
STATE HIGHWAY FUNDING METHODS

An Analysis and Update

Prepared by:

THE ROAD INFORMATION PROGRAM (TRIP)
1899 L Street N.W.
Washington, D.C. 20036
202/466-6706

SEPTEMBER 1982

The Road Information Program (TRIP) of Washington, D.C., researches, evaluates and distributes economic and technical data on transportation issues. TRIP is a non-profit agency sponsored by insurance companies, motor vehicle manufacturers, energy companies, highway contractors, construction equipment manufacturers and suppliers, and businesses involved in highway engineering, construction and financing.

STATE MOTOR-FUEL TAX RATES
(as of August 1, 1982)

NOTE: States with percentage or variable tax rates have been computed on a cents-per-gallon basis for this chart. The total gas tax paid column shows the actual cost to the user -- without attempt to indicate how much of the revenue raised by these taxes goes for highway uses.

<u>STATE</u>	<u>CURRENT GAS TAX</u>	<u>SALES OR FRANCHISE TAX ON GAS</u>	<u>TOTAL GAS TAXES PAID</u>	<u>GAS TAX LAST CHANGED</u>	<u>CURRENT DIESEL TAX</u>
Alabama	11¢	--	11¢	1980 - from 7¢	12¢
Alaska	8¢	--	8¢	1961 - from 7¢	8¢
Arizona	10¢	--	10¢	7/1/82 from 8¢	10¢
Arkansas	9.5¢	--	9.5¢	1979 - from 8.5¢	10.5¢
California	7¢	6.2¢	13.2¢	1963 - from 6¢	7¢
Colorado	9¢	--	9¢	1981 - from 7¢	9¢
Connecticut	11¢	--	11¢	1976 - from 10¢	11¢
Delaware	11¢	--	11¢	1981 - from 9¢	11¢
District of Columbia	14¢	--	14¢	6/1/82 from 11¢	14¢
Florida	8¢	--	8¢	1971 - from 7¢	8¢
Georgia	7.5¢	3.6¢	11.1¢	1971 - from 6.5¢	7.5¢
Hawaii	8.5¢	5.2¢	13.7¢	1975 - from 5¢	8.5¢
Idaho	12.5¢	--	12.5¢	7/1/82 from 11.5¢	12.5¢
Illinois	7.5¢	6.1¢	13.6¢	1969 - from 6¢	7.5¢

<u>STATE</u>	<u>CURRENT GAS TAX</u>	<u>SALES OR FRANCHISE TAX ON GAS</u>	<u>TOTAL GAS TAXES PAID</u>	<u>GAS TAX LAST CHANGED</u>	<u>CURRENT DIESEL TAX</u>
Indiana	11.1¢	5¢	16.1¢	1981 - from 8¢ + 4¢	11.1¢
Iowa	13¢	--	13¢	1981 - from 10¢	13.5¢
Kansas	8¢	--	8¢	1976 - from 7¢	10¢
Kentucky	10¢	--	10¢	1980 - from 9¢	10¢
Louisiana	8¢	--	8¢	1969 - from 7¢	8¢
Maine	9¢	--	9¢	1971 - from 8¢	9¢
Maryland	11¢	--	11¢	6/1/82 from 9¢	11¢
Massachusetts	10.8¢	--	10.8¢	1980 - from 8.5¢	10.8¢
Michigan	11¢	4.8¢	15.8¢	1978 - from 9¢	11¢
Minnesota	13¢	--	13¢	1981 - from 11¢	13¢
Mississippi	9¢	6.2¢	15.2¢	1973 - from 8¢	10¢
Missouri	7¢	--	7¢	1972 - from 5¢	7¢
Montana	9¢	--	9¢	1979 - from 8¢	11¢
Nebraska	13.7¢	--	13.7¢	1980 - from 10.5¢	13.7¢
Nevada	9¢	--	9¢	1981 - from 6.5¢	9¢
New Hampshire	14¢	--	14¢	1981 - from 11¢	14¢
New Jersey	8¢	--	8¢	1972 - from 7¢	8¢
New Mexico	10¢	--	10¢	1981 - from 8¢	10¢

<u>STATE</u>	<u>CURRENT GAS TAX</u>	<u>FRANCHISE TAX ON GAS</u>	<u>GAS TAXES PAID</u>	<u>GAS TAX LAST CHANGED</u>	<u>CURRENT DIESEL TAX</u>
New York	8¢	4.8¢	12.8¢	1972 - from 7¢	10¢
North Carolina	12.25¢	--	12.25¢	1981 - from 9.25¢	12.25¢
North Dakota	8¢		8¢	1977 - from 7¢	8¢
Ohio	11.7¢	--	11.7¢	1981 - from 7¢	11.7¢
Oklahoma	6.58¢	--	6.58¢	1949 - from 5.5¢	6.5¢
Oregon	8¢	--	8¢	1/1/82 from 7¢	8¢
Pennsylvania	11¢	3.7¢	14.7¢	1979 - from 9¢	11¢
Rhode Island	12¢	1.2¢	13.2¢	1981 - from 10¢	12¢
South Carolina	13¢	--	13¢	1981 - from 11¢	13¢
South Dakota	13¢	--	13¢	1981 - from 12¢	13¢
Tennessee	9¢	--	9¢	1981 - from 7¢	12¢
Texas	5¢	--	5¢	1955 - from 4¢	6.5¢
Utah	11¢	--	11¢	1981 - from 9¢	11¢
Vermont	11¢	--	11¢	1981 - from 9¢	14¢
Virginia	11¢	3.6¢	14.6¢	1980 - from 9¢	13¢
Washington	12¢	--	12¢	1981 - from 12¢	12¢
West Virginia	10.5¢	--	10.5¢	1978 - from 8.5¢	10.5¢
Wisconsin	13¢	--	13¢	1981 - from 9¢	13¢
Wyoming	8¢	--	8¢	1976 - from 7¢	0

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

POUCH 5
JUNEAU, ALASKA 99801
PHONE: (907) 465-2300

March 4, 1983

The Honorable Bette Cato
Representative
Alaska State Legislature
Pouch V
Juneau, AK 99811

RE: Motor Fuel Special Tax Accounts -
Your Request of Mr. Robert Kessel

Dear Representative Cato:

You requested certain information from Mr. Kessel during the March 2, 1983 hearing relating to various motor fuel bills. The information has been somewhat difficult to compile but I hope what I present herein is adequate. If not, please feel free to call me and we will make additional efforts.

Our qualified conclusion is that even though specific accounts are provided for in the motor fuel statutes (AS 43.40.010), the legislature does not, in fact, correlate appropriations to the amount in the accounts. In other words, appropriations for water and harbor facilities, maintenance of highways, etc. are not limited to the amounts accumulated in the special accounts. As will be demonstrated, monies appropriated come partly from the special accounts and partly from other General Fund monies.

Our contacts during this mini-project have been the Finance Section of the Department of Administration and the Finance Section of the Department of Transportation.

REVENUES - FUEL TAX ACCOUNTS

Gross receipts deposited as unrestricted revenues in the General Fund, and designated as unreserved special accounts in the General Fund (thousands of dollars) are as follows:

	<u>Actual FY 81</u>	<u>Actual FY 82</u>	<u>Estimated FY 83</u>	<u>Three Year Total</u>
Fuel Taxes - Aviation	\$ 4,100	\$ 6,300	\$ 5,100	\$15,500
Fuel Taxes - Highway	15,600	20,300	21,000	56,900
Fuel Taxes - Marine	3,600	3,700	3,800	11,100

APPROPRIATIONS - FUEL TAX ACCOUNTS

Included within the General Fund appropriations for the operating and capital expenses of the state government were the following amounts from the above unreserved special accounts (thousands of dollars):

	<u>Actual FY 81</u>	<u>Actual FY 82</u>	<u>Actual FY 83</u>	<u>Three Yr Total</u>
Aviation Fuel Tax Acct.	\$ 3,700	\$ 4,300	\$ 4,500	\$13,500
Highway Fuel Tax Acct.	19,000	20,200	18,500	57,700
Watercraft Fuel Tax Acct.	3,200	3,300	3,800	10,300

The amounts shown for the highway fuel tax and the aviation fuel tax accounts were included in the appropriations from the General Fund for the Operating Budget. The amounts shown for the watercraft fuel tax account were included in the appropriations from the General Fund for the capital budget for water and harbor facilities. The original capital budget for FY 1983 for ports and harbors appropriated from the General Fund was \$4,707,000. Included in this is the \$3,300,000 from the watercraft fuel tax account.

EXPENDITURES FROM FUEL TAX ACCOUNTS

The General Fund summary of expenditures and encumbrances compared with appropriations for the operating programs of the Department of Transportation and Public Facilities supports the previous statement made in this memo regarding lack of correlation. Example: The line item amount for Highway Design & Construction expenditures and encumbrances for FY 1982 was \$39,577,000. Included in this would be the \$20,200,000 appropriated from the highway fuel tax account in the General Fund. The balance of this line item expenditure apparently came from other General Fund monies.

The General Fund summary of expenditures and encumbrances compared with appropriations for the capital outlay projects of the Department of Transportation & Public Facilities further supports our statement. Example: The total expenditures for capital outlay projects for the Department of Transportation & Public Facilities for FY 1982 was \$46,742,000. Included in this was the \$3,300,000 appropriated from the watercraft fuel tax account. The balance of the expenditure came from other General Fund monies.

CONCLUSION

It would require many hours of work to match the actual expenditures for highway, airport, and port & harbor facilities against the appropriations from the unreserved highway, aviation and watercraft fuel tax accounts in the General Fund. Since these funds are not restricted in the General Fund or

The Honorable Bette Cato
March 4, 1983
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set aside in a Special Revenue Fund, they are always included in the general appropriations made from the General Fund for airports, highways, and port & harbors operating and capital budgets.

QUALIFICATION

Please bear in mind that the above is from the limited perspective of this Department. If the Committee has more specific questions pertaining to federal matching funds, the Department of Revenue would defer to the Department of Transportation, or the Office of Management and Budget for a more comprehensive explanation of the funding formulas.

Sincerely,



Robert D. Heath
Commissioner of Revenue

RDH/RRK/gb

AS 43.40.100 IS AMENDED TO INCLUDE:

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

Rec'd
HB 55

HOUSE BILL NO. 55 by Martin and Grussendorf, entitled:

"An Act decreasing the motor fuel tax to offset tax increase by federal government; and providing for an effective date."

was read the first time and referred to the Transportation and Finance Committees.

H.B. 55 - Revenue

Who would Revenue like to send
over to testify for hearings, testimony?

Need names of people to contact
if bill should be pulled at
last minute for hearing

STATE OF ALASKA
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: SS HB 55 Date on Bill: 2/4/83
 Title: "An Act decreasing the motor fuel tax."
 Sponsor: Martin, Grussendorf
 Requestor: Transportation

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86
Capital				
Operating				
Total				

b. Revenues:

Revenue	(2.0 mil.)	(17.0 mil.)	(10.0 mil.)
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2. Source of funds to offset fiscal impact of bill:

3. Assumptions:

The proposed bill reduces the tax on motor fuel, thus reducing General Fund revenues. Only AS 43.40.030(a) needs to be repealed.

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 Beliefed, Spec. Asst. Phone: 465-2300
 Division: Comm. Office Date: 2/22/83
 Approved by Commissioner: Robert D. Heath Date: 2/22/83
 Department: Revenue

5. Distribution:

Original to Legislative Finance
 Copy to OMB
 Copy to Sponsor
 Copy to Requestor

2/15/83

SSH B 40

*Hayes, Martin
Kandauer, Tischer,
Barnes*

BILL COMPARISON

.SSH B 55 *Martin, Grussendorf*

HB 150 *Zharoff, Grussendorf*

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

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.

An Act decreasing the motor fuel tax to offset tax increase by federal government, repealing motor fuel tax refund provisions; and providing for an effective date

Lowers motor fuel tax to 3¢ per gallon, and repeals motor fuel tax refund provisions contained in the following statutes:

--AS 43.40.030 "Refund for Nonhighway Use," allows six-cent-per-gallon refund on any tax paid for fuel used for a vehicle which is not operated on highways in the state (does not apply to aviation fuel and watercraft fuel). Allows total refund on that part of the fuel sold for non-highway use in a foreign country.

--AS 43.40.035 "Other Refunds and Credits," which allows a person who resells fuel on which the motor fuel tax was previously paid to receive a refund of the tax.

--AS 43.40.050 "Refund Claim by Affidavit," containing procedure for claiming refund of motor fuel tax by filing an affidavit with the Dept. of Revenue.

--AS 43.40.060 "Separate Invoices," which allows the Dept. of Revenue to require separate invoices for fuel sold, distributed, or transferred when the invoices will be the basis for a refund claim.

-continued-

An Act repealing the tax on motor fuel used in or on watercraft; and providing for an effective date.

Would repeal the 5¢ per gallon tax on motor fuel tax used in or on watercraft.

--AS43.40.070, "Refund Warrants," directs the Dept. of Revenue, upon approval of a refund claim, to issue a warrant drawn on the Highway Fuel Tax Account in favor of the applicant in the amount of the claim.

--AS 43.40.080, "Examination of Books and Records," allows the Dept. of Revenue to examine a claimant's books and records to determine validity of a claim for refund.

Note: bill also includes repealer for AS 43.40.040, "Applications and Permits for Refund," however this section was repealed in 1980 by Sec. 45 of Ch. 113, SLA 1980. (Required person seeking refund to obtain a permit from the Dept. of Revenue.)

Fiscal Note Info.: The proposed bill reduces the tax on motor fuel, thus reducing General Fund revenues -

FY 83 - 2.0 mill.

FY 84 - 17.0 mill.

FY 85 - 10.0 mill.

Only AS 43.40.030(a) needs to be repealed

Fiscal Note Info.: Shows a loss of revenues in the General Fund as follows:

FY 83 - 0

FY 84 - 3.2 mill.

FY 85 - 4.2 mill.

