

ALASKA TELEPHONE COMPANY

3152

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HB 55

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HB 68

3152

GASOHOL TAX EXEMPTIONS

Legislation in 13 states would grant tax breaks to gasohol or extend current tax reductions. Legislatures in three states have passed such bills.

ARKANSAS - Exempt from sales tax if produced in state. Gasohol is now exempt from the motor fuel tax but - unlike gasoline or diesel - is charged the retail sales tax.

FLORIDA - New motor fuel tax structure increases amount of exemption given gasohol. Gasohol will be charged 4¢ per gallon (of 9.7¢ tax) until April 1, 1985, when half of "sales tax" will be added. Tax reduction would expire in 1987.

SOUTH DAKOTA - Legislature extended current 4¢ tax break (from 13¢) until June 30, 1985.

NOTE: Report that tax break expired June 30, 1982 (State Legislative Report, Jan. 10, 1983) was in ERROR.

Bills to give new or extended tax breaks are pending in ten states.

Arizona	Minnesota
Illinois	Mississippi
Maine	New Jersey
Maryland	New York
Massachusetts	South Carolina

GASOHOL TAX INCREASES

Six states are considering legislation removing or limiting the tax breaks now offered to gasohol. One has approved such a tax increase.

OKLAHOMA - Effective Mar. 1, the total exemption from motor fuel taxation was repealed. The tax on gasohol is now 6.58¢/gal., the same as on gasoline.

Such bills are pending in five other states.

Arkansas
Indiana
Iowa
Montana
Nebraska

AUTOMOBILE REGISTRATION FEES

Bills to increase registration (license tag) fees for cars and pickup trucks have been introduced in 11 states. Only one has passed.

FLORIDA - \$2 increase in all weight classes.

Bills are pending in nine states.

Colorado	Nebraska
Illinois	New York
Iowa	North Dakota (Senate passed)
Missouri	Washington
Montana	

A \$ increase failed in Wyoming.

TRUCK FEES & TAXES

Increases in special truck taxes or permit fees have been considered in 18 states. Two legislatures have passed higher fees.

FLORIDA - Increased registration fees; more than doubled for heaviest trucks.

SOUTH DAKOTA - Increased overweight permit fees from \$25 to \$250.

Bills are pending in 15 states.

Arizona	Missouri (House passed)
Arkansas (Senate passed)	Montana
Colorado (each house passed)	North Dakota
Idaho (own bill)	Oklahoma
Illinois	Oregon
Indiana	Vermont
Kansas	West Virginia
Maine	

Bills died in Wyoming.

BOND ISSUES

Ten states are looking at bond financing for highway projects.

ALABAMA - Authority to counties to offer revenue bonds for roads and bridges.

Bills are pending in nine other states.

Connecticut	New Mexico
Minnesota	New York
Montana	Rhode Island
Nebraska	Wisconsin
New Hampshire	

DEDICATION OF USER REVENUES

Ten states are considering legislation to earmark various user-generated revenues to highway purposes.

Three "general fund" states without any dedication have such bills pending.

Connecticut
New Jersey
New York

Bills in five other states would earmark additional user fees, such as vehicle sales taxes, to highway programs.

Indiana
Kansas
Montana
New Mexico
Texas

Such bills died in Massachusetts and Wyoming.

DIVERSION OF USER REVENUES

Bills in 14 states would divert user-generated revenues to non-highway purposes.

RHODE ISLAND - Currently a "general fund" state, the bill which raises the motor fuel tax also specifically earmarks a portion of its revenues to bus transit.

Diversion bills are pending in 11 other states.

Arizona	Maryland
Colorado	Minnesota
Illinois	Nebraska
Indiana	Nevada
Iowa	Washington
Maine	

Such bills were killed in South Dakota and Wyoming.

TOLL FINANCING

Only Connecticut has introduced legislation concerning tolls. Several bills would phase out turnpike and bridge tolls.

Introduced: 1/18/83
Referred: Transportation and
Finance

55
2/4/83

1 IN THE HOUSE

BY MARTIN AND GRUSSENDORF

2

HOUSE BILL NO. 55

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IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

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For an Act entitled: "An Act decreasing the motor fuel tax to offset tax
increase by federal government; ^{repealing motor fuel tax refund} and providing for an ^{prov-}
effective date." ^{isions}

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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:~~

11

(a) There is levied a tax of ^{added} ~~three~~ [EIGHT] cents a gallon on all
motor fuel sold or otherwise transferred within the state, except that

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13

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

14

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

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descriptions is five cents a gallon, and

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

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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

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gallon,

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

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descriptions is five cents a gallon, and

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

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and one-half cents a gallon.

27

* Sec. 3. ~~This Act takes effect April 1, 1983.~~ AS 43.40.030, 43.40.040,
43.40.050, 43.40.060, 43.40.070 and 43.40.080
are repealed.

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

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§ 43.40.010

REVENUE AND TAXATION

§ 43.40.010

Section

- 50. Refund claim by affidavit
- 60. Separate invoices
- 70. Refund warrants
- 80. Examination of books and records

Section

- 85. Preservation of books and records
- 90. Criminal violation
- 100. Definitions

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

- (1) the tax on aviation gasoline is four cents a gallon,
- (2) the tax on motor fuel used in and on watercraft of all descriptions is five cents a gallon, and
- (3) the tax on all aviation fuel other than gasoline is two and one-half cents a gallon.

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

- (1) the tax on aviation gasoline consumed is four cents a gallon,
- (2) the tax on motor fuel used in and on watercraft of all descriptions is five cents a gallon, and
- (3) the tax on all aviation fuel other than gasoline is two and one-half cents a gallon.

(c) Every dealer who sells or otherwise transfers motor fuel in the state shall collect 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 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. (§ 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 58 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)

Cross reference. — For civil penalty imposed for failure to file a return or report, or pay the full amount of a tax, or a portion or a deficiency of the tax, see AS 43.05.220.

Effect of amendments. — The 1976 amendment repealed subsection (d), which provided for an additional amount to be added to the tax for failure to file a return and remit the tax within the time prescribed by law or prescribed by the department pursuant to law, due to wilful neglect.

The 1977 amendment rewrote paragraph (2) of subsection (a) and paragraph (2) of subsection (b).

Editor's note. — Section 1, ch. 125, SLA 1971, provides: "Intent. The intent of this Act is to provide funds for trail staking and shelter construction and maintenance projects in sparsely populated areas where the interests of safety require their establishment for the protection of traveling citizens of the state."

Purpose of subsection (g). — The purpose of the dedication of the taxes on motor fuels contained in subsection (g) of this section is public highways. 1959 Op. Att'y Gen., No. 9.

A proposed alteration going to the geographical area of expenditure rather

than to the special purpose of a dedication, does not contravene the constitution. 1959 Op. Att'y Gen., No. 9.

Amendment of 1957 effected no change in dedication. — The 1957 amendment to this section, which reduced the tax on motor fuel used in commercial fishing crafts for purposes of commercial fishing from five cents to two cents per gallon, effected no change in the dedication inasmuch as the reduction in the tax was coupled with an exemption from the refund of three cents per gallon formerly allowed to users of fuel in commercial fishing craft for commercial purposes. Nothing has been done which increased or decreased the dedication. 1959 Op. Att'y Gen., No. 14.

Civil Air Patrol exempt. — The Civil Air Patrol is exempt from taxation under the Alaska Motor Fuel Oil Tax Act because it is an instrumentality of the federal government. 1961 Op. Att'y Gen., No. 25.

But volunteer members of Civil Air Patrol are not exempt. 1961 Op. Att'y Gen., No. 26.

Am. Jur. and C.J.S. references. — 51 Am. Jur., Taxation, §§ 1260 to 1279, 53 C.J.S. Licenses § 30.

Sec. 43.40.020. Penalty for violation. (a) A person who violates a provision of §§ 10—190 of this chapter upon conviction is punishable for each violation by a fine of not less than \$50 nor more than \$5,000, or by imprisonment for not more than one year, or by both. Each day's violation is a separate offense.

(b) Repealed by § 3 ch 116 SLA 1977. (§ 48-5-3 ACLA 1949; am § 4 ch 153 SLA 1972; am § 3 ch 116 SLA 1977)

Effect of amendment. — The 1977 amendment repealed subsection (b), which read "A person who claims the nonpropulsion use fuel tax exemption under § 10 (a) (2) or § 10 (b) (2) of this chapter and who uses a portion of the

amount of the exempted fuel for another purpose is guilty of a misdemeanor, and is punishable by a fine of not more than \$5,000."

C.J.S. reference. — 53 C.J.S. Licenses § 62.

Sec. 43.40.030. Refund for nonhighway use. (a) Except as specified in § 10 (j) of this chapter, 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 a 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.

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

5. Distribution:

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

2/15/83

THE LEGISLATURE OF THE STATE OF ALASKA
THIRTEENTH LEGISLATURE

FEB 10 1983

FISCAL NOTE

AMENDED

I. REQUEST

Bill/Resolution Number: HB 55

Title: An Act Decreasing the motor fuel tax to offset increase by federal government.

Requested by: House Transportation and Finance Date: February 10, 1983

II. FISCAL DETAIL

Agency Affected: Department of Revenue

Program Category Affected: Revenue Collection and Management

BRU, Program, or Subprogram(s) Affected: Audit Division

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 COMMODITIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LAND & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS, ETC	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

FUNDING (Millions of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
GENERAL FUND	-2	-20	-21	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER (Specify Source)	-	-	-	-	-	-

POSITIONS

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

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

This bill would substantially reduce Motor Fuel tax collections. Motor fuel funds are used, in part, to finance repair of highways, bridges, etc. These expenditures are sometimes matched with available federal-aid highway money. A reduction in motor fuel tax would not only lower the general fund money available for expenditures by the Department of Transportation and Public Facilities but potentially could reduce federal aid.

