

ALASKA LEGISLATURE COMMITTEE FILES 1983-1984 0072

3150 HT WORK SESSION: GOALS & ISSUES - HB 55

finance committees only through the 60th legislative day. (§ 1 ch 188 SLA 1970; am § 1 ch 66 SLA 1977; am § 9 ch 168 SLA 1978; am § 6 ch 2 SLA 1982; am §§ 7, 8 ch 63 SLA 1983)

Effect of amendments. — The 1982 amendment rewrote this section. The 1983 amendment inserted "and capital" in paragraph (1) and substituted "30th" for "45th" in that paragraph and in paragraph (2) substituted "60th" for "75th."

Sec. 37.07.080. Program execution. (a) Except as limited by policy decisions of the governor, appropriations by the legislature, and other provisions of law, the several state agencies have full authority for administering their program service assignments and are responsible for their proper management.

(b) Each state agency shall prepare an annual plan for the operation of each of its assigned programs except for programs that are exempted from this requirement by the office. The operations plan shall be prepared in the form and content and be transmitted on the date prescribed by the office.

(c) The office shall

(1) review each operations plan to determine that it is consistent with the policy decisions of the governor and appropriations by the legislature, that it reflects proper planning and efficient management methods, that appropriations have been made for the planned purpose and will not be exhausted before the end of the fiscal year.

(2) approve the operations plan if satisfied that it meets the requirements under (1) of this subsection; otherwise, the office shall require revision of the operations plan in whole or in part.

(d) No state agency may increase the salaries of its employees, employ additional employees, or expend money or incur obligations except in accordance with law and properly approved operations plan.

(e) Transfers or changes between objects of expenditures or between allocations may be made by the head of a state agency upon approval of the office. No transfers may be made between appropriations except as provided in an act making the transfers between appropriations.

(f) The office shall report quarterly to the governor and the legislature on the operations of each state agency, relating actual accomplishments to those planned and modifying, if necessary, the operations plan of any agency for the balance of the fiscal year.

(g) The governor may direct the withholding or reduction of appropriations to a state agency at any time during the fiscal year only if the governor determines that

(1) the planned expenditures can no longer be made due to factors outside the control of the state which make the expenditure factually impossible; or

(2) estimated receipts and surpluses will be insufficient to provide for appropriations.

(h) The increase of an appropriation item based on additional federal or other program receipts not specifically appropriated by the full legislature may be expended in accordance with the following procedures:

(1) the governor shall submit a revised program to the Legislative Budget and Audit Committee for review;

(2) 45 days shall elapse before commencement of expenditures under the revised program unless the Legislative Budget and Audit Committee earlier recommends that the state take part in the federally or otherwise funded activity;

(3) should the Legislative Budget and Audit Committee recommend within the 45-day period that the state not initiate the additional activity, the governor shall again review the revised program and if the governor determines to authorize the expenditure, the governor shall provide the Legislative Budget and Audit Committee with a statement of the governor's reasons before commencement of expenditures under the revised program. (§ 1 ch 183 SLA 1970; am §§ 1-3 ch 26 SLA 1976; am §§ 2, 3 ch 74 SLA 1977; am §§ 4, 5 ch 60 SLA 1979; am §§ 9-12 ch 63 SLA 1983)

Effect of amendments. — The 1979 amendment substituted "an act making the transfers between appropriations" for "(h) of this section" at the end of the second sentence of subsection (e) and rewrote subsection (h).

The 1983 amendment substituted "office" for "division" in subsections (b), (c), (e), and (f).

Legislative history reports. — For report on ch. 26, SLA 1976 (HB 760 am S), see 1976 House Journal, p. 388.

Opinions of Attorney General. — Vesting authority in the Legislative Budget and Audit Committee to approve

transfers between appropriation items violates the separation of powers doctrine and is an improper delegation of a legislative function to an interim committee. July 22, 1976, Op. Att'y Gen.

Section 13(3) of the 1976 budget bill, which authorized the Budget and Audit Committee to supervise the governor's execution of the budget act, specifically over that portion of it which permitted him to transfer appropriation items, constituted an encroachment on executive power and offended the Alaska Constitution. July 22, 1976, Op. Att'y Gen.

NOTES TO DECISIONS

Budgetary system established by statutes implementing Constitution. — Statutory language implementing Alaska Const., art. IX, § 13, establishes a budgetary system in which all appropria-

tions are made by legislative act. Municipality of Anchorage v. Frohne, Sup. Ct. Op. No. 1477 (File Nos. 3050, 3104, 568 P.2d 3 (1977).

Sec. 37.07.090. Performance reporting. (a) Each state agency shall submit a performance report to the office no later than September 1 for the preceding fiscal year. These reports shall be in the form prescribed by the office after consultation with the legislative finance division, and shall include

(1) an identification of the objectives intended for the program and the problem or need which the activities and operations of the board, commission or program is intended to address;

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Alaska State Legislature

House of Representatives



Rep. Nette Cato, Chairman

Bette Only
Committee on Transportation

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-4858

PROPOSED LEGISLATION BY HOUSE TRANSPORTATION COMMITTEE

LOCAL SERVICE ROADS AND TRAILS

Does the House Transportation Committee desire to duplicate Senate Bill 332 sponsored by Senator Ferguson:

"An Act making special appropriation to the Department of Transportation and Public Facilities for local service roads and trails and providing for an effective date."

Appropriation of \$10,000,000; unspent portions lapses June 30, 1985
(prompts communities to get everything obligated in one year)

Last session we heard HB 169 and SB 7 both dealing with the ISR&T programs:

House Bill 169 by Rep. Herrmann and House CS Senate Bill 7 (TRSP) by Senator Ferguson were identical.

House CS for SB 7 (TRSP) was signed by the Governor July 27 with the attached message:

...reducing the appropriation made for local service roads and trails in House CS for SB 7 (TRSP) from \$10 million to \$7 million.....

The difference found in SB 332 is Section 2 which states that the unexpended and unobligated funds lapses.

Alaska State Legislature

House of Representatives

Committee on Transportation

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-4358



Rep. Bette Cato, Chairman

LETTER OF INTENT TO ACCOMPANY HOUSE BILL 169

It is the intent of the House Transportation Committee that the Local Service Roads and Trails (LSR&T), program not be discontinued as recommended by the previous Commissioner of the Department of Transportation and Public Facilities, (DOT/PF).

The LSR&T program is vital to local governments and provides very important benefits to communities in the rural and urban areas of Alaska.

The House Transportation Committee intends the DOT/PF support continued operation of this vital program and request continued funding for it's operations in subsequent fiscal years.

DEPARTMENT OF TRANSPORTATION & PUBLIC FACILITIES

OPERATING & CAPITAL BUDGET

FY-85

OVERVIEW

a presentation of house transportation

committee staff

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

The Department of Transportation and Public Facilities (DOTPF) is responsible for the planning, construction, and maintenance of state airports, highways (including the marine highway), buildings, and ports and harbors for Alaskan residents and the general public. The goal of the Department is to ensure the rapid movement of people and freight throughout Alaska in a manner that is safe, reliable, economic, and convenient to all Alaskans.

Functions within DOTPF include planning, design and construction, maintenance and operations, marine transportation, and administration. All of these functions, except marine transportation, are organized geographically into three major regions with a Deputy Commissioner for each. Marine transportation and statewide support offices are also each headed by a Deputy Commissioner. Regional headquarters are located in Anchorage, Fairbanks, and Juneau, with Valdez and Nome serving as district headquarters for maintenance and operations, and administration. Regionalization of DOTPF functions was initiated during FY 83 and FY 84, and will be reflected in the budget for the first time in FY 85.

Outside of the headquarters, regional, and district offices, the Department's employees are scattered widely throughout the State to maintain the highway and aviation systems. Direct services are provided to the public through operation of the international airports in Anchorage and Fairbanks, and the State Ferry System in Southeast and Southwest Alaska.

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

OPERATING BUDGET \$ (Millions)

	<u>AUTH</u> <u>FY 84</u>	<u>ADJUSTED</u> <u>FY 84</u>	<u>GOV.</u> <u>FY85</u>	<u>% CHANGE</u>
General Fund	\$ 170.2	\$ 184.5 *	\$ 181.1	- 1.9
Total	\$ 287.5	\$ 292.7	\$ 286.8	- 2.0
Positions:				
Perm. Full Time	3047	3047	2949	- 3.3
Perm. Part Time	1101	1101	1004	- 9.7

* The major adjustments are result of Legislative transfer of \$11,306,000 from Highway Working Capital Fund to General Fund and appropriated salary increase of \$4,183,000.

ORGANIZATIONAL COMPARISON

	<u>FY 84 Adjusted</u>		<u>FY 85</u>		<u>% Change</u>	
	<u>General Fund</u>	<u>Total</u>	<u>GF</u>	<u>Total</u>	<u>GF</u>	<u>Total</u>
Headquarters	\$ 12.1	\$ 17.4	\$ 10.8	\$ 15.9	-12.0	-9.4
Alaska Railroad Team				0.3		(1)
Central Region	40.6	88.1	39.5	87.5	- 2.7	-0.6
Northern Region	50.2	92.9	48.3	88.3	- 3.9	-5.2
Southeast Region	17.7	28.7	17.0	27.4	- 4.1	-4.7
Marine Highways	63.8	65.5	64.3	66.1	+ 0.7	+0.9 (2)
Snow and Ice Fund			1.0	1.0		(3)
Headquarters Move			0.4	0.4		(4)
	<u>\$184.5</u>	<u>\$292.7</u>	<u>\$181.1</u>	<u>\$286.8</u>	<u>- 1.9</u>	<u>-2.0</u>

MAJOR CHANGES:

- (1) The Alaska Railroad Transfer Team budget was established to plan an orderly transaction should the transfer occur.
- (2) Marine Highway System is much more self sufficient. Engineering and administrative support positions were transferred in from other units.
- (3) A snow and ice contingency fund is provided to facilitate service continuity in case of snow and ice conditions in excess of those budgeted in any one Region's budget.
- (4) Funding is provided to enable rental of additional space in Juneau to consolidate headquarters units.

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OPERATING BUDGET NOTES

The operating budget has been structured to support the regional organization of the Department of Transportation and Public Facilities to provide responsive, local management of services. Substantial reductions were made in many components to provide for continuation of vital services within the spending limits imposed.

- Staffing within the headquarters administrative component is at a minimum. Further reductions would be detrimental to departmental operations.
- The Information Systems BRU is funded at 90% of FY 84. While operations may continue at this level, flexibility is severely restricted. No additional reduction is possible.
- The Alaska Railroad Transfer Team is a planning unit, funded by interagency receipts, which will insure an orderly transition should the federal agency function be transferred to the State.
- The Marine Highways System has been restructured to provide internal engineering and administrative staff. It is now essentially self sufficient.
- The "Headquarters Move" funding reflected separately on the data sheet is actually contained within the contractual services (300) line of the Office of the Commissioner's budget. These monies will enable the rental of sufficient additional office space to consolidate all headquarters units.

1 DEPARTMENT OF PUBLIC SAFETY (CONT.)		2 APPROPRIATION			2
		3 ALLOCATIONS	3 ITEMS	3 GENERAL FUND	3 OTHER FUNDS
4	DELINQUENT CRIMES COMPENSATION BOARD	732,900			
5	DOMESTIC VIOLENCE AND SEXUAL ASSAULT		6,563	4,547,400	
6	DOMESTIC VIOLENCE AND SEXUAL ASSAULT	4,563			
7	ADMINISTRATION		9,061,000	8,962,000	99,000
8	CONTRACT JAILS	3,376,000			
9	COMMISSIONER'S OFFICE				
10	TRAINING ACCOUNT	1,573,100			
11	ADMINISTRATIVE SERVICES	2,132,500			
12	DATA AND WORD PROCESSING	1,374,000			
13		* * * * *	* * * * *		
14		* * * * * DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES	* * * * *		
15		* * * * *	* * * * *		
16	16 TRANSPORTATION				
17	OFFICE OF THE COMMISSIONER		986,600	920,900	65,700
18	COMMISSIONER'S OFFICE	979,700			
19	DATA AND WORD PROCESSING	6,900			
20	SNOW AND ICE REMOVAL CONTINGENCY FUND				
21	SNOW AND ICE REMOVAL CONTINGENCY FUND		1,000,000	1,000,000	
22	22 THIS APPROPRIATION FOR OPERATING COSTS FOR SNOW AND ICE				
23	23 REMOVAL MAY BE REALLOCATED AMONG THE REGIONS AS REQUIRED.				
24	24 ALASKA RAILROAD				
25	ALASKA RAILROAD		304,100		304,100
26	STATEWIDE SUPPORT SERVICES		15,263,700	10,260,500	5,003,200

1	DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES (CONT.)		1
2		ALLOCATIONS	2
3		APPROPRIATION ITEMS	3
4		GENERAL FUND	4
5		OTHER FUNDS	5
4	INTERNAL REVIEW	631,300	4
5	INTERNAL REVIEW DATA AND WORD PROCESSING	6,400	5
6	ADMINISTRATIVE SERVICES	3,265,500	6
7	ADMIN SERVICES DATA & WORD PROCESSING	82,800	7
8	STATE EQUIPMENT FLEET	308,300	8
9	INFORMATION SYSTEMS	2,482,300	9
10	PLANNING	1,937,000	10
11	PLANNING DATA AND WORD PROCESSING	155,000	11
12	STANDARDS AND TECHNICAL SERVICES	2,174,000	12
13	TECHNICAL SERVICES DATA AND WORD PROCESSING	35,000	13
14	CIP PROGRAM	3,385,600	14
15	CENTRAL REGION	71,745,000	15
16	MAJOR PROJECTS DEVELOPMENT	210,600	16
17	MAJOR PROJECTS DATA AND WORD PROCESSING	24,000	17
18	ADMINISTRATIVE SERVICES	2,343,900	18
19	STATE EQUIPMENT FLEET	6,156,500	19
20	ADMIN SERVICES DATA AND WORD PROCESSING	24,900	20
21	AIRPORT LEASING	648,100	21
22	PLANNING	2,452,000	22
23	PLANNING DATA AND WORD PROCESSING	44,900	23
24	D & C ENGINEERING MANAGEMENT	5,138,900	24
25	D & C DATA AND WORD PROCESSING	108,800	25

1	DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES (CONT.)		1
2		ALLOCATIONS	2
3		APPROPRIATION	3
4		ITEMS	4
5		GENERAL FUND	5
6		OTHER FUNDS	6
4	D & C CIP PROGRAM	22,005,700	4
5	N & O HIGHWAYS AND AVIATION	27,238,300	5
6	M & O TRAFFIC SIGNAL MANAGEMENT	741,000	6
7	M & O FACILITIES	3,228,700	7
8	M & O ADMINISTRATION	1,329,600	8
9	M & O DATA AND WORD PROCESSING	3,100	9
10	ANCHORAGE INTERNATIONAL AIRPORT	15,719,700	10
11	FIELD MAINTENANCE	2,707,700	11
12	BUILDING MAINTENANCE	3,267,500	12
13	SECURITY	3,513,600	13
14	CUSTODIAL	2,822,400	14
15	EQUIPMENT	1,112,100	15
16	ADMINISTRATION	2,278,600	16
17	DATA AND WORD PROCESSING	17,800	17
18	NORTHERN REGION	81,571,900	18
19	INTERIOR DISTRICT ADMINISTRATIVE SERVICE	2,005,700	19
20	INTERIOR DISTRICT STATE EQUIPMENT FLEET	6,851,100	20
21	WESTERN DISTRICT ADMINISTRATIVE SERVICES	334,500	21
22	WESTERN DISTRICT STATE EQUIPMENT FLEET	925,800	22
23	SOUTHCENTRAL DISTRICT ADMINISTRATIVE SERVICES	449,300	23
24	SOUTHCENTRAL DISTRICT STATE EQUIPMENT FLEET	2,312,200	24
25	ADMIN SERVICES DATA AND WORD PROCESSING	185,600	25