INSTRUCTIONS FOR THE CLAIM FOR REFUND OF MOTOR FUEL TAX
BY A RESELLER

GENERAL INFORMATION

The Claim for Refund of Motor Fuel Tax must be filed with the Department of Revenue or with your supplier (if an election has been properly made in accordance with AS 43.40.035 (b)) within one year from the date you sold or transferred the fuel as indicated on the invoice you issued. The claim must be supported by copies of the original invoices you issued to the purchaser of the fuel along with copies of the certificate of use you obtained from the purchaser.

1. Complete Form 04-536, Supporting Schedule for all exempt sales except sales of fuel for heating purposes. A list of all heating fuel accounts, except residential accounts, must be submitted with this claim for refund.
2. Complete Form 04-535, Claim for Refund of Motor Fuel Tax by a Reseller.
 - a. Line 1 thru 11 - Enter the gallonage sold by fuel type and distribution item from the Supporting Schedule(s).
 - b. Line 12 - Add lines 1 thru 11.
 - c. Line 13 - Enter the total number of gasoline gallons upon which you paid tax at 2¢ per gallon and sold for use in or on watercraft.
 - d. Line 14 - Enter the total number of diesel gallons upon which you paid tax at 8¢ per gallon and sold for use in or on watercraft.
 - e. Summary of Amount Claimed:

Line A. - Enter the gallonage from Line 12, column (a) and enter the refund claimed at 4¢ per gallon.

Line B. - Enter the gallonage from Line 12, column (b) and enter the refund claimed at 2 1/2¢ per gallon.

Line C. - Enter the gallonage from Line 12, column (c) and enter the refund claimed at 8¢ per gallon.

Line D. - Enter the gallonage from Line 12, column (d) and enter the refund claimed at 8¢ per gallon.

Line E. - Enter the gallonage from Line 12, column (e) and enter the refund claimed at 5¢ per gallon.

Line F. - Enter the gallonage from Line 12, column (f) and enter the refund claimed at 1¢ per gallon.

Line G. - Enter the gallonage from Line 13 and enter the refund claimed at 3¢ per gallon.

Line H. - Enter the gallonage from Line 14 and enter the refund claimed at 3¢ per gallon.

Line I. - Enter the total number of gallons on lines A thru H.

Line J. - Enter the total of refund amounts on Lines A thru H.
 - f. Signature - The claim must be signed by an officer or agent of the company. Failure to sign the claim will result in a denial of the refund.

THE FOLLOWING DOCUMENT(S) MAY NOT FILM
LEGIBLY BECAUSE OF POOR QUALITY OF THE
ORIGINAL.

Alaska Department of Revenue
Audit Division Excise Tax
Pouch SA
Juneau, Alaska 99811

CERTIFICATE OF USE FOR EACH SALE
Covering Purchases of Fuel Not Intended to be Used as Motor Fuel
AS 43.40.010

No.: _____

NAME OF SELLER	DATE OF SALE	NAME OF PURCHASER
MAILING ADDRESS	INVOICE NO.	MAILING ADDRESS
CITY, STATE, ZIP CODE	NO. OF GALLONS	CITY, STATE, ZIP CODE

TYPE OF FUEL: Aviation Gasoline Highway Gasoline Marine Gasoline
 Aviation Jet Fuel Highway Diesel Marine Diesel

My purchase of fuel is not subject to the Alaska Motor Fuel Tax because it is a: (check appropriate box)

- | | |
|--|--|
| <input type="checkbox"/> 1. Sale to a public utility plant or a non-profit power association. | <input type="checkbox"/> 5. Sale of fuel to a charitable institution. |
| <input type="checkbox"/> 2. Sale of jet fuel for use in a direct flight to a foreign country. | <input type="checkbox"/> 6. Sale of fuel consigned to a foreign country. |
| <input type="checkbox"/> 3. Sale of jet fuel to a common storage tank for use in a direct flight to a foreign country. | <input type="checkbox"/> 7. Sale of fuel which is at least 10% alcohol by volume. |
| <input type="checkbox"/> 4. Sale of blended jet fuel. | <input type="checkbox"/> 8. Sale of fuel for other exempt purpose as approved by the department. |

The undersigned understands that the fraudulent use of this certificate will subject the undersigned and all guilty parties, upon conviction, to a fine not to exceed \$25,000 or by imprisonment for not more than three years, or by both. The undersigned also understands that he must be prepared, upon request, to supply satisfactory evidence establishing the purpose for which the fuel was used.

I declare under penalty of perjury that I have examined this certificate and to the best of my knowledge and belief it is a true, correct and complete statement showing the manner in which the fuel will be used. I also certify that this fuel has not been delivered to a common storage tank servicing both taxable and non-taxable uses except bulk purchases of jet fuel by a person who exclusively flies directly from Alaska to a foreign country.

SIGNATURE OF PURCHASER OR REPRESENTATIVE

DO NOT SEND THIS FORM TO THE DEPARTMENT OF REVENUE
UNLESS YOU ARE A RESELLER CLAIMING A REFUND.

ALASKA DEPARTMENT OF REVENUE

INSTRUCTIONS FOR THE MONTHLY MOTOR FUEL TAX RETURN

1. Complete Form 04-541, Motor Fuel Tax Return, lines 1-4.

- a. Enter the total gallons of all taxable and non-taxable fuel sold or transferred during the month.
- b. Line 2 - Enter the total gallons of fuel you used during the month.
- c. Line 3 - Enter the total gallons of fuel exported out of Alaska, actual losses and use-conversion sales made during the month and any other distributions of fuel not entered on line 1 or line 2. NOTE: Use-conversion sales should be shown as a reduction in total highway gasoline or diesel and an increase in total marine gasoline or diesel sales. Example: The ABC Company purchased 1,000 gallons of highway gasoline and paid 6¢ per gallon tax in January and sold the fuel for use in or on watercraft. On its return for the month of February, the ABC Company will reduce its total highway gasoline sold by 1,000 gallons and increase its total sales of marine gasoline by 1,000 gallons. This will give the ABC Company the three cent per gallon difference in the tax rate paid. The Supporting Schedule, Form 04-543, must be attached to substantiate all use-conversion sales.
- d. Line 4 - Add Lines 1 thru 3.

2. Complete Form 04-543, Supporting Schedule, lines 1-18.

3. Complete Form 04-541, Motor Fuel Tax Return, lines 5 - 24.

- a. Line 5-18 - Enter all exempt distributions and losses from the Supporting Schedule, Form 04-543. NOTE: Do not enter any use-conversion sales here.
- b. Line 19 - Add lines 5 thru 18.
- c. Line 20 - Subtract line 19 from line 4.
- d. Line 21 - Multiply line 20, column (a) by 1¢.
- e. Line 22 - Multiply line 20, column (b) by 2 1/2¢.
- f. Line 23 - Multiply line 20, column (c) and (d) by 6¢.
- g. Line 24 - Multiply line 20, column (e) and (f) by 5¢.
- h. Total Tax - Add lines 21 thru 24.
- i. Penalty - If you do not file your return or pay the tax by the last day of the month following the month the fuel was sold or transferred, penalty is imposed at the rate of 5% per month or fraction of month.
- j. Interest - Any delinquent payment is subject to interest at 12% per annum.
- k. Total Amount - Add the total tax, penalty and interest. This is the amount due with the return.

1764

STATE OF ALASKA
DEPARTMENT OF REVENUE
STATE OF FICE BUILDING
POUCH SA
JUNEAU, ALASKA 99811

SEND ORIGINAL
DUPLICATE TO DEPT
OF REVENUE

CLAIM FOR REFUND OF MOTOR FUEL TAX

Name of Applicant _____ Date _____ 19__

Address _____ (STREET NO. OR P.O. BOX) _____ (CITY) _____ (STATE) _____ (ZIP CODE)

Business or Occupation _____ Permit No. _____

Business Location _____ (CITY) _____ (STATE)

A. SUMMARY OF GALLONS PURCHASED AND USED

1. Total gallons purchased from _____ 19__
to _____ 19__ per schedule B attached.

2. Deduct gallons used in licensed vehicles on which
no refund may be claimed _____

3. Net gallons used upon which refund is claimed, per
schedule A on back _____

B. SUMMARY OF AMOUNTS CLAIMED FOR REFUND

	AMOUNT CLAIMED	NET AMOUNT PAID ONLY
1. _____ Gas gallons claimed @ _____ ¢ per gallon	\$ _____	\$ _____
2. _____ Gas gallons claimed @ _____ ¢ per gallon	\$ _____	\$ _____
3. _____ Gas gallons claimed @ _____ ¢ per gallon	\$ _____	\$ _____
4. _____ Diesel gallons claimed @ _____ ¢ per gallon	\$ _____	\$ _____
5. _____ Diesel gallons claimed @ _____ ¢ per gallon	\$ _____	\$ _____
6. _____ Diesel gallons claimed @ _____ ¢ per gallon	\$ _____	\$ _____
7. _____ Total gallons (must agree with line A3 above)		\$ _____
8. Total amount claimed	\$ _____	
Adjustments _____		\$ _____
Net amount of refund _____		\$ _____

Claim Paid / / Voucher Number _____ Amount _____

NOTE: SCHEDULE A ON REVERSE SIDE MUST BE COMPLETED.

I affirm, under penalties of perjury, that I have full knowledge of the claim hereby presented, that the fuel was purchased on the dates and in the amounts shown on each invoice, that the fuel was used in the manner set forth and that none of the fuel on which a tax refund is claimed was used for operating or propelling an internal combustion engine in, or in conjunction with, a motor vehicle licensed to be operated on public ways and that no part of the tax refund herein claimed has heretofore been paid.

SIGNATURE _____ DATE _____ 19__
(DO NOT PRINT)

TITLE _____

FOR DEPARTMENT USE ONLY

PMD: _____	AUDITED BY _____
	APPROVED _____
	REJECTED _____

ALASKA DEPARTMENT OF REVENUE

INSTRUCTIONS FOR THE MONTHLY MOTOR FUEL TAX RETURN

SUPPLEMENTAL SCHEDULE

1. Check the applicable type of exemption or use. Do not combine two or more types of exempt sales on the same schedule. A separate schedule must be completed for each type of exempt sale.
2. Name of Purchaser - Enter the name of the agency, company, organization or person who purchased the fuel.
3. Type of Fuel - Indicate the type of fuel sold, e.g., highway gasoline, marine diesel.
4. Number of Gallons - Enter the number of gallons sold.

INSTRUCTIONS FOR THE CLAIM FOR REFUND OF MOTOR FUEL TAX
BY A RETAILER SUPPORTING SCHEDULE

1. Check the applicable type of sale. Note: A separate schedule must be completed for each of the sales type, e.g., Federal sales, heating fuel sales, etc.
2. Date of Sale - Enter the date of sale as indicated on the invoice.
3. Purchaser's Name - Enter the name of the agency, company or person to whom the fuel was sold.
4. Type of Fuel - Indicate the type of fuel sold, e.g., highway gasoline, marine diesel, etc.
5. Invoice Number - Enter the invoice number of the invoice issued to the purchaser.
6. Certificate of Use Number - Enter the number of the certificate of use obtained as verification as to the type of sale.
7. Number of Gallons - Enter the number of gallons sold.

STATE OF ALASKA
DEPARTMENT OF REVENUE
POUCH SA
JUNEAU, ALASKA 99811

MOTOR FUEL EXPORTATION CERTIFICATE
A.S. 43.40.010-100

DESCRIPTION OF MOTOR FUEL EXPORTED

FUEL TYPE	GALLONS EXPORTED	DATE EXPORTED	DESTINATION
HIGHWAY DIESEL			
HIGHWAY GASOLINE			
MARINE DIESEL			
MARINE GASOLINE			
JET FUEL			
AVIATION GASOLINE			

FUEL SUPPLIER'S NAME & ADDRESS _____

PURCHASER'S NAME & ADDRESS _____

Location from where the export occurred _____

Transportation equipment-vessel registration number _____

The undersigned understands that the fraudulent use of this certificate to secure exemption from the Alaska Motor Fuel Tax will subject the undersigned, upon conviction, to a fine not to exceed \$25,000 or to imprisonment for not more than three years or both.

SELLER'S SIGNATURE _____

DATE _____

PURCHASER'S SIGNATURE _____

DATE _____

This certificate shall be filed with the Department of Revenue by the last day of the month following the month the motor fuel was exported from this state.

State of Alaska
Department of Revenue
Pouch SA
Juneau, Alaska 99811

Motor Fuel Excise Tax
QUALIFIED DEALER BOND
AS 43.40, 15 AAC 40.

KNOW ALL MEN BY THESE PRESENTS:

BOND NO. _____

That we, _____
(Principal)

_____ as principal, and
(Type of business entity)

_____ as surety, (a surety complying with the laws of surety obligations in the State of Alaska) and authorized to do business in the State of Alaska and to execute this bond, are held and firmly bound unto the Commissioner of Revenue for the State of Alaska and his or her successors in office in the sum of \$_____, the payment of which we bind ourselves, our executors, administrators, heirs, assigns, and successors, jointly and severally, firmly by these presents.

The condition of the foregoing obligation is that the above bound principal shall pay when due all motor fuel excise fees and/or taxes due and to become due and owing to the State of Alaska by said principal during the effective period of the bond, under the provisions of the motor fuel excise tax and licensing laws of the State of Alaska.

LIABILITY UNDER THIS BOND: COMMENCES _____
(Date)

for the period beginning _____ and ending _____, and shall be continuous for a period thereafter until the statute of limitations has expired on all motor fuel excise taxes due to the State of Alaska. The bond shall apply to all liens and liabilities which arise during the effective period of the bond and to which the bond is applicable under law even if the liens are foreclosed or valid liens settled after the period of the bond or the liabilities are enforced after the effective period of the bond.

IN WITNESS WHEREOF, the above bound parties have executed this instrument this _____ day of _____, the name of each party being hereto affixed and these presents duly signed by its undersigned representative, if any, pursuant to authority of its governing body.