Since the tax is proposed to be lowered from 8¢ to 3¢ a gallon, a refund of 6¢ a gallon cannot occur. Therefore, AS 42.40.030 must be amended to eliminate or lower the refund.

IV. DATE: February 10, 1983

PREPARED BY: Robert D. Heath

AGENCY: Department of Revenue

PHONE: 465-2300

Original: Legislative Finance

cc: Office of Management and Budget

Prime Sponsor (First Legislator Named)

33-001 (Rev. 01/83)

RECEIVED

FEB 11 1983

LEGISLATIVE FINANCE

Funding Information
General Fund \$25,100,000
Other Funds -0-
\$25,100,000

BY GILMAN, STURGULEWSKI,
KELLY, P. FISCHER & V. FISCHER

1 IN THE SENATE

2 SENATE BILL NO. 17

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act making an appropriation to the Department of
7 Revenue for financial assistance to municipalities;
8 and providing for an effective date."

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

10 * Section 1. The sum of \$25,100,000 is appropriated from the general
11 fund to the Department of Revenue for the municipal assistance fund
12 (AS 43.20.016(a)) for distribution to municipalities for the fiscal year
13 ending June 30, 1984.

14 * Sec. 2. The unexpended and unobligated portion of the appropriation
15 made by this Act lapses into the general fund June 30, 1984.

16 * Sec. 3. This Act takes effect immediately in accordance with AS 01.-
17 10.070(c).

1 IN THE HOUSE

BY THE TRANSPORTATION COMMITTEE

2 HOUSE BILL NO.

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 is retroactive to April 1, 1983.

23 * Sec. 5. This Act takes effect immediately in accordance with AS 01.-
24 10.070(c).

Hayes, Martin, Lindauer,
Tischer, Barnes
SSHB 40

BILL COMPARISON
Martin & Grussendorf .
SSHB 55

Zharoff & Grussendorf
HB 150

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 1953 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.

Alaska State Legislature

REPRESENTATIVE

TERRY MARTIN

DISTRICT 13 B

CHAIRMAN LABOR AND COMMERCE COMMITTEE
PHONE 465-8878



MAR 5 1983

3960 REKA DRIVE—86
ANCHORAGE, AK 99504
PHONE 333-6990

DURING LEGISLATURE
POUCH V
STATE CAPITOL
JUNEAU, AK 99811
PHONE 465-3764

March 2, 1983

Representative Bette Cato, Chair
House Transportation Committee
House of Representatives
Capitol Building
Juneau, Alaska

Dear Bette,

I'm writing in follow-up to yesterday's meeting of your committee to furnish "on paper" supporting information relative to HB 55, a bill to lower the state motor fuel tax by five cents to three cents a gallon.

There are, I submit, seven major advantages which this bill offers which, as a result of yesterday's deliberations in committee, I feel compelled to re-emphasize at this time:

- 1) HB 55 represents significant savings to state and local governments in physical plant heating costs.
- 2) Major savings in automotive fuel charges to state trooper and city police vehicles, as well as to state and municipal non-law enforcement vehicles and mobile equipment, will result through passage of this bill. HB 55 will mean reduced costs for school transportation services, as well.
- 3) HB 55 will result in reduced costs in mass transportation for public carriers in Alaska, on land, in the air or over water -- savings in the competitive market will be passed on to Alaskans.
- 4) Reductions in motor fuel costs through enactment of HB 55 will be of direct benefit to the trucking industry in Alaska and particularly helpful to high overhead, small-scale independent trucking operations.
- 5) HB 55 will prove of notable benefit to the Alaska car owner. This bill will save the average motorist fifty-five to seventy-five dollars a year.
- 6) On a broader scale, HB 55 will serve to leave more money in the resident-consumer's pocket, and will stimulate the state economy in both the public and private sector.
- 7) HB 55 will offset the five cents per gallon increase in the Federal gas tax and significantly help balance the cost of living in Alaska compared to living in the other 49 states.

Page 2

Thanks for the opportunity to share further my thoughts relative to reducing the state motor fuel tax. Best personal regards.

Sincerely,

Terry

Representative Terry Martin

Department of Revenue
Memorandum

TO: Bette Cato
Chairman, Transportation Committee

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

RE: CS for Sponsor Substitute for HB 55

DATE: March 25, 1983

On Monday March 21, 1983, you requested a fiscal note regarding the proposed CS for Sponsor Substitute HB 55.

The Department has not received a formal request for a fiscal note since the bill apparently has not been introduced for first reading. However, we anticipate eventually to have about 100 qualified dealers. The average monthly commission would be about \$40 per dealer. The revenue impact then would be \$40 x 100 x 12 or about \$48,000 revenue loss per year.

At this point, I would be comfortable with an estimate in the range of \$48,000 to \$65,000 per year.

RRK/jc
20561

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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STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

POUCH 5
JUNEAU, ALASKA 99811
PHONE: (907) 465-2300

March 4, 1983

The Honorable Bette Cato
Representative
Alaska State Legislature
Pouch Y
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 \$3,800,000 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

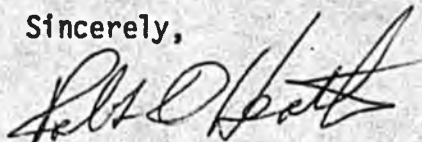
The Honorable Bette Cato
March 4, 1983
Page 3

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

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
DEPARTMENT OF REVENUE

MEMORANDUM

TO: The Honorable Representative Robert Bettisworth

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

RE: Amendments to Motor Fuel Law

DATE: February 16, 1983

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

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

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

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

The maximum amount of \$100 would provide remuneration for the dealers extra work and yet would not be costly to the state. There are a limited number of dealers.

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

AS 43.40.010(c) is amended to read:

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

AS 43.40.010(1) is amended to read:

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

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

AS 43.40.035(a) is amended to read:

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



ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

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

March 2, 1983

MEMORANDUM

TO: Representative Dick Shultz

FROM: David Teal *DT*
Research Staff

RE: Motor Fuel Taxes
Research Request Number 83-75

Jack Goddard, of your staff, asked the House Research Agency to determine the amount of motor fuel tax received by the State and the amount it costs the State to collect motor fuel taxes. The attached fiscal note for SSMB40 shows that the State could eliminate two positions (at a savings of about \$65,000 per year) if the motor fuel tax were repealed. Information on tax receipts is contained in the Department of Revenue's Revenue Source Book, which was published in January of 1983. A copy of a table from that book is also attached to this memorandum. That table shows total net motor fuel tax receipts of \$23.2 million and \$30.3 million in FY 1981 and FY 1982, respectively.

Because Mr. Goddard wanted an accounting of tax receipts by type of fuel as well as by type of use, an additional table was created from information available from the Department of Revenue. The following (full page) table provides more specific information on tax receipts than is available in the Revenue Source Book. The figures in the table show that net receipts from motor fuel taxes were \$23 million in FY 1981 and \$32 million in FY 1982. In both years, the tax on highway fuel was about two-thirds of total motor fuel tax receipts.

The figures in the table prepared by the House Research Agency are not identical to those reported in the Department of Revenue's Revenue Source Book. The figures in the agency's table were computed by multiplying the applicable tax rate by the number of gallons reported in the attached reports of motor fuel sold in Alaska. Deductions for refunds were made according to information supplied by the Department of Revenue. These computations produce net receipts that are \$800,000 and \$1 million greater (for aviation and highway fuel taxes, respectively) than are reported for FY 1982 in the Revenue Source Book. For FY 1981, the Revenue Source Book reports aviation fuel tax receipts that are about \$200,000 greater than the figure computed by the House Research Agency. Bob Kessel, of the Department of Revenue, said the differences are probably due to timing of payments and/or refunds.

Motor Fuel Taxes
State of Alaska
FY 1981 and FY 1982

	Tax Rate (¢ per gal.)	FY 1981		FY 1982	
		Amount	Percent of Unrestricted Revenue	Amount	Percent of Unrestricted Revenue
Jet Fuel	2.5	\$ 3,234,951	.087 %	\$ 6,461,218	.157 %
Aviation Gasoline	4.0	709,618	.019	678,551	.017
Aviation Subtotal		3,944,569	.106	7,139,769	.174
less Revenue Sharing		135,038	.004	122,441	.003
Net Receipts		3,809,531	.102	7,017,328	.171
Highway Diesel	8.0	6,712,771	.181	17,142,893	.417
Highway Gasoline	8.0	13,807,751	.371	15,022,047	.366
Other Highway	8.0	9,203,916	.248	1,708	.000
Highway Subtotal		29,724,338	.799	32,166,648	.783
less Refunds		*	*	10,835,303	.264
Net Receipts		15,600,000*	.420	21,331,345	.519
Marine Diesel	5.0	3,206,815	.086	3,380,558	.082
Marine Gasoline	5.0	395,351	.011	368,884	.009
Marine Subtotal		3,602,166	.097	3,749,402	.091
Total Net Tax Collected		\$23,011,697	.619 %	\$32,098,075	.781 %

*The cumulative amount of highway fuel tax refunded during FY 1981 was not compiled by the Department of Revenue; the 1983 Revenue Source Book is the source of the \$15.6 million listed as net highway fuel tax receipts for FY 1981.