1	DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES (CONT.)				1
2			APPROPRIATION	APPROPRIATION FUND SOURCES	2
3		ALLOCATIONS	ITEMS	GENERAL FUND	OTHER FUNDS
4	PLANNING	1,230,200			
5	PLANNING DATA AND WORD PROCESSING	500			
6	PLANNING RESEARCH	1,119,500			
7	D & C ENGINEERING MANAGEMENT	3,168,500			
8	D & C DATA AND WORD PROCESSING	205,000			
9	D & C CIP PROGRAM	20,504,100			
10	INTERIOR DISTRICT M & O HIGHWAYS AND AVIATION	21,708,800			
11	INTERIOR DISTRICT M & O FACILITIES	4,471,000			
12	INTERIOR DISTRICT M & O ADMINISTRATION	1,026,700			
13	WESTERN DISTRICT M & O AIRPORTS	2,394,200			
14	WESTERN DISTRICT M & O HIGHWAYS	1,873,000			
15	WESTERN DISTRICT M & O FACILITIES	692,500			
16	WESTERN DISTRICT M & O ADMINISTRATION	330,200			
17	WESTERN DISTRICT M & O DATA & WORD PROCESSING	5,000			
18	SOUTHCENTRAL DISTRICT M & O AIRPORTS	537,300			
19	SOUTHCENTRAL DISTRICT M & O HIGHWAYS	6,518,800			
20	SOUTHCENTRAL DISTRICT M & O FACILITIES	2,538,800			
21	SOUTHCENTRAL DISTRICT M & O ADMINISTRATION	432,600			
22	FAIRBANKS INTERNATIONAL AIRPORT		6,778,800		6,778,800
23	FIELD MAINTENANCE	1,475,200			
24	BUILDING MAINTENANCE	1,207,000			
25	SECURITY	3,021,100			

1	DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES (CONT.)				1
2			APPROPRIATION	APPROPRIATION	FUND SOURCES
3		ALLOCATIONS	ITEMS	GENERAL FUND	OTHER FUNDS
4	CUSTODIAL	506,100			
5	ADMINISTRATION	569,400			
6	SOUTHEAST REGION		27,401,800	16,912,300	10,489,500
7	ADMINISTRATIVE SERVICES	1,341,400			
8	ADMIN SERVICES DATA AND WORD PROCESSING	9,800			
9	STATE EQUIPMENT FLEET	1,937,700			
10	PLANNING	741,500			
11	PLANNING DATA AND WORD PROCESSING	22,100			
12	D & C ENGINEERING MANAGEMENT	2,295,600			
13	D & C DATA AND WORD PROCESSING	100,500			
14	D & C CIP PROGRAM	3,301,700			
15	M & O HIGHWAYS AND AVIATION	7,769,500			
16	M & O FACILITIES	4,544,900			
17	M & O ADMINISTRATION	337,300			
18	MARINE TRANSPORTATION		66,059,600	64,261,100	1,798,500
19	ADMINISTRATION	2,369,400			
20	MARINE ENGINEERING MANAGEMENT	425,600			
21	MARINE ENGINEERING CIP	1,128,400			
22	SALES & SERVICES SOUTHEAST SHORE FACILITIES	2,271,300			
23	SALES & SERVICES SOUTHWEST SHORE FACILITIES	666,600			
24	SALES AND SERVICE MANAGEMENT	916,700			
25	SALES & SERVICES DATA AND WORD PROCESSING	178,200			

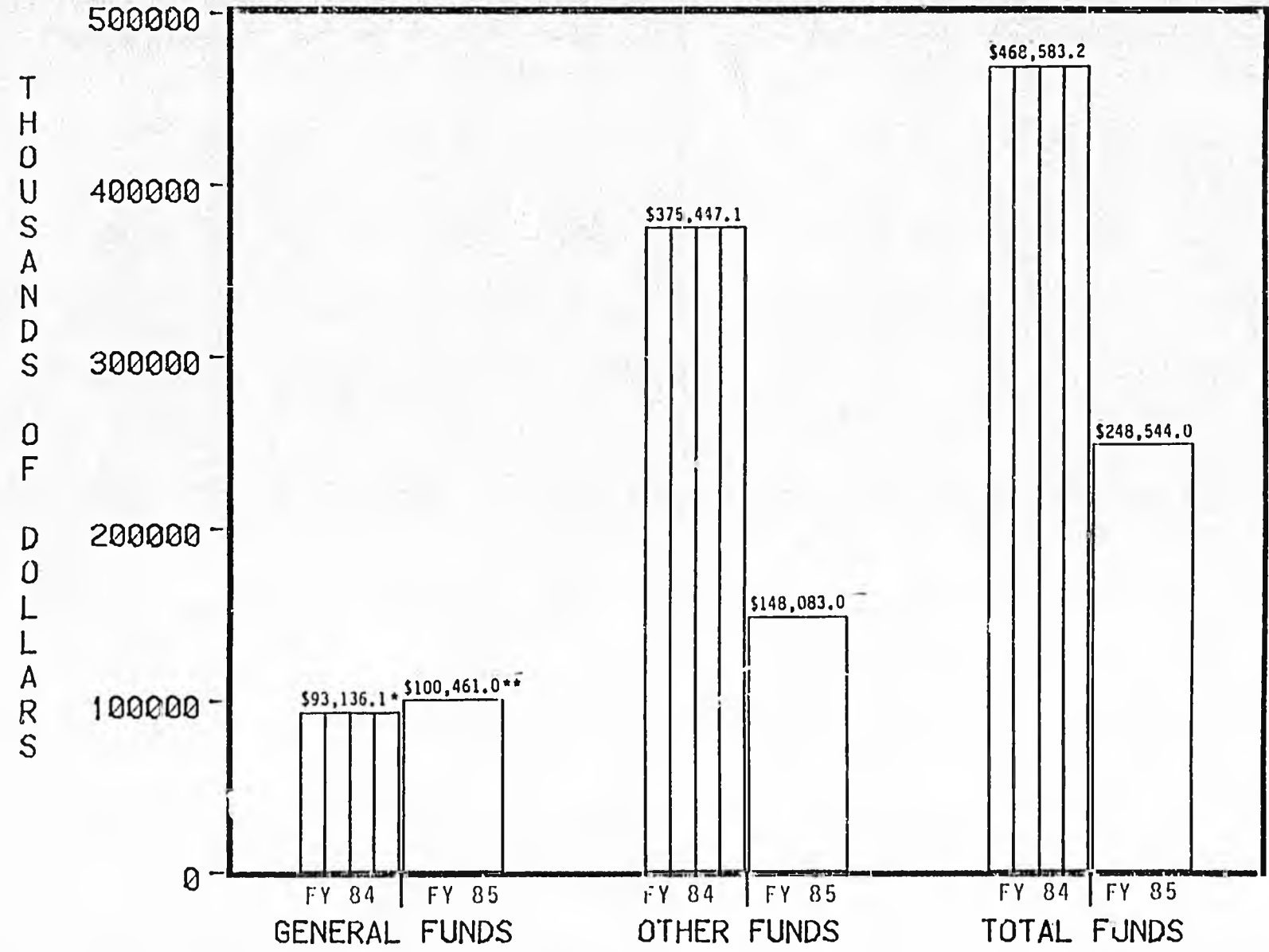
1 DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES (CONT.)					1
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					6
					7
					8
					9
10 NATURAL RESOURCE MANAGEMENT					10
11 DEPARTMENT OF ENVIRONMENTAL CONSERVATION					11
12 OFFICE OF COMMISSIONER					12
13 ADMINISTRATIVE SERVICES					13
14 OPERATIONS					14
15 CIP OVERHEAD POSITIONS					15
16 ENVIRONMENTAL QUALITY OPERATIONS DIRECTOR					16
17 MONITORING & LABORATORY SUPPORT					17
18 SOUTHEAST REGION					18
19 SOUTHCENTRAL REGION					19
20 NORTHERN REGION					20
21 ENVIRONMENTAL QUALITY MANAGEMENT DIRECTOR					21
22 AIR AND SOLID WASTE					22
23 WATER QUALITY MANAGEMENT					23
24 DATA AND WORD PROCESSING					24
25 SEAFOOD & ANIMAL ADMINISTRATION					25
		ALLOCATIONS	ITEMS	GENERAL FUND	OTHER FUNDS
	SOUTHEAST VESSEL OPERATIONS AND OVERHAUL	48,073,400			
	SOUTHWEST VESSEL OPERATIONS AND OVERHAUL	9,428,700			
	OPERATIONS MANAGEMENT	601,300			
	X X X X X X		X X X X X X		
	X X X X X DEPARTMENT OF ENVIRONMENTAL CONSERVATION		X X X X X		
	X X X X X X		X X X X X X		
				15,437,600	12,107,700
		760,300			3,329,900
		671,500			
		1,281,900			
		391,500			
		338,000			
		2,300			
		1,096,700			
		1,039,900			
		2,086,400			
		438,600			
		1,499,200			
		1,214,800			
		329,900			
		140,400			

CAPITAL BUDGET NOTES

This analysis details changes made by the Governor in his review of the Department's capital budget. Basically the Governor funded all requests at the \$75.0 million general fund request level and added projects as follows:

- Regional requests for Local Service Roads and Trails were consolidated. The project name was changed to Local Service Roads, Trails and Bikeways, and the funding was increased from \$2499.9 to \$5,000.0.
- Dutch Harbor/Unalaska Airport was not requested by the agency, however, Governor Sheffield proposed \$3,500.0 for this project.
- The regional erosion control programs were not included in the \$100.0 million agency level but Statewide did include a request at the \$75.0 million base. Only Northern Region's erosion control program was chosen from among the regions.
- Kotzebue City Streets project in Northern Region was budgeted outside the \$100.0 million level but was included in the Governor's budget.

ALASKA DOT/PF CAPITAL BUDGET COMPARISON
 FY 84 AND FY 85

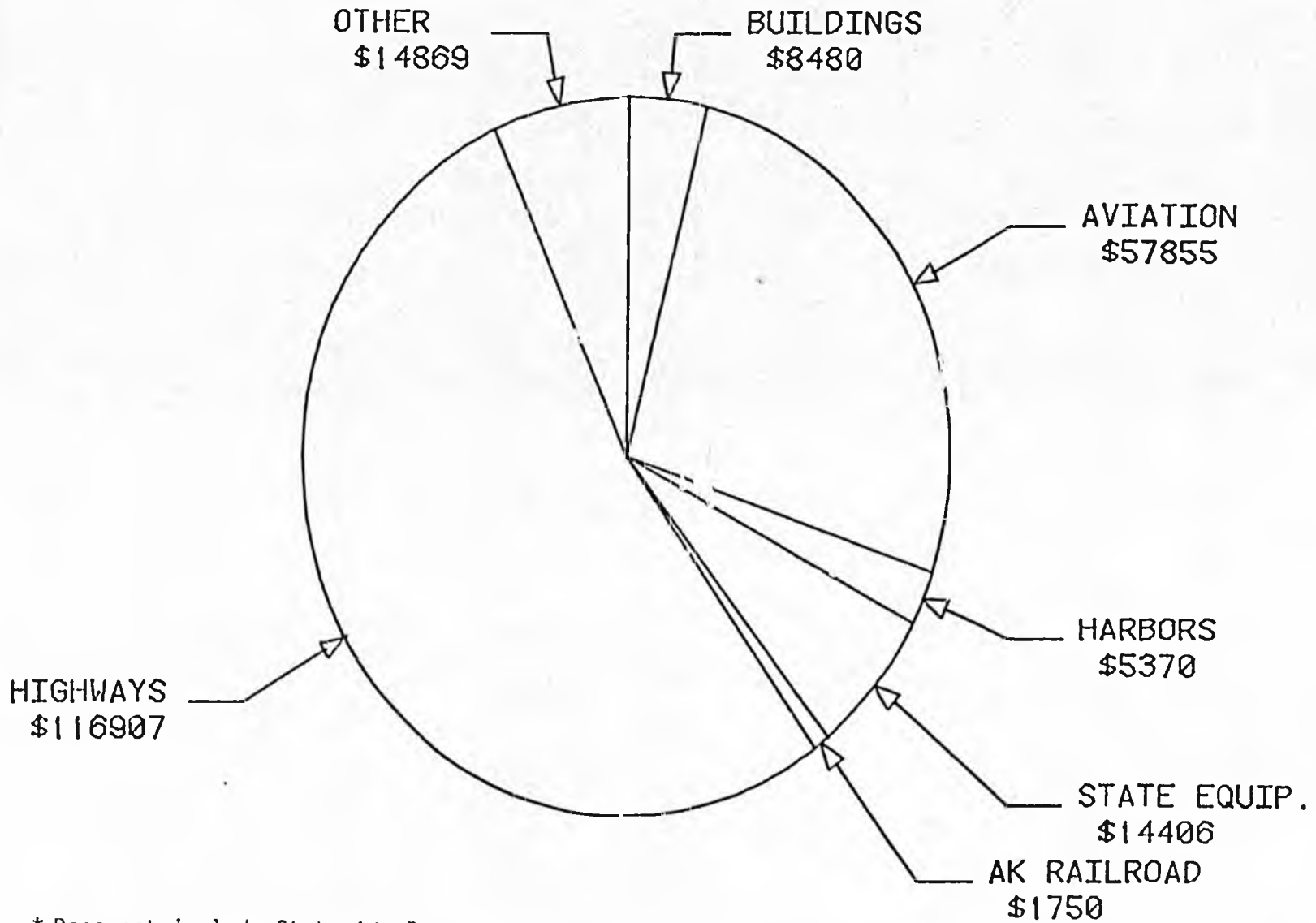


* Includes \$35,800.0 in Local Projects
 ** Does not include Local Projects

TYPE OF FUNDS

ALASKA DOT/PF PROJECT FUNDING BY MODES*

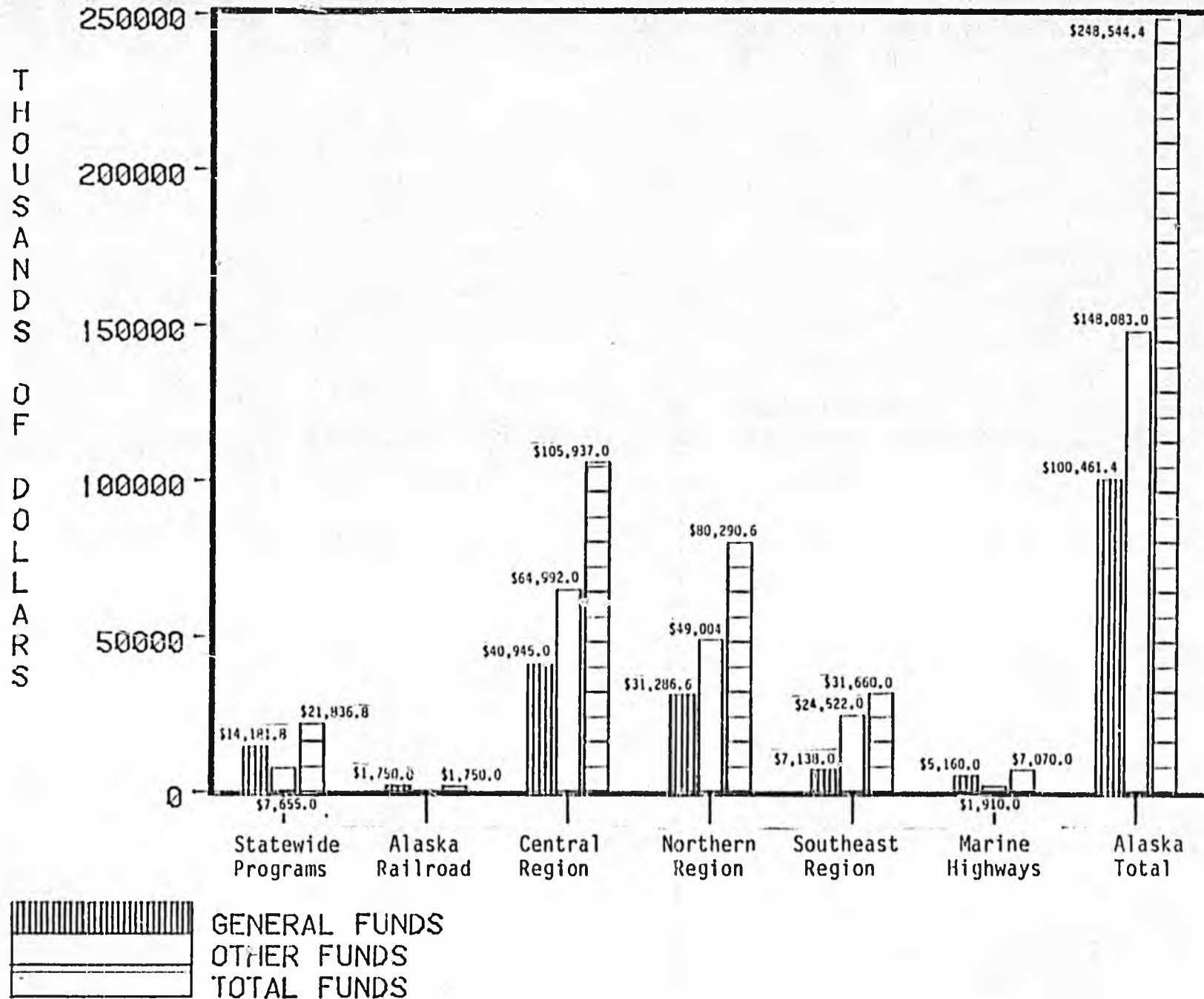
FY 85 REQUEST (\$ THOUSANDS)



* Does not include Statewide Programs or Marine Highway System.