(seal) _____
(Principal)

ATTEST:

(Secretary of Principal) By: _____
(Authorized Agent)

(seal) _____
(Surety)

ATTEST:

(Secretary of Surety) By: _____
(Authorized Agent)

**MOTOR FUEL EXCISE TAX
QUALIFIED DEALER
LICENSE APPLICATION
AS 43.40.010-100.**

Send Parts 1 and 2 To Revenue.
Keep Part 3 for Your Files.

The person(s) named below hereby apply for a Qualified Dealer License and certifies that in the regular course of business at least 20 percent of his or her fuel is sold to another party for resale or for residential heating purposes or for a combination of those purposes. Upon being licensed, the Qualified Dealer agrees to pay all motor fuel excise taxes imposed by AS 43.40 to the Alaska Department of Revenue.

This application is for a business that has been selling fuel for: (check appropriate box) <input type="checkbox"/> More Than One Year <input type="checkbox"/> Less Than One Year	License to be effective beginning: (Month, day, year)	OFFICE USE ONLY Excise Tax Audit Division (Signature)
		<input type="checkbox"/> Approved <input type="checkbox"/> Disapproved
License Number Issued:		

The license will be issued in the name of the applicant(s) as shown below and shall remain in effect until cessation of the business, or the quota of the sales made to another party for resale or sales of fuel for residential heating purposes as provided in 15 AAC 40.040 is no longer met or if the license is revoked by the Alaska Department of Revenue.

Name(s) of Applicant(s)	Surety Bond Number
Business Name	Business Telephone Number
Mailing Address	Business Location
City, State, Zip Code	

Please list below your actual fuel sales for the preceding fiscal year. If these sales are not representative of your normal sales activity, list sales made during each of the three preceding fiscal years. **NOTE:** For businesses that have been in existence for less than one year, please estimate your anticipated sales for a twelve month period.

	(A) Total Gallons Sold to Another Party for Resale	(B) Total Gallons Sold for Residential Heating Purposes	(C) Total Gallons Sold for all Other Purposes	(D) Total Gallons Sold (Add columns A, B and C)
Preceding Fiscal Year 1:				
Preceding Fiscal Year 2: (optional)				
Preceding Fiscal Year 3: (optional)				

I certify that an accurate record will be kept of all purchases, sales and uses of fuel, that the required returns will be filed on or before the last day of each calendar month, and that the tax shown to be due will be paid. Under penalty of perjury I declare that this application and any attachments have been examined by me and to the best of my knowledge and belief are true, correct and complete.

Signature of Applicant	Title	Date
Signature of Applicant	Title	Date

AFFIDAVIT OF MOTOR FUEL EXCISE TAXES DUE

This affidavit must be completed and notarized for new license applications. If you wish your license to remain in effect, you must submit this affidavit on or before September 1 of each following year.

Name(s) as shown on the Qualified Dealer License Application	Business Name
	Business Location

INSTRUCTIONS: In column A below, please estimate the number of gallons that would be subject to tax during an average month.

	A. Gallons	B. Motor Fuel Excise Tax Rates	C. Motor Fuel Excise Tax <small>(Multiply column A by column B)</small>
Aviation Jet		\$.025	\$
Aviation Gas		\$.04	\$
Marine Fuel		\$.05	\$
Highway Fuel		\$.08	\$
TOTAL AVERAGE MONTHLY MOTOR FUEL TAX REMITTANCE			\$

Real Property in Alaska on Which Motor Fuel Excise Taxes May Become a First Lien (Attach appraisal showing fair market value)

Real Property Address or Location	Fair Market Value \$	% of Ownership
Legal Description		

If the fair market value of the applicant's interest in the property described above is not equal to at least twice the average monthly motor fuel tax remittance, then:

- a. A Qualified Dealer Bond (form 04-409) must be secured and filed with the Department of Revenue in an amount equal to twice the average monthly motor fuel tax remittance and in no case less than \$5,000; or
- b. A letter of credit or certificate of deposit from a bank must be filed with the Department of Revenue in an amount equal to at least twice the average monthly motor fuel tax remittance and in no case less than \$5,000; or
- c. Cash must be deposited with the Department of Revenue in an amount equal to at least twice the average monthly motor fuel tax remittance and in no case less than \$5,000, submitted with this affidavit: \$ _____

Before me this day personally appeared the applicant to be known, and known by me to be the person described in and who executed the foregoing affidavit. WITNESS my hand

and official seal at _____

in the State of _____

this _____ day of _____, 19____

Signature: _____

Notary Public For: _____

My Commission Expires: _____

I declare under penalty of perjury that this affidavit, including any accompanying statements, has been examined by me and to the best of my knowledge and belief is true, correct and complete.

Signature of Applicant	Title	Date
Signature of Applicant	Title	Date

STATE OF ALASKA
DEPARTMENT OF REVENUE
POUCH SA
JUNEAU, ALASKA 99811

ELECTION TO RECEIVE CREDIT OR REFUND FROM THE FUEL SUPPLIER
FOR CERTAIN SALES OF FUEL BY A RESELLER
AS 43.40.035

SUPPLIER'S NAME AND ADDRESS

RESELLER'S NAME AND ADDRESS

The undersigned reseller of fuel, hereby elects to receive all tax refunds or credits for certain sales of fuel as provided by AS 43.40.035, directly from the supplier.

It is understood that by making this election, we hereby waive the right to obtain a tax refund directly from the Alaska Department of Revenue.

This election is subject to the requirements imposed by AS 43.40 for obtaining any refund or credit and shall remain in effect until such time as the supplier notifies both the undersigned reseller and the Department of Revenue in writing that this election has been revoked.

RESELLER'S SIGNATURE _____ DATE _____

SUPPLIER'S SIGNED CONSENT _____ DATE _____

This election must be signed in quadruplicate and distributed as follows:

- One copy with original signatures to be filed with the Alaska Department of Revenue by the reseller.
- One copy with original signatures to be filed with the Alaska Department of Revenue by the supplier.
- One copy with original signatures for the reseller's file.
- One copy with original signatures for the supplier's file.

ANNUAL OR ONE-TIME ONLY CERTIFICATE OF USE
 Covering Purchases of Fuel Not Intended to be Used as Motor Fuel
 AS 43.40.010

No.: _____

NAME OF SELLER	NAME OF PURCHASER
MAILING ADDRESS	MAILING ADDRESS
CITY, STATE, ZIP CODE	CITY, STATE, ZIP CODE

- TYPE OF FUEL:**
- | | | | |
|--|---|--|--|
| <input type="checkbox"/> Aviation Gasoline | <input type="checkbox"/> Highway Gasoline | <input type="checkbox"/> Marine Gasoline | <input type="checkbox"/> Gasoline Used for Heating |
| <input type="checkbox"/> Aviation Jet Fuel | <input type="checkbox"/> Highway Diesel | <input type="checkbox"/> Marine Diesel | <input type="checkbox"/> Diesel Used for Heating |

My purchases of fuel will not be subject to the Alaska Motor Fuel Tax because they will be sales to: (check appropriate box)

ANNUAL CERTIFICATE OF USE REQUIRED

<input type="checkbox"/> 1. The federal government for official use.	<input type="checkbox"/> 5. A consumer for use in a private residential power plant.
<input type="checkbox"/> 2. A state or local government agency for official use.	<input type="checkbox"/> 6. A Licensed Qualified Dealer ←
<input type="checkbox"/> 3. An auxiliary military unit for official use.	ONE-TIME ONLY CERTIFICATE OF USE REQUIRED
<input type="checkbox"/> 4. A consumer for use to heat a commercial building or facility including apartment units, but not including fuel used in or on watercraft.	<input type="checkbox"/> 7. A consumer for use to heat a private residential building. (A rubber stamp may be used in lieu of this form for this exemption only. See reverse for required wording.)

The undersigned understands that the fraudulent use of this certificate will subject the undersigned and all guilty parties, upon conviction, to a fine not to exceed \$25,000 or by imprisonment for not more than three years, or by both. The undersigned also understands that he must be prepared, upon request, to supply satisfactory evidence establishing the purpose for which the fuel was or will be used.

I declare under penalty of perjury that I have examined this certificate and to the best of my knowledge and belief it is a true, correct and complete statement showing the manner in which the fuel will be used. I also certify that this fuel will not be delivered to a common storage tank servicing both taxable and non-taxable uses of fuel.

SIGNATURE OF PURCHASER OR REPRESENTATIVE

DO NOT SEND THIS FORM TO THE DEPARTMENT OF REVENUE UNLESS YOU ARE A RESELLER CLAIMING A REFUND.

04538A (1/83)

EXEMPTION (7). In lieu of a One-time Only Certificate of Use for fuel sold for private residential heating purposes, a stamp or other method of incorporating the following statement onto the sales invoice may be used as long as the statement is signed by the purchaser. The statement must read as follows:

I declare under penalty of perjury as required by AS 43.40.010, that this fuel is to be used exclusively to heat a private residential building.

 Signature of Purchaser

 Date

Claim for Refund of Motor Fuel Tax By a Reseller

Name of Applicant _____ Date _____ 19____
 Mailing Address _____
 Business Location _____

SUMMARY OF GALLONS SOLD
 UPON WHICH A REFUND IS CLAIMED

Exempt Distribution Items (attach schedule)	(a) AVIATION GASOLINE GALLONS	(b) AVIATION JET FUEL GALLONS	(c) HIGHWAY GASOLINE GALLONS	(d) HIGHWAY DIESEL GALLONS	(e) MARINE GASOLINE GALLONS	(f) MARINE DIESEL GALLONS
1. Federal Government distributions						
2. State/Local Gov't distributions						
3. Public Utility/ Non-Profit Power Assoc. distributions						
4. Heating Fuel distributions						
5. Residential Power Plant distributions						
6. Jet fuel sold for use in flights to foreign countries						
7. Bonded jet fuel distributions						
8. Charitable Institution distributions						
9. Fuel Consigned to foreign countries						
10. Refined fuel exported out of Alaska						
11. Aerial Losses						
12. Total Exempt Distributions						

Use-Conversion Items:

13. Gasoline gallons sold for use in or on watercraft on which the tax of 8 ¢ per gallon was initially paid _____
 14. Diesel gallons sold for use in or on watercraft on which the tax of 8 ¢ per gallon was initially paid _____

SUMMARY OF AMOUNTS CLAIMED FOR REFUND

A. _____	aviation gasoline gallons claimed @ 4 ¢ per gallon	\$ _____
B. _____	jet fuel gallons claimed @ 2 1/2 ¢ per gallon	\$ _____
C. _____	highway gasoline gallons claimed @ 8 ¢ per gallon	\$ _____
D. _____	highway diesel gallons claimed @ 8 ¢ per gallon	\$ _____
E. _____	marine gasoline gallons claimed @ 5 ¢ per gallon	\$ _____
F. _____	marine diesel gallons claimed @ 5 ¢ per gallon	\$ _____
G. _____	gasoline use-conversion gallons claimed @ 3 ¢ per gallon	\$ _____
H. _____	diesel use-conversion gallons claimed @ 3 ¢ per gallon	\$ _____
I. _____	TOTAL GALLONS CLAIMED FOR REFUND	
J. _____	TOTAL AMOUNT CLAIMED	\$ _____

RESIDENT USE ONLY

Adjustments _____ \$ _____
 Net amount of refund _____ \$ _____
 Claim paid / / Voucher Number _____ Amount _____ \$ _____

I affirm, under the penalty of perjury, that I have full knowledge of the claim hereby presented, that the fuel was sold on the dates and in the amounts shown on each invoice, that the tax was initially paid and that no part of the tax refund herein claimed has heretofore been

CERTIFICATE OF USE

COVERING PURCHASES OF FUEL NOT INTENDED TO
BE USED AS MOTOR FUEL
AS 43.40.010

NAME AND ADDRESS OF SELLER _____ DATE OF SALE _____
INVOICE NUMBER _____
NUMBER OF GALLONS _____

TYPE OF FUEL: AVIATION GASOLINE HIGHWAY GASOLINE MARINE GASOLINE
(check one) AVIATION JET FUEL HIGHWAY DIESEL MARINE DIESEL

My purchase of fuel is not subject to the Alaska Motor Fuel tax because it is a:

- (1) Sale to the Federal Government for official use.
- (2) Sale to a State or Local Government agency for official use.
- (3) Sale to a public utility plant for a non-profit power association.
- (4) Sale for use to heat a commercial building or facility.
- (5) Sale for use to heat a residential building. (The certificate shall be obtained only once a year.)
- (6) Sale for use in a private residential power plant. (The certificate shall be obtained only once a year.)
- (7) Sale of jet fuel for use in a direct flight to a foreign country.
- (8) Sale of bonded jet fuel.
- (9) Sale of fuel to a charitable institution.
- (10) Sale of fuel consigned to a foreign country.
- (11) Sale of fuel which is at least 10% alcohol by volume.
- (12) Sale of fuel which will be used in or on watercraft upon which the seller previously paid the tax of 6¢ per gallon.

The undersigned understands that the fraudulent use of this certificate will subject the undersigned and all guilty parties, upon conviction, to a fine not to exceed \$25,000 or by imprisonment for not more than three years, or by both. The undersigned also understands that he must be prepared, upon request, to supply satisfactory evidence establishing the purpose for which the fuel was used.

I declare under the penalty of perjury that I have examined this certificate and to the best of my knowledge and belief is a true, correct and complete statement showing the manner in which the fuel will be used.

NAME AND ADDRESS OF PURCHASER _____

SIGNATURE OF PURCHASER _____

(NOTE: This is a temporary form.)



John J. [unclear]
John J. [unclear]

Department of Revenue — State of Alaska
Motor Fuel Tax Return
 AS 43.40.010

Form 04-541 (8/82 TEMP)
 June 1, 1982

Company Name and Address

Month Reported

Alaska Business Location

Federal ID #

IMPORTANT: This return is due on or before the last day of the month following month during which the motor fuel was sold or delivered.