Representative Shultz

March 2, 1983

Page 2

Mr. Goddard asked that I report any items of interest that I discovered in my research of this topic. The following paragraphs contain information which you may find interesting.

- Motor fuel taxes accounted for less than one percent of Alaska's total unrestricted revenues in FY 1981 and FY 1982. Ten years ago, motor fuel taxes comprised just over five percent of unrestricted revenues. During the period from 1972 to 1982, motor fuel tax revenues increased by 166 percent, while total unrestricted revenues increased by 1,775 percent. During the same period, non-oil-related revenues increased by about 200 percent.
- Although AS 43.40.010(e) states that 60 percent of the proceeds (less collection costs) from taxes on aviation fuel sold at airports operated by municipalities shall be refunded to the municipality that collected the tax, the amount of revenue distributed to municipalities was less than two percent of the total aviation fuel tax collected in 1982.
- Mr. Kessel is currently compiling information on appropriations for port and harbor facilities in order to compare the figures to income from the marine fuel tax. The comparison should aid in drawing conclusions about the probability that repeal of the marine fuel tax would adversely affect State appropriations (and perhaps federal matching funds) for construction and improvement of ports and harbors.
- Of the \$15 million in highway gasoline tax collected in 1982, \$308,481 (two percent) was refunded. Of the \$17 million in highway diesel tax collected in 1982, over \$10 million, or 60 percent, was refunded.
- Mr. Kessel voiced concern that wide differences in tax rates could cause enforcement problems since there would be incentive to switch fuel from "low tax uses" to "high tax uses" without paying the tax. The concept applies to repeal of a tax on diesel fuel as well as to repeal of the marine fuel tax.
- Repeal of motor fuel taxes may not substantially reduce record-keeping chores of industry. The federal government also requires that certain records be maintained; those requirements would be unaffected by changes in State law.
- There is no State highway tax on gasohol and the federal tax is 5¢ per gallon rather than the 9¢ that applies (after April 1, 1983) to gasoline. If alcohol can be produced and delivered for less than \$2.20 per gallon, there is some possibility that barley could be used to produce alcohol for highway fuel.

Representative Shultz
March 2, 1983
Page 3

I hope you find this information useful. Please call if you have additional questions.

Attachments

fiscal note for SSHB40

Table 2, 1983 Revenue Source Book

motor fuel tax reports for 1981 and 1982

STATE OF ALASKA
PRELIMINARY STATEMENT OF FISCAL IMPACT

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

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

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

b. Revenues:

Revenue			-0-	((48,000)	(33,000)			
---------	--	--	-----	-----------	----------	--	--	--

2. Source of funds to offset fiscal impact of bill:

3. Assumptions:

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

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

4. Disclaimer:

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

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

5. Distribution:

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

2/15/83

TABLE 2
STATE OF ALASKA - UNRESTRICTED REVENUES
TAX PORTION

(\$ millions)	FY 71	FY 72	FY 73	FY 74	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
Corporate General	6.1	6.5	6.8	8.2	17.3	31.1	35.8	33.5	24.8	17.9	34.8	34.8
Corporate - Petroleum	--	--	--	--	--	--	--	--	232.6	547.5	860.1	668.9
Fiduciary	--	--	--	--	.1	.1	.1	.1	.1	.1	--	--
Individual	35.5	39.1	43.4	49.2	86.9	146.2	210.4	145.7	117.2	100.5	--	--
TOTAL INCOME	<u>41.6</u>	<u>45.6</u>	<u>50.2</u>	<u>57.4</u>	<u>104.3</u>	<u>177.4</u>	<u>246.3</u>	<u>179.3</u>	<u>374.7</u>	<u>666.0</u>	<u>894.9</u>	<u>703.7</u>
Alaska Business License	5.6	6.1	6.7	7.5	11.2	19.1	23.2	21.7	28.2	4.2	5.4	5.5
Fish - Canned Salmon	3.5	2.7	1.7	1.4	1.6	1.8	3.8	5.5	6.7	4.3	5.9	8.6
Fish - Shore Based	.3	.3	.5	.9	.8	.8	1.9	2.3	3.3	7.6	11.0	8.7
Fish - Floating	.2	.2	.3	.5	.3	.5	.5	.5	1.9	2.7	3.8	5.5
Salmon Enhancement	--	--	--	--	--	--	--	--	--	--	--	2.4
Insurance Companies	3.0	3.5	3.7	3.8	4.4	6.1	8.1	10.0	10.8	10.4	10.6	12.5
Other	.4	.5	.6	.6	.7	1.0	1.3	1.6	1.9	2.1	1.2	1.4
TOTAL GROSS RECEIPTS	<u>13.0</u>	<u>13.3</u>	<u>13.5</u>	<u>14.7</u>	<u>19.0</u>	<u>29.3</u>	<u>38.8</u>	<u>41.6</u>	<u>52.8</u>	<u>31.3</u>	<u>37.9</u>	<u>44.6</u>
Gravel, Timber, Etc.	--	--	--	.3	.8	1.8	1.0	.8	1.7	1.6	2.7	--
Oil & Gas Production	10.5	11.4	12.0	14.8	26.6	27.9	23.7	107.6	173.6	506.2	1,169.9	1,581.1
Oil & Gas Conservation	--	--	--	--	--	.1	.1	.1	.2	.3	.3	.6
TOTAL SEVERANCE	<u>10.5</u>	<u>11.4</u>	<u>12.0</u>	<u>15.1</u>	<u>27.4</u>	<u>29.8</u>	<u>24.8</u>	<u>108.5</u>	<u>175.5</u>	<u>508.1</u>	<u>1,172.9</u>	<u>1,581.7</u>
Oil & Gas	--	--	--	--	6.6	83.4	139.1	173.0	163.4	168.9	143.0	142.7
Oil & Gas Reserves	--	--	--	--	--	223.1	270.6	--	--	--	--	--
Vehicle Registration	--	--	--	--	--	--	--	.2	.2	.1	.2	--
TOTAL PROPERTY	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>6.6</u>	<u>306.5</u>	<u>409.7</u>	<u>173.2</u>	<u>163.6</u>	<u>169.0</u>	<u>143.2</u>	<u>142.7</u>
Alcoholic Beverages	4.9	4.8	5.2	5.7	6.6	7.8	8.0	7.6	7.4	7.4	8.3	9.0
Fuel Taxes - Aviation	1.6	1.5	1.3	1.6	2.8	3.0	2.5	3.3	3.4	4.0	4.1	6.3
Fuel Taxes - Highway	8.6	8.9	10.1	11.0	14.0	20.2	16.7	17.9	16.3	18.9	15.6	20.3
Fuel Taxes - Marine	.8	1.0	1.1	1.2	1.1	1.2	1.3	2.1	2.6	3.2	3.5	3.7
Tobacco Products	1.1	1.2	1.2	1.3	1.5	1.7	1.8	1.7	1.7	1.6	1.7	1.9
TOTAL SALE/USE	<u>17.0</u>	<u>17.4</u>	<u>18.9</u>	<u>20.8</u>	<u>26.0</u>	<u>33.9</u>	<u>30.3</u>	<u>32.6</u>	<u>31.4</u>	<u>35.1</u>	<u>33.2</u>	<u>41.2</u>
Estate	--	--	--	.1	.1	.2	.2	.2	.1	.2	.5	.3
School	1.4	1.5	1.6	1.6	2.2	2.6	2.6	2.4	2.5	2.6	--	--
TOTAL OTHER	<u>1.5*</u>	<u>1.6*</u>	<u>1.6</u>	<u>1.7</u>	<u>2.3</u>	<u>2.8</u>	<u>2.8</u>	<u>2.6</u>	<u>2.6</u>	<u>2.8</u>	<u>.5</u>	<u>.3</u>
TOTAL TAXES	83.6	89.3	96.2	109.7	185.6	579.7	752.7	537.8	800.6	1,412.3	2,282.6	2,514.2

*Includes disaster relief

Source: Department of Revenue, Revenue Sources FY 1971 - FY 1982. Revised November 1982.