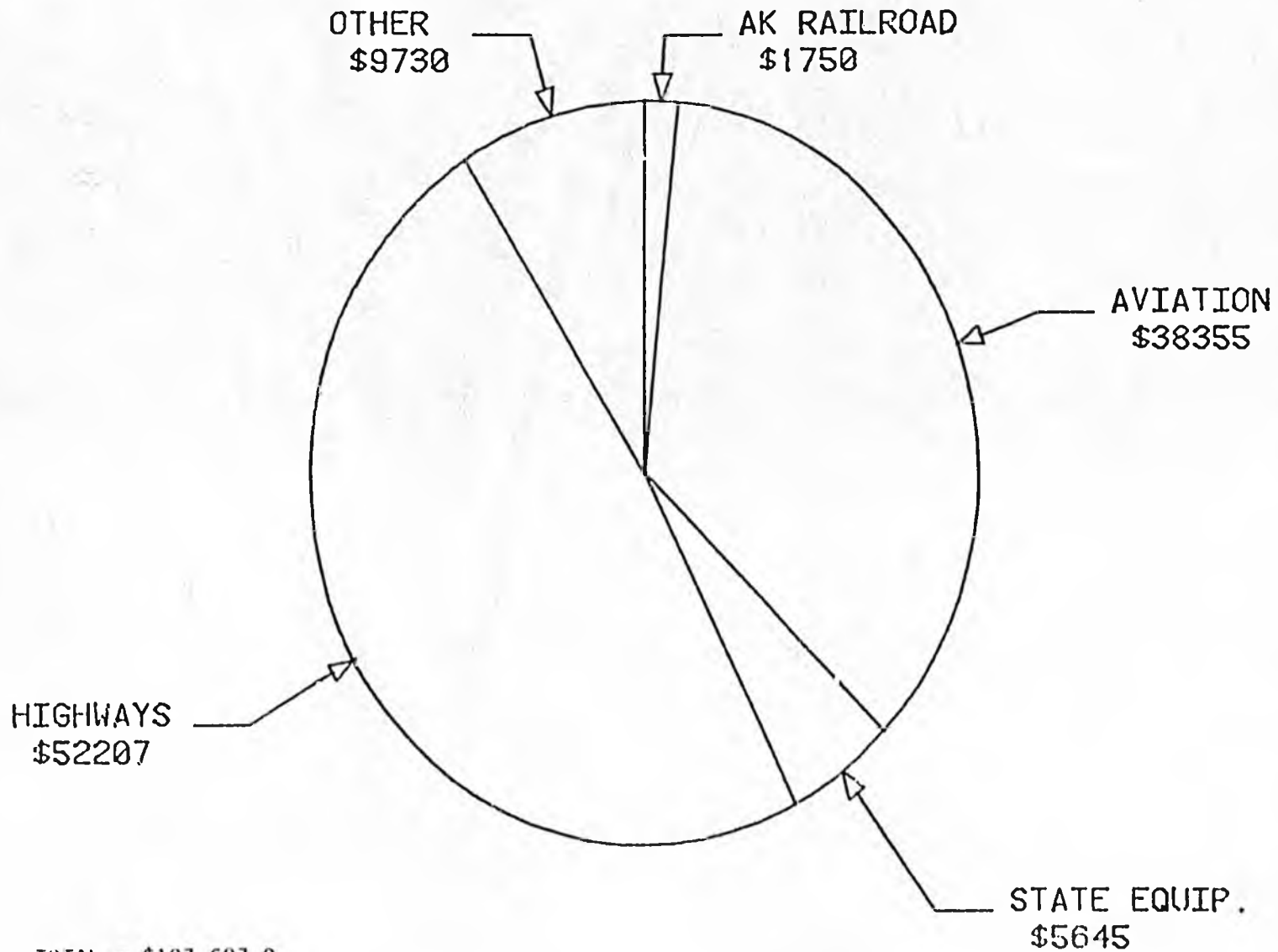
prepared by House Research Agency

ALASKA DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
 FY 85 CAPITAL BUDGET DISTRIBUTION



DOT/PF CENTRAL REGION PROJECT FUNDING BY MODES

FY 85 REQUEST (\$ THOUSANDS)

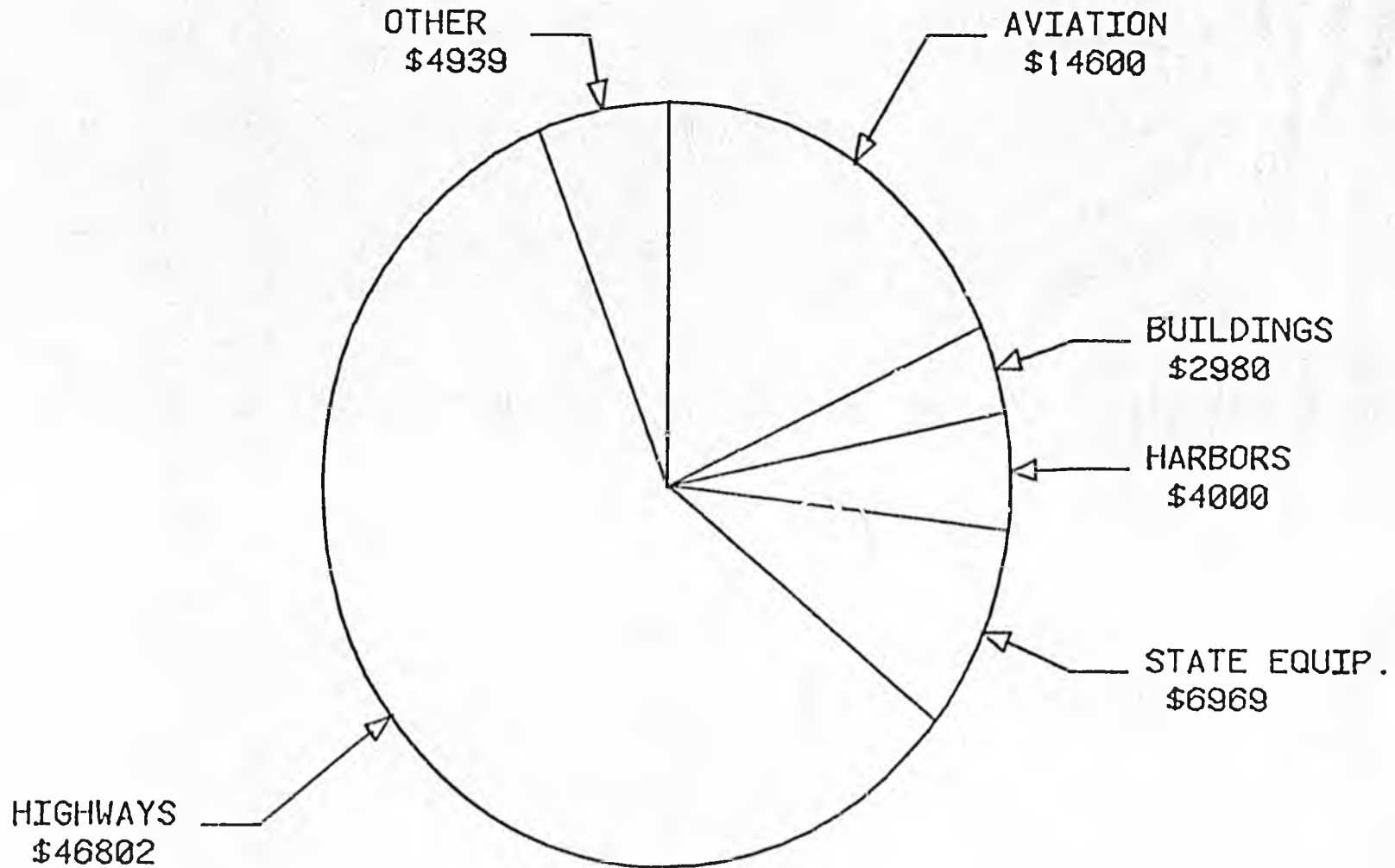


TOTAL = \$107,687.0

prepared by House Research Agency

DOT/PF NORTHERN REGION PROJECT FUNDING BY MODES

FY 85 REQUEST (\$ THOUSANDS)

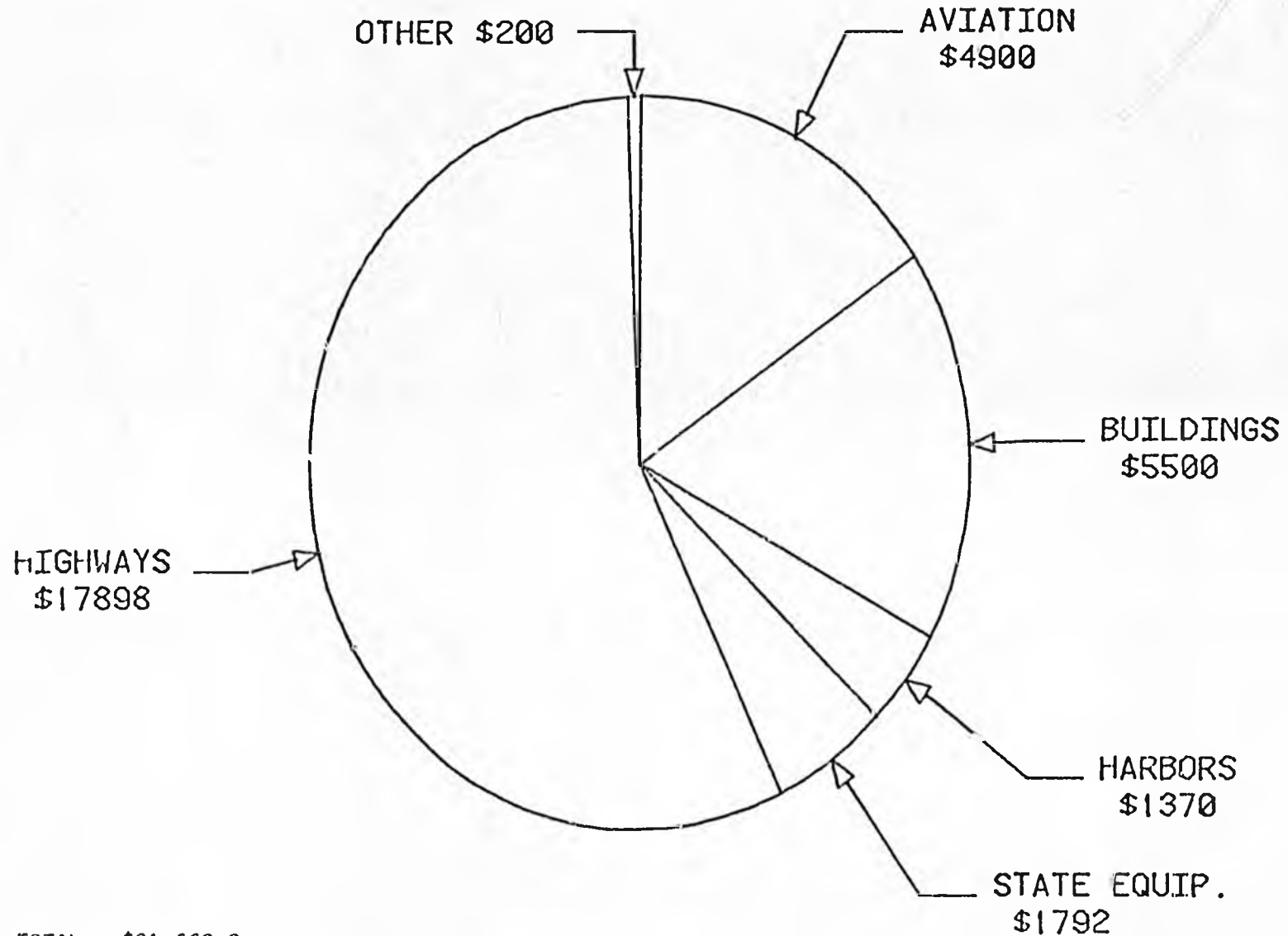


TOTAL = \$80,290.0

prepared by House Research Agency

DOT/PF SOUTHEAST REGION PROJECT FUNDING BY MODES

FY 85 REQUEST (\$ THOUSANDS)



TOTAL = \$31,660.0

prepared by House Research Agency

1	DEPARTMENT OF PUBLIC SAFETY (CONT.)				1
2			ALLOCATIONS	GENERAL FUND	OTHER FUNDS
3					
4	ROBERTSON HIGHWAY COMMUNICATIONS LINK		600,700	600,700	
5	FIRING RANGE		33,800	33,800	
6	REVISED ARRAIGNMENTS		260,000	260,000	
7	JUDICIAL SERVICES RELOCATION - FAIRBANKS			34,100	
8	PUBLIC SAFETY TELEPHONE SYSTEM		100,000	100,000	
9	FACILITY EXPANSION PLANNING		35,000	35,000	
10	*****		*****		
11	***** DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES *****		*****		
12	*****		*****		
13	STATEWIDE		17,059,000	14,181,800	2,877,200
14	TECHNICAL COMPUTER HARDWARE	2,500,000			
15	FINANCIAL INFORMATION SYSTEM	1,800,000			
16	STATEWIDE TRANSPORTATION PLANNING	2,960,000			
17	STATEWIDE FACILITIES PLANNING	100,000			
18	STATEWIDE HANDICAPPED CODE SURVEY	1,040,000			
19	STATEWIDE EROSION CONTROL PROGRAM	1,750,000			
20	STATEWIDE HARBOR SURVEY STANDARDS	100,000			
21	SMALL STREAMS FLOOD INVESTIGATION PROGRAM	150,000			
22	ALASKA COASTAL DATA COLLECTION	250,000			
23	STATEWIDE BRIDGE PROGRAM	1,409,000			
24	LOCAL SERVICE ROADS, TRAILS AND BIKEWAYS	5,000,000			
25	STATEWIDE STATE EQUIPMENT FLEET		4,777,800		4,777,800

