 AAC 40.060 Revocation of Qualified Dealer License.—[Repealed.]

(Adopted as an emergency regulation July 19, 1982; amended and permanently adopted October 14, 1982, and effective November 14, 1982; amended April 1, 2001.)

[¶ 44-007] 15 AAC 40.070 Records.—[Repealed.]

(Adopted as an emergency regulation July 19, 1982; amended and permanently adopted October 14, 1982, and effective November 14, 1982; repealed April 1, 2001.)

##### Article 2.—Tax Refunds and Credits for Fuel Resellers

[¶ 44-010] 15 AAC 40.100 Refunds and Credits on Certain Sales or Transfers of Motor Fuel.—[Repealed.]

(Adopted as an emergency regulation July 19, 1982; amended and permanently adopted effective November 14, 1982; amended August 12, 1984; amended January 19, 1986; repealed April 1, 2001.)

##### Article 3.—Tax Refunds and Credits for Final Users

[¶ 44-020] 15 AAC 40.200 Refunds on Certain Uses of Motor Fuel.—[Repealed.]

(Adopted as an emergency regulation July 19, 1982; amended and permanently adopted effective November 14, 1982; amended January 19, 1986; repealed April 1, 2001.)

¶ 44-021] 15 AAC 40.210 Requirements for Filing Claims for Refund of Motor Fuel Tax.—[Repealed.]

(Effective July 19, 1982; amended August 12, 1984; amended January 19, 1986; amended April 1, 2001.)

¶ 44-022] 15 AAC 40.220 Recovery of Erroneous Refunds.—(Adopted and effective July 19, 1982; repealed April 1, 2001.)

¶ 44-023] 15 AAC 40.230 Records.—[Repealed.]

(Adopted as an emergency regulation July 19, 1982; amended and permanently adopted effective November 14, 1982; amended January 19, 1986; repealed April 1, 2001.)

#### Article 4.—Collection Of Tax

¶ 44-040] 15 AAC 40.300 Fuel Subject To Tax; Incidence Of Tax.—(a) The motor fuel tax is imposed under AS 43.40 at the earlier of

- (1) the sale or transfer of motor fuel in the state; or
- (2) the use of motor fuel in the state.

(b) A sale or transfer of fuel is a taxable event, unless

- (1) to a person who uses fuel that is exempt under 15 AAC 40.310 ;
- (2) the fuel being sold or transferred is excluded from being "motor fuel" under AS 43.40.100 (2); or
- (3) between qualified dealers.

(c) If a sale or transfer of fuel was exempt from tax under (b) of this section, but the fuel is later sold, transferred, or used in a manner that does not meet the requirements for the exemption from tax under (b) of this section, the applicable tax is imposed at the time of the first taxable sale, transfer, or use. The person who sells, transfers, or uses the fuel that is taxable under AS 43.40 shall file a tax return under 15 AAC 40.400 and pay the applicable tax to the department. If a subsequent sale or transfer is subject to a higher tax rate under AS 43.40 than the tax rate imposed on the first sale, the higher rate applies.

(d) A sale or transfer of fuel to a person eligible for a refund for non-highway use under AS 43.40.030 (a) is taxed at the rate under AS 43.40.010(a). The person who uses the fuel may file a claim with the department for any available refund.

(e) The following examples illustrate the application of this section:

*Example 1:* Cannery A is not licensed as a qualified dealer. Cannery A purchases diesel at a tax rate of five cents per gallon. Cannery A sells its excess diesel to Dealer X who picks up the diesel and sells it to a person who uses it for heating. Cannery A must collect tax at the general tax rate of eight cents per gallon on all sales of diesel to Dealer X because Dealer X is not a person exempt under AS 43.40. Cannery A must file a tax return to report the sale of diesel to Dealer X and pay the applicable tax to the department. Dealer X may file a claim for refund for any sales exempt under AS 43.40, including sales to customers who use the diesel for heating purposes.

*Example 2:* Taxpayer A purchases diesel without paying the tax, with the intention of using the diesel for heating purposes. Taxpayer A later uses the diesel for a purpose that is not exempt, such as use in a licensed motor vehicle. Taxpayer A must file a tax return to report the taxable use of the diesel and pay the applicable tax.

*Example 3:* Municipality A purchases diesel without paying tax, in accordance with 15 AAC 40.320 (c), intending to use a portion of the diesel, and to sell the remainder to residents of the community for heating purposes. Municipality A later sells some of the diesel to a contractor for use in non-highway equipment. Municipality A must collect tax of eight cents per gallon on the diesel sold to the contractor and file a tax return to report those sales. The contractor may file a claim for a partial refund on the diesel used in non-highway equipment under AS 43.40.030(a).

(Adopted effective April 1, 2001.)

¶ 44-041] 15 AAC 40.310 Exempt Sales, Transfers, Or Uses.—(a) Except as provided in (b) of section, fuel meeting the following requirements is exempt from tax under AS 43.40:

- (1) fuel that is specifically excluded under AS 43.40.100 (2)(A) - (L);

(2) fuel withdrawn from a foreign trade zone or bonded warehouse to the extent that an exemption is required by 19 U.S.C. 81a-81u and 19 U.S.C. 1309 (a) and (d);

(3) fuel that is exported;

(4) fuel used exclusively for a domestic purpose in single or multiple unit private dwellings, including mobile homes, but not including watercraft;

(5) losses of volume of fuel that occur during handling, transportation, and storage, including losses of volume due to temperature changes of the fuel.