DISTRIBUTION ITEMS	(a) AVIATION GASOLINE GALLONS	(b) AVIATION JET FUEL GALLONS	(c) HIGHWAY GASOLINE GALLONS	(d) HIGHWAY DIESEL GALLONS	(e) MARINE GASOLINE GALLONS	(f) MARINE DIESEL GALLONS
GROSS DISTRIBUTIONS						
1. Total fuel sold within Alaska						
2. Total fuel used by distributor						
3. Other distributions (attach explanation)						
4. Total gross distributions (add lines 1-3)						
EXEMPT DISTRIBUTIONS (Attach Schedules)						
5. Federal Government distributions						
6. State/Local Gov't distributions						
7. Public utility/non profit power assoc. distributions						
8. Heating fuel distributions						
9. Residential power plant distributions						
10. Jet fuel sold for use in flights to foreign countries						
11. Bonded jet fuel distributions						
12. Charitable institution distributions						
13. Fuel consigned to foreign countries						
14. Distributions to qualified dealers						
15. Refined fuel exported out of Alaska						
16. Gasohol						
17. Actual losses						
18. Other (attach explanation)						
19. Total exempt distributions (add lines 5-18)						
TAXABLE DISTRIBUTIONS						
20. Total taxable distributions (line 4 minus line 19)						
21. Aviation gasoline tax @ 4 ¢ per gallon	\$					
22. Aviation jet fuel tax @ 2 1/2 ¢ per gallon		\$				
23. Highway fuel tax @ 8 ¢ per gallon			\$	\$		
24. Marine fuel tax @ 5 ¢ per gallon					\$	\$

I declare under penalty of perjury that I have examined this return and to the best of my knowledge and belief it is a true and correct return of all the motor fuel sold or delivered during the month specified.

Total Tax \$ _____
 Penalty \$ _____
 Interest \$ _____
 Total Amount \$ _____

Signed _____ Title _____

THE PRECEDING DOCUMENT(S) MAY NOT FILM
LEGIBLY BECAUSE OF POOR QUALITY OF THE
ORIGINAL.

Alaska Department of Revenue



*Motor Fuel Tax
Discussion Topics
February, 1983*

DEPARTMENT OF REVENUE

STATE OFFICE BUILDING
POUCH SA
JUNEAU, ALASKA 99811

Dear Motor Fuel Dealer:

I believe we can all agree that Chapter 40 of Title 43 of the Alaska Statute has provided for a motor fuel tax that has been difficult to administer or comply with. Determining the point of taxability and defining the term "motor fuel" are only two of the problems which have created controversy between the Department of Revenue and motor fuel dealers. The 1982 Legislature passed new legislation addressing these problems. That legislation, among other things, provided for the transfer of fuel ex-tax to an exempt user provided a Certificate of Use was issued by the purchaser to the seller. The Department of Revenue promulgated regulations intended to interpret Chapter 40 as amended by Chapter 82 of the 1982 Session Laws.

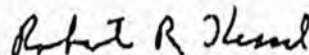
Obviously, the regulations have not created a cure-all for all ills. The Department of Revenue, however, with some recent administrative action has reduced the Certificate of Use requirements to a more logical and workable format.

We are most appreciative of the cooperation shown by you dealers in assisting the Department toward its objective of equitable administration. I realize you may feel that we impose many reporting and compliance requirements. Let me assure you, however, that the reporting requirements for Alaska motor fuel dealers cannot compare to the exhaustive demands of other states. A review of motor fuel regulations and forms as required by states such as Texas, California, Illinois, North Dakota and others supports that conclusion.

I hope this question and answer booklet will help in responding to some of your questions. The booklet is not intended as a substitute for the statutes or regulations.

Please feel free, always, to contact our office when necessary. The Department of Revenue is sincere in its belief that we must work together to assure proper collection of motor fuel taxes without requiring elaborate forms and reports.

Sincerely,



Robert R. Kessel, CPA, CMA
Director
Audit Division
(907) 465-2320

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ALASKA MOTOR FUEL EXCISE TAX
QUESTIONS AND ANSWERS

Motor Fuel Definition and Exemptions

Question 1: What is considered motor fuel and thus subject to the Alaska motor fuel tax?

Answer: Motor fuel is defined as 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.

Question 2: What fuel is not considered motor fuel and thus exempt from the Alaska motor fuel tax?

Answer: The following uses of fuel are not included in the definition of motor fuel and are thus exempt from the motor fuel tax:

- (1) Fuel sold to, transferred to, or used by United States, Alaska, or local government agencies for official use, except motor fuel sold to a contractor who purchases motor fuel either for its own account or as the agent of a government agency for use in the performance of a contract with that agency.
- (2) Fuel sold to, transferred to, or used by auxiliary military units for official use, not including fuel purchased by a volunteer member of an auxiliary unit for use in a private vehicle.
- (3) Fuel used in stationary power plants operating as public utility plants and generating electrical energy for sale to the general public.
- (4) Fuel used exclusively for use in heating private residential buildings.
- (5) Fuel sold exclusively for use for heating commercial buildings or facilities including apartment buildings, not including fuel used in or on watercraft.
- (6) Fuel used in stationary power plants that generate electrical energy exclusively for private residential consumption.

(7) Fuel used by non profit power associations or corporations for generating electrical energy for resale.

(8) Fuel used by charitable institutions.

(9) Refined fuel transported as cargo out of the state on a vessel from a port in this state to a port outside this state, except fuel purchased in the state for use in the exploration for and development of subsoil and seabed resources in and upon the adjacent outer continental shelf of the state.

(10) Fuel consigned to foreign countries.

(11) Fuel sold to, transferred to, or used on jet propulsion aircraft operating flights from the state to a foreign country, except flights to a foreign country with intermediate stops within the United States.

(12) Fuel which is at least 10 percent alcohol by volume.

(13) Fuel sold to or transferred between licensed qualified dealers.

(14) Actual losses of volume which occur during handling, transporting or storing motor fuel, including shrinkage and losses from fire and other accidents.

(15) Additives that are used for improving existing characteristics of fuel, not including blended fuels.

(16) Fuel used for any other purpose which the department determines does not meet the definition of motor fuel.

Question 3: Is fuel used in off highway vehicles and equipment exempt from the motor fuel tax?

Answer: No, fuel used in any equipment with an internal combustion engine is motor fuel and is taxed at 8¢ per gallon. However, there is a provision for a refund of 6¢ per gallon for motor fuel used to operate an internal combustion engine if the internal combustion engine is not used in or in conjunction with a licensed motor vehicle. If the fuel is used in or in conjunction with a licensed motor vehicle, even if the use is off highway, no refund is allowed.

Tax Rate

Question 4: What is the current tax rate on motor fuel?

Answer: The tax on motor fuel is 8¢ per gallon unless it is aviation gasoline which is 4¢ per gallon, or fuel used in and on watercraft which is 5¢ per gallon, or aviation fuel other than aviation gasoline which is 2 1/2¢ per gallon.

Certificates of Use

Question 5: What is the purpose of the certificate of use?

Answer: The certificate of use allows a purchaser of fuel the privilege of buying tax free under one of the motor fuel tax exemptions. If a customer does not sign a certificate, he or she should pay the tax on the fuel purchased, otherwise the dealer would remain liable for the tax.

Question 6: How does a fuel dealer know when the motor fuel tax is to be collected?

Answer: The motor fuel tax is collected when a dealer sells or otherwise transfers motor fuel in Alaska unless 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. 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.

Question 7: How often do these certificates of use have to be obtained in order for the dealer not to be liable if he does not collect the tax?

Answer: By statute it appears that a certificate of use is required whenever the tax is not collected. AS 43.40.010(1) states:

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.

Regulation 15AAC 40.030 and subsequent Department of Revenue memoranda have served to greatly relax this stringent requirement. The requirements for certificates of use are now as follows:

(1) A one-time only certificate of use is required for sales of fuel to a consumer for use in heating a residential building. A statement, as mandated by the department, and in lieu of the certificate of use, may be incorporated into the dealer's invoice as long as it is signed by the fuel purchaser. A third alternative is the use of a rubber stamp.

(2) An annual certificate of use is required:
(a) for sales of fuel to United States, Alaska and local government agencies and auxiliary military units for official use;
(b) sales of fuel to a consumer for use to heat a commercial building or facility including apartment units, not including fuel used in and on watercraft;
(c) sales of fuel to a consumer for use in a private residential power plant; and
(d) sales of fuel to a licensed qualified dealer.

(3) A certificate of use at the time of every sale is required for all the other motor fuel exemptions.

Question 8: I'm a dealer and I make many sales of fuel every week to public utilities, non profit organizations for electrical generation for resale, and charitable institutions. Why do I need to get a certificate of use at the time of every sale when these are exempt users of the fuel? Why can't there be an annual certificate of use requirement or at least a monthly requirement for these exempt uses? Many deliveries of fuel are made every week to these exempt agencies and it is very difficult to have someone to sign a certificate of use at every delivery which constitutes a sale for us.

Answer: The Department is giving consideration to adopting an annual certificate for these type of sales. A decision will be made in the near future. In the meantime, you must continue obtaining a certificate for each sale.

Question 9: Why can't there be a blanket certificate of use for exempt agencies such as government agencies? Once the agency meets the requirement for exemption then a blanket certificate would be all that is necessary.

Answer: Since the fuel sold to a government agency is exempt only if it is for official use, then an annual reminder of this by requiring an annual certificate of use to be signed, should not be an undue hardship on the government agency. An annual certificate of use should be a very small administrative burden on the dealer as compared to requiring a certificate at the time of every sale.

Question 10: I'm a heating fuel dealer and I have 500 residential heating accounts. These constantly change because of people moving so often and I am required to have each owner of the residence sign a once only certificate of use. What do I do if customers refuse to sign the certificate and I have already delivered the fuel?

Answer: In order for the dealer not to be liable for the tax the dealer by statute has to obtain a certificate of use. If a certificate of use is not signed then the dealer should charge the tax. If a certificate of use is not signed the dealer bears the risk of being billed for the tax. Unless the law is changed, a certificate of use has to be obtained for each residential customer, unless the dealer decides to bear the risk that he or she will be able to provide, upon audit, evidence that the sale was for residential heating.

Question 11: If numerous customers purchase five and ten gallons of fuel, do I need to have them sign a certificate of use each time or can there be a minimum gallonage upon which a certificate of use is not required? An invoice is often not used for these cash sales so a statement can't always be incorporated on the invoice for the customer to sign.

Answer: AS 43.40.010(1) does not allow for a minimum gallonage which would not require a "certificate of use". However, for sales of 25 gallons or less, the dealer may decide to bear the risk on these walk-in sales. If these sales amount to a substantial gallonage every day, the dealer should have the customer sign a certificate of use so that the dealer will not be

liable for the tax. Some flexibility in the application of the certificate can be used, as follows: An exempt use statement could be posted on a clipboard and all customers would be required to sign this statement and to show the number of gallons purchased for this exempt use. Separate certificate of use forms would therefore not be required.

Question 12: Why is there an exemption for fuel used in private residential generators and not for fuel used in commercial generators?

Answer: The statute specifically exempts only fuel used in private residential generators, not commercial generators. The only exemption for commercial generators is if all the generated power is used exclusively for heating.

Question 13: Customer A has a lodge in the Alaskan wilderness and the only source of power for lighting, heating and cooking is from a generator. 90% of the fuel is used to heat the lodge which is an exempt use of the fuel. A has to pay all the tax up front on all his fuel purchases even though 90% of the fuel use is exempt. Even though A can claim a refund for the fuel generating heat how does A determine how much fuel flowed through the generator for the tax exempt use of heating, and the taxable uses of lighting and cooking?

Answer: Since all the fuel flowing through the generator serves both taxable and non taxable uses A has to pay 8¢ per gallon on all fuel purchased. A can claim a refund of 8¢ per gallon for the estimated gallons of fuel used in the generator for heating the lodge, and 6¢ per gallon for the other uses of the generated power. A must use his best estimate of the gallons of fuel used to generate power for heating. This estimate would be subject to audit by the Department.

Question 14: Dealer A sells to customer B, a hotel, and customer B signs a certificate of use that the fuel is to be used exclusively to heat the commercial building, the hotel. If unforeseen circumstances arise such as a power outage and the hotel uses some of the fuel in a standby generator to produce electricity for heating, lighting and cooking, can B account for the taxable use at this time as a user and pay the tax?

It will be very difficult to determine how much generator power is used for taxable lighting and cooking purposes.

Answer: If taxable and non taxable use is anticipated the "common storage tank" provision would require the hotel to pay the tax on all the fuel up front if only one storage tank is involved. If the power outages are a rare occurrence the hotel owner can still purchase fuel tax free if at the time of purchase he certifies to the best of his belief that the fuel is to be used exclusively for heating purposes. If fuel has to be used in a generator upon the occurrence of an emergency event such as a power outage, the hotel can submit to the department the tax on the fuel used.

Question 15: Can I as a fuel dealer design my own certificate of use form or do I have to use the form as prescribed by the department?

Answer: Although the regulations have not specifically addressed this question, the statute is very clear in that the certificate of use may be prescribed by the Department of Revenue. Other than for fuel used for residential heating purposes, the certificate of use form as prescribed by the department has to be used. The forms are being redesigned and will be invoice size with separate certificate of use forms for the "annual and once only requirements," and the "at the time of every sale" requirements. The new forms will be less burdensome for the dealer.

Question 16: I am a fuel dealer and customer A walks in and purchases four 55 gallon drums of fuel and signs a certificate of use certifying that the fuel is to be used for private residential heating purposes. I know A has a commercial business license operating a truck delivery service out of his home, so I do not have a reasonable belief that the fuel is not to be used as motor fuel. Am I liable for the tax if I make an exempt fuel sale to A?

Answer: If you have explained the law to customer A and he has made it clear that the fuel is to be used in a tax exempt manner, you would have a reasonable belief and could have A sign the certificate of use and receive the fuel tax exempt.

Question 17: What is the responsibility of the dealer to determine if a "common storage tank" situation exists?

Example: Dealer A sells to customer B which is a construction company and B signs a certificate of use that he is purchasing fuel to be used exclusively for heating purposes. Does dealer A have to determine if B has a common storage tank before allowing the tax free sale of the fuel?