1	DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES (CONT.)				1
2			APPROPRIATION	APPROPRIATION	FUND SOURCES
3		ALLOCATIONS	ITEMS	GENERAL FUND	OTHER FUNDS
4	STATEWIDE STATE EQUIPMENT FLEET	4,777,800			
5	ALASKA RAILROAD		1,750,000	1,750,000	
6	ALASKA RAILROAD TRANSFER TEAM	1,750,000			
7	CENTRAL REGION		9,730,000	5,429,000	4,301,000
8	CENTRAL ADVANCE PROJECT DEFINITION	1,190,000			
9	CENTRAL DESIGN ENGINEERING	6,660,000			
10	CENTRAL FACILITY INVENTORY/CONDITION SURVEY	880,000			
11	WHITTIER RAIL ACCESS IMPROVEMENTS	1,000,000			
12	CENTRAL REGION HIGHWAYS		52,207,000	26,811,000	25,396,000
13	CENTRAL BRIDGE PROGRAM	1,220,000			
14	NEW SEWARD HIGHWAY UPGRADE	8,200,000			
15	GLENN HWY-PALMER/WASILLA INTERSECTION	400,000			
16	ANCHORAGE RIDESHARING PROGRAM	115,000			
17	BONIFACE PARKWAY UPGRADE	8,700,000			
18	STERLING HWY RESURFACE MP 42-50	3,300,000			
19	ANCHORAGE BUS TURNOUTS	800,000			
20	KNIK ARM CROSSING NORTH & SOUTH APPROACHES	5,022,000			
21	NAKNEK/KING SALMON ROAD REHAB	6,340,000			
22	SEWARD HWY REHAB 36TH SOUTH	3,610,000			
23	LODIAK NEAR ISLAND BRIDGE PHASE II	14,500,000			
24	CENTRAL REGION AVIATION		38,355,000	8,705,000	29,650,000
25	FEDERAL AVIATION PROJECT & SYSTEM PLAN	2,800,000			

1	DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES (CONT.)				1
2			APPROPRIATION	APPROPRIATION	FUND SOURCES
3		ALLOCATIONS	ITEMS	GENERAL FUND	OTHER FUNDS
4	GENERAL AIP FY'85	15,045,000			
5	KUNAPITCHUK AIRPORT CONSTRUCTION	3,300,000			
6	ANCH INT'L AIRPORT CFR FACILITY	5,500,000			
7	ANCH INT'L AIRPORT REMOTE FUELING APRON	3,500,000			
8	ANCH INT'L AIRPORT RUNWAY 14/32 SEAL COAT	690,000			
9	ANCH INT'L AIRPORT BLAST PROTECTION	2,000,000			
10	ANCH INT'L AIRPORT ANNUAL IMPROVEMENTS	500,000			
11	ANCH INT'L AIRPORT MAINTENANCE EQUIPMENT	1,000,000			
12	ANCH INT'L AIRPORT MASTER PLAN UPDATE	200,000			
13	ANCH INT'L AIRPORT NOISE ABATEMENT STUDY	320,000			
14	DUTCH HARBOR/UNALASKA AIRPORT	3,500,000			
15	CENTRAL REGION STATE EQUIPMENT FLEET		5,645,000		5,645,000
16	CENTRAL STATE EQUIPMENT FLEET	5,645,000			
17	NORTHERN REGION		4,934,400	4,139,400	800,000
18	NORTHERN ADVANCE PROJECT DEFINITION	2,339,400			
19	STATEWIDE RESEARCH PROGRAM	1,600,000			
20	NORTHERN EROSION CONTROL	1,000,000			
21	NORTHERN REGION HIGHWAYS		46,802,200	15,948,000	30,854,200
22	NORTHERN DESIGN ENGINEERING	2,800,000			
23	NORTHERN HPR PLANNING	425,000			
24	NORTHERN BRIDGE PROGRAM	2,810,000			
25	RICH HWY-GAKONA JCT. NORTH	200,000			

1	DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES (CONT.)				1	
2			APPROPRIATION	APPROPRIATION FUND SOURCES	2	
3		ALLOCATIONS	ITEMS	GENERAL FUND	OTHER FUNDS	
4	DALTON HWY RESURFACE AND CULVERTS	5,545,500				4
5	ELLIOTT HWY-FOX NORTH	1,410,000				5
6	PARKS HWY REHAB - HERANA SOUTH	8,800,000				6
7	FARMERS LOOP ROAD ROW/UTILITIES	1,028,000				7
8	BADGER ROAD	933,700				8
9	ALASKA HWY-ROBERTSON RIVER TO DOT LAKE	14,100,000				9
10	FAIRBANKS F.A.U. SYSTEM	2,500,000				10
11	AIRPORT WAY RESURFACING PHASE II	1,100,000				11
12	EAST COLLEGE ROAD UPGRADE PHASE II	1,900,000				12
13	NORTHERN SMS ROADS	1,750,000				13
14	KOTZEBUE CITY STREETS	1,200,000				14
15	NORTHERN RIGHT-OF-WAY INVENTORY	300,000				15
16	NORTHERN REGION AVIATION		14,600,000	4,219,200	10,380,800	16
17	FAIRBANKS INT'L AIRPORT IMPROVEMENTS	200,000				17
18	KOTZEBUE AIRPORT IMPROVEMENTS	900,000				18
19	NORTHERN AIP PROJECTS	11,400,000				19
20	HOME RUNWAY REHABILITATION PHASE II	2,100,000				20
21	NORTHERN REGION PORTS AND HARBORS		4,000,000	4,000,000		21
22	HOME PORT FACILITY	4,000,000				22
23	NORTHERN REGION STATE EQUIPMENT FLEET		6,969,000		6,969,000	23
24	NORTHERN REGION EQUIPMENT REPLACEMENT	6,969,000				24
25	NORTHERN REGION FACILITIES		2,980,000	2,980,000		25

1 DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES (CONT.)					1	
2		ALLOCATIONS	APPROPRIATION	APPROPRIATION	FUND SOURCES	2
3			ITEMS	GENERAL FUND	OTHER FUNDS	3
4	FACILITIES INVENTORY/CONDITION SURVEY	300,000				4
5	JIM RIVER MAINTENANCE BUILDING RENOVATION	2,680,000				5
6	SOUTHEAST REGION		200,000	200,000		6
7	SOUTHEAST ADVANCE PROJECT DEFINITION	200,000				7
8	SOUTHEAST REGION HIGHWAYS		17,898,000	2,318,000	15,580,000	8
9	GLACIER HWY: INDIAN PT TO SHRINE OVERLAY	2,000,000				9
10	SOUTHEAST HPR/PL PLANNING	176,000				10
11	SOUTHEAST BRIDGE PROGRAM	300,000				11
12	KLANOCK TO HOLLIS PHASE I	3,000,000				12
13	NORTH TONGASS HWY PHASE I	4,000,000				13
14	PETERSBURG MAIN STREET	900,000				14
15	WRANGELL AIRPORT ROAD	450,000				15
16	KLONDIKE HIGHWAY SURFACING	1,900,000				16
17	ZIMOVIA HIGHWAY	2,500,000				17
18	FISH CREEK BRIDGE REPLACEMENT	1,100,000				18
19	TONGASS AVENUE TRAFFIC MANAGEMENT SYSTEM	150,000				19
20	TONGASS AVENUE CURB, GUTTER AND SIDEWALK	200,000				20
21	TONGASS AVENUE DRAINAGE IMPROVEMENTS	100,000				21
22	SOUTHEAST DESIGN ENGINEERING	1,122,000				22
23	SOUTHEAST REGION AVIATION		4,900,000	750,000	4,150,000	23
24	KETCHIKAN AIRPORT OVERLAY	2,500,000				24
25	YAKUTAT AIRPORT DRAINAGE AND FLOATPLANE	1,500,000				25

1	DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES (CONT.)		APPROPRIATION	APPROPRIATION	FUND SOURCES	1
2						2
3		ALLOCATIONS	ITEMS	GENERAL FUND	OTHER FUNDS	3
4	SE REGIONAL FLOATPLANE FACILITY REPAIR/REHAB	200,000				4
5	PETERSBURG SEAPLANE FLOAT RECONSTRUCTION	500,000				5
6	CHILKAT LAKE AIRSTRIP AND DIKE REPAIR	200,000				6
7	SOUTHEAST REGION PORTS AND HARBORS		1,370,000	1,370,000		7
8	SOUTHEAST HARBOR CONDITION SURVEY	50,000				8
9	HARBORS EMERGENCY REPAIRS	200,000				9
10	MEYERS CHUCK DOCK	320,000				10
11	AUKE BAY BREAKWATER AND HARBOR FACILITY	600,000				11
12	ANGOOK BOAT HARBOR EXPANSION	200,000				12
13	SOUTHEAST STATE EQUIPMENT FLEET		1,792,000		1,792,000	13
14	SOUTHEAST STATE EQUIPMENT FLEET	1,792,000				14
15	SOUTHEAST REGION FACILITIES		5,500,000	2,500,000	3,000,000	15
16	SOUTHEAST FACILITY INVENTORY/CONDITION SURVEY	100,000				16
17	SE HANDICAPPED CODE ENFORCEMENT/UPGRADE	100,000				17
18	CRAIG/KLAWOCK SHOP	1,000,000				18
19	SOUTHEAST FACILITIES MAINTENANCE	600,000				19
20	STATE OFFICE BUILDING ELEVATOR	450,000				20
21	SOUTHEAST REGIONAL COMPLEX EXPANSION	3,100,000				21
22	SOUTHEAST ROOF REHABILITATION	150,000				22
23	MARINE TRANSPORTATION		7,070,000	5,160,000	1,910,000	23
24	MARINE HWY ADVANCE PROJECT DEFINITION	50,000				24
25	MARINE HWY PRELIMINARY ENGINEERING	400,000				25

1	DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES (CONT.)				1
2			APPROPRIATION	APPROPRIATION	FUND SOURCES
3		ALLOCATIONS	ITEMS	GENERAL FUND	OTHER FUNDS
4	MARINE HWY SYSTEM IMPROVEMENTS	2,100,000			
5	VESSEL REPOWER SUPPLEMENTAL	1,500,000			
6	MARINE HWY RESERVATION SYSTEM UPGRADE	1,245,000			
7	M/V BARTLETT IMPROVEMENTS	700,000			
8	WRANGELL DOCK AND TOWER SUPPLEMENTAL	500,000			
9	KETCHIKAN/SKAGWAY DOCK MODIFICATIONS	575,000			
10	*****		*****		
11	***** DEPARTMENT OF ENVIRONMENTAL CONSERVATION *****		*****		
12	*****		*****		
13	DEPARTMENT OF ENVIRONMENTAL CONSERVATION				
14	WATER, SEWER & SOLID WASTE FACILITIES CONST		16,750,000	16,750,000	
15	DATA MANAGEMENT		600,000	600,000	
16	WASTEWATER DISPOSAL FACILITIES		3,400,000	3,400,000	
17	VILLAGE SAFE WATER CONSTRUCTION		4,250,000	4,250,000	
18	*****		*****		
19	***** DEPARTMENT OF COMMUNITY & REGIONAL AFFAIRS *****		*****		
20	*****		*****		
21	MUNICIPAL & REGIONAL ASSISTANCE		1,120,000	1,120,000	
22	REGIONAL SERVICES	720,000			
23	COMMUNITY PROFILES	400,000			
24	LOW INCOME & SENIOR CITIZEN ASSISTANCE		30,798,000	12,280,000	18,518,000
25	WEATHERIZATION AND ENERGY ASSISTANCE	5,700,000			

portation and Public Facilities if constructed outside local government units which have zoning ordinances. If these roads are constructed within the boundaries of local government units which have zoning ordinances, the width shall conform to subdivision control ordinances of the local government units. Contracts for the work shall be awarded to the lowest responsible bidder qualified to contract with the state. (§ 1 ch 122 SLA 1961; am § 3 ch 7 SLA 1964; am Executive Order No. 39, § 11 (1977))

Effect of amendments. — The 1977 amendment substituted the reference to the Department of Transportation and Public Facilities in the third sentence for a reference to the Department of Highways.

Article 3. Local Service Roads and Trails.

Table with 2 columns: Section and Section. Lists various subsections like 111. Purpose, 131. Allocation of funds, 141. Acquisition and construction programs, etc.

Sec. 19.30.111. Purpose. It is the purpose of AS 19.30.111 — 19.30.251 to provide for the acquisition and construction of local service roads and trails which are not included in the approved federal-aid primary highway systems eligible for federal-state matching funds. (§ 2 ch 84 SLA 1971; am § 1 ch 38 SLA 1981)

Effect of amendments. — The 1981 amendment, effective July 1, 1981, added "acquisition and" preceding "construction of local service roads" and deleted "or secondary" preceding "highway systems."

Sec. 19.30.131. Allocation of funds. (a) During each fiscal year the commissioner shall allocate sums appropriated or otherwise designated for expenditure upon local service roads for that fiscal year among the five allocation districts in the following manner: one-half in the ratio which the area of each allocation district bears to the total area of the state and one-half in the ratio which the population of each allocation district bears to the total population of the state as shown by the latest available federal census.

(b) The commissioner shall also further allocate the sums in each allocation district to the boroughs within each allocation district in the following manner: one-half in the ratio which the area of each organized borough (excluding salt water areas) within that district bears to the total area of the allocation district and one-half in the ratio

district bears to the total population of the allocation district as shown by the latest available federal census.

(c) The commissioner shall also further allocate portions of the sum allocated to any borough, either organized or unorganized, and to any home rule or first class city within the borough in the following manner:

(1) one-half in the ratio which the area of each home rule or first class city bears to the total area of the borough excluding salt water areas; and

(2) one-half in the ratio which the population of each home rule or first class city bears to the total population of the borough as shown by the latest available federal census.

(d) The sums not allocated within each district to a local government under (b) and (c) of this section shall be allocated to the unorganized borough and administered by the department. (§ 2 ch 84 SLA 1971; am § 2 ch 38 SLA 1981)

Effect of amendments. — The 1981 amendment, effective July 1, 1981, added "or first class" following "home rule" in three places in subsection (c). Also in subsection (c), the amendment added the paragraph designations (1) and (2).

Sec. 19.30.141. Acquisition and construction programs. Before October 1 of each fiscal year each local government eligible for allocation of funds under AS 19.30.131 shall submit to the commissioner for approval a five-year plan for the acquisition and construction of local service roads and trails. Before December 1 of each fiscal year the commissioner shall submit to the governor a five-year plan for the acquisition and construction of local service roads and trails, including the approved local government programs. An organized borough shall include in its five-year plan local service road acquisition and construction programs for all cities other than home rule and first class cities within the boundaries of the borough. The commissioner shall include in his five-year plan local service road and trail acquisition and construction within the unorganized borough. (§ 2 ch 84 SLA 1971; am § 3 ch 38 SLA 1981)

Effect of amendments. — The 1981 amendment, effective July 1, 1981, substituted "five-year plan" for "long-range program" in four places, added "acquisition and" preceding "construction" in four places and added "and first class" preceding "cities within the boundaries" in the next to the last sentence.

Sec. 19.30.151. Local government participation. (a) Upon application by a local government, local service roads and trails constructed under the provisions of AS 19.30.111 — 19.30.241 and located within the jurisdictional boundaries of a local government, as defined in AS 19.30.241(3), may be transferred to that local government.

(b) The commissioner shall, upon request of a local government, transfer funds allocated under AS 19.30.131 to any local government which has assumed local road powers for project cost amounts and contract award amounts submitted to the commissioner.

(c) Nothing in AS 19.30.111 — 19.30.241 prohibits a local government from participating financially in the acquisition and construction of a local service road or trail. (§ 2 ch 84 SLA 1971; am Executive Order No. 39, § 11 (1977); am §§ 2, 3 ch 158 SLA 1980; am § 4 ch 38 SLA 1981)

Effect of amendments. — The 1977 amendment substituted a reference to the Department of Transportation and Public Facilities for a reference to the Department of Highways in the first sentence of subsection (a).

The 1980 amendment deleted the former second sentence in subsection (a), which

read: "A local government which has assumed road powers before May 20, 1971, may not be required to hold an election as provided by this section", and rewrote subsection (b).

The 1981 amendment, effective July 1, 1981, added "acquisition and" preceding "construction" in subsection (c).