(b) The exemption available under 43.40.100(2)(1) for fuel used to heat private or commercial buildings or facilities does not apply to fuel used in or on watercraft.

(Adopted effective April 1, 2001.)

**[§ 44-042] 15 AAC 40.320 Sales Or Transfers For Mixed Uses.**—(a) Except as provided in (b) of this section, fuel transferred to a common storage tank is taxable at the time of sale or transfer at the highest rate that applies to any of the fuel transferred into the tank.

(b) A person operating jet propulsion aircraft in both foreign and domestic flights may elect to defer the payment of the tax under AS 43.40 on the transfer of the fuel to a common storage tank. A person makes the election annually on a form or in a format prescribed by the department. A person making the election must file a tax return and remit the amount of tax due no later than the last day of the month following the month in which the person withdrew the fuel from the common storage tank. The withdrawal from the common storage tank of fuel subject to tax under AS 43.40 is a taxable transfer under AS 43.40.

(c) A municipality or a federally recognized tribe may elect to defer the payment of tax on diesel purchased for its own official use and for resale to residents of the municipality or tribal members if

(1) the municipality is incorporated under AS 29.05.011 and is not connected to more than 200 miles of publicly maintained roads; or

(2) the federally recognized tribe stores the fuel in a location that is not connected to more than 200 miles of publicly maintained roads.

(d) A municipality or federally recognized tribe that elects under (c) of this section to defer the payment of tax must file this election with the department on a form or in a format prescribed by the department. The department will notify the municipality or tribe that its election is accepted and the election remains effective until the municipality or tribe revokes it in writing. The municipality or tribe making the election must file a tax return if the municipality or tribe sells fuel for which taxes were deferred under this subsection if the fuel is sold for a use that is taxable.

(e) The following examples illustrate the application of (a) of this section:

*Example 1:* If the tax is eight cents per gallon and fuel used for heating purposes is exempt, a transfer of fuel to a common storage tank providing fuel for both on-road and heating uses is taxable at eight cents per gallon.

*Example 2:* If fuel for marine use is taxable at five cents per gallon, a transfer of fuel to a common storage tank providing fuel for both on-road and marine uses is taxable at eight cents per gallon.

*Example 3:* Assuming the same rates listed in examples 1 and 2 of this subsection, a transfer of fuel to a common storage tank providing fuel for both marine and heating uses is taxable at five cents per gallon.

(Adopted effective April 1, 2001.)

**[§ 44-043] 15 AAC 40.330 Certificate Of Use.**—(a) A dealer or reseller must obtain a certificate of use in each calendar year from the person intending to use the fuel at the time of the first sale or transfer of fuel that is exempt from taxation under AS 43.40. A certificate of use must be a form prescribed by the department. That form may be obtained from the dealer, reseller, or department.

(b) A person engaged in mining or construction activity who purchases fuel for heating purposes must include an attachment to the certificate of use that identifies and diagrams the location of each storage tank that stores fuel used exclusively for heating.

(c) The person who intends to use the fuel must sign the certificate of use. The certificate of use is not valid if signed by a dealer or reseller.

(d) A person obtaining fuel with a certificate of use who later uses the fuel for a purpose that is taxable under AS 43.40 shall file a tax return on a form or in a format prescribed by the department and pay the tax by the last day of the month following the month in which the taxable use occurred.

(c) If the department publishes a list of qualified dealers or other persons to whom fuel may be transferred without collecting tax under AS 43.40, a dealer may rely on the most recent list in place of a certificate of use obtained under this section.

(Adopted effective April 1, 2001.)

**[§ 44-044] 15 AAC 40.340 Gasohol Control Period.**—The lower tax rate provided for in AS 43.40.010 (a)(4)(A) or (b)(4)(A) on gasohol applies during the:

(1) control period specified in 18 AAC 53.010, except that the lower tax rate does not apply on March 1; and

(2) five days before the first day of the control period, as specified in 18 AAC 53.020.

(Adopted effective April 1, 2001.)

#### Article 5.—Tax Return Requirements; Tax Credit

**[§ 44-050] 15 AAC 40.400 Tax Return Filing Requirements.**—(a) Each person subject to AS 43.40.010 (c) shall file the tax return, under penalty of unsworn falsification, on a form or in a format prescribed by the department. Each person shall file a separate tax return for gasoline, diesel, aviation fuel, and gasohol.

(b) Each person filing a tax return under (a) of this section may deduct and retain one percent of the total monthly tax due per tax return, up to \$100, if the tax return is complete and timely filed, and the tax is timely paid. The department will not consider the tax return complete unless the tax return includes information on the sales, transfers, or purchases of all fuel held as inventory in this state, regardless of whether the fuel is classified as motor fuel under AS 43.40.100.

(Adopted effective April 1, 2001.)

#### Article 6.—Refunds

**[§ 44-060] 15 AAC 40.500 Refunds And Credits On Sales Or Transfers By Resellers.**—A claim by a reseller for refund or credit on sales or transfers under AS 43.40.035 must be made on a form prescribed by the department, and must include original invoices issued to the reseller, copies of invoices issued by the reseller, and copies of each certificate of use required under AS 43.40.015 (b). The invoices must show the type of fuel transferred, the number of gallons transferred, and the amount of tax billed. The claim for refund or credit of taxes paid must be filed within one year after the date of the sale or transfer as shown on the invoice issued by the reseller.

(Adopted effective April 1, 2001.)