STATE OF ALASKA - UNRESTRICTED REVENUES
NON-TAX PORTION

(\$ millions)	<u>FY 71</u>	<u>FY 72</u>	<u>FY 73</u>	<u>FY 74</u>	<u>FY 75</u>	<u>FY 76</u>	<u>FY 77</u>	<u>FY 78</u>	<u>FY 79</u>	<u>FY 80</u>	<u>FY 81</u>	<u>FY 82</u>
<u>LICENSES & PERMITS</u>												
Business	2.7	2.8	3.2	4.1	4.2	5.1	5.5	6.8	7.5	8.1	9.1	10.8
Non-Business	6.0	6.3	6.6	6.8	9.4	11.3	10.6	12.3	12.3	10.7	12.2	13.0
TOTAL	<u>8.7</u>	<u>9.1</u>	<u>9.8</u>	<u>10.9</u>	<u>13.6</u>	<u>16.4</u>	<u>16.1</u>	<u>19.1</u>	<u>19.8</u>	<u>18.8</u>	<u>21.3</u>	<u>23.8</u>
<u>INTERGOVERNMENTAL RECEIPTS</u>												
Federal Shared Revenues	9.7	9.0	7.7	8.0	10.6	6.4	2.5	3.6	4.1	4.8	8.5	21.7
<u>STATE RESOURCE REVENUE</u>												
<u>SALE/USE</u>												
Bonus Sales	.2	.3	3.8	24.8	1.0	--	--	--	--	342.4	7.6	5.0
Investment Earnings	78.4	67.3	43.2	41.1	38.5	31.7	34.8	44.2	59.2	119.9	227.8	324.7
Rents	3.2	3.3	3.7	4.0	4.3	4.1	3.4	2.3	2.1	3.0	5.4	3.5
Royalties	23.9	24.6	23.5	28.7	40.0	43.3	34.3	149.6	249.2	688.2	1,118.5	1,157.3
Sale of State Property	1.0	1.4	1.7	1.4	12.2	1.9	1.8	1.9	8.4	5.7	4.8	5.2
Gravel, Timber, etc.	--	--	--	--	--	--	--	--	--	--	--	1.2
TOTAL	<u>106.7</u>	<u>96.9</u>	<u>75.9</u>	<u>100.0</u>	<u>96.0</u>	<u>81.0</u>	<u>74.3</u>	<u>198.0</u>	<u>318.9</u>	<u>1,159.2</u>	<u>1,364.1</u>	<u>1,496.9</u>
<u>FACILITIES RELATED CHARGES</u>												
Airports	.6	.5	.7	.6	.5	.6	.7	.8	.9	.9	1.1	1.6
Ferry System--SE	6.5	8.1	10.1	9.6	12.0	13.9	15.4	14.0	17.1	18.7	21.0	25.2
Ferry System--SW	.6	.9	.9	1.0	1.2	1.3	1.5	1.6	1.8	2.4	3.4	4.0
Other	1.9	2.2	3.8	4.3	2.1	2.2	2.7	4.0	3.1	4.1	3.7	3.6
TOTAL	<u>9.6</u>	<u>11.7</u>	<u>15.5</u>	<u>15.5</u>	<u>15.8</u>	<u>18.0</u>	<u>20.3</u>	<u>20.4</u>	<u>22.9</u>	<u>26.0</u>	<u>29.2</u>	<u>34.4</u>
<u>SERVICES RELATED CHARGES</u>												
Court System	1.2	1.7	1.6	1.9	3.0	3.7	3.6	2.8	2.8	2.8	2.9	3.5
Other	.2	.3	.3	.4	1.4	.7	.9	1.7	2.3	2.0	4.1	6.1
TOTAL	<u>1.4</u>	<u>2.0</u>	<u>1.9</u>	<u>2.3</u>	<u>4.4</u>	<u>4.4</u>	<u>4.5</u>	<u>4.5</u>	<u>5.1</u>	<u>4.8</u>	<u>7.0</u>	<u>9.6</u>
TOTAL RESOURCE	117.7	110.6	93.3	117.8	116.2	103.4	99.1	222.9	346.9	1,190.0	1,400.3	1,540.9
Miscellaneous Revenue	.7	1.2	1.2	8.5	7.4	3.9	3.9	3.9	7.2	6.7	5.5	7.8
Total Unrestricted Non-Tax Revenue	136.8	129.9	112.0	145.2	147.8	130.1	121.6	249.5	378.0	1,220.3	1,435.6	1,594.2
Less: Native Claims Payments	--	--	--	--	--	--	--	22.4	45.6	131.4	--	--
TOTAL NET UNRESTRICTED NON-TAX REVENUE	136.8	129.9	112.0	145.2	147.8	130.1	121.6	227.1	332.4	1,088.9	1,435.6	1,594.2
Total Unrestricted Tax Revenue	83.6	89.3	96.2	109.7	185.6	579.7	752.7	537.8	800.6	1,412.3	2,282.6	2,514.2
TOTAL UNRESTRICTED REVENUE	220.4	219.2	208.2	254.9	333.4	709.8	874.3	764.9	1,133.0	2,501.2	3,718.2	4,108.4

REPORT OF MOTOR FUEL SOLD OR DISTRIBUTED IN ALASKA DURING June 1981

GALLONS BY DIVISION

ABLE FUEL

able Fuel Type	Total Gallons	Division I	Division II	Division III	Division IV	Accumulative Total Gallons From 7-1-80 To 6-30-81
ation Jet	10,878,549	436,143	198,070	6,882,259	3,362,077	129,398,054
ation Gas	2,478,935	258,919	253,373	1,454,985	511,658	17,740,441
hwy Diesel	6,055,540	838,797	3,009,210	1,406,073	801,460	83,909,631
hwy Gas	16,927,042	1,437,709	521,741	11,492,304	3,475,288	172,596,892
hwy Other	5,973,654	93	81	417	5,973,063	115,047,697
ine Diesel	7,245,364	1,385,023	45,252	5,763,438	51,651	64,100,327
ine Gas	1,604,548	279,993	177,624	1,000,125	236,806	7,907,010
ine Other	26	14	-0-	12	-0-	35,998
able Total	51,253,658	4,636,691	4,205,351	27,999,613	14,412,003	590,736,050

EMPT FUEL

empt Fuel Type	Total Gallons	Division I	Division II	Division III	Division IV	Accumulative Total Gallons From 7-1-80 To 6-30-81
ation Jet	13,018,125	34,352	17,006	8,849,068	4,117,699	155,074,371
ation Gas	73,238	10,046	2,869	16,956	43,367	568,949
ation Bonded	8,652,368	-0-	-0-	8,652,368	-0-	118,955,511
hwy Diesel	4,207,770	658,440	496,439	3,035,881	17,010	20,781,797
hwy Gas	1,286,597	54,523	19,186	1,084,474	128,414	7,975,064
ine Highway Diesel	9,012,653	1,584,650	1,869,881	3,724,670	1,833,452	97,798,851
ine Diesel	434,272	8,882	-0-	425,390	-0-	5,079,260
ine Gas	8,341	5,787	-0-	2,554	-0-	93,975
empt Total	36,693,364	2,356,680	2,405,381	25,791,361	6,139,942	406,337,778

and	87,947,022	6,993,371	6,610,732	53,790,974	20,551,945	997,073,828
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REPORT OF MOTOR FUEL SOLD OR DISTRIBUTED IN ALASKA DURING JUNE 1982

GALLONS BY DIVISION

TABLE FUEL

fuel Type	Total Gallons	Division I	Division II	Division III	Division IV	Accumulative Total Gallons From <u>July 1, 1981</u> To <u>June 30, 1982</u>
Aviation Jet	27,404,054	624,315	221,063	26,258,664	300,012	258,448,230
Aviation Gas	2,238,564	250,270	159,563	1,245,456	583,275	16,963,767
Highway Diesel	18,825,399	1,078,162	4,025,955	3,280,526	10,440,756	214,286,160
Highway Gas	19,099,694	1,642,772	570,493	12,983,023	3,903,406	187,775,589
Highway Other	861	88	49	260	464	21,354
Off-Highway Diesel	7,325,764	1,595,909	28,866	5,639,214	61,775	67,611,163
Off-Highway Gas	1,590,731	330,587	36,200	861,696	362,248	7,376,872
Off-Highway Other	42	16	-0-	26	-0-	185
Table Total	76,485,109	5,522,119	5,042,189	50,268,865	15,651,936	752,483,820

EMPTY FUEL

fuel Type	Total Gallons	Division I	Division II	Division III	Division IV	Accumulative Total Gallons From <u>July 1, 1981</u> To <u>June 30, 1982</u>
Aviation Jet	2,998,692	34,859	7,752	2,923,994	32,087	120,832,900
Aviation Gas	79,447	8,877	9,325	20,997	40,248	613,820
Aviation Bonded	297,628	-0-	-0-	297,628	-0-	47,750,839
Highway Diesel	1,604,533	774,963	165,427	661,466	2,677	21,087,939
Highway Gas	511,395	59,054	63,052	276,011	113,278	8,701,102
Off-Highway Diesel	21,925,961	1,479,886	1,067,344	17,441,642	1,937,089	121,563,149
Off-Highway Diesel	320,797	34,494	-0-	286,303	-0-	4,033,826
Off-Highway Gas	-0-	-0-	-0-	-0-	-0-	56,729
Empty Total	27,738,453	2,392,133	1,312,900	21,908,041	2,125,379	324,646,304

Grand Total	104,223,562	7,914,252	6,355,089	72,177,906	17,777,315	1,077,130,124
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Motor Fuel Tax
(decreasing & repealing refund provis.)

SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 55, by Reps. Martin and Grussendorf. Lowers motor fuel tax to three cents per gallon, as did original (see p. 46), 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 of 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 whe. the invoices will be the basis for a refund claim.

--AS 43.40.070, "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 the validity of a claim for a 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.)

Effective April 1, 1983.

Introduced February 4 and referred to Transportation and Finance.

Appropriation (special) (Tununak seawall)

HOUSE BILL NO. 149, by Rep. Vaska. Would appropriate \$905,000 for a grant to the City of Tununak to construct a seawall for the prevention of soil erosion. Tununak is on the western side of Nelson Island on the Bering Sea. Provides appropriation be disbursed in accordance with laws governing state grants (AS 37.05.315 - 319). Effective immediately.

Introduced January 31 and referred to Community & Regional Affairs and Finance.

Motor Fuel Tax/Water-Craft
(repealing)

HOUSE BILL NO. 150, by Zharoff, Grussendorf and McBride. Would repeal the five cent per gallon tax on motor fuel used in or on watercraft (AS 43.40.010(a)(2) and (b)(2)). Effective July 1, 1983.