Sec. 19.30.161. Design standards, rights-of-way and widths. Design standards, rights-of-way and widths for each local service road and trail project shall have the prior approval of the commissioner, unless the project is under the supervision of a local government that has assumed local road powers. If the project is under the supervision of a local government that has assumed road powers, design standards, rights-of-way and widths shall be established by the local government. (§ 2 ch 84 SLA 1971; am § 4 ch 158 SLA 1980)

Effect of amendments. — The 1980 amendment inserted "rights-of-way and widths" at the beginning of the section, and added the material at the end of the

section following, "approval of the commissioner" and beginning, "unless the project is."

Sec. 19.30.171. Acquisition and conveyance of rights-of-way. (a) The local government shall acquire all rights-of-way required for local service road and trail construction. However, if the local government is unable to acquire the necessary right-of-way, the commissioner is authorized to acquire it in accordance with AS 19.05.080 — 19.05.120. The commissioner may convey to the local government, by appropriate instrument executed in the name of the state, any land or interest in land which has been acquired by the state for the construction of local service roads or trails.

(b) The costs incurred by the commissioner in acquiring this land or interest in land includes all costs and any fees incidental to acquisition. All costs incurred in connection with the acquisition of the land or interest in land for local governments that have assumed local road powers shall be charged to the project allocation for which the land or interest in land is acquired. Right-of-way acquisition costs incurred by

under AS 19.30.151(a) shall be charged to the project allocation for the local government for which the land or interest in land is acquired.

(c) When rights-of-way for local service roads are acquired over land or interest in land owned by the state, the commissioner may make such arrangements with the department having jurisdiction over the land as may be necessary to give the local government adequate rights-of-way, and any such department is directed to transfer the jurisdiction of the land to the commissioner. (§ 2 ch 84 SLA 1971; am § 17 ch 71 SLA 1972; am § 5 ch 158 SLA 1980; am § 5 ch 38 SLA 1981)

Effect of amendments. — The 1980 amendment deleted "including relocation assistance and payments in accordance with AS 34.60" following "to acquisition" at the end of the first sentence of subsection (b), deleted "by the commissioner" following "All costs incurred" near the beginning of the second sentence of subsection (b), inserted "for local governments

that have assumed local road powers" near the middle of the second sentence of subsection (b), and added the present third sentence of subsection (b).

The 1981 amendment, effective July 1, 1981, substituted "charged to the project allocation" for "paid by the local government" in the second sentence of subsection (b).

Sec. 19.30.181. Project agreements. A local government which has assumed local road powers may enter into a formal project agreement with the commissioner for the acquisition and construction of a specific project. (§ 2 ch 84 SLA 1971; am § 6 ch 158 SLA 1980; am § 6 ch 38 SLA 1981)

Effect of amendments. — The 1980 amendment rewrote the section. The 1981 amendment, effective July 1,

1981, added "acquisition and" preceding "construction of."

Sec. 19.30.191. Letting of contracts. (a) Repealed by § 15 ch 158 SLA 1980.

(b) Contracts entered into by a local government that has assumed local road powers for the construction of each project shall be awarded only on the basis of the lowest responsible bid submitted by a bidder meeting established criteria of responsibility.

(c) All contracts by a local government that has not assumed local road powers must have the prior concurrence of the commissioner. The commissioner may delegate the power to approve contracts to a local government that has assumed local road powers for the acquisition and construction of local service roads and trails.

(d) Except as provided in (b) and (c) of this section and in AS 44.33.300, construction of each project shall be administered by the department in accordance with guidelines established by the commissioner by regulation. (§ 2 ch 84 SLA 1971; am § 4 ch 277 SLA 1976; am §§ 7 — 9, 15 ch 158 SLA 1980, §§ 7, 8 ch 38 SLA 1981)

HB

40

COMMITTEE REPORT

HOUSE

FINANCE

FURTHER:

2/11/33

Date: 3/21/83

Mr. Speaker:

The Committee on TRANSPORTATION has had SSHB 40

An Act repealing the motor fuel tax (AS 43.40); and providing for an effective date.

under consideration and reports it back as follows:

- do pass do not pass
- do pass with attached amendments(s) same title
- replace with CS for _____ new title
- and recommends _____
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation Zero Fiscal Note Attached
- referred to the T Committee

**MEMBERS SIGNING
DO PASS**

**MEMBERS HAVING
OTHER RECOMMENDATIONS:**

M.W. Miller No Rec.

Clifford Anderson Do Not Pass

Mike Davis No Rec

CHAIRMAN

A M E N D M E N T

OFFERED IN THE HOUSE: Transportation
Committee

By: _____

To: _____ HOUSE BILL No. SS. House Bill 40

SENATE BILL No. _____

PAGE: 1

LINE: 10-13

Delete Section 2

STATE OF ALASKA
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: SS HB 40 Date on Bill: 2/11/83
 Title: An act repealing motor fuel tax.
 Sponsor: Haves
 Requestor: House Transportation

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86
Capital				
Operating	-0-	(65)	(65)	
Total	-0-	(65)	(65)	

b. Revenues:

Revenue	-0-	(48,000)	(33,000)	
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2. Source of funds to offset fiscal impact of bill:

3. Assumptions:

Since the bill would eliminate the Motor Fuel Tax, positions currently allocated to those sources could eventually be eliminated. The elimination of those positions could not occur until sometime in FY 84 because there would be substantial clean up work between now and the several months succeeding the effective date of the bill. The task of refunding the numerous fuel users could be monumental.

The loss in revenues to the state are as a result of repealing highway, marine, and aviation taxes.

4. Disclaimer:

This statement has not been reviewed by the OMB in the Office of the Governor. It therefore does not represent the final estimate of fiscal impact.

Prepared By: Mary Kehler Phone: 465-2300
 Division: Comm. Office Date: 2/28/83
 Approved by Commissioner: [Signature] Date: 2/29/83
 Department: Revenue

5. Distribution:

- Original to Legislative Finance
- Copy to UMB
- Copy to Sponsor
- Copy to Requestor

2/15/83

3.31.141

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1978, com-
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pealed section
LA 1968.

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aggregate of
years from the
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as part of this
43.05.225 from
n 24 SLA 1970;

ection 52, ch. 113,
ection applicable to
fter December 31,

§ 43.31.171

REVENUE AND TAXATION

§ 43.40.010

Sec. 43.31.171. Civil penalties.

Repealed by § 45 ch 113 SLA 1980.

Cross references. — For present provisions concerning civil penalties, see AS 43.05.220.

Editor's notes. — The repealed section derived from § 2, ch. 24, SLA 1970; § 3, ch. 166, SLA 1976.

Section 52, ch. 113, SLA 1980 makes the repeal of this section applicable to tax years beginning after December 31, 1979.

Secs. 43.31.360 — 43.31.390.

Repealed by § 46 ch 113 SLA 1980.

Cross references. — For present provisions concerning criminal penalties, see AS 43.05.290.

Editor's notes. — The repealed sections derived from § 2, ch. 24, SLA 1970.

Chapter 35. Coin-Operated Devices and Punchboards.

Article 1. Coin-Operated Amusement and Gaming Devices.

Section

80. [Repealed]

Sec. 43.35.080. Penalties.

Repealed by § 46 ch 113 SLA 1980.

Cross references. — For present provisions concerning civil penalties, see AS 43.05.220. For present provisions concerning criminal penalties, see AS 43.05.290.

Editor's notes. — The repealed section derived from § 48-3-3 ACLA 1949; § 3, ch. 142, SLA 1960; § 2, ch. 58, SLA 1971.

Chapter 40. Motor Fuel Tax.

Article 1. General Tax Levy on Transfers or Consumption of Motor Fuel.

Section

- 10. Tax on transfers or consumption of motor fuel and expenditure of proceeds
- 20. [Repealed]
- 30. Refund for nonhighway use
- 33. Other refunds and credits

Section

- 40. [Repealed]
- 50. Refund claim by affidavit
- 80. Examination of books and records
- 90. [Repealed]
- 100. Definitions

Sec. 43.40.010. Tax on transfers or consumption of motor fuel and expenditure of proceeds. (a) There is levied a tax of eight cents a gallon on all motor fuel sold or otherwise transferred within the state, except that

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

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

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

(1) the tax on aviation gasoline consumed is four cents a gallon,
 (2) the tax on motor fuel used in and on watercraft of all descriptions is five cents a gallon, and

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

(c) Every dealer who sells or otherwise transfers motor fuel in the state shall collect the tax at the time of sale, and remit the total tax collected during each calendar month of each year to the Department of Revenue by the last day of each succeeding month. Every user shall likewise remit the tax accrued on motor fuel actually used by him during each month. At the time the remittance is made, each dealer or user shall submit a statement to the Department of Revenue showing all motor fuel which he has distributed or used during the month.

(d) Repealed by § 3 ch 166 SLA 1976.

(e) Sixty per cent of the proceeds of the revenue from the taxes on aviation fuel, excluding the amount determined to have been spent by the state in its collection, shall be refunded to a municipality owning and operating or leasing and operating an airport in the proportion that the revenue was collected at the municipal airport. All other proceeds of the taxes on aviation fuel shall be paid into a special aviation fuel tax account in the state general fund. The legislature may appropriate funds from this account for aviation facilities.

(f) The proceeds from the revenue from the tax on motor fuel used in boats and watercraft of all descriptions shall be deposited in a special watercraft fuel tax account in the general fund. The legislature may appropriate from this account for water and harbor facilities.

(g) The proceeds of the revenue from the tax on all motor fuels, except as provided in (e), (f) and (j) of this section, shall be deposited in a special highway fuel tax account in the state general fund. The legislature may appropriate funds from it for expenditure by the Department of Public Works directly or as matched with available federal-aid highway money for maintenance of highways, construction of highway projects and ferries included in the program provided for in AS 19.10.150, including approaches, appurtenances and related facilities and acquisition of rights-of-way or easements, and other highway costs including surveys, administration, and related matters. All departments of the state government authorized to spend funds collected from taxes imposed by §§ 10 — 100 of this chapter shall perform, when feasible, all construction or reconstruction projects by

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contract after the projects have been advertised for competitive bids, except that, when feasible, arrangements shall be made with political subdivisions to carry out the construction or reconstruction projects. If it is not feasible for the work to be performed by state engineering forces, the commissioner of public works may contract on a professional basis with private engineering firms for road design, bridge design, and services in connection with surveys. If more than one private engineering firm is available for the work the contracts shall be entered into on a negotiated basis.

(h) All motor fuel tax receipts shall be paid into the general fund and distributed to the proper accounts in the general fund. Valid motor fuel tax refund claims shall be paid from the highway fuel tax account in the general fund.

(i) Within 30 days after the legislature convenes the Department of Public Works shall submit an annual budget covering anticipated revenues and their expenditure, for the consideration and approval by the legislature. The budget shall cover all money collected or anticipated to be collected under §§ 10 — 100 of this chapter for the year following the adjournment of each regular session of the legislature.

(j) The proceeds from the tax on motor fuel used in snow vehicles and, unless a tax refund is applied for under § 40 of this chapter, other internal combustion engines not used in or in conjunction with a motor vehicle licensed to be operated on public ways shall be deposited in a special nonpublic highway use account in the general fund. The legislature may appropriate from this account to the Department of Highways for trail staking and shelter construction and maintenance.

(k) The tax on the transfer or consumption of motor fuel provided for in this section does not apply to liquified petroleum gas.

(l) If a dealer has a reasonable belief at the time of sale or transfer that fuel that is sold or transferred is not to be used as motor fuel, the dealer need not collect the motor fuel tax. If the tax is not collected, the dealer shall obtain a certificate of use from the buyer or transferee stating that the fuel that has been or will be purchased or received is not intended for use as motor fuel. The department may not collect the motor fuel tax from a dealer for fuel for which a certificate of use has been properly obtained under this subsection. The dealer shall retain a copy of each certificate of use obtained under this subsection for examination or audit on request by the department. The form of a certificate of use may be prescribed by regulation adopted by the department. (§ 48-5-2 ACLA 1949; am § 1 ch 80 SLA 1951; am § 1 ch 47 SLA 1955; am §§ 1, 2 ch 27 SLA 1957; am § 1 ch 134 SLA 1957; am § 1 art VI title II ch 152 SLA 1957; am § 2 art V title III ch 152 SLA 1957; am § 2 ch 124 SLA 1959; am §§ 1, 2 ch 20 SLA 1960; am § 1 ch 150 SLA 1960; am § 1 ch 110 SLA 1961; am § 1 ch 136 SLA 1961; am §§ 1 — 3 ch 131 SLA 1962; am § 1 ch 130 SLA 1968; am § 10 ch 143 SLA 1968; am §§ 1, 2 ch 216 SLA 1968; am §§ 1 — 3 ch 158 SLA 1970;

am § 3 ch 58 SLA 1971; am §§ 1, 2 ch 124 SLA 1971; am §§ 2, 3 ch 125 SLA 1971; am §§ 1 — 3 ch 153 SLA 1972; am § 3 ch 166 SLA 1976; am §§ 1, 2 ch 116 SLA 1977; am § 4 ch 82 SLA 1982)

Effect of amendments. — The 1982 amendment, effective June 4, 1982, added subsection (1).

Editor's notes. — Section 15, ch. 82, SLA 1982, provides: "The Department of Revenue may not collect the motor fuel tax from a dealer, as defined in AS 43.40.100(1), on a sale or transfer of motor fuel that occurs before the effective date of this Act [June 4, 1982] if the dealer did not collect the tax from a purchaser or transferee because of a reasonable belief that the fuel was not to be used as motor fuel,

as that term is defined in AS 43.40.100(2), or if the dealer relied upon the purchaser's representation that the fuel would not be used as motor fuel. This section is intended to clarify ambiguities in the existing language of AS 43.40 concerning the party responsible for collecting the tax and to resolve an administrative dispute between certain fuel dealers and the Department of Revenue. For this reason, this section serves the general public interest in the fair and equitable administration of AS 43.40."

Sec. 43.40.020. Penalty for violation.

Repealed by § 46 ch 113 SLA 1980.

Cross references. — For present provisions concerning criminal penalties, see AS 43.05.290.

Editor's notes. — The repealed section derived from § 48-5-3, ACLA 1949; § 4, ch. 153, SLA 1972; § 3, ch. 116, SLA 1977.

Sec. 43.40.030. Refund for nonhighway use. (a) Except as specified in AS 43.40.010(j), a person who uses motor fuel to operate an internal combustion engine is entitled to a refund of six cents a gallon if

- (1) the tax on the motor fuel has been paid;
- (2) the motor fuel is not aviation fuel, or motor fuel used in or on watercraft; and
- (3) the internal combustion engine is not used in or in conjunction with a motor vehicle licensed to be operated on public ways.

(b) The entire tax levied by this chapter shall be refunded to the purchaser on that part of the motor fuel used in a foreign country on which the tax has been paid when the fuel is sold and delivered in the state for non-highway use in a foreign country.

(c) The department shall establish the necessary regulations and prescribe the appropriate forms to prove that the motor fuel is taken to and used in foreign countries.

(d) If a person obtains motor fuel on which the tax levied by this chapter has been paid and the motor fuel is exempt from the tax, the person is entitled to a refund of the tax paid. (§ 2 ch 47 SLA 1955; am § 3 ch 27 SLA 1957; am § 2 ch 136 SLA 1961; am § 4 ch 158 SLA 1970; am § 3 ch 124 SLA 1971; am § 4 ch 125 SLA 1971; am § 4 ch 116 SLA 1977; am §§ 35, 36 ch 113 SLA 1980; am § 5 ch 82 SLA 1982)

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Effect of amendments. — The 1980 amendment substituted a reference to this chapter in subsection (b), and added subsection (d).

The 1982 amendment, effective June 4, 1982, substituted "the tax has been" for:

"duty is" in subsection (b).

Editor's notes. — Section 52, ch. 113, SLA 1980 makes this section applicable to tax years beginning after December 31, 1979.

~~Sec. 43.40.035. Other refunds and credits.~~ (a) A person who resells fuel on which the tax under AS 43.40.010(a) or (b) was previously paid is entitled to a credit or refund of the tax if (1) the resold fuel is not motor fuel and a certificate of use is acquired under AS 43.40.010(1); or (2) the amount of tax previously paid exceeds the tax due on the resale. The amount of the credit or refund under this section is equal to the amount of tax previously paid on the resold fuel less the amount of tax prescribed by AS 43.40.010(a) or (b).