**[§ 44-061] 15 AAC 40.510 Other Refunds.**—(a) If a person obtains motor fuel on which the tax levied by AS 43.40.010 has been paid and uses the fuel in a manner that would have made the fuel subject to a lower tax than was paid, or exempt from tax under AS 43.40.100 (2), the person may apply to the department for a refund of the difference within the time period provided in AS 43.40.050(b). The refund claim must be made on a form prescribed by the department.

(b) Except as provided in (d) of this section, the claim must include original invoices of each purchase of fuel for which a refund is being claimed. The invoices must show the type of fuel purchased, the number of gallons of fuel purchased, and the amount of tax paid under AS 43.40.

(c) A person making a claim for refund for fuel used from a common storage tank must provide documentation to show the use of all fuel from that tank. The department will accept as documentation fuel use logs or other records that clearly show the use of fuel from that tank.

(d) An agency of the United States government whose employees make purchases of fuel exclusively for official use and use a credit card issued to that agency may submit a claim for refund containing a schedule of invoices of purchases of fuel instead of the original invoices for the fuel. Charges on the card must be billed directly to the federal governmental agency. A person may submit a claim for refund of more than \$100 under this subsection at any time within the period provided in AS 43.40.050 (b). A person may submit only one claim of less than \$100 in any six-month period. The schedule of invoices must be subject to generally accepted internal accounting controls, be capable of verification by audit, and detail the following information for each purchase of fuel:

(1) the transaction date;

(2) the invoice number;

(3) the type of fuel purchased;

- (4) the name of the seller and physical location of the pump;
- (5) the name of the United States governmental agency purchasing the fuel;
- (6) the price per gallon of fuel paid;
- (7) the number of gallons of fuel purchased;
- (8) the tax paid on each gallon of fuel purchased;
- (9) other information required by the department in order to evaluate if the claim for refund meets the requirements of AS 43.40 and this subsection.

(Adopted effective April 1, 2001.)

#### Article 7.—Qualified Dealer License And Bonding Requirements

[§ 44-070] 15 AAC 40.600 **Qualified Dealer License.**—(a) A person is eligible for a qualified dealer license if that person sells at least 50 percent of fuel acquired to unrelated persons for any combination of the following purposes:

- (1) resale;
- (2) use in heating private or commercial buildings or facilities;
- (3) use in jet propulsion aircraft.

(b) A person applying for a qualified dealer license must use a form or format prescribed by the department. The person must provide an estimate of the average number of gallons of fuel subject to tax per month during a calendar year, and state the estimated amount of tax on those gallons. A license issued under this section is not transferable.

(c) The department will not issue a qualified dealer license if

- (1) the department finds reasonable cause to believe that the person has withheld information required in the application or that the information submitted in the application is false or misleading; or
- (2) the person applying for the license, or a responsible person of a business organization that is applying for the license, has been convicted within the last ten years, in this state or in any other taxing jurisdiction, of crimes involving fuel tax under AS 43.05.290 or similar provisions in other taxing jurisdictions.

(d) The department will issue only one qualified dealer license to each person.

(Adopted effective April 1, 2001.)

[§ 44-071] 15 AAC 40.610 **Bonding Requirement.**—(a) A person applying for a qualified dealer license must file a bond with the department in an amount equal to twice the estimated average monthly tax or \$5,000, whichever is greater. The department will accept a cash deposit, or bank letter of credit in the appropriate amount instead of a bond.

(b) If at any time the qualified dealer learns information that would lead a reasonable person to believe that the estimate required in 15 AAC 40.610(a) is understated, the qualified dealer shall file a corrected estimate with the department, recalculate the amount of bond due under (a) of this section, and file an additional bond with the department. The qualified dealer shall file the corrected estimate and provide the additional bond within 30 days after the date on which the qualified dealer learned the information that would have resulted in a higher original estimate.

(c) If a qualified dealer fails to file a monthly tax return or pay the required taxes for more than two months within the last 24-month period, the bond requirement set out in (a) and (b) of this section is increased to the equivalent of the number of months of delinquency times the highest monthly tax due over the last 12 months.

(d) The department may require an additional bond if the qualified dealer's average tax liability over the last 12 months exceeds the estimated tax liability upon which the bond is based.

(e) A qualified dealer that has shown a consistent history of timely filing of monthly tax returns and payment of monthly tax to the department over the last three years is not required to maintain a bond if a qualified dealer continues to remain in compliance with AS 43.40. The department will notify the qualified dealer of any noncompliance that would require the qualified dealer to file a bond under this subsection. A qualified dealer must file with the department the bond required by this subsection within thirty days of the date of issuance of the notice.

(Adopted effective April 1, 2001.)

¶ 40.620] 15 AAC 40.620 Revocation Of Qualified Dealer License.—(a) The department may revoke a qualified dealer license issued under 15 AAC 40.600 if

- (1) the licensee fails to comply with a requirement of AS 43.40;
- (2) the licensee is not currently engaged in the activities specified in AS 43.40.100 (3); or

(3) the licensee, or a responsible person of a licensee that is a business organization, has been convicted within the last ten years, in this state or any other taxing jurisdiction, of crimes involving fuel tax under AS 43.05.290 or similar provisions in other taxing jurisdictions.

(b) If the department determines a qualified dealer license should be revoked, the department will mail a notice of proposed revocation at least 30 days before the revocation is to take effect. If the person has not cured the cause for revocation by the thirtieth day from the date of issuance of notice, or timely filed a notice of appeal under (d) of this section, the license is revoked by default on the thirtieth day from the date of issuance of notice. The department will mail a notice of revocation to the person.