Answer: The responsibility is upon B, the purchaser of the fuel who signs the certificate of use to certify that he does not have a common storage tank situation. The new certificate of use forms will require this certification. However the dealer must exercise some judgment. Example: If the fuel is being delivered to a "truck tank at a construction site" then the dealer should question the signing of the certificate of use for an exempt sale. The ultimate liability for the tax will however be on the person signing the certificate of use if tax free fuel is used in a taxable manner.

Question 18: Can I, a user, sign a certificate of use to avoid paying tax for fuel used in an asphalt plant if it does not operate with an internal combustion engine?

Answer: Yes. You must contact the Department of Revenue, Excise Tax Unit, to obtain an exemption letter for this use authorized by Regulation 15 AAC 40.020(b)(16).

Question 19: I am an airline operating jet flights exclusively from Alaska to foreign countries. A certificate of use is required at the time of every sale to support this exempt use of fuel. Can I obtain an annual certificate of use for this exemption?

Answer: The Department is giving consideration to adopting an annual certificate for these type of sales. A decision will be made in the near future. In the meantime, you must continue obtaining a certificate for each sale.

Question 20: A construction company has a fuel tank at their shop and this fuel is used to heat the shop. Another fuel tank at the camp is used to heat the camp. Also, the construction company uses space heaters to heat visquene enclosed construction sites in the winter. The fuel is delivered to a portable tank that supplies these space heaters. Should the dealer obtain an annual certificate of use for the tank at the shop and the portable tank?

Answer: A separate certificate of use should be obtained once a year for each heating fuel tank. i.e. a separate annual certificate of use should be obtained for the shop tank, the camp tank and the portable tank provided that the portable tank is used exclusively for the space heater.

Qualified Dealer License

Question 21: How do I become a licensed qualified dealer so I can purchase my fuel tax exempt?

Answer: A person is eligible to become a qualified dealer if he refines, imports, manufactures, produces, or compounds fuel, or if in the regular course of business he sells at least 20% of his fuel to another party for resale or for residential heating purposes or for a combination of these purposes. License application form 04-407 is completed and accompanied by affidavit form 04-408 which requires security for the motor fuel tax. Alternatives for the security are:

- 1) A surety bond equal to twice the average monthly tax but not less than \$5000.
- 2) A letter of credit, CD or cash equal to twice the average monthly tax but not less than \$5000.
- 3) Real property or interest therein equal to twice the average monthly tax.

Question 22: I am a major supplier of fuel and have a good track record of having filed and paid my monthly motor fuel tax on time. With the new regulations a large amount of money now has to be provided as security for twice the average monthly tax, in order for me to get my qualified dealer license. Why is security necessary for existing suppliers and dealers? Can there be a ceiling on the security requirement for suppliers and dealers who have already established a good track record of collecting and filing the tax?

Answer: Security requirements for licensing are a common practice for motor fuel excise taxes in other states, and for other tax types in Alaska. A fuel distributor obtains a qualified dealer license for the privilege of receiving all fuel tax free, and then collecting and paying tax to the department only when taxable sales and uses occur. For this privilege and the

obvious cash flow advantage to a licensed qualified dealer, the department requires security for twice the monthly tax with a minimum of \$5000. The department recognizes that some fuel distributors have good track records of paying their taxes, but not all have, so it is not unreasonable for us to require security.

Question 23: If I am strictly a heating fuel distributor and will have no monthly tax liability, why do I have to provide any security?

Answer: As discussed above, the security is required for the privilege of receiving fuel tax free plus it provides a security for any taxes which will be due the department. Even if no taxes will be collected because all sales will be exempt, security is still required for the privilege of becoming a licensed qualified dealer. A recent approximate quote on the tax deductible cost of the \$5000 bond was \$100 per year. This is not an unreasonable cost for the privilege of purchasing all fuel tax free. A reasonable alternative to the \$5000 security requirement would be the pledging of real property as provided under Regulation 15 AAC 40.050(b).

Question 24: Dealer A has an average \$100 monthly tax. Why does he have to secure this with a minimum of \$5000 when he has a good track record of paying his tax on time? Can't the department remove the \$5000 minimum and only require security for twice the average monthly tax?

Answer: See answer 23 above.

Question 25: Distributor A sells no fuel for resale but 100% of his fuel to users to heat commercial buildings. Does A have to pay all the tax on his purchases of fuel from his supplier because he does not meet the definition of a qualified dealer even though all his sales of fuel are exempt.

Answer: Yes, distributor A will have to pay tax on all his fuel purchases because he does not meet the requirements for a qualified dealer. However, A will be eligible for a credit for the tax from his supplier or a refund from the department, if A obtains an annual certificate of use from his commercial heating customers. A cannot sign a certificate of use as using the fuel for commercial heating purposes unless A himself is actually consuming the fuel to heat his own buildings or facilities.

Question 26: As a dealer do I have to obtain a qualified dealer license in order to obtain fuel tax free?

Answer: Yes. It is very simple. A dealer can obtain fuel tax free only if he or she is a qualified dealer. Otherwise he or she has to pay tax up front on all fuel purchased.

Question 27: Is it to my advantage to become a qualified dealer?

Answer: That depends. If a dealer makes many exempt sales it may be to his advantage to receive fuel tax free and report monthly to the department his small proportion of taxable sales. If a dealer makes very few exempt sales to customers it may be more advantageous to pay all the tax up front and then claim a refund from the supplier or department for any exempt sales made. This way he would avoid having to file a monthly tax return. A dealer's decision whether or not to become a qualified dealer will depend on each situation. Most heating fuel dealers should find it advantageous to become a qualified dealer if most of their sales are exempt.

Question 28: Dealer A sells to dealer B who signs a certificate of use that he is a qualified dealer. Does dealer A have a responsibility to determine that B is actually a qualified dealer, or does the fact that B signs the certificate of use relieve A of any responsibility to determine if B really is a qualified dealer? Who will the Department of Revenue bill if B is not a licensed qualified dealer or the license has been recently revoked? Will the department publish a list of licensed qualified dealers and if so, how often?

Answer: In signing the certificate of use as a qualified dealer, B is relieving A from any responsibility. If B is not a qualified dealer then the department will bill B for the tax. Yes, the department does plan on publishing an annual list of current licensed qualified dealers and sending this to all dealers and resellers of fuel.

Question 29: If I become a qualified dealer can I purchase my gasoline tax paid and my diesel tax free? If I do purchase my gasoline tax paid and then sell some to an exempt government agency, can I claim credit for this on my monthly motor fuel tax return?

Answer: It is the intent of the Department of Revenue that a qualified dealer receive all his fuel tax exempt. It should also be advantageous for a qualified dealer to do this because he will not have to pay tax on his fuel purchases, but will collect the tax on his taxable sales of fuel.

Question 30: I own a gas station and purchase all gasoline and diesel for the pumps tax paid. I also have a separate tank for which I purchase diesel to sell to customers to heat residential and commercial buildings. I cannot qualify as a qualified dealer so do I have to buy this "heating fuel" tax paid even though it is in a separate tank?

Answer: If you are not a licensed qualified dealer all fuel must be purchased tax paid.

Question 31: I have a lodge in a remote area and I have one fuel storage tank. I use fuel from this tank to heat the lodge and I also sell fuel for heating purposes to residences nearby as the nearest town is too far for that fuel dealer to deliver to these residences. All fuel I sell is for residential heating purposes and I make very few sales. How can I still purchase my fuel tax exempt since all my use of fuel and sales of fuel are exempt?

Answer: If all your sales are for residential heating purposes you would qualify as a qualified dealer and once licensed you could obtain all your fuel tax exempt. If you do not wish to become a qualified dealer you could sign a certificate of use for the fuel you used to heat the lodge and pay the tax on all the other fuel. This could only happen if you had separate tanks for the fuel you used and the fuel you sold. Otherwise, if you have only one tank, you would have to pay tax on all the fuel you purchase and then you could claim a refund for the exempt use and sales of the fuel for heating purposes.

Question 32: How long does my qualified dealer license remain in effect? Does it have to be renewed annually?

Answer: The qualified dealer license remains in effect indefinitely until:

- 1) The business ceases or
- 2) The 20% quota of yearly sales made for resale or for residential heating purposes is no longer met or
- 3) The license is revoked by the Department of Revenue

The license itself does not have to be renewed annually but an affidavit of security for motor fuel tax due, form 04-408, must be completed annually on or before September 1 of each year.

MOTOR FUEL TAX RETURN & SUPPORTING SCHEDULE

Question 33: As a qualified dealer why do I have to file a monthly motor fuel tax return with supporting schedules if I have no monthly tax liability, and all my sales are tax exempt heating fuel sales?

Answer: For federal reporting purposes we need to know the final exempt use of the fuel. If your supplier reports sales of fuel to you as sales to a qualified dealer, we will not know the nature of your exempt heating fuel sales if you do not report to us. If all your sales are exempt, the monthly reporting is very simple and no supporting schedules are required for sales of fuel for heating purposes. Therefore you do not have to prepare schedules of your commercial or residential heating fuel sales every month. In lieu of this, we require an annual list of all commercial heating fuel accounts. Schedules are required only for other exempt sales.

Question 34: Do I need supporting schedules showing names of customers and fuel gallons sold if all my sales are taxable sales?

Answer: No. Support schedules are only required for tax exempt sales of fuel except fuel sold and used for heating purposes.

Question 35: Can I substitute a computer printout of my sales of fuel in lieu of having to manually prepare the supporting schedules?

Answer: Yes, as long as the same data required on the supporting schedule, is shown on the printout.

Question 36: Why is a supporting schedule necessary for the other exempt sales when you don't require it for fuel sold for heating purposes? As a dealer I would be glad to supply the names of all exempt customers on an annual basis. A monthly report of the number of gallons sold to each exempt customer requires a lot of work as this information is not often readily available even with a computer.

Answer: The supporting schedules are required in order to provide an audit trail for the department, as these schedules show the final users of the fuel. The amendment to the law, HB101, intended to transfer the liability for tax exempt sales from the dealer to the user if certificates of use were properly obtained. Unless each licensed qualified dealer submits supporting schedules showing their tax exempt fuel customers and tax exempt gallons sold, we will not have an audit trail to the final user, and we may have to audit the dealer to obtain this. We already greatly relaxed the supporting schedule requirement for fuel sold for heating by requiring an annual list of commercial heating accounts in lieu of monthly heating fuel schedules.

REFUNDS

Question 37: In order for me to file a refund claim for fuel used in my unlicensed equipment, my first claim filed during each calendar year must include a list of all my equipment including license and serial number. Does this mean the first claim filed during each calendar year even though the claim covers a period of use in the prior year?

Answer: No, the listing of equipment is required when you first file in a calendar year and the claim period is also for a period in that calendar year.

Question 38: Why am I denied being able to claim a refund if I am unable to produce original fuel invoices? In certain cases original invoices are lost and the fuel user is out of luck in claiming a refund on this fuel. Can't dealer certified copies of the original invoices be allowed when originals are not available?

Answer: Dealer certified copies of original invoices are allowed under the following circumstances:

- 1) the taxpayer must furnish an acceptable explanatory statement as to why originals are not being submitted.
- 2) the taxpayer must obtain a statement that copies submitted are true copies (with invoice numbers, dates and amounts), from the vendor.

MISCELLANEOUS ISSUES

Question 39: If I import fuel into Alaska, or I refine fuel in Alaska for my own use, when is the fuel subject to tax?

Answer: The fuel is subject to tax as you use it. The tax on the fuel actually used during a calendar month should be remitted to the department by the last day of the month following the month the fuel was used.

Question 40: Why do I have to keep monthly inventory records? Can't this be an annual or semi-annual requirement? What if I don't keep inventory records but pick up my fuel from a bulk plant and deliver directly to customers? The only fuel on hand at any given time is fuel sitting in the trucks. Do I have to keep inventory records of this fuel?

Answer: Monthly fuel inventory records are required of all dealers, fuel resellers and users, so that upon audit, we can determine the correct amount of monthly tax liability. Fuel inventory records should therefore be kept on a monthly basis for fuel in the trucks.

Question 41: Could you please give examples of which type of organizations are covered under your tax exempt definition of charitable institutions?

Answer: The Department of Revenue recognizes that it needs to do a comprehensive analysis of this subject, and we will then publish a list of examples. If you have a question regarding a specific institution, you should submit to the department for approval or disapproval as a charitable institution.

Question 42: Could you please define "watercraft" as this is not defined in the law or regulations?

Answer: "Watercraft" means a ship, boat, vessel or other structure which is capable of being moved in or on water either under its own propulsion or in conjunction with the propulsion of another craft.

Question 43: Does this definition of watercraft include barges and floating seafood fisheries?

Answer: Yes

Question 44: If I file a claim for refund how long after I file my claim will it be before I receive my refund?

Answer: If the claim is properly filed the refund should be received in three to four weeks from the date we receive your claim. If we have to correspond with you because of omissions in your claim, this three to four week period of time would begin when we receive a properly filed claim.

Question 45: What if I charge a residential home heating individual with the Motor Fuel tax because he refuses to sign the certificate of use and that user switches suppliers? Will the Department of Revenue reimburse me for my loss of revenue from that customer?

Answer: No, the department can not reimburse you for lost revenue. In the case of a residential home heating customer, if, upon a dit, you can provide evidence that the fuel was delivered to a residence and you made reasonable effort to get the customer to sign the certificate of use, the department would not hold you liable for the tax.

Question 46: Why doesn't Alaska tax liquified petroleum gas and compressed natural gas used as motor fuel? Do other states tax these items?

Answer: Liquified petroleum gas is specifically not included as motor fuel under AS 43.40.019(k). Compressed natural gas, if used as motor fuel, would be subject to the tax.

Question 47: Does Alaska tax gasohol?

Answer: Gasohol, defined as fuel which is at least 10 percent alcohol by volume, is specifically exempt from the motor fuel tax.