(b) A reseller may elect, with the express written consent of the supplier of the resaler, to receive the credit or refund under this section directly from the supplier rather than by filing a claim for the credit or refund with the department. When an election is properly made under this subsection, the supplier may claim the credit or refund from the department. To be effective an election under this subsection must be signed in quadruplicate by the reseller and by the supplier. The reseller and the supplier shall each file one copy of the election, with original signatures, with the department. The reseller and supplier shall each retain a copy of the election with original signatures for audit review by the department. If an election is made under this subsection, it may not be revoked without the express written consent of the supplier. (§ 6 ch 82 SLA 1982)

Effective dates. — Section 19, ch. 82, June 4, 1982, in accordance with AS SLA 1982, makes this section effective 01.10.070(c).

~~Sec. 43.40.040. Applications and permits for refund.~~

Repealed by § 45 ch 113 SLA 1980.

Cross references. — For present provisions concerning contents of applications for refunds, see AS 43.40.050(a).

Editor's notes. — The repealed section derived from § 3, ch. 47, SLA 1955; § 4, ch. 131, SLA 1962.

Section 52, ch. 113, SLA 1980 makes the repeal of this section applicable to tax years beginning after December 31, 1979.

~~Sec. 43.40.050. Refund claim by affidavit.~~ (a) A person who claims a refund under AS 43.40.030 shall present the claim for the refund to the commissioner of revenue by affidavit upon a form provided by the commissioner. The claim shall include the name, address and occupation of the applicant, the nature of the business of the applicant, and a description sufficient to identify the machinery or equipment in which the motor fuel for which the refund is claimed was used.

The claim shall be accompanied by each invoice issued to the claimant at the time the motor fuel was purchased. The commissioner may require any additional information which the commissioner considers necessary for the administration of this subsection.

(b) A claim for refund under AS 43.40.030 or 43.40.035 shall be filed within one year from the date of the purchase of the motor fuel as indicated on the invoice, and failure to file within the one-year period is a waiver of the right to the refund. A claim is considered to be filed when the claim is mailed or personally presented to an office of the department.

(c) A reseller who claims a refund or credit under AS 43.40.035 shall present the refund claim to the department or to the supplier of that reseller by affidavit on a form provided by the department. The claim shall include the name, address, and occupation of the applicant, the nature of the business of the applicant, and a description sufficient to identify the reason for the refund or credit. The claim shall be supported by documentation required by the department. (§ 4 ch 47 SLA 1955; am § 1 ch 139 SLA 1960; am § 37 ch 113 SLA 1980; am §§ 7—9 ch 82 SLA 1982)

Effect of amendments. — The 1980 amendment in subsection (a), changed a reference to this chapter at the beginning and at the end of the subsection, substituted the present second sentence for the former material, which read: "with the information the commissioner requires", and substituted "was" for "is" preceding "purchase" at the end of the present third sentence.

The 1982 amendment, effective June 4, 1982, substituted "under AS 43.40.030" for "as provided in AS 43.40.010 — 43.40.100"

and "the claim for the refund" for "his claim" in the first sentence of subsection (a), substituted "the commissioner" for "he" and "this subsection" for "AS 43.40.010 — 43.40.100" in the last sentence of subsection (a), inserted "under AS 43.40.030 or 43.40.035" in the first sentence of subsection (b), and added subsection (c).

Editor's notes. — Section 52, ch. 113, SLA 1980 makes this section applicable to tax years beginning after December 31, 1979.

Sec. 43.40.080. Examination of books and records. (a) To determine the validity of a claim for refund, the Department of Revenue may examine the books and records of the claimant and the books and records of a distributor of motor fuel. The Department of Revenue may cancel the refund permit of the claimant relying upon a fraudulent invoice for a period of not more than one year.

(b) Repealed by § 46 ch 113 SLA 1980. (§ 5 ch 47 SLA 1955; am § 46 ch 113 SLA 1980)

Effect of amendments. — The 1980 amendment repealed subsection (b).

Sec. 43.40.090. Criminal violation.

Repealed by § 46 ch 113 SLA 1980.

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Cross references. — For present provisions concerning criminal penalties, see AS 43.05.290.

Editor's notes. — The repealed section derived from § 11, ch 47, SLA 1955; § 4, ch. 27, SLA 1957.

Sec. 43.40.100. Definitions. In AS 43.40.010 — 43.40.100

(1) "dealer" means a person who sells or otherwise transfers in this state motor fuel upon which the taxes imposed by AS 43.40.010 — 43.40.100 have not been paid;

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

(A) fuel assigned to foreign countries;

(B) fuel sold for use in jet propulsion aircraft operating in flights to foreign countries;

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

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

(E) fuel used by charitable institutions;

(F) fuel which is at least 10 percent alcohol by volume;

(G) fuel sold or transferred between qualified dealers;

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

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

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

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

(3) "user" means a person consuming or using motor fuel, who either

(A) purchases the fuel out of the state and ships it into the state for personal use in the state;

(B) manufactures the fuel in the state; or

(C) purchases or receives fuel in the state that is not taxed at the time of purchase or receipt or is taxed at a rate that is less than the rate prescribed by AS 43.40.010.

(4) "qualified dealer" means a person who (A) refines, (B) imports, (C) manufactures, (D) produces, (E) compounds, or (F) wholesales motor fuel, who satisfies criteria for qualified dealers established by the department by regulation and who obtains a qualified dealer's license from the department. (§ 48-5-1 ACLA 1949; am § 1 ch 56 SLA 1949; am § 9 ch 47 SLA 1955; am § 26 ch 70 SLA 1964; am §§ 6, 7 ch 158 SLA 1970; am § 1 ch 74 SLA 1972; am § 5 ch 116 SLA 1977; am § 10 ch 83 SLA 1980; am §§ 10—12 ch 82 SLA 1982)

Effect of amendments. — The 1980 amendment added subparagraph (F) in paragraph (2).

The 1982 amendment, effective June 4, 1982, in paragraph (2), added subparagraphs (G)-(K); in paragraph (3) added the

subparagraphs (A) and (B) designations, substituted "personal use" for "his own use" and deleted "or" from the end, in subparagraph (A), added "or" to the end of subparagraph (B), and added subparagraph (C); and added paragraph (4).

Chapter 45. School Tax.

Section

10—60. [Repealed]

Secs. 43.45.010 — 43.45.060. Tax imposed; persons exempt; record of withholding; overpayment, credit and refund; failure to file return; penalties.

Repealed by § 3 ch 166 SLA 1976; § 2 ch 64 SLA 1980; § 46 ch 113 SLA 1980.

Editor's notes. — The repealed chapter derived from §§ 37-4-3 — 37-4-6, ACLA 1949; § 1, ch. 41, SLA 1957; § 1, ch. 175, SLA 1957; § 1, ch. 149, SLA 1959; §§ 1—5, ch. 179, SLA 1960; § 111, ch. 127, SLA 1974.

Section 3, ch. 64, SLA 1980 makes the repeal of this chapter applicable to tax years beginning after December 31, 1979.

Section 4, ch. 64, SLA 1980 provides: "The Department of Revenue shall estab-

lish procedures for refunding to a taxpayer amounts received in payment of the school tax levied under AS 43.45 for the 1980 tax year and shall refund to the taxpayer the tax which was withheld for the 1980 tax year by an employer and paid to the department under AS 43.45.010(c). Other tax money paid to the Department of Revenue under AS 43.45 for the 1980 tax year shall be refunded to the taxpayer who made the payment."

Chapter 50. Tobacco Tax.

Article 1. Cigarette Tax Act.

Section

10. License
100. Civil penalties

Section

150. Administration
160. [Repealed]

Sec. 43.50.010. License. (a) No person may sell, purchase, possess, or acquire cigarettes as a manufacturer, distributor, direct-buying retailer, vending machine operator, or buyer without a license.

(b) The department, upon application and payment of the fee, shall issue a license to each manufacturer, distributor, direct-buying retailer, vending machine operator, or buyer. The department shall make reasonable regulations which it considers necessary in respect to the application for and the issuance of licenses.

(c) The department may refuse to issue a license if there is reasonable cause to believe that the applicant has wilfully withheld information requested of him to determine his eligibility to receive a license, or if there is reasonable cause to believe that information submitted in the application is false or misleading and is not made in good faith.

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~~Sec. 43.40.060. Separate invoices.~~ The Department of Revenue may require the issuance of separate invoices for fuel sold, distributed, or transferred when the invoices will be the basis for a refund claim. (§ 6 ch 47 SLA 1955)

~~Sec. 43.40.070. Refund warrants.~~ Upon approval of a refund claim by the Department of Revenue, a warrant shall be drawn on the highway fuel tax account in the general fund in favor of the applicant in the amount of the claim. (§ 7 ch 47 SLA 1955; am § 5 ch 131 SLA 1962)

~~Sec. 43.40.080. Examination of books and records.~~ (a) To determine the validity of a claim for refund, the Department of Revenue may examine the books and records of the claimant and the books and records of a distributor of motor fuel. The Department of Revenue may cancel the refund permit of the claimant relying upon a fraudulent invoice for a period of not more than one year.

(b) If an invoice relied upon for a refund claim is fraudulent, the claimant is guilty of a misdemeanor and is punishable by a fine of not more than \$500. (§ 5 ch 47 SLA 1955)

Sec. 43.40.085. Preservation of books and records. Dealers and users shall preserve for three years all books and records pertaining to sales, transfers, and uses of motor fuel which are taxed under this chapter. (§ 5 ch 158 SLA 1970)

~~Sec. 43.40.090. Criminal violation.~~ A person who uses motor fuel with knowledge that the tax has not been paid is guilty of a misdemeanor, and is punishable by a fine of not more than \$500, or by imprisonment for not more than one year, or by both. (§ 11 ch 47 SLA 1955; am § 4 ch 27 SLA 1957)

C.J.S. reference. — 53 C.J.S. Licenses
§ 66.

Sec. 43.40.100. Definitions. In §§ 10—100 of this chapter:

(1) "dealer" means a person who sells or otherwise transfers in this state motor fuel upon which the taxes imposed by this chapter have not been paid;

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

(A) fuel consigned to foreign countries,

(B) fuel sold for use in jet propulsion aircraft operating in flights to foreign countries,

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

Alaska State Legislature



MAR 2 1983

Speaker of the House of Representatives

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-3720

Official Business

March 2, 1983

To: Members of House Transportation Committee

From: Jeff Day *JD*
Assistant to the Speaker

Re: HB 40/ Repeal of Motor Fuel Tax

As I stated, I have attached a copy of the general testimony I presented on behalf of Representative Hayes to the Committee on March 1. I would also like to take this opportunity to summarize a few of the remarks I made to the Committee which were not contained in those prepared remarks.

The question of Alaska's image has been discussed a great deal in connection with these bills. While the repeal of the income tax and the distribution of \$1000 checks certainly made headlines nationwide, it is not believed repeal of these 8¢, 5¢ and 4¢ taxes would exactly get front page coverage in the Wall Street Journal.

As a related matter, there have been questions raised regarding what the federal government might do as a result of our repealing the taxes and our lessened image. First, it must be noted that in FY 82, Alaska committed \$230 million in state funds to transportation projects. These taxes we are talking about repealing amount to \$30 million or roughly 9% of the total state commitment to transportation. It is believed that repeal of these taxes will not necessarily mean any lessening of that commitment to transportation or in paying the states share of projects which are financially shared with the federal government. Those decisions, though, will be made by the Legislature and not as any direct result of a repeal of reduction of fuel taxes. It is not believed our image will be lessened nor federal dollars jeopardized since it is assumed legislators will vote for a major financial commitment to transportation and that is still the image this state will present to the nation.

I refer to the figure of 30 million dollars. However, the fiscal note you received on the bill shows a fiscal impact of \$48 million. The fiscal note and the Departments own revenue projections from these taxes do not match, unless possibly they are including, in that 48 million, taxes collected before refunding.

If that is the case, then the fiscal note is quite misleading. I would suggest the Committee ask for further clarification of how the \$48 million figure was arrived at. In my discussions with the Department, they said my assumption of a \$30 million dollar loss of revenue as a result of the repeal was accurate.

Finally, I wish to emphasize the whole philosophical point of this bill. If we repeal the taxes, we are not directly lessening the amount of money that will go towards transportation related projects. Though there are separate accounts established in the GENERAL FUND for the proceeds of these taxes, the monies cannot be dedicated to transportation projects. The funds are simply a part of the whole general fund which is the source of everything in the state budget. By eliminating the tax we are eliminating 30 million dollars in revenue available to be spent in any way as part of state Government.

Many representatives ran campaigns advocating less government and a lowered government budget. Though you are not the Finance Committee, positive action on HB 40 will result in an indirect budget cut since you will be eliminating 30 million dollars in revenue which would otherwise be available for general government to spend. A positive vote on HB 40 indicates your belief the state does not need this money, that the budget is too large and that there are better indirect effects this 30 million dollars will have for Alaskans rather than increased government. If you vote against repeal of the taxes, you are in effect saying government needs this money, the budget is at a proper level or needs to be increased.

Please contact me in Room 208 of the Capitol if I can be of further assistance.

Thanks.

HAYES' REMARKS RE: HB 40: REPEAL OF MOTOR FUEL TAX

THIS COMMITTEE HAS BEFORE IT SEVERAL PIECES OF LEGISLATION RANGING FROM ELIMINATION OF THE WATERCRAFT MOTOR FUEL TAX, TO A REDUCTION OF THE HIGHWAY MOTOR FUEL TAX, TO AN INCREASE IN THE MOTOR FUEL TAX, AND THEN THERE IS THE LEGISLATION WHICH I HAVE INTRODUCED WHICH ELIMINATES THE MOTOR FUEL TAX TOTALLY IN ALL AREAS.

YOU HAVE HEARD THE ARGUMENTS FOR ELIMINATION OF THE TAX FOR FUEL USED IN AND ON WATERCRAFT. I CONCUR IN THE REASONS STATED IN SUPPORT OF THAT LEGISLATION LAST WEEK BY REPRESENTATIVES GRUSSENDORF AND ZHAROFF. THOSE SAME REASONS CAN APPLY TO ELIMINATION OF THE TAX IMPOSED ON THE SALE OF AVIATION FUEL.

THE AVIATION FUEL TAX IS ESTIMATED TO BRING THE STATE ABOUT 5.4 MILLION DOLLARS IN FY 84...CLEARLY A VERY SMALL AMOUNT COMPARED TO THE ENTIRE REVENUE PICTURE. THE DEPARTMENT OF REVENUE HAS ALSO ESTIMATED THAT THE INCOME PRODUCED FROM THE TAX ON WATERCRAFT FUEL WILL BE ABOUT 4 MILLION DOLLARS.

THE MAJOR TAX THAT WOULD BE ELIMINATED UNDER THIS BILL IS THE 8 CENT PER GALLON TAX ON HIGHWAY FUEL SUCH AS GASOLINE. IT'S ESTIMATED THAT THIS TAX WOULD BRING THE STATE ABOUT 21 MILLION DOLLARS THIS YEAR.

THE TOTAL IMPACT OF REPEALING THE MOTOR FUEL TAX ENTIRELY WOULD BE A LOSS OF REVENUE TO THE STATE OF ABOUT 30 MILLION DOLLARS...ROUGHLY ONE PERCENT ON THIS STATES TOTAL REVENUES.

HOWEVER, THAT LOSS OF REVENUE TO THE STATE MEANS 30 MILLION DOLLARS IN THE POCKETS OF ALASKANS WHO DRIVE CARS OR OWN BOATS AND AIRPLANES. IT MEANS THE COST OF AIR TRAVEL SHOULD BE LESS IN A STATE THAT IS VERY DEPENDENT ON THE AIRPLANE AS A MODE OF TRANSPORTATION. IT MEANS THE OPERATION OF MASS TRANSIT SYSTEMS WHICH ARE USUALLY HEAVILY SUBSIDIZED BY LOCAL GOVERNMENTS WILL COST LESS TO OPERATE. IT MEANS THE AVERAGE CONSUMER OF MOTOR FUELS WILL RECEIVE ADDITIONAL MONEY DIRECTLY AND INDIRECTLY THAT WILL IN TURN BE PUT INTO THE ECONOMY IN OTHER WAYS.