INTRODUCTION OF BILLS (House)(cont'd)

Motor Fuel Tax HOUSE BILL NO. 55, by Martin and Grussendorf. Decreases
(decreasing) the motor fuel tax to three cents a gallon (currently eight cents) to offset the tax increase imposed by the federal government. Decrease would apply to all motor fuel sold or otherwise transferred in the state (AS 43.40.010(a)) and motor fuel consumed by a user (AS 43.40.010(b)) except aviation gas, motor fuel used in and on watercraft and all aviation fuel other than gasoline. Provides Act takes effect April 1, 1983.

Introduced January 18 and referred to Transportation, then to Finance.

Student Loans HOUSE BILL NO. 56, by Lindauer. Would change the amount
(amount of & interest) and interest rate of undergraduate and graduate student loans providing eligible undergrads and grad students may receive a loan for each school year not to exceed an amount equal to the actual costs of tuition, room, and board (currently undergrads may receive up to \$6,000 per year, and grad students may receive up to \$7,000 per year). Increases the interest rate on student loans to seven percent a year (currently five percent). Does not provide for an effective date (takes effect 90 days after being signed by the Governor).

Introduced January 18 and referred to Health, Education & Social Services, then to Finance.

ASHA Home HOUSE BILL NO. 57, by Lindauer. Establishes the Alaska
Loan Program State Housing Authority Home Mortgage Program. The bill
(creation) states that its purpose is ". . .to assist state residents who might not otherwise be able to buy homes at realistic interest rates." Provides the Home Loan Program be financed through bond sales to the Alaska Permanent Fund, and the proceeds of the bond sales be used to make loans or purchase mortgages. Amends section of the Alaska Permanent Fund relating to the investment responsibilities of the Board of Trustees (AS 37.13.120) by stating the Board shall purchase all of the ASHA bonds that bear interest of 10 percent, are guaranteed by ASHA, and are secured by first mortgages under the ASHA Home Mortgage Program, until 40 percent of the assets of the Corporation are invested in the bonds.

Loans are to be made at an interest rate of 10 percent, may not exceed \$160,000, may not exceed 80 percent of the appraised value of the home, shall be secured by a first mortgage, and may be assumed after a period of four years. Provides for the purchase of loans from banks and financial institutions if certain requirements are met. Sets out eligibility requirements for borrowers, stating the Authority may not require the borrower have a specified level of income as a condition for a loan is it is demonstrated that he can meet monthly rental payments comparable to loan payments. Also states that the willingness of a bank or other financial institution to take a second mortgage to secure a retained interest establishes the financial eligibility of a borrower. Does not provide for an effective date (effective 90 days after Governor's signature).

Introduced January 18 and referred to Labor & Commerce, then to Finance.

APR 5 1983

ALASKA TRUCKING ASSOCIATION, INC.

March 22, 1983 3443 Minnesota Drive • Anchorage, Alaska 99503 • Phone (907) 276-1149

Representative Terry Martin
Alaska State Legislature
Pouch V (MS 3100)
Juneau, Alaska 99811

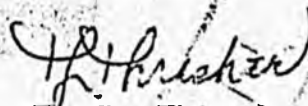
Dear Representative Martin,

During my last trip to Juneau we discussed Sponsor Substitute for House Bill No. 55. The Alaska Trucking Association is in full support of this legislation and we commend you for your efforts to offset tax increases by the federal government.

Whatever assistance we can offer in support of this legislation is available. I discussed our position in support of SSHB55 with your Aide, Elmer Lindstrom and he indicated that he would contact me at a later date.

Again, we appreciate your desire to create a better business environment for the transportation industry as well as provide relief to the general public in the motor fuel tax area.

Sincerely,



T. J. Thrasher
Managing Director

3/31/83

Bette -

For your review
and the record with re-
gard to HB 55.

Terry

Bette: Why are you passing this out if No body supports it?

- Martin insists
- Should we send a letter for the Committee bill so that it is referred to Finance because like Committee sponsored it.
You may want to ask the Committee.

FACT SHEET
MOTOR FUEL TAX

Collect at earliest point of distribution possible.

Trend in last 5 years - Ed. users

Feds. collect from ed users

EXEMPTIONS

Sawmills - 80% subject to 6¢ refund
Construction companies 6¢ refund 60-80%
Submit original invoice tax paid
Equipment listing

Airlines

of certificate of users will trade this language

1 certificate/year under suggested language

Department has 1½ employees - tax returns - issuing refunds

.43 refund/
10 for 65% of total \$1.6 million/monthly

education field - 12 ~~of~~ tax auditors
detailed inspection

Fed requires keeping categories - Fed-State tax exempt
sales, etc. in this case of fuel revenue or shortage

1. DOT Central Region Introduction
2. Fuel tax - Our Committee Bill
I have info
3. HB 1969 Lachere bill

1 IN THE HOUSE

BY THE TRANSPORTATION COMMITTEE

2 HOUSE BILL NO.

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:

* 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 ^{the user} (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 ^{each} (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 is retroactive to April 1, 1983.

23 * Sec. 5. This Act takes effect immediately in accordance with AS 01.-
24 10.070(c).

Nayes, Martin, Lindauer,
Tischer, Barnes
SSHB 40

BILL COMPARISON
Martin & Grussendorf
SSHB 55

Zharoff & Grussendorf
HB 150

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.

REPRESENTATIVE

TERRY MARTIN

DISTRICT 13 B

~~MEMBER, LAND AND COMMERCE COMMITTEE~~~~PHONE 465-6975~~

MAR 5 1983

3960 REKA DRIVE—B6
ANCHORAGE, AK 99504
PHONE 333-6990DURING LEGISLATURE
POUCH V
STATE CAPITOL
JUNEAU, AK 99811
PHONE 465-3784

March 2, 1983

Representative Bette Cato, Chair
House Transportation Committee
House of Representatives
Capitol Building
Juneau, Alaska

Dear Bette,

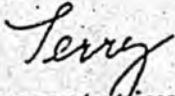
I'm writing in follow-up to yesterday's meeting of your committee to furnish "on paper" supporting information relative to HB 55, a bill to lower the state motor fuel tax by five cents to three cents a gallon.

There are, I submit, seven major advantages which this bill offers which, as a result of yesterday's deliberations in committee, I feel compelled to re-emphasize at this time:

- 1) HB 55 represents significant savings to state and local governments in physical plant heating costs.
- 2) Major savings in automotive fuel charges to state trooper and city police vehicles, as well as to state and municipal non-law enforcement vehicles and mobile equipment, will result through passage of this bill. HB 55 will mean reduced costs for school transportation services, as well.
- 3) HB 55 will result in reduced costs in mass transportation for public carriers in Alaska, on land, in the air or over water -- savings in the competitive market will be passed on to Alaskans.
- 4) Reductions in motor fuel costs through enactment of HB 55 will be of direct benefit to the trucking industry in Alaska and particularly helpful to high overhead, small-scale independent trucking operations.
- 5) HB 55 will prove of notable benefit to the Alaska car owner. This bill will save the average motorist fifty-five to seventy-five dollars a year.
- 6) On a broader scale, HB 55 will serve to leave more money in the resident-consumer's pocket, and will stimulate the state economy in both the public and private sector.
- 7) HB 55 will offset the five cents per gallon increase in the Federal gas tax and significantly help balance the cost of living in Alaska compared to living in the other 49 states.

Thanks for the opportunity to share further my thoughts relative to reducing the state motor fuel tax. Best personal regards.

Sincerely,

A handwritten signature in cursive script, appearing to read "Terry".

Representative Terry Martin

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.)
---------	------------	-------------	-------------

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 Belief, Spec. Asst. Phone: 465-2300
 Division: Comm. Office Date: 2/22/83
 Approved by Commissioner: [Signature] Date: 2/22/83
 Department: Revenue

5. Distribution:

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

2/15/83

HB

68

We're getting letters from Conditors
on the Columbia glacier issue.

All suggesting old route into the
Celaier.

Bette —

I thought you
said Kitchen
facilities.

I wondered
why you wanted
me to ask

Do you not think that the Seef
a maritime academy may have to establish
a living Pool of Alaskans?

Questions:

Gov. Sheffield in the campaign
supported the formulation of an authority to
manage and operate the main Hwy. Authority

Has this administrative philosophy changed?

If so, why?

Stene -

As you have
Chapter + Verse on

this ? On what Sheffield ^{statement?}

of as can you get it

Not in writing but near primary election
time you told me that he was suggesting
this, splitting DOT, PF, and Regions.

Jack —

ask about the
Ketchikan Facilities

STATE OF ALASKA
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: HB 68 Date on Bill: 1/18/83
 Title: Re ferries & ferry terminals & establ. AK Marine Hwy. Authority
 Sponsor: Cato and Grussendorf
 Requestor: House Transportation Committee

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

			FY 83	FY 84	FY 85	FY 86		
Capital								
Operative				2440.4	1360.0	1500.0		
Total								

b. Revenues:

Revenue								
---------	--	--	--	--	--	--	--	--

2. Source of funds to offset fiscal impact of bill:

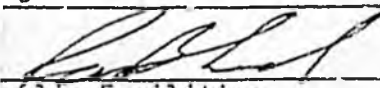
Sponsor did not identify source.

3. Assumptions:

4. Disclaimer:

This statement has not been reviewed by the OMB in the Office of the Governor. It not represent the policy of the Sheffield Administration or the final estimate of impact.

Prepared By: Doug Goldbach Phone: 465-3911
 Division: Financial Management Date: _____

Approved by Commissioner:  Date: 2/14
 Department: Transportation & Public Facilities

5. Distribution:

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

2/8/83

III. ANALYSIS

There are administrative and organizational topics not specifically addressed in House Bill No. 68, "An Act relating to ferries and ferry terminals and establishing the Alaska Marine Highway Authority". Since the proposed legislation is similar in each of these bills, we are making the following assumptions in preparation of fiscal notes for each bill.