(c) If the department revokes a qualified dealer license for failing to comply with AS 43.40, the person is not eligible for a new license until 60 days after the date of revocation. The person must apply for a new qualified dealer license using the procedure set out in 15 AAC 40.600.

(d) A person may appeal a notice of proposed revocation under this section to the department. The appeal must be filed within 10 days after the date of the issuance of the notice of proposed revocation. The department will follow the appeal procedures of 15 AAC 05. The department may stay a revocation proceeding if the qualified dealer is in the process of contesting in court or with the department the amount of tax assessed under AS 43.40.

(Adopted effective April 1, 2001.)

#### Article 8.—(Reserved)

#### Article 9.—General And Miscellaneous Provisions

¶ 44-080] 15 AAC 40.800 Recordkeeping Requirements.—Each dealer, reseller, and user must keep records to make a complete accounting for the information required on the tax return or claim for a refund under AS 43.40, including fuel purchases, transfers, and use. The records must include an accounting for inventories of fuel on the first and last days of the month, or in the case of a claim for a refund, inventories on the first and last days of the claim period. The failure to maintain records required by AS 43.40.085 and this chapter will result in the denial of the refund.

(Adopted effective April 1, 2001.)

¶ 44-090] 15 AAC 40.900 Definitions.—(1) "aviation fuel" means fuel used in an aircraft;

(2) "charitable institution" means a person described in 26 U.S.C. 501(c)(3) (Internal Revenue Code sec. 501(c)(3)) and exempt from income taxation under 26 U.S.C. 501(a) (Internal Revenue Code sec. 501(a));

(3) "common storage tank" means a storage tank serving both taxable and exempt uses, or multiple taxable uses to which various tax rates apply;

(4) "dealer" has the meaning given in AS 43.40.100;

(5) "department" means the Department of Revenue;

(6) "domestic purposes" means use in and around a private residence, except that it does not include use on public highways, in or on watercraft, or in conjunction with any commercial activity;

(7) "exported" means transported as cargo out of this state by or for the seller or purchaser and intended for use outside of this state;

(8) "federally recognized tribe" means a tribal entity that the United States Department of the Interior, Bureau of Indian Affairs, has recognized in this state and listed in 65 Fed. Reg. 13, 298 (Mar. 13, 2000); that list is adopted by reference;

(9) "flight" includes the continuing segment of a flight with a stopover in this state where the number and aircraft are not changed between flight segments;

(10) "fuel" has the meaning given to "motor fuel" in AS 43.40.100 (2), except that "fuel" in and residual fuel oil listed in AS 43.40.100(2)(A)-(L);

(11) "gasohol" means motor fuel that is blended with alcohol as described in AS 43.40.01

(12) "import" means to deliver fuel as cargo into this state;

(13) "motor fuel" has the meaning given in AS 43.40.100 ;

(14) "official use" does not include the following:

(A) consumption by a contractor who purchases motor fuel either for its own account or as the agent of a government agency for use in the performance of a contract with that agency;

(B) use in a private vehicle;

(C) sales of fuel, except as provided in 15 AAC 40.320 (c);

(15) "person" means an individual, firm, partnership, joint venture, government, association, corporation, estate, trust, or receiver;

(16) "purchases" includes the manufacture of fuel;

(17) "qualified dealer" has the meaning given in AS 43.40.100 ;

(18) "qualified municipality" means a municipality incorporated under AS 29.05.011 that is not connected to more than 200 miles of publicly maintained roads;

(19) "reseller" means a person who sells or otherwise transfers in this state fuel upon which the taxes imposed by AS 43.40 have been paid;

(20) "responsible person" means

(A) a general partner in a partnership, limited partnership, or limited liability partnership;

(B) the manager or any managing member of a limited liability company; or

(C) an officer, director, or majority shareholder of a corporation;

(21) "stationary power plant" means a generator that is permanently attached to real property or is otherwise a fixture;

(22) "tax" means the motor fuel tax established under AS 43.40;

(23) "tax rate" means the motor fuel tax rate established under AS 43.40;

(24) "timely filed" means received by the department or postmarked on or before the last day of the month following the month motor fuel is sold, transferred, or used;

(25) "unrelated person" means a person other than one listed in 26 U.S.C. 267(b) (Internal Revenue Code sec. 267(b)); for purposes of this paragraph, 26 U.S.C. 267(b), as amended as of December 17, 1999, is adopted by reference;

(26) "user" has the meaning given in AS 43.40.100 ;

(27) "watercraft" means a ship, boat, vessel, or other structure that is capable of being moved in or on water either under its own propulsion or propelled by another watercraft; "watercraft" includes a floating fish processor, a barge, a drilling ship, and a semi-submersible drilling rig.

Authority: AS 43.05.080, AS 43.40.010, AS 43.40.030, AS 43.40.035, AS 43.40.050, AS 43.40.060, AS 43.40.080, AS 43.40.085, AS 43.40.100.

(Adopted as an emergency regulation July 19, 1982; amended and permanently adopted October 14, 1982, and effective November 14, 1982; amended August 12, 1984; amended April 1, 2001.)

[The next page is 4501.]