THE REPEAL OF THE TAX DOES NOT MEAN THERE WILL BE 30 MILLION DOLLARS LESS FOR PORTS, AIRPORTS AND HIGHWAYS. WHILE THE STATUTES DO ESTABLISH SEPARATE ACCOUNTS WITHIN THE GENERAL FUND FROM THE PROCEEDS OF WATERCRAFT, AVIATION AND HIGHWAY FUEL TAXES...THE MONEY IS SIMPLY PART OF THE OVERALL GENERAL FUND. THE STATUTES SAY THE LEGISLATURE MAY APPROPRIATE FROM THESE FUNDS FOR BUILDING DOCKS, ROADS OR AIRPORT IMPROVEMENTS.

THE FACT IS THAT APPROPRIATIONS FOR SUCH PROJECTS ARE NOT TIED TO THESE FUNDS SPECIFICALLY. THE LEGISLATURE APPROPRIATES FAR MORE THAN 30 MILLION ANNUALLY FOR SUCH PROJECTS. AND THOSE APPROPRIATIONS COME FROM THE GENERAL FUND OF WHICH THESE THREE ACCOUNTS ARE SIMPLY A PART.

REPEAL OF THE TAX DOES NOT NECESSARILY MEAN WE WILL NOT BE ABLE TO DEVOTE AS MUCH MONEY TO TRANSPORTATION RELATED DEVELOPMENT. IT DOES MEAN 30 MILLION DOLLARS LESS FOR STATE BEAURACRACY TO PROVIDE GOVERNMENT SERVICES. CERTAINLY I WOULD EXPECT THE PUBLIC TO ANTICIPATE 30 MILLION DOLLARS LESS IN GOVERNMENT SERVICE AS A RESULT OF HAVING 30 MILLION DOLLARS INDIRECTLY ADDED TO THEIR SPENDING POWER.

YOU ALSO HAVE BEFORE YOU TODAY HB 55 BY REPRESENTATIVE MARTIN WHICH WOULD REDUCE THE HIGHWAY MOTOR FUEL TAX FROM 8 TO THREE CENTS IN AN EFFORT TO OFFSET THE 5¢ PER GALLON TAX WHICH WILL SOON TAKE EFFECT AS A RESULT OF FEDERAL LEGISLATION. HOWEVER, HB 55 MAKES NO CHANGE TO THE AVIATION OR WATERCRAFT FUEL TAX. WHILE A 5¢ REDUCTION IN THE HIGHWAY FUEL TAX MIGHT BE A POTENTIAL COMPROMISE IN ONE AREA, I FEEL IT WOULD BE UNFAIR TO REDUCE ONE TAX AND NOT REDUCE TAXES FOR WATERCRAFT AND AVIATION.

AS A MINIMUM I WOULD HOPE THIS COMMITTEE WOULD ENDORSE THE
CONCEPT OF REDUCING ALL THESE TAXES AND ELIMINATE THE
CUMBERSOME REFUND PROCEDURES WHICH ARE IN EFFECT FOR THE
HIGHWAY MOTOR FUEL TAX.

AT BEST I WOULD HOPE YOU WOULD ADOPT HB 40 WHICH WOULD
ELIMINATE THIS SO CALLED NUISANCE TAX ALLTOGETHER.

THE BASIC QUESTION IS SIMPLY WHO GETS THE 30 MILLION DOLLARS
THIS TAX GENERATES. WILL THE STATE GET IT TO PROVIDE MORE
GOVERNMENT OR WILL ALASKANS RETAIN IT AND IN TURN PROVIDE
BENEFITS TO THE ALASKAN ECONOMY THROUGH THE MARKET PLACE.

THANK YOU FOR THE OPPORTUNITY TO TESTIFY ON THIS BILL TODAY.
I LOOK FORWARD TO THIS COMMITTEES ACTION.

#

INTRODUCTION OF BILLS (House)

Imitation
Controlled
Substances

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 10, (see pages 28 and 134). The major change in the bill is elimination of lengthy section on forfeitures. Instead provides that property used during or in aid of a violation of laws regulating imitation controlled substances may be forfeited to the state to the extent permitted under laws regulating controlled substances (AS 17.30--see AS 17.30.110, Forfeitures).

The Sponsor Substitute would add "Imitation Controlled Substances Act" to Title 11 (Criminal Law) rather than to Title 17 (Food and Drugs).

Replaces the term "distribute" with "deliver" throughout the bill (e.g. "Delivery of an Imitation Controlled Substance to a Minor"). Definition reads "the actual, constructive, or attempted transfer from one person to another of an imitation controlled substance, whether or not there is an agency relationship."

Adds the following to the list of illegal imitation drugs contained in original bill: lidocaine; procaine; tetracaine; dyclonine; acetaminophen; salicylamide; doxylamine; diphenhydramine; pheniramine; chlorpheniramine; pyrilamine. Would also make possession or delivery of a salt of an imitation controlled substance illegal.

Introduced February 11 and referred to Judiciary and Finance.

Motor Fuel
Tax
(repeal of)

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 40, (see page 40), by Hayes, Martin, Lindauer, Tischer and Barnes. Would only repeal the state motor fuel tax (AS 43.40), retroactive to January 1, 1983, and applying to tax years beginning after December 31, 1982. Directs the Dept. of Revenue to adopt regulations providing for refunds of motor fuel taxes collected after December 31, 1982. Effective immediately. Original HB 40 also repealed the Permanent Fund Dividend Program and the \$100 tax credit for campaign contributions--see p. 40.

Introduced February 11 and referred to Transportation and Finance.

Permanent Fund
Dividend Prog.
(repeal of)

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 85, (see page 55), by Szymanski. Adds new section to original version of bill amending the law relating to the disposition of income of the Alaska Permanent Fund. Provides that annually an amount sufficient to offset inflation on the principal of the Permanent Fund shall be transferred from net income to the principal of the Fund for reinvestment (deletes language that now excludes income on the Undistributed Income Account). Provides the balance of the net income shall be transferred to the Undistributed Income Account "and then shall be returned to the principal of the Alaska permanent fund to be treated as principal of the permanent fund in all respects." (The law currently provides: "The balance of the net income . . . shall be transferred to the undistributed income account in the Alaska permanent fund. Money in the undistributed income account shall be invested in investments authorized under AS 37.13.120. Income from the investment of the undistributed income account shall be treated as an addition to that account.")

INTRODUCTION OF BILLS (House)

HB 39, (cont'd)

counseling, adoption assistance, maternity home and foster home care, postnatal care and parenting skills. Would require persons providing services to be licensed if required by the Department. Provides Act takes effect immediately.

Introduced January 17 and referred to Health, Education and Social Services, then to Finance.

Revenue &
Tax Laws
(repeal of
certain)

HOUSE BILL NO. 40. by Hayes, Martin, Lindauer and Tischer. Would repeal certain state revenue and taxation laws: AS 43.20.013(a) (Alaska Net Income Tax Act. Individual Tax Credits.--allows a \$100 tax credit for campaign contributions); AS 43.23 (Permanent Fund Dividends.--would repeal the Permanent Fund Dividend program); AS 43.31 (Alaska Estate Tax); AS 43.40 (Motor Fuel Tax). Amends certain statutory references to the Permanent Fund Dividend program and the estate tax. Amends section of law relating to the choosing of a jury that allows use of the list of person who filed for a Permanent Fund dividend, deleting reference to the Permanent Fund. Provides Act is retroactive to January 1, 1983 and applies to tax years beginning after December 31, 1982. Provides Act takes effect immediately.

Introduced January 17 and referred to State Affairs, then to Finance.

Municipal
Roads
(state aid)

HOUSE BILL NO. 41. by Lacher, Larson, Phillips, Szymanski and Tischer. Would increase the amount of state aid to municipalities for road maintenance from \$2,500 a mile to \$3,500 a mile for each mile of road, street or highway maintained by the municipality (amends AS 29.89.020(a) to so reflect). Also would amend a new Municipal Code when enacted by the Thirteenth Legislature (see SB 1, page 1). Provides Act takes effect July 1, 1983, and provides payments of state aid shall start during the fiscal year beginning July 1, 1983.

Introduced January 17 and referred to Community & Regional Affairs, Transportation, then to Finance.

Population
Determination
(state aid)

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 42. by Lacher and Larson. Relates to the determination of population for purposes of calculating amounts of state aid. Adds new language to AS 29.88.015 (Municipal Tax Resource Equalization. Determination of Population) and AS 29.89.060 (State Aid for Miscellaneous Municipal Purposes. Population Determination) to provide that the population does not include an individual who is employed in the taxing unit or area for which the determination is made but whose primary place of residence is outside the area, regardless of the amount of time that individual spends in the taxing unit. The bill would amend the existing Municipal Code (AS 29), as well as a new Municipal Code (see SB 1, page 1) when enacted by the Thirteenth Legislature. Provides Act takes effect July 1, 1983.

Big State Equipment Company

P.O. Box 1540 • Fairbanks, Alaska 99707
Phone (907) 456-6367

FEB 22 1983

February 10, 1983

To All Legislators
Pouch V
Juneau, Alaska 99803

Representative Cato

Dear Legislator:

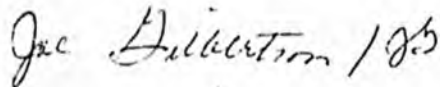
We are a Tesoro distributor in Fairbanks and we are quite concerned about the present statutes, regulations, and various forms that are involved with motor fuel tax.

We simply feel that present laws and regulations are out of line. What has been created here is a mountain of paper work that is quite simply "uncalled for".

We understand that there is a house bill (40) that would eliminate this tax all together. We would like to see this passed and that the present law not be implemented until the 1985 legislators review it.

Thank you for your consideration in this matter.

Yours truly,



H.L. (Joe) Gilbertson

General Fund Unrestricted Revenues

In Thousands of Current Dollars

	FY 1982 Actual <u>January</u>	FY 1983 Estimate <u>January</u>	FY 1984 Estimate <u>January</u>	FY 1985 Estimate <u>January</u>
<u>Taxes</u>				
<u>Income</u>				
Corporate-General	34,800	-0-	-0-	-0-
Corporate-Petroleum	668,900	-0-	-0-	-0-
Corporate (1)	-0-	235,000	272,000	295,000
<u>Gross Receipts</u>				
Alaska Business License	5,500	5,800	6,000	6,300
Fish-Canned Salmon	8,600	5,000	5,000	5,000
Fish-Shorebased	8,700	9,000	9,000	9,000
Fish-Floating	5,500	5,500	5,500	5,500
Seafood Marketing (2)	-0-	1,000	1,000	1,000
Salmon Enhancement	2,400	2,400	2,400	2,400
Insurance Companies	12,500	14,500	17,000	20,000
Electric and Telephone Co-ops	1,200	1,300	1,300	1,300
Mining License Tax	200	200	200	300
<u>Severance</u>				
Oil & Gas Production(3)(4)	1,581,100	1,528,800	1,197,300	1,219,700
Oil & Gas Conservation	600	800	700	700
<u>Property</u>				
Oil & Gas(5)(6)	142,700	148,600	153,200	158,000
<u>Sale/Use</u>				
Alcoholic Beverages	9,000	12,000	12,500	13,000
Fuel Taxes-Aviation	6,300	5,100	5,400	5,500
Fuel Taxes-Highway	20,300	21,000	22,000	23,000
Fuel Taxes-Marine	3,700	3,800	4,000	4,200
Tobacco Products	1,900	2,000	2,000	2,000
<u>Other</u>				
Estate	300	500	500	500
Total Taxes	<u>2,514,200</u>	<u>2,002,300</u>	<u>1,717,000</u>	<u>1,772,400</u>
<u>Licenses & Permits</u>				
<u>Business</u>	10,800	11,000	12,000	12,500
<u>Non-Business</u>	13,000	13,000	13,500	14,000
Total Licenses & Permits	<u>23,800</u>	<u>24,000</u>	<u>25,500</u>	<u>26,500</u>
<u>Intergovernmental Receipts</u>				
<u>Federal Shared Revenues(7)(8)(9)</u>	<u>21,700</u>	<u>26,600</u>	<u>10,000</u>	<u>10,000</u>
<u>State Resource Revenue</u>				
<u>Sale/Use</u>				
Bonus Sales(7)(10)(11)	5,000	26,100	-0-	-0-
Investment Earnings(12)	324,700	300,000	100,000	100,000
Rents(7)(10)(11)	3,500	4,000	4,000	4,000
Royalties(4)(7)(13)	1,157,300	1,119,400	883,500	912,000
Sale of State Property	5,200	5,500	5,500	5,500
Gravel, Timber, etc.(14)	1,200	5,500	2,000	2,000

Sales/Use Taxes

FUEL

Tax is levied on aviation fuel, highway fuel, and marine fuel at the following rates. (AS 43.40)

- Aviation fuel: 4¢ per gallon on aviation gas and 2 1/2¢ per gallon on aviation jet fuel.
- Highway fuel: Gasoline and diesel fuel is taxed at the rate of 8¢ per gallon. "Off-highway" users may claim a refund of 6¢ per gallon on motor fuel within one year of purchase if the 8¢ tax was paid.
- Marine fuel: Rate is 5¢ per gallon for fuel used in engines for the propulsion of boats and watercraft.

Due Date

By last day of month for prior month

Allocation

General Fund

(Administered by the Department of Revenue.)

ALCOHOLIC BEVERAGE

Tax rates are based on alcoholic content: Malt beverages (1% or more alcohol) \$0.25 per gallon; wine (21% or less alcohol) \$0.60 per gallon; hard liquor (more than 21% alcohol) \$4.00 per gallon. (AS 43.60)

Due Date

By last day of month for prior month

Allocation

General Fund

(Administered by the Department of Revenue.)

CIGARETTE

A tax of 4 mills is levied on each cigarette imported or acquired in the state. Additional license fees follow. (AS 43.50)

Manufacturers	\$5
Vending Machine Operator	\$25
Direct-Buying Retailer	\$25
Buyer	\$25
Distributor	\$50

HB

41

STATUS/SCOPE OF LEGISLATION

ISSUE: Relating to State aid to municipalities for roads

SPONSORS: Lacher, Larson, Phillips, Szymanski, and Tischer

CURRENT STATUS: Transportation; (C&RA); Finance

FISCAL IMPACT: \$ 3,185.8

REPRESENTATIVE	A. Comm. Vote	B. Statutory/Tech.	C. Supp. -Memo	D. Opp. -Memo	E. Vote
ABOOD					
ADAMS					
BARNES					
BETTISWORTH					
BUSSEL					
CATO					
CLOCKSIN	no recom.				
COWDERY					
DAVIS					
DUNCAN					
FLOOD					
FRITZ	no recom.				
FULLER					
FURNACE					
GOLL					
GRUSSENDORF					
HAYES					
HERRMAN					
HURLBERT					
KOPONEN					
LACHER	do pass		X		
LARSON					
LINDAUER					
LYSKA					
MALONE					
MARTIN					
MCBRIDE					
MILLER					
MILLER(NP)					
PESTINGER					
PHILLIPS	do pass				
RINGSTAD					
SHULTZ					
SZYMANSKI	do pass				
TISCHER	do pass				
UEHLING					
VASKA					
WARD					
WENDTE					
ZHAROFF					

Assume Rep. Lacker
will be testifying
on HB 41

— from staff
didn't have me
contact anyone
else

Alaska State Legislature

House of Representatives

Committee on Transportation

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-4858

Rep. Bette Cato, Chairman

Tuesday, March 22, 1983

HB 41: Relating to state aid to municipalities for roads; and providing for an effective date.