1. There is no offsetting credit taken for the expenditure of earned revenue to support the cost of operation of "Alaska Marine Highway Authority". In actuality, the initial cost would be the same if funding came from a direct appropriation for the full cost of operations from the legislature with earned revenue returned to the General Fund, or if earned revenue was expended with an appropriation to support the shortfall.
2. It is assumed the "Alaska Marine Highway Authority's" Payroll, Personnel, and Accounting systems would feed into the existing State systems to insure checks and balances, and would eliminate the necessity of creating a duplicate system.
3. We have assumed that initial start-up costs will be fully funded by the Legislature.
4. It is assumed the "Authority's" funding would be at the Division level and allocated to operating components as set out in its budget.
5. We have assumed a General Fund subsidy for the difference between the total operating cost and the expected revenue for each fiscal year. We have further assumed that the total amount authorized would be available at the beginning of each fiscal year to allow the "Authority" to plan operations for each year.

6. The same inflation factor would apply to the "Authority's" budget request as followed by State agencies. We have assumed it to be seven percent (7%) for the fiscal note.
7. Initially the "Authority" would continue direct involvement with the State in the following:
 - A. Occupancy of a State owned office building.
 - B. Continued support from the State mail system.
 - C. Access to the State equipment fleet.
 - D. Access to the Statewide purchasing contract (i.e. fuel).
 - E. Continued use of "shared" communications lines through Department of Administration, Division of Communications.
 - F. Continued insurance, bonding, etc., as now supplied through Department of Administration, Division of Risk Management.
 - G. Legal service from the Attorney General's office.
8. We have assumed that Department of Transportation and Public Facilities transferred employees would bring their own equipment and that equipment for the proposed twenty-four (24) new hire employees would be \$81.0.
9. We have assumed the "Authority" would require its own computer services for reservations, cost accounting, dispatching vessels crews, and payroll input; and that one time costs would be \$577.0 for hardware and \$265.0 for software.
10. Assuming expansion, the first year shows one time start-up funds for Contractual \$576.2; (Software \$265.0; Legal Services \$212.0; Additional Space Rental \$53.2); and \$53.0 Commodities (primarily office supplies).
Summary - 200 - 500 Accounts: Of \$1620.8 shown for the first year, \$1287.2 is a first time start-up cost. Yearly maintenance of all 200 through 500 Accounts would be around \$333.6 per year.

11. Of the \$2174.1 increase in Personal Services, \$1268.4 is assumed to be positions already within the Department of Transportation and Public Facilities performing similar services in Finance, Supply, Payroll, Design and Construction, and Personnel for the Division of Marine Highway Systems. The actual increase then would be \$905.6 for Personal Services to fund eight (8) upgraded positions and twenty-four (24) new positions.

<u>MHS</u> <u>EXISTING</u>	<u>DOT</u> <u>TRANSFERS</u>	<u>NEW</u> <u>POSITIONS</u>	<u>TOTAL</u> <u>POSITIONS</u>
PFT 36	PFT 32	PFT 24	PFT 92
PPT 4			PPT 4

This is a total of ninety-two (92) Permanent Full Time and four (4) Permanent Part Time Administrative positions, with a total of thirty-one (31) Supervisors (Range 18 and above) and sixty-five (65) support positions to operate and supervise nine vessels (725 employees) and twenty-six Shore Facilities (twenty-eight (28) Permanent and twenty-three (23) Permanent Part Time employees). No increase has been made in Vessel or Shore Facility Personnel.

Approximately \$238,500 of CIP funded positions are proposed to be general funded because they would be considered more operational.

NEW POSITIONS FOR ALASKA HIGHWAY AUTHORITY

1.			FY 83				FY 84			
			2. Pos.	3. No.	4.	5.	5. Pos.	6. No.	7.	8.
A P	1. Full Time	(From APUR or Form 11A)					24	288	677,030	
U E S	2. Part Time/Seasonal	(From Form 11D)								
T R A	3. Overtime	(From Form 11C)								
H M L	4. Shift Differential	(From Form 11D)								
O	5. Additional Salary Costs	(From Form 11E)								
R	6. Subtotal - Permanent Positions and Gross Salary Costs (Sum of Lines 1 - 5)						24	288	677,030	
I P	7. Enter SOS Costs (Calculate in Box A)								41,502	
Z O B	8. Standard Benefits FY 83 (Calculate in Box B)								119,428	
E S E	9. Police, Firemen Retirement Adjustment (Calculate in Box C)									
D N	10. Enter Adjustment for TRS Employee if Applicable (Calculate in Box D)									
	11. Enter Monthly Fixed Costs (Calculate in Box E)									67,680
	12. Subtotal - Authorized Permanent Positions, Salaries and Benefits (Sum of Lines 6 thru 11)									
	13. Non-Permanent Positions, Salaries and Benefits (From Form 11F)									
	14. TOTAL POSITIONS, SALARIES AND BENEFITS (SUM OF LINES 12 AND 13)									905,640

A SUPPLEMENTAL BENEFITS (SOS)		
FY 83		
	POSITIONS	AMOUNT
1.		
2.	X2188	X.0613
3.	\$	\$
4. Trans. lower - Line 7, Col 4.		
FY 84		
	POSITIONS	AMOUNT
5.	24	677,030
6.	X2240	X.0613
7.	\$ 53,760	\$ 41,502
8. Trans. lower - Line 7, Col 7.		

	15. FY 83 Authorized (From Form 5A)		
A	16. FY 83 Salary Increase Distribution		
D	17. FY 83 Total Adjusted Funding (Line 15 + Line 16)		
J	18. FY 83 Amount Underfunding (Line 14 - Line 17)		
U	19. FY 83 + FY 84 Percent Underfunding (Line 18 ÷ Line 14)		
S	20. FY 84 Amount Underfunding (Line 19 X Line 14, Col. 7)		
T	21. FY 84 Continuation Request (Line 14 - Line 20)		
	22. Continuation Adjustment (Line 21 - Line 15)		

C BENEFITS ADJUSTMENT FOR POLICE, FIREMEN			
1. Affected Salaries	2. Rate	3. Adjustment	
FY 83		.0965	
FY 84		.0965	

E				
	Monthly Ben.	LTC	Orh.	TOTAL
	Months			
FY 83	\$ Fact.	X170	X183	
	TOTAL			
	Months	36	252	
FY 84	\$ Fact.	X200	X240	
	TOTAL	7200	60,480	67,680

B VARIABLE BENEFITS %			
1. Gross Salary	2. Rate	3. Adjustment	
FY 83			
FY 84	677,030	.1764	119,428

D BENEFITS ADJUSTED FOR TRS EMPLOYEES			
1. TRS Salaries	2. Rate	3. Adjustment	
FY 83		.0426	()
FY 84		.0426	()

AGENCY Alaska Marine Highway Authority

PROGRAM _____

BRU _____

COMPONENT _____

FY 84

11 CURRENT AUTHORIZED POSITION SUMMARY

Page _____ of _____
Revised Date _____

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
DIVISION OF MARINE HIGHWAY SYSTEMS

NEW POSITIONS

<u>Position</u>	<u>Wage At Started Range Step A</u>	<u>Range</u>	<u>Wages</u>	<u>9/3/82 APBR FY83 Wage</u>	<u>Location</u>	<u>Notes</u>
Operations Director	*51,840	24	\$52,656		JNO	
Computer Manager I	*36,492	19	36,468		JNO	
Accounting Supervisor III	*34,056	18	34,044		JNO	
Systems Analyst	*34,056	18	34,044		JNO	
Property Control Officer III	*34,056	18	34,044		JNO	
Information Officer	*32,868	17	31,680		JNO	
Purchasing Agent I	*29,556	16	29,460		JNO	
Communications Specialist	*29,556	16	29,460		JNO	
Internal Auditor	*29,556	16	29,460		JNO	
Accounting Supervisor II	*29,556	16	29,460		JNO	
Computer Operator	*25,740	14	25,620		JNO	
Computer Operator	*25,740	14	25,620		JNO	
Personnel Technician II	*25,740	14	25,620		JNO	
Accounting Technician I	*22,668	12	22,440		JNO	
Personnel Technician I	*22,668	12	22,440		KTN	
Accounting Clerk III	*20,076	10	19,944		JNO	
Accounting Clerk II	*21,984	9	18,768		SRD	
Mail Clerk Carrier III	*19,524	9	18,768		JNO	
Data Processing Asst	*18,936	9	18,768		JNO	
Data Processing Asst	*18,936	9	18,768		JNO	
Maintenance Foreman	*29,679	WG 55	29,679		JNO	

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
DIVISION OF MARINE HIGHWAY SYSTEMS

NEW POSITIONS

<u>Position</u>	<u>Wage At Started Range Step A</u>	<u>Range</u>	<u>Wages</u>	<u>9/3/82 APBR FY83 Wage</u>	<u>Location</u>	<u>Notes</u>
Maintenance Man	*27,905	WG 56	27,905		JNO	
Maintenance Man	*26,286	WG 57	26,306		JNO	
Executive Secretary III	*29,556	16	29,460		JNO	

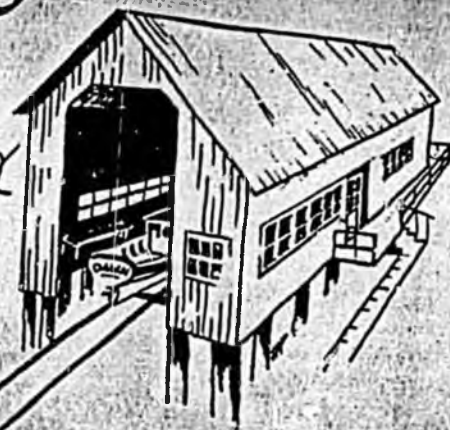
PENNISLE BOAT SHOP

PENNOCK ISLAND

2/4/83

BOX 3033
KETCHIKAN, ALASKA 99901
907-225-2872

per g/11/83



Dear Representative Cato,

I recently tried to make state-room reservations for the Sea-ICTN route on the Alaska Marine System. This request was made in January for either June or July. All state-rooms were reserved - both ways.