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March 11, 2003

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

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

Dear Representatives Holm and Masek,

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

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

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

Sincerely,

Sarah A. Gilbertson  
Policy and Program Coordinator

Cc: Senator John Cowdery

## Gas Tax Talking Points – Why Share/Partner with Local Taxpayers?

The Average State has a 21 Cent Gas Tax **and shares an average of 31% of the revenue with local taxpayers** (See attached U.S. DOT figures)

- **Summary: Why should the Legislature support sharing with local taxpayers?**
  1. The Legislature can provide long-term & stable local tax relief **for local roads.**
  2. Good building block for a long-range fiscal plan that **local taxpayers can understand and support.**
  3. **Municipal leaders** have positive experience in discussing revenue issues with the public to **gain public acceptance.**
  4. **Real incentive for municipalities to accept state roads** for maintenance.
  
- **Simple FAIRNESS:**
  1. Over 44% of Alaska's roads are maintained by municipalities.
  2. Over 44% of gas is burned up on municipally maintained roads.
  
- **How do we know it fair to share?:**
  1. States share average of **31%** of state collected gas taxes with municipalities and local taxpayers. It is so fair almost every state except Alaska does it.
  
- **Public acceptance:**
  1. As local elected officials know, the public will usually accept higher taxes if they know what it will be used for, and they want the service it will buy.
  2. The 100% allocation of the gas tax to the state General Fund will be viewed as unclear and unfair because local property tax payers will still bear the burden of maintaining half the road system.
  3. A shared tax recognizes that the road system is a state-local partnership and can be discussed with the public as a **true equitable step toward a long-range fiscal plan.**

### **Amendment to HB 156:**

Attached – drafted for previous bill – It would simply put the shared gas tax into the existing road revenue sharing program. Road revenue sharing is currently authorized at \$3,000 per mile, but would be funded next year at only one tenth of the amount authorized - \$300. **Sharing 6 cents of 21 cents would be 28% for local taxpayers.**

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

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

### Lane miles maintained by the State Department of Transportation:

(figures provided by DOT 8/12/99)

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

### Lane miles maintained by Municipal Governments:

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

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

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

### Ratio of Municipal and State Lane Miles:

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

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

How States Share Gas Taxes - 2001			
State	Total Gas Tax (in \$1000's)	% Shared w/Local Gov't	\$ Shared (rounded /mile in \$1000's)
Dist. of Col.	28,688	100%	20
Iowa	393,436	65%	2
Illinois	1,214,890	59%	5
Michigan	1,049,129	57%	5
Indiana	770,834	55%	5
Kansas	357,113	55%	1
Washington	727,154	52%	5
Minnesota	597,081	51%	2
Alabama	556,271	50%	3
Wisconsin	812,396	49%	4
Colorado	542,227	46%	3
North Dakota	99,019	44%	1
Massachusetts	652,182	43%	8
Idaho	219,074	42%	2
Ohio	1,448,760	40%	5
California	3,041,595	39%	8
Mississippi	370,500	38%	2
Oklahoma	401,061	38%	1
Tennessee	735,904	37%	3
Nevada	371,894	37%	4
Oregon	385,439	37%	3
Nebraska	297,064	34%	1
Maryland	801,561	33%	9
Kentucky	447,971	33%	2
Arizona	572,024	33%	4
Missouri	661,982	32%	2
Arkansas	411,656	31%	1
Wyoming	95,056	28%	1
Utah	310,000	27%	2
Vermont	86,785	24%	1
New Mexico	233,506	22%	1
New York	1,446,780	21%	3
New Jersey	533,610	21%	3
Georgia	446,293	18%	1
Florida	1,628,490	18%	3
New Hampshire	139,636	18%	2
South Carolina	437,420	17%	1
South Dakota	122,397	17%	0
Virginia	820,409	15%	2
North Carolina	1,183,663	10%	1
Montana	174,312	10%	0
Maine	163,783	9%	1
Pennsylvania	1,728,126	8%	1
Rhode Island	133,945	7%	2
Connecticut	406,967	6%	1
Alaska	27,119	5%	0
Louisiana	545,485	4%	0
Hawaii	70,205	0%	0
Texas	2,733,773	0%	0
Delaware	104,137	0%	-
West Virginia	295,691	0%	-
<b>Average Received by Local Government</b>		<b>31%</b>	<b>3</b>

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

**HOUSE BILL NO. 156 Gas Tax**

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

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

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

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

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

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

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

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

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

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

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Estimated Municipal Road Payments Under HB 293