Question 48: Are sales to farmers exempt? If not, can the farmer claim a refund of 6¢ a gallon? Do other states tax farmers?

Answer: No, sales of fuel to farmers are not tax exempt in Alaska, although other states have this provision for farmers. A farmer can sign a certificate of use for his purchases of fuel for heating purposes if this fuel is kept in a separate tank from his taxable fuel. Fuel for his equipment is taxed at 8¢ per gallon, but the farmer can claim a 6¢ per gallon refund for fuel used in his unlicensed equipment.

Question 49: What is the "importers-for-use" tax that other states impose on certain taxpayers?

Answer: This tax is related to inter-state trucking and is generally not applicable to Alaska. However, if fuel is brought into Alaska, it is subject to the motor fuel tax as it is sold or used.

Question 50: Why doesn't Alaska allow motor fuel dealers a commission for collecting the motor fuel tax?

Answer: Many states provide for a commission for collecting the motor fuel tax, and the Alaska cigarette tax statute provides for a commission. This definitely helps to offset the cost of collecting the tax. Legislation would be required to accomplish this statutory change.

Question 51: Are contractors who perform federal or state contracts exempt from the motor fuel tax?

Answer: No, fuel sold to a contractor who purchases motor fuel either for his own account or as the agent of a government agency for use in the performance of a contract with that agency, is not exempt from the motor fuel tax.

Question 52: How can I determine the amount of shrinkage which I am allowed to deduct as a result of the new regulations?

Answer: The dealer should keep records, through his inventory reconciliation, of fuel temperature shrinkage and expansion, tank filling losses, and loading and unloading losses of fuel.

Question 53: Are sales of fuel to well drillers which operate equipment utilizing a power take-off which transmits power from vehicles to auxiliary equipment exempt from the motor fuel tax?

Answer: The major issue here is whether or not the vehicle is licensed. If the vehicle is licensed all sales of fuel to the well drillers for this purpose will be taxable at 8¢ per gallon with no refund allowed. If the vehicle is unlicensed, the fuel is taxed at 8¢ per gallon, but the well driller can claim a refund of 6¢ per gallon.

Question 54: Isn't it silly to require certificates of use for fuel sold to the United States Government, the State of Alaska and local governmental agencies? After all, everyone knows who the government is and all sales to those agencies are exempt.

Answer: Not all divisions of government agencies are well known in Alaska especially in the more remote areas of the state. The annual certificate of use requires certification that the purchaser of fuel is actually a government agency and thus tax exempt. Also, for the fuel to be tax exempt, it must be used for official use, so an annual reminder of this should not be an undue administrative hardship for the privilege of buying fuel tax exempt.

Administration and Compliance

Question 55: Does the Department of Revenue intend to assess additional motor fuel tax for the period July 1, 1982 - December 31, 1982 for failure to obtain either a qualified dealers license or certificate of use?

Answer: No, because the Department recognizes the uncertainty that exists in the these two areas.

Question 56: Does the department intend to enforce the qualified dealers licensing provisions?

Answer: The department will make every effort to enforce full compliance with the qualified dealer licensing requirement for every dealer purchasing tax exempt fuel as a qualified dealer.

Question 57: How does the department intend to enforce these regulations?

Answer: The department has a three person excise tax unit who, along with assistance from the Anchorage and Juneau Field audit staff, will enforce full compliance with these regulations. We will select an area and visit five to ten dealers per day to test for compliance. If compliance is not adequate, we will schedule in depth audits from these visits

Question 58: There has been much speculation in the past one year regarding the Department of Revenue and its audit program. Exactly what kind of assessments did the department make and were dealers assessed for sales made to what later was proven to be residential heating purposes?

Answer: The majority of motor fuel tax assessments made by the department were for large sales of so called "heating fuel" to contractors which was used in a taxable manner by the contractor. You can therefore see the importance of the dealer having certificates of use signed by these contractors whenever tax exempt sales are made. If properly complied with, this should avoid future tax assessments in this area. To our knowledge the department has not made any assessments for sales which were proven to be for residential heating purposes.

Question 59: Since Maureen Thomas has resigned, which individual within the Department of Revenue will be our main source of contact in the future when questions arise?

Answer: Richard Kirkland has just moved into Maureen's position and he will be happy to research and answer any questions you have. The Director of Audit and the Chief of Audit Services will also on occasion be available to answer questions. Maureen Thomas will be attending college in Oregon in pursuit of a veterinary career.

Question 60: It sure seems as if we dealers have a lot of silly forms, including certificates of use, to complete to satisfy the Alaska Department of Revenue. Is this just the Alaska bureaucracy or do other states require a large amount of forms and if so how come?

Answer: As discussed in the introductory memorandum, many states have much more detailed and stringent reporting requirements for motor fuel tax.

STATE OF ALASKA

DEPARTMENT OF REVENUE

BILL SHEFFIELD, GOVERNOR

ELEVENTH FLOOR
STATE OFFICE BUILDING
POUCH SA
JUNEAU, ALASKA 99811

March 11, 1983

To Motor Fuel Licensed Qualified Dealers:

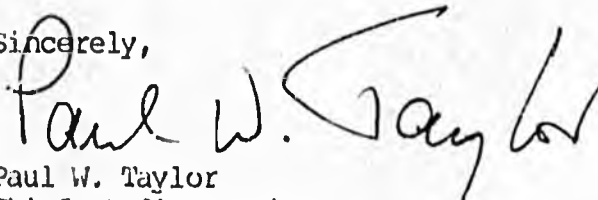
During our February motor fuel meetings in Fairbanks, Anchorage and Juneau, the question was addressed whether a qualified dealer can purchase all gasoline fuel tax-paid and all diesel fuel tax-exempt. In answering this question, we indicated that it is the intent of the Department of Revenue that a qualified dealer receive all fuel tax-exempt, and then subsequently collect the tax on all taxable sales and uses of the fuel.

Since our motor fuel meetings, several qualified dealers have specifically asked to be allowed to continue to purchase gasoline fuel tax-paid by their supplier, and to use the qualified dealer license to purchase only diesel fuel tax-exempt. In these instances, the supplier and the qualified dealer have both agreed that it would be in both their best interests for the supplier to continue to collect and remit the tax on all gasoline fuel.

We have therefore decided that if a qualified dealer wishes to purchase only diesel fuel tax-exempt, and to continue to purchase all gasoline fuel tax-paid, he or she may do so as long as this agreement has been reached between the qualified dealer and his or her supplier. A qualified dealer wishing to do this must submit to us a copy of this agreement with their supplier.

If you have any questions regarding specific situations, do not hesitate to contact the Excise Tax Unit at 465-2322 for more information.

Sincerely,



Paul W. Taylor
Chief, Audit Services
Audit Division
(907) 465-2371

PWT:jg

DEPARTMENT OF REVENUE

STATE OFFICE BUILDING
POUCH SA
JUNEAU, ALASKA 99811

February 18, 1983

Dear Motor Fuel Dealers and
Suppliers:

This letter is in response to the many questions generated during our recent informal meetings in Fairbanks, Anchorage and Juneau. Our division was very gratified to see the public response in the form of good attendance at all three meetings with plenty of input from the industry. The problems of dealing with administering the new motor fuel tax law and regulations have been rather large and have generated a great deal of interest. This letter is just another small step in a procedure designed to arrive at a workable law and workable procedures. I believe that you will find as a result of these meetings, and the answers to these questions herein, that we are on the path to good administration of the tax. Again, thank you for everyone's participation in these meetings.

As a way to begin to present this material, let me state that we have sent to Representative Bettisworth suggested legislation to cure many of the ills sensed by you and our division. In summary, the main points of the suggested legislation are as follows:

1. To eliminate the certificate of use requirements in total for fuel used exclusively for heating a private residence.
2. To eliminate the certificate of use requirement in total from fuel which is at least 10% alcohol by volume.
3. For virtually all of the other exempt uses, only an annual certificate will be required.

The only exempt use now that could possibly require multiple certificates would be a situation under sub-paragraph (k) of Section 100 where the department was approached by someone that had an unusual usage of fuel that had not been anticipated by the statute and subsequent determination indicated that it was of an exempt nature. Under those conditions the division has retained some rights to make a judgement at that time as to whether or not an annual certificate or multiple certificates would be appropriate.

4. We have recommended the adoption of a commission of 1% of the monthly tax with the maximum of \$100 (on a timely filed return) in order to compensate the fuel dealers for collecting the tax and maintaining the records necessary to verify the proper collection of the tax.

With that bit of background I'm going to repeat most of the questions that were raised at the three seminars and answer them as best I can in the context of the legislation that we are suggesting. Incidentally, I would encourage you to contact your legislators and inform them of Representative Bettisworth's efforts with regards to the motor fuel tax and would suggest that you would lend your support and your recommendations to his efforts.

1. Would we supply a feed-back letter to everyone who attended the seminar?

Answer This is it.

2. Mr. Bud Wiese requested that a list of the attendees at all the meetings be sent to him as he would like to contact the other fuel dealers in the state.

Response That was done as of February 8.

3. Mr. Wiese also requested that the department sponsor a half-page or a full page newspaper ad in the newspapers around the state in order to educate dealers and the public alike with regards to the basic concepts of the new motor fuel law. His question was "Would we do it?"

Answer It is a distinct possibility that we could place an ad but we feel that it would be premature to do it at this time due to the pending legislative changes that will make a considerable difference with regards to the public's responsibilities to comply with the new statutes. We should know within the next sixty (60) days as to whether or not the suggested legislative changes are going to proceed with some alacrity through the legislature.

4. Would we check with the Attorney General's office to see if we have more administrative room to eliminate the home heating certificates - or at least have the discretionary authority to take that action?

Answer At this time we believe that the best procedure to follow to eliminate the requirements for home heating oil certificates would be with legislative change. There appears to be a receptive mood in the legislature to get rid of this

paper work and if that is able to be accomplished smoothly, it may be accomplished in about the same time frame as it would in getting an Attorney General's opinion with regards to this question.

5. Can we expand the use of a stamp to other exempt sales-"fuel will not be used for motor fuel" ?

Answer As our suggested legislative changes propose to have only an annual certificate for almost all exempt sales we feel that the document that is being signed by the customer should be one designed by the department that lays out the full parameters of the law with regards to the user's responsibility in signing that exemption certificate. Therefore we feel that there is some merit to utilization of a department form as opposed to instituting a statement on an invoice.

6. Will there be a moratorium with regards to soliciting residential heating certificates of use?

Answer Yes, the department has instituted a moratorium on the requirement that the dealers obtain residential heating oil certificates for the next sixty (60) days from the date of this letter in order to give the legislature and the department time to see if our legislative changes stand a good chance of being adopted. We will continue to be in correspondence with each of the motor fuel dealers to keep them posted on the legislative progress.

7. Does the fact that the statute indicates that sales of motor fuel that "will be" taking place open the door for us (The Department) to have more legislative latitude towards a certificate of use?

Answer The need to answer this question is now a moot point as the legislative changes we've proposed specifically authorize the implementation of annual certificates of use.

8. Earl Billingsly, from the Kenai area, felt that the words "may be prescribed by the department" pertaining to the wording with regards to the certificates of use, should allow the department flexibility in allowing dealers to incorporate the certificate of use language on their invoices and their statements. Would we recognize that flexibility by allowing dealers to do that.?

Answer As we have proposed legislation to have only annual certificates for exempt sales, we do feel there is merit to using the department designed form and to stay away from individually designed invoices and statements at the dealer

level. Certainly, if the "every sale" concept was going to have to be incorporated, then we would probably agree that some sort of statement printed on invoices might be more economical and feasible, but with the emphasis now being placed on an annual certificate, we again feel that the department's form should be used.

9. Dale Lindsey, from Seward, raised the question as to "Whether or not we should collect the marine fuel tax of 5¢ per gallon on fuel delivered into the operating fuel tanks of foreign vessels who put in port for infrequent fillups and then either fish exclusively outside the three (3) mile limit of Alaska or are bound for foreign ports", and along with that question "Whether or not fuel used on oil drilling rigs beyond the outer continental shelf should be subject to the marine fuel tax?" A portion of the logic at question here is based on the premise that jet fuel which is delivered into the wing of a plane bound for a foreign port is exempt from the motor fuel tax and couldn't that same logic be applied to a vessel also bound for a foreign port.

Answer We do not have statutory authority to exempt these sales. Legislative changes would be necessary in order to exempt these types of sales, and that may be the only remedy. In the meanwhile, if the sale of the fuel occurs within Alaska, the dealers should charge and collect the marine fuel tax.

10. On listing exempt sales to government agencies, how detailed a list of agency breakdown is necessary in order for the department to properly examine the motor fuel tax return?

Answer We will require a breakdown of governmental exempt sales at least by the particular governmental agency. For example, so many sales to the department of Fish & Game, sales to the Department of Labor, sales to the Department of Health & Social Services, to U.S. Forest Service, to Bureau of Land Management, etc. This minimal amount of breakdown is necessary for us to be able to "desk examine" the tax returns that are submitted so that we have some method of determining whether or not we agree that these particular sales were tax exempt. Some of the dealers have indicated that their newly acquired computer packages do not breakdown their exempt sales by a particular government agency. I am sorry that this will present a logistical or programming problem for some, but we are trying to keep the requirement broad enough and yet detailed enough so that we can determine that all of the exempt sales are indeed exempt, short of having to conduct a field examination of the documentation to support them.

11. Will the department set a policy with regards to recognition of normal spillage and evaporation losses?

Answer The answer here will have to be qualified with a statement that if the procedure for handling spillages and losses that I'm going to suggest does not meet with unfavorable response, then we will probably follow it both from a desk audit point of view and also from an auditing point of view. Basically, the procedure would be to:

1. Recognize the normal breathing allowances that are common throughout the industry based on mathematical charts that convert fuel volumes according to temperatures and so forth for determining gallons to be taxed.

2. I believe, in the industry, that for incidental spillages, there are acceptable and recognized allowances for these losses which we will attempt to become familiar with and apply fairly.