It has come to my attention that travel agencies reserve these rooms as soon as the computer is ready to go for the upcoming season. If the agencies cannot 'resell' these tickets, their reservations are canceled, they are no money out, and we residents who ~~stand~~ happen to be standing on the dock may get a 'stand-by'. Reminds me of when I was in the army, trying to fly home on stand-by.

After residing in this state for
ten years, I figured it was about
time for my family to come up and visit.
I wanted them to travel comfortably
and, being a fisherman, wanted them
to take a little boat ride - first class.

I realize that the more ticket get
sold the more hotel rooms, food and
alcohol gets sold and our economy needs
all of this very much... but,
couldn't a few of us locals be given
a chance to receive a state-room?
I tried, six months in advance - No go.

Could this policy please be
revised and amended?

Thank you,

Harry Cook

Added to your (5 members) files on HB 68

Bill analysis - DOT

Position Paper - DOT

Minutes (draft) of Friday 2/18

TARE Recording No. 0461 - 0518 is verbatim

Spoke w/ Commissioner Casey yesterday -
he is unable to attend this morning due to prior
appt. w/ the Governor.

Mr Nusbaur & Mr. Lind are available to
answer questions

NOTE: ORIGINAL DOCUMENT IS COLOR-CODED. IF NECESSARY
TO PROPER INTERPRETATION, REFER TO ORIGINAL DOCUMENT
IN THE ALASKA STATE ARCHIVES

D U P L I C A T I O N

M E M O R A N D U M

April 6, 1978

SUBJECT: Federal highway funds and proposed Marine Highway Authority (SSSB 371)

TO: Senator Bill Ray

FROM: Kenneth M. Rosenstein, Legislative Counsel

I am enclosing the material that expresses the foundation for the conclusion by the federal highway people that under current federal law an independent marine highway authority would make the state ineligible for federal highway funds for ferries.

The Federal-Aid Highway Act requires that in order for a state to receive federal funds for the construction of ferries the operating authority and amount of fares charged on them be under the control of the state. The intent of SSB 371 is to create an agency for the operation of Alaska's ferry system that has an independent legal existence from the state. Despite the fact that the governor would appoint and could remove directors of the authority and that the legislature would control the authority's purse, the view of the Federal Highway Administration (FHWA) is that the state would not retain the control necessary to comply with the Federal-Aid Highway Act (see attached correspondence).

Additionally, in the opinion of the FHWA's chief counsel, the intent of the federal act is that federal funds would be provided only to one agency that is responsible for all phases of a state's highway program which in Alaska includes the ferry system (see attached correspondence).

I have researched the position expressed by the FHWA's lawyers and have concluded that, unless the federal law is changed, it seems unlikely that the state would be eligible for federal funds for ferry construction if the ferry system was operated under the scheme set forth in SSB 371.

If there are any other avenues or approaches that I can explore for you, do not hesitate to contact me or call me at 465-4996.

MEMORANDUM

LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811

TO: W.I. (Bob) Palmer, Executive Assistant
Office of the Governor

DATE: 15 July 1975

FROM: Stuart C. Hall, Legislative Counsel

SUBJECT: Dept. of Transportation

The U.S. Advisory Commission on Intergovernmental Relations has developed a "package" of materials dealing with, and including a model, state Department of Transportation. One of the Commission's senior staff members discussed this at the NCSL Seminar on Public Transportation Issues, Wed., June 25, in Seattle. I have written SCIR for a copy of the material which was supposed to have been forwarded to all seminar participants in any event, but which I have not received to date. Hopefully the letter will expedite matters.

Will keep in touch and advise you of what I find.

MEMORANDUM

LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811

TO: W.I. (Bob) Palmer
Executive Assistant to the Governor

DATE: 15 September 1975

FROM: Stuart C. Hall
Senior Legislative Counsel

SUBJECT: Model DOT Legislation

Per your request of several weeks (months?) ago, I am attaching a copy of the Third Draft of the U.S. Advisory Commission on Intergovernmental Relations' Model State Department of Transportation legislation. I also have on my desk a document entitled "Transportation Departments in the Several States" (Informational Bulletin No. 74-12-3) published in February, 1974, by the Legislative Reference Bureau of the State of Wisconsin. If you'd like a copy of that, I'll have one made for you. I'm sorry for the delay, but I think we've survived the "interregnum" down here, and are back "on track" -- or at least I hope so.



ALASKA
INTERNATIONAL
CONSTRUCTION, INC.

P.O. Box 50029
Fairbanks, Alaska 99701
(907) 452-7171
Telex: 090-35454

Lon McDermott
President

Lon R. McDermott

Testimony on State of Alaska Senate C.S. for House Bill No. 63
Presented to the Senate Commerce Committee March 22, 1976

Subject: An Act relating to the organization of transportation related functions; creating the Department of Transportation and providing for an effective date.

Mr. Chairman and members of the Senate Commerce Committee:

My name is Lon McDermott. I am a citizen of the State of Alaska and reside at 390 Hamilton Avenue, Fairbanks, Alaska. I am employed as President of Alaska International Construction Co., which is a wholly owned subsidiary of Alaska International Industries. Our offices are located in Fairbanks, Alaska and our firm is licensed and does perform construction contracts throughout the State of Alaska, both as a prime contractor and in joint ventures with other Alaskan corporations. In the performance of projects I have become familiar with the present organizational structure of the State of Alaska departments that are responsible for the various phases of transportation related construction.

A.I.C. is a member firm of the Alaska Chapter of the Associated General Contractors of America and I am privileged to serve as a member of the Alaska Chapter Board of Directors and as a Vice President of the chapter. I am also an A.G.C. national committee member of the American Association of State Highway Officials-A.G.C. National Joint Cooperative Committee.

My career encompasses twenty-four years of active engagement in the construction industry, the last five of which have been in Alaska.

My purpose in appearing before this committee today is to present testimony on the proposed legislation creating a Department of Transportation for the State of Alaska.

I have thoroughly read Senate Committee substitute for House Bill No. 63 and I am of the firm opinion that its adoption by the Alaskan Legislature would be a positive action beneficial to the people of the State of Alaska and to the construction industry.

The legislation as written should provide for a more efficient, better planned and more economical utilization of State and Federal transportation funds.



U.S. DEPARTMENT OF TRANSPORTATION
FEDERAL HIGHWAY ADMINISTRATION
WASHINGTON, D.C. 20590

OFFICE OF THE ADMINISTRATOR

JAN 19 1976

IN REPLY REFER TO:

HCC-50.2

Stuart C. Hall, Esquire
Senior Legislative Counsel
State Capitol - Pouch Y
Juneau, Alaska 99801

Dear Mr. Hall:

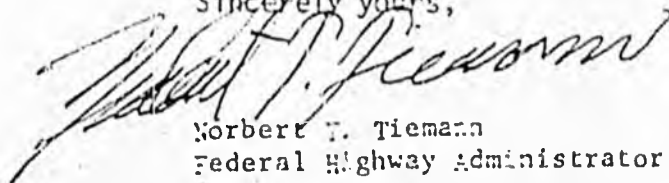
Your letter of November 21 to Secretary of Transportation William T. Coleman, Jr., relative to proposed State legislation which would place the present State highway department responsibilities in a newly created State Department of Transportation has been referred to the Federal Highway Administration (FHWA) for reply.

The bill passed by the House of Representatives which was enclosed with your letter places the responsibility for the planning, operations, and construction of State highways in a proposed Department of Transportation, and if enacted, this bill would satisfy the requirements of Title 23, United States Code, with regard to the unity of the State entity with which the FHWA should deal in all matters pertaining to Federal-aid highways.

You indicate that there is a possibility that an attempt will be made to amend this bill, in line with a proposal by the Commissioner of Public Works, to retain all construction of transportation systems in the Department of Public Works, with planning, design, operation, and maintenance of such systems assigned to the Department of Transportation. This proposal, as we understand it, was in the original House Bill No. 63, and Division Administrator Hanna's memorandum to Commissioner Parker dated February 28, 1975, correctly reflected informal advice at that time from the FHWA Office of Chief Counsel to our Assistant Regional Counsel in Portland, Oregon. This informal advice was confirmed by a memorandum dated March 28, 1975, a copy of which is enclosed. It is our conclusion that the placing of the construction of highways in one State department and the placing of planning, operation, and maintenance thereof in another State department would be inconsistent with the long-standing administrative interpretation of the purpose of 23 U.S.C. 302(a).

Please let me know if FHWA can be of further assistance to you in this matter.