Prepared by DCED 2/6/04

Program Year	Community	Public Roads	Ice Roads	Geographic Differential	Public Road \$	Ice Roads \$	Total Roads \$
FY04	Adak	49.60	0.00	1.2939	\$160,444	\$0	\$160,444
FY04	Akhiok	0.00	0.00	1.0764	\$0	\$0	\$0
FY04	Akiak	0.00	0.00	1.3425	\$0	\$0	\$0
FY04	Akutan	0.00	0.00	1.2939	\$0	\$0	\$0
FY04	Alakanuk	4.25	22.50	1.3425	\$14,264	\$7,552	\$21,816
FY04	Aleknagik	0.00	0.00	1.2939	\$0	\$0	\$0
FY04	Aleutians East Borough	6.00	0.00	1.2939	\$0	\$0	\$0
FY04	Allakaket	8.24	0.00	1.3928	\$28,692	\$0	\$28,692
FY04	Ambler	8.36	30.00	1.3928	\$29,110	\$10,446	\$39,556
FY04	Anaktuvuk Pass	0.00	0.00	1.3928	\$0	\$0	\$0
FY04	Anchorage	892.43	0.00	1.0000	\$2,231,075	\$0	\$2,231,075
FY04	Anderson	10.00	0.00	1.3928	\$34,820	\$0	\$34,820
FY04	Angoon	4.79	0.00	1.0375	\$12,424	\$0	\$12,424
FY04	Aniak	18.06	29.50	1.3928	\$62,885	\$10,272	\$73,157
FY04	Anvik	7.75	0.00	1.3928	\$26,986	\$0	\$26,986
FY04	Atka	18.50	0.00	1.2939	\$59,843	\$0	\$59,843
FY04	Atkasuk	0.00	0.00	1.3928	\$0	\$0	\$0
FY04	Barrow	0.00	0.00	1.3928	\$0	\$0	\$0
FY04	Bethel	19.82	82.30	1.3425	\$66,521	\$27,622	\$94,143
FY04	Bettles	3.05	30.00	1.3928	\$10,620	\$10,446	\$21,066
FY04	Brevig Mission	2.00	0.00	1.3928	\$6,964	\$0	\$6,964
FY04	Bristol Bay Borough	26.01	0.00	1.2939	\$84,136	\$0	\$84,136
FY04	Buckland	2.50	44.50	1.3928	\$8,705	\$15,495	\$24,200
FY04	Cheformak	0.00	0.00	1.3425	\$0	\$0	\$0
FY04	Chevak	6.13	0.00	1.3425	\$20,574	\$0	\$20,574
FY04	Chignik	2.41	0.00	1.2939	\$7,796	\$0	\$7,796
FY04	Chuathbaluk	4.00	0.00	1.3928	\$13,928	\$0	\$13,928
FY04	Clark's Point	3.00	1.00	1.2939	\$9,704	\$323	\$10,028
FY04	Coffman Cove	84.74	0.00	1.0000	\$211,850	\$0	\$211,850
FY04	Cold Bay	29.20	0.00	1.2939	\$94,455	\$0	\$94,455
FY04	Cordova	12.90	0.00	1.1587	\$37,368	\$0	\$37,368

**Estimated Municipal Road Payments Under HB 293**

Prepared by DCED 2/6/04

<b>Program Year</b>	<b>Community</b>	<b>Public Roads</b>	<b>Ice Roads</b>	<b>Geographic Differential</b>	<b>Public Road \$</b>	<b>Ice Roads \$</b>	<b>Total Roads \$</b>
FY04	Craig	18.51	0.00	1.0000	\$46,275	\$0	\$46,275
FY04	Deering	4.65	56.00	1.3928	\$16,191	\$19,499	\$35,691
FY04	Delta Junction	29.41	0.00	1.1587	\$85,193	\$0	\$85,193
FY04	Denali Borough	0.00	0.00	1.3928	\$0	\$0	\$0
FY04	Dillingham	24.13	0.00	1.2939	\$78,055	\$0	\$78,055
FY04	Diomedea	0.00	0.00	1.3928	\$0	\$0	\$0
FY04	Eagle	5.17	0.00	1.1587	\$14,976	\$0	\$14,976
FY04	Eek	1.83	0.00	1.3425	\$6,142	\$0	\$6,142
FY04	Egegik	21.00	20.00	1.2939	\$67,930	\$6,470	\$74,399
FY04	Ekwok	10.00	0.00	1.2939	\$32,348	\$0	\$32,348
FY04	Elim	12.52	0.00	1.3928	\$43,595	\$0	\$43,595
FY04	Emmonak	7.60	7.00	1.3425	\$25,508	\$2,349	\$27,857
FY04	Fairbanks	115.16	0.00	1.1587	\$333,590	\$0	\$333,590
FY04	Fairbanks North Star Borough	449.06	0.00	1.1587	\$1,300,815	\$0	\$1,300,815
FY04	Faise Pass	3.13	0.00	1.2939	\$10,125	\$0	\$10,125
FY04	Fort Yukon	27.00	0.00	1.3928	\$94,014	\$0	\$94,014
FY04	Galena	7.10	0.00	1.3928	\$24,722	\$0	\$24,722
FY04	Gambell	8.50	0.00	1.3928	\$29,597	\$0	\$29,597
FY04	Golovin	5.22	15.00	1.3928	\$18,176	\$5,223	\$23,399
FY04	Goodnews Bay	0.00	0.00	1.3425	\$0	\$0	\$0
FY04	Grayling	7.00	0.00	1.3928	\$24,374	\$0	\$24,374
FY04	Haines Borough	53.15	0.00	1.0764	\$143,027	\$0	\$143,027
FY04	Holy Cross	15.30	0.00	1.3928	\$53,275	\$0	\$53,275
FY04	Homer	39.23	0.00	1.0764	\$105,568	\$0	\$105,568
FY04	Hoonah	75.00	0.00	1.0764	\$201,825	\$0	\$201,825
FY04	Hooper Bay	3.40	0.00	1.3425	\$11,411	\$0	\$11,411
FY04	Houston	43.49	0.00	1.0375	\$112,802	\$0	\$112,802
FY04	Hughes	5.75	0.00	1.3928	\$20,022	\$0	\$20,022
FY04	Huslia	18.18	0.00	1.3928	\$63,303	\$0	\$63,303
FY04	Hydaburg	6.20	0.00	1.0000	\$15,500	\$0	\$15,500