BY- Lacher, Larson, Phillips, Szymanski and Tischer

Would increase the amount of state aid to municipalities for road maintenance from \$2,500 a mile to \$3,500 a mile for each mile of road, street or highway maintained by the municipality (amends AS 29.89.020 (a) to so reflect). Also would amend a new Municipal Code when enacted by the Thirteenth Legislature. Provides Act takes effect July 1, 1983, and provides payments of state aid shall start during the fiscal year beginning July 1, 1983.

Referred back to the House on February 8, 1983 by Community & Regional Affairs with the majority of the committee recommending it do pass. Not concurring: Fritz and Clocksin signed "no recommendation".

(Do Pass: Lacher, Tischer, Szymanski, Phillips)

Material in folder

HB 41

Memo to C&RA Committee

Memo from Rep. Lacher - Position Paper

Memo from . . . Road Maintenance Costs from House Research

Memo from . . . AK Municipal League

Statutes

Fiscal Note



Official Business

Alaska State Legislature

House of Representatives

Committee on

Community & Regional Affairs

Pouch V
State Capitol
Juneau, Alaska 99811

TO: House C & RA Committee Members
FROM: Staff
SUBJECT: House Bill 41

AS. 29.89.020 provides \$2,500 per road mile to municipalities that maintain roads excluding the official state highway system (state maintained) and roads maintained under the local service roads and trails program.

The amount of \$2,500 per road mile of maintainance was established by the Legislature in 1980. There has been no increase in the amount authorized in recognition of inflation in the cost of maintaining roads.

According to figures provided by the Department of Transportation and Public Facilities, they requested an average of \$9,300 per mile for maintenance of state roads in FY 83.

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

POUCH B
JUNEAU, ALASKA 99811
PHONE: (907) 465-4103

Position Paper

Re: HB 41

Sponsor: Representative Lacher

Programs Effects

This Bill would increase the per mile amount distributed for road maintenance under the Municipal Revenue Sharing program. It would raise it from \$2500 per mile to \$3500 per mile.

Comments

The Department supports the intent of this bill to increase aid to communities. The Department would suggest an increase to the appropriation to the Municipal Revenue Sharing Fund if this bill were passed. For the current year Chapter 89 Revenue Sharing funds are prorated at 81% of the total each community is eligible for; if this bill were in place that proration factor would be approximately 75%. That would mean that Municipal Revenue sharing for other areas (Health Care, Volunteer Fire Departments, and Unincorporated Communities.) would be reduced to pay for increased assistance for roads if the appropriation were not increased.

Additionally, increasing the amount per mile of road could weight the formula disproportionately in favor of Municipalities located on the road system.

The bill should also be reviewed in light of other proposed changes in the Municipal Revenue Sharing program and projected funding over the next few years.



ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

Fourth Y, State Capitol
Juneau, Alaska 99811
(907) 465-3991

January 31, 1983

MEMORANDUM

TO: Representative Barbara Lacher
Attention: Bob Harris

FROM: Christine Johnson and Jonathan Sherwood
Research Staff

RE: Road Maintenance Costs
Research Requests 83-33

Bob Harris of your staff has requested the following information for hearings scheduled on HB 41. This bill would increase the amount municipalities receive from the State for road maintenance from \$2,500 to \$3,500 per road mile.

- (1) How would HB 41 affect the amount of money received for road maintenance in each election district?
- (2) How much did the State Department of Transportation and Public Facilities receive for road maintenance in FY 83?
- (3) What is the average cost of maintenance per road mile on roads maintained by the State?

Increase in Revenues by Election District

Table 1 on the following page shows the amount of money which would be received in each House district in FY 84 at \$2,500 per mile and at \$3,500 per mile. As the table indicates, municipalities would receive approximately \$11.1 million for road maintenance in FY 84 under HB 41. This compares to \$7.9 million which they could receive under the current program in FY 84, given full funding. The amounts shown on the table include a cost-of-living adjustment computed by the Department of Administration. State law (AS 29.89.070) currently requires that payments to municipalities under this program reflect area cost-of-living differentials.

Please note that where a municipality encompasses more than one House district we have combined those districts.

State Expenditures for Road Maintenance

According to Paul Harris, with the Department of Transportation and Public Facilities Maintenance and Operation Division in Anchorage,

Representative Lacher
January 31, 1983
Page No. 2

the approximate cost of State road maintenance can be obtained by adding the FY 83 appropriation for each region in the Maintenance and Operation Budget Request Unit of DOT/PF's budget (see FY 84 Executive Budget, page 481). The total for all regions, including the Dalton Highway is about \$56 million. According to Mr. Harris, the State is responsible for maintaining approximately 6,000 road miles. Based on this estimate, the average cost per road mile of maintaining State roads is \$9,300.

If you would like any additional information on this topic, please don't hesitate to contact us.

CJ:JS

TABLE I
Amount Which Would Be Received in Each Election District
for Road Maintenance in FY 84
at \$2,500 Per Mile and \$3,500 Per Mile
(Cost-of-Living Adjustment Included)

Election District		Miles of Road	\$2,500 Per Mile	\$3,500 Per Mile	Difference in Revenues
1	Ketchikan-Wrangell-Petersburg	39.28	\$ 99,795	\$ 139,712	\$ 39,917
2	Inside Passage-Cordova	53.85	143,671	201,134	57,463
3	Baranof-Chichagof	23.46	61,346	85,884	24,538
4	Juneau	59.44	148,600	208,040	59,440
5 & 6	Kenai Peninsula	590.35	1,596,029	2,234,436	638,407
7-15	Anchorage	590.91	1,477,275	2,068,185	590,910
16	Matanuska-Susitna	766.99	1,989,382	2,785,133	795,751
17	Interior Highways	32.81	104,637	146,488	41,851
18-21	Fairbanks Area	223.75	648,150	907,406	259,256
22	North Slope-Kotzebue	87.75	305,549	427,765	122,216
23	Norton Sound	52.47	180,806	253,125	72,319
24	Interior Rivers	152.24	526,712	737,396	210,684
25	Lower Kuskokwim	17.97	60,315	84,438	24,123
26	Bristol Bay-Aleutian Islands	147.46	477,002	667,798	190,796
27	Kodiak-East Alaska Peninsula	44.62	120,074	168,102	48,028
TOTAL ALL HOUSE DISTRICTS		2883.35	\$7,939,343	\$11,115,042	\$3,175,699

Source: House Research Agency, 1/83.

Alaska MUNICIPAL League

TELEPHONES
(907) 586-1325
586-6526

204 N. FRANKLIN ST.
JUNEAU, ALASKA 99801

February 1, 1983

to: House CRA Committee
from: Ginny Chitwood *Ginny*
re: HB 41 - State Aid to Municipalities for Roads

The Alaska Municipal League supports the adoption of HB 41, increasing state aid to municipalities for roads from \$2,500 a mile to \$3,500 a mile if the revenue sharing appropriation is increased to cover the increased entitlement. If the total appropriation is not increased, then municipalities will receive decreased funding in the other revenue sharing categories to make up for the road increases.

It has been three years since the allocation per mile has been increased. Needless to say, the cost of road maintenance has gone up considerably since then. At that time, it was estimated that the actual costs of maintaining a mile of road were between \$4,000 and \$8,000.

(2) to a Native village government under AS 29.89.050. (§ 3 ch 155 SLA 1980)

Sec. 29.89.020. State aid to municipalities for roads. (a) The department shall pay to a municipality which has power to provide for road maintenance and exercises that power, \$2,500 a mile for each mile of road, street or highway maintained by the local government, excluding (1) the official state highway system, (2) roads, streets or highways not dedicated to public use, (3) roads, streets or highways maintained under the local service road program (AS 19.30.111 — 19.30.251), and (4) alleyways, in accordance with regulations adopted by the Department of Transportation and Public Facilities. A payment may not be made under this subsection for maintenance of a road which is not used by automotive equipment.

(b) A frozen waterway and a connection from an inhabited area to a waterway which may be safely used for public transportation by automotive equipment and is so used during a portion of a year is eligible for a payment of \$1,500 per mile if the waterway and connection are maintained during the period of use by a municipality or combination of municipalities. The department, after consultation with the Department of Transportation and Public Facilities, shall determine which waterways and connections qualify and, where the waterways or connections lie outside the corporate limits of a municipality, which municipalities shall receive the payments under this subsection, unless the municipalities involved have agreed in writing to a particular distribution. (§ 3 ch 155 SLA 1980)

Sec. 29.89.030. State aid to municipalities and other eligible recipients for health facilities and hospitals. (a) The department shall pay

(1) to a municipality which has the power to provide hospital facilities and services and which exercises that power, \$1,000 per bed for each bed actually used for patient care, limited to the number of beds provided for in the construction design of the hospital, or \$250,000 a hospital for those hospitals with 10 or more beds, or \$50,000 a hospital for those hospitals with less than 10 beds, as the municipality may elect; money received under this paragraph may be used only for hospitals and shall be apportioned among qualifying hospitals as the municipality determines;

(2) on the basis set out in (1) of this subsection to a municipality for a nonprofit hospital not operated by a municipality if the municipality first certifies to the department that the nonprofit hospital is in compliance with all standards for hospitals which have been adopted by the municipality; money may not be paid on behalf of a nonprofit hospital without this certification; payments to the municipality shall be transferred to the nonprofit hospital in accordance with the basis by which the payment was generated by the hospital, and shall be applied to the

THE LEGISLATURE OF THE STATE OF ALASKA
THIRTEENTH LEGISLATURE

FISCAL NOTE

I. REQUEST HB 41
 Bill/Resolution No. _____
 Title " State aid to municipalities for roads... "
 Requested by Representative Lacher Date 1/31/83

II. FISCAL DETAIL
 Agency Affected Community & Regional Affairs
 Program Category Affected Development
 BRU, Program, Or Subprogram(s) Affected Local Government Assistance-Grants
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		\$3,185.8	3,345.1	3,512.4		

FUNDING (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
GENERAL FUND		3,185.8	3,345.1	3,512.4		
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
FULL TIME						
PART TIME						
TEMPORARY						

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

This bill would increase the amount Municipalities receive from State Aid (AS 29.89) for road maintenance.

The above projections are based on the currently approved 2883.35 road miles and incorporates the COLA for all the areas. They reflect the difference between the current \$2500 per mile and the proposed \$3500 per mile.

IV. DATE 1/31/83 PREPARED BY T. Farley
 AGENCY Community & Regional Affairs
 PHONE 465-4730

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/82)

OMB Reviewed by: Sana Efird *SE*

HA B

55

1 IN THE HOUSE

BY MARTIN AND GRUSSENDORF

2

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 55

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act decreasing the motor fuel tax to offset tax
7 increase by federal government, repealing motor fuel
8 tax refund provisions; and providing for an effective
9 date."

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

11

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

12

(a) There is levied a tax of three [EIGHT] cents a gallon on all

13

motor fuel sold or otherwise transferred within the state, except that

14

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

15

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

16

descriptions is five cents a gallon, and

17

(3) the tax on all aviation fuel other than gasoline is two

18

and one-half cents a gallon.

19

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

20

(b) There is levied a tax of three [EIGHT] cents a gallon on all

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motor fuel consumed by a user, except that

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

23

gallon,

24

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

25

descriptions is five cents a gallon, and

26

(3) the tax on all aviation fuel other than gasoline is two

27

and one-half cents a gallon.

28

* Sec. 3. AS 43.40.030, A 43.40.035, ~~43.40.040~~, 43.40.050, 43.40.060,

29

43.40.070 and 43.40.080 ~~are~~ repealed.

A M E N D M E N T

OFFERED IN THE HOUSE:

By: TRANSPORTATION

To: CHIEF CLERK'S OFFICE HOUSE BILL No. SSHE 55

SENATE BILL No. _____

PAGE: 1

LINE: 28 & 29

Leave in AS 43.40.030(a)
Delete all other AS numbers

AMENDMENT

OFFERED IN THE HOUSE:

By: Transportation

4 To: Chief Clerk HOUSE BILL No. SSSB 55

SENATE BILL No. _____

PAGE: 1

LINE: 28 & 29

Delete lines 18 and 29

Insert: *Sec. 3. AS 43.40.030(a) is repealed.

STATE OF ALASKA
DEPARTMENT OF REVENUE

MEMORANDUM

TO: The Honorable Representative Robert Bettisworth

FROM: Robert R. Kessel
Director, Audit Division *RR*
Department of Revenue

RE: Amendments to Motor Fuel Law

DATE: February 16, 1983

The Department of Revenue has conducted public meetings with motor fuel dealers and other interested parties in Fairbanks, Anchorage and Juneau. In the opinion of the Department of Revenue, if the following changes could be made to Chapter 40, Title 43 of the Alaska Statutes, the motor fuel dealers would feel satisfied with the existing law.

1. Eliminate the certificate of use requirement, in total, for fuel used exclusively for heating a private residence.
2. Eliminate the certificate of use requirement, in total, for fuel which is at least 10% alcohol by volume.
3. Require only an annual certificate of use for almost all other exempt sales, reserving some discretionary judgement for exempt sales handled on an individual basis under sub-paragraph (K) of Section 43.40.100(2).

In addition we believe that motor fuel dealers should be granted a 1% commission, limited to \$100, to compensate them for collecting the tax and for the demands required in maintaining records. Alaska currently allows a commission for cigarette taxes and most other states have similar provisions. I believe the motor fuel dealers would, obviously, like this change. For example, application would be as follows:

<u>Tax To Be Remitted</u>	<u>Commission</u>
\$ 600	6 (1%)
5,000	50 (1%)
10,000	100 (1%)
20,000	100 (1%-limited to \$100)

dealers extra work and yet would not be costly to the state.
There are a limited number of dealers.

The recommended change to AS 43.40, per attached Exhibit 1, would provide for the above recommendations; the changes could very well be incorporated into Senate Bill 117 (By the Rules Committee by Request of the Governor) which is "An Act making technical amendments relating to state taxation."

AS 43.40.010(c) is amended to read:

(c) Every dealer who sells or otherwise transfers motor fuel in the state shall collect the tax at the time of sale, and remit the total tax collected during each calendar month of each year to the Department of Revenue by the last day of each succeeding month. Every user shall likewise remit the tax accrued on motor fuel actually used by him during each month. If the monthly tax return is timely filed, one percent of the total monthly tax due, limited to a maximum of \$100, can be deducted and retained to cover the expense of accounting and filing the monthly tax return. At the time the remittance is made, each dealer or user shall submit a statement to the Department of Revenue showing all [MOTOR] fuel which he has distributed or used during the month.

AS 43.40.010(1) is amended to read:

(1) If a dealer has a reasonable belief at the time of sale or transfer that fuel that is sold or transferred is not to be used as motor fuel, the dealer need not collect the motor fuel tax. If the tax is not collected, the dealer shall obtain a certificate of use from the buyer or transferee stating that the fuel that has been or will be purchased or received is not intended for use as motor fuel. The Department of Revenue may not collect the motor fuel tax from a dealer for fuel for which a certificate of

use has been properly obtained under this subsection. A Certificate of use is not required for fuel used to heat a private residence or for fuel which is at least 10% alcohol by volume. An annual certificate of use is required for all other exemptions, as listed under AS 43.40.100(2), except sub-paragraph (K) where certificate of use needs will be determined by the Department of Revenue. The dealer shall retain a copy of each certificate of use obtained under this subsection for examination or audit on request by the Department of Revenue. The form of a certificate of use may be prescribed by regulation adopted by the Department of Revenue.

AS 43.40.035(a) is amended to read:

(a) A person who resells fuel on which the tax under AS 43.40.010(a) or (b) was previously paid is entitled to a credit or refund of the tax if (1) the resold fuel is not motor fuel and the requirements prescribed by AS 43.40-.010(L) have been fulfilled [A CERTIFICATE OF USE IS ACQUIRED UNDER AS 43.40.010(1)]; or (2) the amount of tax previously paid exceeds the tax due on the resale. The amount of the credit or refund under this section is equal to the amount of tax previously paid on the resold fuel less the amount of tax prescribed by AS 43.40.010(a) or (b).

AS 43.40.100 IS AMENDED TO INCLUDE:

(L) fuel used in stationary power plants that generate electrical energy for commercial enterprises;