3. For unusual and abnormal losses, such as a broken pipe, or spillage at sea, or a fire, where an identifiable event has occurred and the gallons can be ascertained with a reasonable accuracy, that with adequate verification of the loss through affidavits and an explanation of the circumstances, and some verification from either insurance companies or the supplier, we would also recognize that loss and not require tax to be paid on those gallons. Some industry input on these three (3) procedures will be welcomed.

12. Will our department be responsive to suggestions and changes?

Answer I hope that we have put feet to our intentions through these different questions and answers in this letter and in the booklet and through suggested legislative changes which indicate that we are making a diligent effort to be responsive.

13. This question dealt with eliminating the tax on sales of fuel for use in commercial generators. From the definition of a taxable sale or taxable use, this question I believe relates back to the situation of a generator being used primarily for heating, but occasionally, being used for supplying energy to people in need, in emergency situations or for cooking and lighting where the percentage is relatively small. We're locked into some statutory language here that indicates that in order for the sale to be exempt, the generator must be used exclusively for heating or the electricity should be for resale.

Of course, the question is, "Is this a good procedure and how should the taxes be handled in this situation?"

Answer My recommendation is that where the taxable use of the generator is going to be very limited and a very small percentage, we would probably recognize the economies involved and suggest that the owner of the generator sign a certificate of use and then remit whatever tax is due on taxable use of the fuel on a "user" basis and thereby fulfill his/her obligation with regards to the motor fuel tax.

14. Why are we going after the wrong people? Shouldn't we concentrate on the industry or industries where the abuse of using so-called heating fuel for taxable purposes is occurring?

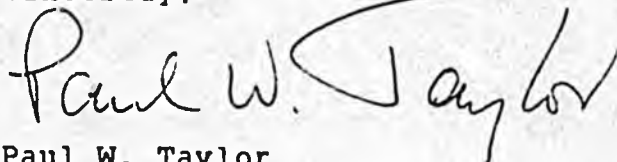
Answer This is a tough one to answer. The objective of the legislation was not to identify an industry or certain industries where diesel fuel that had been purchased as heating fuel was being used as motor fuel. The objective of the legislation was to proceed in a broad and general way by being able to clearly identify situations where if the dealer had reasonable doubt that all of the fuel would not be used as heating fuel, that he should either collect the tax or obtain a certificate of use and thereby shift the potential tax burden to the user. I'm sure the legislature was purposefully not specific as to an industry or industries where abuse was occurring. Rather the approach was a general solve-all approach, and hopefully to cure the ills that have been occurring. But I think now, with the elimination of home heating certificates and the going to annual certificates for all other exempt uses except for an exceptional case by case basis under sub-paragraph (k), we've achieved a better perspective. There is some merit to mentioning that the dealer, even now, may be of a mind to avoid the new rather limited application of the certificate of use, and continue to bear the risk of selling heating fuel for potential taxable purposes. I certainly would not recommend this because then he is not utilizing the law as it was intended to be used. I also think that the utilization of the certificate of use by the customers will be an effective means to put them on notice that "Let's be up front with regards to the use of the fuel which I am buying and that I can not fail to be accountable to the government for proper use of the fuel purchased."

This concludes our approach to handling the specific questions which have arisen during our public meetings. I am very optimistic with regards to the current efforts to bring about legislative changes in our motor fuel statutes.

It is our intent to fairly administer these laws and we really appreciate the opportunity to discuss them with you and to have your input because after all, we are public servants and the law basically is the law of the people and our objective has to be to make sure that it's fairly administered and applies to everyone in the same manner.

I appreciate again this opportunity to communicate with you. Please feel free to call either myself or Mr. Kessel at anytime to further discuss ways that we can improve our administration of this particular tax.

Sincerely,

A handwritten signature in cursive script that reads "Paul W. Taylor". The signature is written in dark ink and is positioned to the right of the typed name.

Paul W. Taylor
Chief, Audit Services
465-2371

PWT/jc
1852I

Attachment

February 18, 1983

For your information the following is a list of all qualified dealer licenses issued or in process:

QUALIFIED DEALER LICENSES ISSUED

Alaska Fuel Service
Alaska Oil Sales, Inc.
Alaska Transfer Company
Anderes Oil Company
Chevron, U.S.A.
Columbus Distributing Company
Denali Fuel Company, Inc.
Doyles Fuel Service
Exxon Corporation
Fisher's Fuel, Inc.
Harbor Enterprises, Inc.
Katmai Oil & Gas, Inc.
Kodiak Oil Sales, Inc.
Mobil Oil Corporation
Petro Products, Inc.
Pye-Per Transport
Service Oil & Gas, Inc.
Sitka Sound Oil
Synder Mercantile Company
Tesoro Alaska Petroleum Company
Texaco, Inc.
Tok Tesoro, Inc.
Unifuels, Inc.
Union Oil Co of California
Valley Fuel Service
Vangas, Inc.
Whittier Service, Inc.
Wrangel Oil Heat, Inc.

February 18, 1983

QUALIFIED DEALER LICENSE APPLICATIONS APPROVED IN EXCISE TAX
UNIT AND CURRENTLY IN PROCESS IN OUR LICENSING DIVISION

Big State Equipment Co
Chilkat Fuel, Inc.
Cottles Fuel
Harbor Fuel Company, Inc.
Interior Energy Corp.
Johnny's Express
Johnson Fuel Service
Marathon Fuel Service
North Pole Fuel
Petroleum Sales Ltd.
Reliable Transfer, Inc.
Sitka Fuels, Inc.
Star Heating Fuels, Inc.
Taku Oil Sales, Inc.
Union Products, Inc.
Willners Fuel Distributors, Inc.

The above companies who are in process of becoming licensed, should be considered qualified dealers for the purpose of receiving all fuel tax exempt, as long as their license is issued within sixty(60) days of this letter.

1887I
MF/jc

Original sponsors: Martin and
Grussendorf

1 IN THE HOUSE

BY THE TRANSPORTATION COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 55 (Transportation)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act amending motor fuel tax provisions; and pro-
7 viding for an effective date."

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

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

10 (c) Every dealer who sells or otherwise transfers motor fuel in
11 the state shall collect the tax at the time of sale, and remit the
12 total tax collected during each calendar month of each year to the
13 Department of Revenue by the last day of each succeeding month. Every
14 user shall likewise remit the tax accrued on motor fuel actually used
15 by him during each month. If the monthly tax return is timely filed,
16 one percent of the total monthly tax due, limited to a maximum of
17 \$100, can be deducted and retained to cover the expense of accounting
18 and filing the monthly tax return. At the time the remittance is
19 made, each dealer or user shall submit a statement to the Department
20 of Revenue showing all [MOTOR] fuel which he has distributed or used
21 during the month.

22 * Sec. 2. AS 43.40.010(1) is amended to read:

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

1 tax from a dealer for fuel for which a certificate of use has been
2 properly obtained under this subsection. A certificate of use is not
3 required for fuel used to heat a private residence or for fuel which
4 is at least 10 percent alcohol by volume. An annual certificate of
5 use is required for all other exemptions, as listed under AS 43.40.-
6 100(2), except subparagraph (K) where certificate of use needs will be
7 determined by the Department of Revenue. The dealer shall retain a
8 copy of each certificate of use obtained under this subsection for
9 examination or audit on request by the Department of Revenue [DEPART-
10 MENT]. The form of a certificate of use may be prescribed by regula-
11 tion adopted by the department.

12 * Sec. 3. AS 43.40.035(a) is amended to read:

13 (a) A person who resells fuel on which the tax under AS 43.40.-
14 010(a) or (b) was previously paid is entitled to a credit or refund of
15 the tax if (1) the resold fuel is not motor fuel and the requirements
16 prescribed by AS 43.40.010(1) have been fulfilled [A CERTIFICATE OF
17 USE IS ACQUIRED UNDER AS 43.40.010(1)]; or (2) the amount of tax
18 previously paid exceeds the tax due on the resale. The amount of the
19 credit or refund under this section is equal to the amount of tax
20 previously paid on the resold fuel less the amount of tax prescribed
21 by AS 43.40.010(a) or (b).

22 * Sec. 4. This Act takes effect April 1, 1983.
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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
increase by federal government, repealing motor fuel
tax refund provisions; and providing for an effective
date."

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

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

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

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

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

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

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

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

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

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

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

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43.40.070 and 43.40.080 are repealed.

1 * Sec. 4. This Act takes effect April 1, 1983.

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§ 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
- 35. 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

Early Collection as it goes later collection - exemption given.

- (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 (I).

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.

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~~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)

Del. Sec. 3
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)

Del. Sec. 3
Effective dates. — Section 19, ch. 82, SLA 1982, makes this section effective June 4, 1982, in accordance with AS 01.10.070(c).

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

Repealed by § 45 ch 113 SLA 1980.

Del. Sec. 3
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.

Del. Sec. 3
~~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.

Cross references concerning AS 43.05.290.

Sec. 43.40.100.

(1) "dealer" means a person who sells or leases state motor fuel.

(2) "motor fuel" means a motor vehicle fuel for any purpose, or a motor vehicle fuel which is used for any purpose, which is required to be included in the tax.

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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 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;

(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 106 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; § 112, 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,



Truckers, Transit Operators Complain:

Fuel Tax Hike Takes Effect Amidst Drive to Change Law

A nickel-a-gallon increase in federal gasoline and diesel fuel taxes goes into effect April 1 amidst an intense lobbying drive by mass transit operators and truckers who complain that they are not being treated fairly.

Mass transit operators, who had supported passage of the legislation raising the fuel tax partly because it diverted 1-cent of the new tax to public transportation, bitterly contend that President Reagan has reneged on transit funding. Meanwhile, the truckers, who had opposed the law, are trying to change the increased taxes they would have to pay on heavy trucks.

Public transportation and city officials charge that they have been betrayed by the Reagan administration, which has proposed cutting transit funding in 1984 to \$3.53 billion, instead of providing the full \$4.47 billion authorized by the new law (PL 97-424). They say the administration promised them the funds, including more than \$1 billion in gas tax revenue, in exchange for the support of urban interests in passing the controversial fuel tax increase three months ago. (*Weekly Report*, p. 310; 1982 *Weekly Report*, p. 3088)

"Promises have been broken," said William R. Lucius, commissioner of the Metropolitan Transportation Commission, Berkeley, Calif. Lucius was one of 500 transit officials in Washington, D.C., March 14-15 for an American Public Transit Association conference aimed at getting Congress to override the proposed cuts.

The transit operators won an early round with the House March 23 approval of a budget resolution (H Con Res 91) restoring the Reagan cuts. However, whether they will succeed in the Senate — and forestall a possible presidential veto — is uncertain. Transit operators also will have to fight later in the year for actual appropriations. (*Story*, p. 601)

—By Judy Sarasohn

Truckers' Complaints

While the transit operators argue that the law should be carried out fully, truckers are campaigning to keep some parts of the law from taking effect.

Their main target is the higher tax that they would be required to pay beginning in 1984 on heavy trucks — those weighing 80,000 pounds or more. The levies, based on the theory that big trucks have not paid their share of road maintenance costs, would go from the current maximum of \$240 a year up to \$1,500 July 1, 1984, and to \$1,900 July 1, 1988.

hearings. We just can't take that thing [the heavy-truck tax]," Edward V. Kiley, senior vice president of the American Trucking Associations, said.

Political Trade-offs

The transit funding and the truck tax provisions in contention were included in the 1982 Transportation Assistance Act as part of the political trade-offs required to pass the controversial law.

The statute increased fuel taxes a nickel a gallon, from 4 cents to 9 cents, and for the first time, allowed a major diversion of the Highway Trust Fund monies for public transportation. The trust fund — made up of taxes on fuel, tires and truck sales, and fees for heavy trucks — has been earmarked for highway projects. The 1982 law targeted 1-cent-a-gallon of the fuel tax, or about \$1.1 billion a year, for transit.

The new taxes feeding the trust fund would raise an estimated \$8.469 billion in fiscal 1983 for highway and transit programs and \$11.420 billion in fiscal 1984. (*Table, this page*)

Former Transportation Secretary Drew Lewis backed the diversion of gas tax revenue to ensure funding for badly needed mass transportation capital improvements.

But President Reagan does not believe federal funds should be used to subsidize mass transit operating expenses, and he demanded an end to operating subsidies.

City and public transportation officials pushed for continuing the operating aid arguing that it was necessary to prevent the elimination of vital transit service. The compromise bill signed Jan. 6 by the president continued the operating subsidies but with deep cuts of up to 20 percent for the largest cities.

Increased fees for heavy trucks were imposed by House members in exchange for granting the truckers' request to permit heavier and longer trucks on highways. Truckers argued that bigger trucks would allow them to increase productivity.

The law required all states to allow trucks weighing up to 80,000 pounds on Interstate Highways, up from 73,280 pounds. Also vehicle lengths were set at 48 feet for a single

Highway Tax Revenues	
FY 1982 (actual)	\$6.744 billion
FY 1983 (estimated)	8.469 billion
FY 1984 (estimated)	11.420 billion

Source: Office of Management and Budget

The tax on small owner-operator fleets would not go into effect until 1985.

At least 13 bills have been introduced to change the truck taxes. Although congressional tax-writing committees do not plan to consider the legislation soon, truckers say they will continue to press their case.

"We're going to push for early

truck trailer or 28 feet for each semi-trailer in a double combination. States could not bar twin-trailer trucks. The length requirements applied to Interstate and qualified Primary routes.

Lewis maintained that the big trucks did not pay their fair share of highway costs, and in return for the increased size limits, they should pay higher fees. But the industry fought the heavy-truck tax hike, contending it was too severe.

Tire and truck excise taxes also were changed to shift the burden to heavier trucks. However, levies on truck parts and lubricating oil expired in January. (Table, this page)

Transit Proposals

Although the 1982 transportation act authorized a total of \$4.47 billion for mass transit in 1984, Reagan requested a level of only \$3.53 billion, including 1 cent from the gas tax.

He also proposed that \$275 million of the funds be available for transit operating subsidies, rather than the \$873 million authorized, and he renewed his longstanding plan to eliminate the subsidies after fiscal 1984.