**Estimated Municipal Road Payments Under HB 293**  
**Prepared by DCED 2/6/04**

Program Year	Community	Public Roads	Ice Roads	Geographic Differential	Public Road \$	Ice Roads \$	Total Roads \$
FY04	Juneau	94.15	0.00	1.0000	\$235,375	\$0	\$235,375
FY04	Kachemak	0.00	0.00	1.0764	\$0	\$0	\$0
FY04	Kake	0.00	0.00	1.0375	\$0	\$0	\$0
FY04	Kaktovik	0.00	0.00	1.3928	\$0	\$0	\$0
FY04	Kaltag	8.17	0.00	1.3928	\$28,448	\$0	\$28,448
FY04	Kasaan	8.47	0.00	1.0000	\$21,175	\$0	\$21,175
FY04	Kenai	64.42	0.00	1.0764	\$173,354	\$0	\$173,354
FY04	Kenai Peninsula Borough	629.64	0.00	1.0764	\$1,694,361	\$0	\$1,694,361
FY04	Ketchikan	24.24	0.00	1.0000	\$60,600	\$0	\$60,600
FY04	Ketchikan Gateway Borough	1.56	0.00	1.0000	\$3,900	\$0	\$3,900
FY04	Kiana	7.82	25.00	1.3928	\$27,229	\$8,705	\$35,934
FY04	King Cove	7.82	0.00	1.2939	\$25,296	\$0	\$25,296
FY04	Kivalina	1.09	12.00	1.3928	\$3,795	\$4,178	\$7,974
FY04	Klawock	10.30	0.00	1.0000	\$25,750	\$0	\$25,750
FY04	Kobuk	8.11	9.40	1.3928	\$28,239	\$3,273	\$31,512
FY04	Kodiak	25.31	0.00	1.0764	\$68,109	\$0	\$68,109
FY04	Kodiak Island Borough	25.66	0.00	1.0764	\$69,051	\$0	\$69,051
FY04	Kotlik	0.00	0.00	1.3425	\$0	\$0	\$0
FY04	Kotzebue	28.30	73.00	1.3928	\$98,541	\$25,419	\$123,959
FY04	Koyuk	4.26	0.00	1.3928	\$14,833	\$0	\$14,833
FY04	Koyukuk	4.19	0.00	1.3928	\$14,590	\$0	\$14,590
FY04	Kupreanof	0.00	0.00	1.0375	\$0	\$0	\$0
FY04	Kwethluk	1.93	0.00	1.3425	\$6,478	\$0	\$6,478
FY04	Lake and Peninsula Borough	56.72	96.50	1.2939	\$183,475	\$31,215	\$214,690
FY04	Larsen Bay	0.00	0.00	1.0764	\$0	\$0	\$0
FY04	Lower Kalskag	2.90	0.00	1.3928	\$10,098	\$0	\$10,098
FY04	Manokotak	10.93	0.00	1.2939	\$35,356	\$0	\$35,356
FY04	Marshall	0.00	0.00	1.3425	\$0	\$0	\$0
FY04	Matanuska-Susitna Borough	1,022.30	0.00	1.0375	\$2,651,591	\$0	\$2,651,591
FY04	McGrath	21.85	0.00	1.3928	\$76,082	\$0	\$76,082
FY04	Mekoryuk	3.30	0.00	1.3425	\$11,076	\$0	\$11,076

**Estimated Municipal Road Payments Under HB 293**

Prepared by DCED 2/6/04

<b>Program Year</b>	<b>Community</b>	<b>Public Roads</b>	<b>Ice Roads</b>	<b>Geographic Differential</b>	<b>Public Road \$</b>	<b>Ice Roads \$</b>	<b>Total Roads \$</b>
FY04	Mountain Village	10.52	0.00	1.3425	\$35,308	\$0	\$35,308
FY04	Napakiak	0.00	0.00	1.3425	\$0	\$0	\$0
FY04	Napaskiak	0.00	0.00	1.3425	\$0	\$0	\$0
FY04	Nenana	21.35	0.00	1.3425	\$71,656	\$0	\$71,656
FY04	New Stuyahok	2.50	0.00	1.2939	\$8,087	\$0	\$8,087
FY04	Newhalen	0.00	10.00	1.2939	\$0	\$3,235	\$3,235
FY04	Nightmute	0.00	0.00	1.3425	\$0	\$0	\$0
FY04	Nikolai	5.00	0.00	1.3928	\$17,410	\$0	\$17,410
FY04	Nome	17.83	0.00	1.3928	\$62,084	\$0	\$62,084
FY04	Nondalton	25.00	1.50	1.2939	\$80,869	\$485	\$81,354
FY04	Noorvik	13.66	40.00	1.3928	\$47,564	\$13,928	\$61,492
FY04	North Pole	15.23	0.00	1.1587	\$44,118	\$0	\$44,118
FY04	North Slope Borough	103.02	48.00	1.3928	\$358,716	\$16,714	\$375,429
FY04	Northwest Arctic Borough	64.09	142.38	1.3928	\$223,161	\$49,577	\$272,738
FY04	Nuiqsut	0.00	0.00	1.3928	\$0	\$0	\$0
FY04	Nulato	12.21	0.00	1.3928	\$42,515	\$0	\$42,515
FY04	Nunam Iqua	0.27	0.00	1.3425	\$906	\$0	\$906
FY04	Nunapitchuk	0.00	67.75	1.3425	\$0	\$22,739	\$22,739
FY04	Old Harbor	5.02	0.00	1.0764	\$13,509	\$0	\$13,509
FY04	Ouzinkie	3.60	0.00	1.0764	\$9,688	\$0	\$9,688
FY04	Palmer	33.03	0.00	1.0375	\$85,672	\$0	\$85,672
FY04	Pelican	1.10	0.00	1.0764	\$2,960	\$0	\$2,960
FY04	Petersburg	21.56	0.00	1.0375	\$55,921	\$0	\$55,921
FY04	Pilot Point	14.00	0.00	1.2939	\$45,287	\$0	\$45,287
FY04	Pilot Station	4.93	0.00	1.3425	\$16,546	\$0	\$16,546
FY04	Platinum	0.00	0.00	1.3425	\$0	\$0	\$0
FY04	Point Hope	0.00	0.00	1.3928	\$0	\$0	\$0
FY04	Port Alexander	1.05	0.00	1.0375	\$2,723	\$0	\$2,723
FY04	Port Heiden	27.40	0.00	1.2939	\$88,632	\$0	\$88,632
FY04	Port Lions	4.29	0.00	1.0764	\$11,544	\$0	\$11,544
FY04	Quinhagak	9.33	0.00	1.3425	\$31,314	\$0	\$31,314

**Estimated Municipal Road Payments Under HB 293**

Prepared by DCED 2/6/04

<b>Program Year</b>	<b>Community</b>	<b>Public Roads</b>	<b>Ice Roads</b>	<b>Geographic Differential</b>	<b>Public Road \$</b>	<b>Ice Roads \$</b>	<b>Total Roads \$</b>
FY04	Ruby	6.00	0.00	1.3928	\$20,892	\$0	\$20,892
FY04	Russian Mission	1.97	0.00	1.3425	\$6,612	\$0	\$6,612
FY04	Saint George	16.28	0.00	1.2939	\$52,662	\$0	\$52,662
FY04	Saint Mary's	8.68	0.00	1.3425	\$29,132	\$0	\$29,132
FY04	Saint Michael	7.82	0.00	1.3928	\$27,229	\$0	\$27,229
FY04	Saint Paul	42.82	0.00	1.2939	\$138,512	\$0	\$138,512
FY04	Sand Point	11.50	0.00	1.2939	\$37,200	\$0	\$37,200
FY04	Savoonga	0.00	0.00	1.3928	\$0	\$0	\$0
FY04	Saxman	4.27	0.00	1.0000	\$10,675	\$0	\$10,675
FY04	Scammon Bay	3.08	0.00	1.3425	\$10,337	\$0	\$10,337
FY04	Selawik	3.61	54.00	1.3928	\$12,570	\$18,803	\$31,373
FY04	Seldovia	6.30	0.00	1.0764	\$16,953	\$0	\$16,953
FY04	Seward	27.47	0.00	1.0764	\$73,922	\$0	\$73,922
FY04	Shageluk	0.00	0.00	1.3928	\$0	\$0	\$0
FY04	Shaktolik	3.50	0.00	1.3928	\$12,187	\$0	\$12,187
FY04	Shishmaref	3.98	1.55	1.3928	\$13,858	\$540	\$14,398
FY04	Shungnak	5.00	30.00	1.3928	\$17,410	\$10,446	\$27,856
FY04	Sitka	25.11	0.00	1.0375	\$65,129	\$0	\$65,129
FY04	Skagway	12.05	0.00	1.0764	\$32,427	\$0	\$32,427
FY04	Soldotna	37.90	0.00	1.0764	\$101,989	\$0	\$101,989
FY04	Stebbins	8.17	0.00	1.3928	\$28,448	\$0	\$28,448
FY04	Tanana	29.50	0.00	1.3928	\$102,719	\$0	\$102,719
FY04	Teller	2.69	0.00	1.3928	\$9,367	\$0	\$9,367
FY04	Tenakee Springs	0.00	0.00	1.0375	\$0	\$0	\$0
FY04	Thorne Bay	34.00	0.00	1.0000	\$85,000	\$0	\$85,000
FY04	Togiak	10.21	0.00	1.2939	\$33,027	\$0	\$33,027
FY04	Toksook Bay	0.00	0.00	1.3425	\$0	\$0	\$0
FY04	Unalakleet	13.13	0.00	1.3928	\$45,719	\$0	\$45,719
FY04	Unalaska	35.91	0.00	1.2939	\$116,160	\$0	\$116,160
FY04	Upper Kalskag	3.00	58.50	1.3928	\$10,446	\$20,370	\$30,816
FY04	Valdez	26.26	0.00	1.2021	\$78,918	\$0	\$78,918

**Estimated Municipal Road Payments Under HB 293**

Prepared by DCED 2/6/04

<b>Program Year</b>	<b>Community</b>	<b>Public Roads</b>	<b>Ice Roads</b>	<b>Geographic Differential</b>	<b>Public Road \$</b>	<b>Ice Roads \$</b>	<b>Total Roads \$</b>
FY04	Wainwright	0.00	0.00	1.3928	\$0	\$0	\$0
FY04	Wales	0.00	0.00	1.3928	\$0	\$0	\$0
FY04	Wasilla	60.61	0.00	1.0375	\$157,207	\$0	\$157,207
FY04	White Mountain	1.75	0.00	1.3928	\$9,576	\$0	\$9,576
FY04	Whittier	8.60	0.00	1.1587	\$24,912	\$0	\$24,912
FY04	Wrangell	10.99	0.00	1.0375	\$28,505	\$0	\$28,505
FY04	Yakutat	16.54	0.00	1.0764	\$44,509	\$0	\$44,509
	<b>Totals</b>	<b>5,213.56</b>	<b>1,007.38</b>		<b>\$14,588,715</b>	<b>\$345,322</b>	<b>\$14,934,038</b>