In response to the angry outcry of transit operators to Reagan's Jan. 31 budget proposal, administration officials maintained that the president never promised to support the operating aid program. They said Reagan was not committed to everything in the bill that he signed.

And Budget Director David A. Stockman said at a Feb. 3 House Budget Committee hearing that the total requested funds for public transportation was "a pretty healthy sum to spend on mass transit" given the nation's budget deficit problem.

Betrayal Charged

Representatives of transit systems and cities contend that public transportation needs as a bare minimum the full \$4.5 billion for fiscal 1984, plus assurance of continued operating subsidies.

If operating subsidies are ended as Reagan wants, some 100 urban and small rural transit systems probably will be forced to shut down, according to William R. Blue, general manager of the Mass Transportation Authority of Flint, Mich. Blue is the transit association's vice president for small operations.

Some urban interests supported the gas tax hike in exchange for what they thought was a presidential com-

Fuel Tax, User Fee Changes

Following are the major changes in fuel taxes and other user fees required by the Transportation Assistance Act of 1982. The money raised will go into the Highway Trust Fund to be used for highway projects and mass transit.

	Current Rate	New Rate	Effective Date
Gasoline, diesel fuel	4¢/gallon	9¢/gallon	April 1, 1983
Gasohol	0	4¢/gallon	April 1, 1983
Tire excise tax	9.75¢/lb.	Graduated increases for tires over 40 lbs. Fee for tires under 40 lbs. repealed.	Jan. 1, 1984
Truck sales	10 percent on manufacturer's price for trucks 10,000 lbs.	12 percent on retail price of trucks over 33,000 lbs. and truck trailers over 26,000 lbs.	April 1, 1983
Heavy-vehicle use fee	\$3/1,000 lbs. for trucks 26,000 lbs.	Graduated increases for trucks 33,000 lbs. and more. Trucks 80,000 lbs. and over would pay a maximum of \$1,900 by 1988.	July 1, 1984

*Taxes on lubricating oil and truck parts expired in January 1983. Taxes on tread rubber and inner tubes will be repealed Jan. 1, 1984

Source: Highway Users Federation

mitment for the transit funding.

Frank Shafroth, legislative counsel for the National League of Cities (NLC), said that cities have not received a fair share of the gas tax revenues, which are generated mostly by city residents.

"If we had known that the administration only planned to carry out those provisions of the legislation it wanted and to disregard the compromise necessary to secure our support, NLC would have strongly opposed the legislation," George Latimer, first vice president of the league and mayor of St. Paul, said in a March 18 letter to Transportation Secretary Elizabeth Hanford Dole.

Message to the Hill

About 500 transit operators and suppliers came to Washington in March for the transit association legislative conference, according to Jack R. Gilstrap, executive vice president of the association. That was the associa-

tion's largest turnout for what has become an annual event, he said.

And this year, the transit officials were angry and anxious to lobby Congress to restore the funding.

"Not to see this legislation culminate in real funding got a lot of people very agitated," Gilstrap said.

The program included suggestions for association members to use when meeting with their representatives in Congress.

Richard S. Page, general manager of the Washington Metropolitan Area Transit Authority and chairman of the association's legislative committee, led the attendees in a how-to-lobby-Congress exercise. They were given copies of "talking points" and instructed in filling in the blanks to show members of Congress how transit systems in their districts will be hurt by the Reagan budget.

"We didn't like the legislation, but it was legislation that let us survive until 1936. At least we knew

where we were going. You can't cut people's legs off this quickly," Harold C. Jenkins, general manager of the Cambria County Transit Authority, Johnstown, Pa., said.

"I always thought when Secretary Lewis spoke, he spoke for the administration," said John C. Pingree, general manager of the Utah Transit Authority, Salt Lake City.

The transit officials also met with sympathetic key members of Congress.

Sen. Alfonse M. D'Amato, R-N.Y., a key transit backer in the debate last year on the transportation legislation, said even non-transit supporters in Congress recognized that "fair play" was involved.

"You cannot make an agreement one day and renege on it the next day," D'Amato told the transit association March 14.

House Majority Leader Jim Wright, D-Texas, exhorted the transit officials to pressure their representatives to support the budget resolution approved by the House Democrats, which included the restored funds.

"You can assist powerfully in seeing that this budget is passed," Wright said at the association's dinner March 15, before House passage of the budget proposal. The Senate Budget Committee has not yet acted on its measure.

Trucks and Taxes

Many truckers accepted the fuel tax hike as necessary to help complete the Interstate Highway System and to repair potholed highways and inadequate bridges. But they vigorously opposed the increases in the levies that heavy trucks must pay and the excise tax on trucks and trailers.

Industry spokesmen maintained that the administration's studies on the truckers' "fair share" of highway costs were wrong. And, they said the increases will seriously hurt an industry already reeling from the depressed economy.

They also disputed the administration's contention that the taxes were "user fees," levies charged a specific group for special federal services.

"It's not a user fee. You pay it if you go 10 feet or 10 miles," said Bill Scheffer, vice president of the Independent Truckers Association (ITA), which represents 30,000 of the 100,000 independent owner-operators.

ITA called on truckers to park

their vehicles in protest Jan. 31. The violence-marked strike was called off Feb. 10 after many members of Congress agreed in an "expression of concern" letter to review the taxes. (*Weekly Report p. 357*)

Scheffer claimed that the introduction of several bills, as well as the "expression of concern," was an indication of the strike's success. "There's no doubt in my mind that these bills would not have been introduced if we had not parked our rigs," he said.

However, the Transportation Department contended that no more than 20 percent of the independent truckers honored the strike. ITA officials claimed many more did stop driving. The ATA, which represents regulated truckers, did not join the

roll A. Campbell Jr., R-S.C.; and Ed Jenkins, D-Ga.

HR 2124 would increase the diesel fuel tax to a total of 12 cents a gallon in 1983 and to 14 cents in 1984. Vehicles under 10,000 pounds, such as automobiles, would not be subject to any increase over 9 cents.

"It can also be more easily assimilated by the trucking industry because it is a pay-as-you-go system," Frenzel said in a statement March 17.

Kiley and Scheffer said their trucking organizations need to study the bill to make sure it is adequate before throwing their lobbying weight behind it.

The Truck Owner-Operators Association, an independent truckers group which claims about 4,500 mem-

"If we had known that the administration only planned to carry out those provisions of the legislation it wanted and to disregard the compromise necessary to secure our support, NLC would have strongly opposed the legislation."

—George Latimer,
first vice president,
National League of Cities



strike, arguing that it would hurt efforts to convince Congress to modify the taxes.

Potential Compromise

While administration officials said they would not compromise on the overall total amount of tax revenue that would be generated by truckers, they said they would consider a different type of tax, such as a further increase in the diesel fuel levy for trucks.

Also the study on the tax situation mandated by the Transportation Assistance Act will be moved up to January 1984, from January 1985, DOT officials said.

Many of the truck bills introduced in Congress this year would repeal the heavy-truck tax and increase the levy on diesel fuel by varying amounts. Although ATA and ITA officials said they were not committed to one measure yet, a bill (HR 2124) they lean toward supporting was proposed by Reps. Bill Frenzel, R-Minn.; Car-

bers, also supports an increased diesel fuel levy instead of the heavy-truck tax hike. The group also pushed an anti-inflation program to improve the economy, which in turn would help the trucking industry.

Rep. Peter H. Kostmayer, D-Pa., who promoted the "expression of concern" letter, is urging members of the House Ways and Means Committee to review changes in the heavy-truck and excise taxes.

Signing the letter did not commit anyone to support actual changes in the taxes.

Staffers of the Ways and Means and the Senate Finance committees said their panels are not expected to take up any truck bills soon because of busy agendas dealing with the budget and other matters.

They noted that the heavy-truck tax increase does not begin to go into effect until July 1, 1984.

The excise taxes on trucks and truck-trailers, however, go into effect April 1.

March 1, 1983

MAR 29 1983



GASOLINE
DIESEL
GASOHOL
(10% blend)
ADDED TAXES
LOCAL TAXES

NOTES

	GASOLINE	DIESEL	GASOHOL (10% blend)	ADDED TAXES	LOCAL TAXES	NOTES
ALABAMA	11¢	12¢	8¢		L	
ALASKA	8	8	0			
ARIZONA	10	10	10			Will inc. 2¢ 7/83; 1¢ 7/84.
ARKANSAS	9.5	10.5	0			3% sales tax on gasohol.
CALIFORNIA	9	9	9	6% L		Sales tax reduced on gasohol. All inc'd 2¢ 1/83.
COLORADO	9	9	4			
CONNECTICUT	11	11	10			
DELAWARE	11	11	11			
D.C.	*14	14	14			Computed annually based on Consumer Price Index.
+ FLORIDA	8	8	4		L	Eff. 4/83, gasoline & diesel inc. 1.7¢ by variable.
GEORGIA	7.5	7.5	7.5	3%		
HAWAII	8.5	8.5	8.5	4% L		Gasohol exempt from sales tax.
IDAHO	12.5	11.5	8.5			
ILLINOIS	7.5	7.5	7.5	4% L		Sales tax reduced on gasohol.
INDIANA	*11.1	11.1	11.1	5%		Percentage tax set semiannually. Sales tax inc'd. 1¢ 1/83.
IOWA	13	15.5	8			No sales tax on gasohol.
KANSAS	8	10	6			
KENTUCKY	*10	10	6.5			9% wholesale set quarterly. 10¢ min. Large trucks pay
LOUISIANA	8	8	0			+2% per gal.
MAINE	9	9	9			
MARYLAND	11	11	11			Will inc. 2.5¢ 6/83; switch to 10% 6/84.
MASSACHUSETTS	*9.9	9.9	9.9			10% wholesale computed quarterly.
MICHIGAN	*13	13	8	4%		Indexed rate set annually. Inc'd. 2¢ 1/83.
MINNESOTA	13	13	13			
MISSISSIPPI	9	10	9	55% L		Sales tax inc'd. 0.5¢ 1/83.
MISSOURI	7	7	7			
MONTANA	9	11	2			
NEBRASKA	*13.9	13.9	8.9			11.5¢ + approx. 2% computed quarterly.
NEVADA	12	12	11		L	
NEW HAMPSHIRE	14	14	9			3¢ will expire 6-30-83 unless extended.
NEW JERSEY	8	8	8			
NEW MEXICO	*10	10	0			Indexed rate computed annually. Will inc. 1¢ 7/83.
NEW YORK	8	10	8	4% L		
NORTH CAROLINA	12.25	12.25	10.25			
NORTH DAKOTA	8	8	4			
OHIO	*12	12	8.5			Indexed rate computed annually. 12¢ maximum.
OKLAHOMA	6.58	6.5	6.58			Gasohol exemption repealed eff. 3/1/83.
OREGON	8	8	8		L	
PENNSYLVANIA	*11	11	11	3.5%		
+ RHODE ISLAND	*11	11	11			10% wholesale computed quarterly. Changes to 11% with
SOUTH CAROLINA	13	13	13			13¢ min. 4/83.
SOUTH DAKOTA	13	13	9		L	
TENNESSEE	10	13	6		L	
TEXAS	5	6.5	0			
UTAH	11	11	6			
VERMONT	11	14	11			
VIRGINIA	*11	11	3	3% L		Large trucks pay +2¢/gal.
WASHINGTON	*12	12	10.8			10% retail computed semiannually. 12¢ maximum.
+ WEST VIRGINIA	10.5	10.5	10.5			Eff. 4/83, +5% wholesale.
WISCONSIN	13	13	13			
WYOMING	8	0	4			Diesel taxed by ton-mile structure, approx. 8¢/gal.

+ Legislative action in 1983 on gasoline or diesel taxes.

* Variable tax rate expressed in cents-per-gallon.

MOTOR FUEL TAXES

Proposals to increase state taxes on motor fuels have surfaced in 27 states. Bills have passed in three legislatures.

FLORIDA - Effective April 1, 4¢ of the current 8¢ state tax will be replaced by a new 5% of wholesale "sales tax." This sales tax will be computed at 5.7¢/gal. for two years, then recalculated annually. The state road fund's share of the motor fuel tax, thus, increases by 1.7¢/gal. However, county commissions are given the authority to adopt local option taxes up to 4¢/gal., in addition to the current 1¢ local tax which requires voter approval.

RHODE ISLAND - Effective April 1, the state's current 10% of wholesale variable tax changes to 11% with a 13¢/gal. floor. This automatically increases the tax from 11¢ to 13¢. Rhode Island is a general fund state, but 1.5¢/gal. of this increase has been earmarked to bus transit.

WEST VIRGINIA - Effective April 1, a 5% of wholesale "sales tax" will be added to the state's current 10.5¢/gal. tax. The sales tax will be converted annually to cents-per-gallon using an average wholesale price of at least 97¢/gal. This increase of about 5¢ /gal. is dedicated to highways.

Motor fuel tax increase bills have been passed by one house in four states.

Idaho - 3¢ (now 12.5¢).

Montana - 3.5¢ on gasoline; 4.5¢ on diesel (now 9¢ and 11¢).

North Dakota - 5¢ passed by House; 1¢ by Senate.

South Dakota - 1¢ in conference committee.

Proposals are under consideration in 19 states.

Alaska	Missouri
Arkansas (diesel)	New Jersey
California (sales)	Oklahoma
Colorado	Oregon
Connecticut	Pennsylvania
Illinois	Texas
Maine	Vermont
Massachusetts	Washington
Minnesota	Wisconsin
Mississippi (sales)	

A Wyoming bill for a cents-per-gallon diesel tax died.

Four states have introduced bills to reduce motor fuel taxes.

Alaska - by 5¢ to offset Federal tax increase.

Maryland - repeal 2.5¢ increase scheduled for June 1.

New Hampshire - keep only 1¢ of 3¢ scheduled to expire July 1.

Virginia - bill to repeal 3% excise tax on motor fuels died.

A local option tax passed in FLORIDA (see above); is pending in Montana; failed in Georgia.