Sincerely yours,



Norbert T. Tiemann
Federal Highway Administrator

1 Enclosure

3443 MINNESOTA DRIVE
ANCHORAGE, ALASKA 99503

2/23/76

LARRY
1/15/76

TELEPHONE (907) 272-0568

REFER TO FILE

TESTIMONY OF ALASKA CARRIERS ASSOCIATION REGARDING
PROPOSALS FOR A STATE DEPARTMENT OF TRANSPORTATION

The Alaska Carriers Association has carefully reviewed the proposals for a state Department of Transportation from the following aspects:

1. Improvement of present coordination of transportation planning and development.
2. Governmental efficiency and staffing without excess duplication of personnel.
3. Operations of other states who have established DOT's.
4. Impact on the basic highway needs of the state.
5. Concentration of power in a bureaucracy and subsequent erosion of the legislative control which is more responsive to the people.

On Item 1 it is conceded that better coordination is needed than at present. One of the chief arguments for a state DOT are the many stories about airports or docks being built while a highway is constructed a mile or two away with no connections to the facility.

This is a communications problem and does not require a super agency to solve it. The concept of a governor appointing his own department heads is designed so that he can also see that they do

UNITED STATES GOVERNMENT

Memorandum

DEPARTMENT OF TRANSPORTATION
 FEDERAL HIGHWAY ADMINISTRATION
 Washington, D.C. 20590

DATE March 28, 1975

In reply
 use HCC-50

SUBJECT: Alaska DOT Bill

FROM: Assistant Chief Counsel
 For General Law

TO: Mr. James F. Zotter
 10-00 Assistant Regional Counsel
 Portland, Oregon

This is in response to your memorandum of March 18, 1975, requesting our opinion as to the effect of 23 U.S.C. 302 upon the proposed Alaska Department of Transportation Bill (House Bill No. 63, section 3). It is our view that the proposed bill will not meet the requirement of 23 U.S.C. 302(a) that a State have a suitably equipped and organized highway department with adequate powers to discharge the duties required by title 23, United States Code.

The proposed bill would authorize the Department of Public Works to assume the duties and powers over (1) State highway design and construction; (2) acquisitions of rights-of-way; and (3) the relocation assistance program. The bill would vest with State Department of Transportation the duties and powers over (1) highway planning; (2) highway maintenance and operation; and (3) all other duties not specifically given to the Department of Public Works. In Section 2 the bill states that the State DOT will "work cooperatively with the Department of Public Works to assure that design and construction of transportation facilities by the Department of Public Works are consistent with plans and operational requirements." (Section 44.42.020(7)) It appears that the State DOT will be equal in status with the State Department of Public Works. That is, in the functional area of governmental action that FHWA oversees, there would be two co-equal State agencies, the State DOT and the State Department of Public Works. For different parts of the highway program, FHWA, according to this proposed bill, would have to deal with two State agencies independent of one another.

23 U.S.C. § 302(a) speaks of "a State highway department" which will be adequate to perform the duties required of it by Title 23. "State highway department" is defined in 23 U.S.C. § 101(a) as "that department,

commission, board, or official of any State charged by its laws with the responsibility for highway construction." The term "construction" is defined in § 101(a) as "the supervising, inspecting, actual building, and all expenses incidental to the construction or reconstruction of a highway, including locating, surveying, and mapping . . . acquisition of rights-of-way, relocation assistance"

In all of above mentioned sections, there is only one State agency mentioned--not two. Furthermore, in §§105, 106, 109 which deal with planning of a highway project there is only one State agency mentioned--the State highway department--and this is the same agency as mentioned in §110 which concerns the actual project agreement for the highway construction.

From the language of the code it is clear that Congress intended that one State agency should be responsible for all facets of the highway program from the original planning stage through to the construction phase. The proposal to split the functions of highway construction and planning between co-equal State agencies runs counter to the terms of the statute. In our opinion Congress intended that there be one State agency, by whatever name it is designated, which handles all phases of the Federal-aid highway program.

Brian R. Killiford
 Brian R. Killiford

013
222 S. W. Morrison St.
Portland, Oregon 97204
March 18, 1975

Alaska DOT Bill

10RC

Assistant Regional Counsel, Region 10

Mr. David E. Wells, Chief Counsel
Washington, D.C.

HCC-50 ATTENTION: Mr. Brian Williford
Assistant Chief Counsel

Alaska State Representative Bill Parker has requested a formal legal opinion from the Federal Highway Administration regarding Alaska House Committee Substitute 63 which would create an Alaska Department of Transportation (copies attached). Mr. Parker is specifically interested in knowing whether Section 3 of this bill which vests all powers and duties relating to planning, maintenance, and operation of State highways in the Department of Transportation and all powers and duties relating to design and construction in the Department of Public Works complies with Title 23, U.S.C., particularly the definition of "State Highway Department" in §101, and the requirements of §302(a).

We previously discussed this matter over the phone with Mr. Norm McPhee at the urgent request of Deputy Highway Commissioner Charles Matlock. During those discussions, Mr. McPhee informally indicated that he did not believe that section 3 of the proposed bill complied with 23 U.S.C. §101 and §302(a). It was his opinion that those sections required a single state entity to discharge all of the duties called for by Title 23, U.S.C., including planning, design, construction, operations and maintenance. Mr. McPhee's informal opinion was provided to Deputy Commissioner Matlock.

Could you please provide us with a formal legal opinion in response to Mr. Parker's request. If your formal opinion concludes that the proposed bill would comply with Title 23, U.S.C., Division Engineer Hanna has requested comments on any problem areas which might result from the bifurcation of the present duties of the Department of Highways into two separate and distinct departments. Mr. Hanna has expressed to me over the phone

Mr. David E. Wells
March 18, 1975

2

his personal concern over the effects of this bill on Division's operations if they are required to coordinate and work with two separate departments regarding different aspects of the federal-aid highway program.

We would appreciate your response as soon as possible as the present legislative sessions should be ending shortly.

James F. Zotter

Attachments

cc: Lybecker/E. Green
Gene Hanna

JFZ:dzj

SB SENATE BILL NO. 213 was referred to the Rules Committee
213

SS The State Affairs Committee has had SPONSOR SUBSTITUTE FOR
SB SENATE BILL NO. 371 (creating the Alaska Marine Highway
371 Authority) under consideration and reports it back with
the following amendments:

Amendment No. 1
Page 1, lines 20 - 23 delete
line 24 : delete the word "system."
and insert: "two directors appointed by the
governor from communities in southeast Alaska
and two directors from the remainder of the
state, at least one of whom shall be from an
area not served by the marine highway system."

Amendment No. 2:
Page 3, lines 13 and 14: delete "income,
revenues, funds and money;" and insert: "own
appropriations"

Amendment No. 3:
Page 1, line 19: after "facilities" insert:
"or his designee"

The report was signed as follows: Senator Willis, Co-
Chairman, signed "no recommendation, must be amended";
Senator Bradley signed "no recommendation, should be
amended"; Senator Kerttula signed "no recommendation,
amend"; Senator Ray signed "do pass if amended" and
Senator Huber signed "do not pass unless amended". The
committee also reported the bill back with a letter of
intent to the Finance Committee.

SPONSOR SUBSTITUTE FOR SENATE BILL NO. 371 was referred
to the Finance Committee.

Letter of intent on the above bill follows:

MEMORANDUM

To: Finance Committee Date: March 22, 1978
From: Senate State Affairs Subject: SB 371
[Signature]

The Department of Transportation and Public Facilities and
the appropriate federal officials are currently working on
a change in wording in SB 371 that would ensure the continued
access to certain federal funds.

The Senate State Affairs Committee has reported out SB 371
with the understanding that this important wording would be
presented to the Finance Committee by the DOT.

The Judiciary Committee has had SPONSOR SUBSTITUTE FOR
SENATE BILL NO. 509 (modification of sentences) under
consideration and the committee recommends it be replaced
with COMMITTEE SUBSTITUTE FOR SPONSOR SUBSTITUTE FOR SENATE
BILL NO. 509 and that it do pass. The report was signed
by Senator Hohman, Chairman, and concurred in by Senators
Wardner and Tillion.

SS
SB
509

SPONSOR SUBSTITUTE FOR SENATE BILL NO. 509 was referred to
the Rules Committee.

The State Affairs Committee has had SENATE BILL NO. 530
(special appropriation to the New Capital Site Planning
Commission) under consideration and reports it back with
the following amendment:

SB
530

Page 1, line 10: delete "\$1,221,200" insert:
"\$3,778,000"

lines 12 - 20: delete. Insert "Complete
data collection necessary for the
environmental impact assessment."

The report was signed as follows: Senator Willis, Co-
Chairman signed "do pass if amended". Senators Huber
and Kay signed "do not pass". Senators Bradley and
Kerttula signed "no recommendation".

SENATE BILL NO. 530 was referred to the Finance Committee.

The Finance Committee has had COMMITTEE SUBSTITUTE FOR
HOUSE BILL NO. 773 (Finance) (special appropriation to
the Department of Fish and Game division of commercial
fisheries) under consideration and the committee recom-
mends it do pass. The report was signed by Senator Sackart,
Chairman, and concurred in by Senators Croft, Meland,
Tillion, Orsini and Hohman.

CS
HE
773
(Fin)

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 773 (Finance) was
referred to the Rules Committee.

The Rules Committee has had the following under
consideration and recommend they be placed on the March 23
calendar:

SENATE CONCURRENT RESOLUTION NO. 87 (annulling
a regulation relating to drinking water)

SCR
87

SENATE BILL NO. 311 (authorizing the Alcoholic
Beverage Control Board to issue club permits)

SB
311

ANCHORAGE
DAILY NEWS

Lawrence Fanning

Editor and Publisher, 1967 to 1971

Katherine Fanning
Editor and Publisher

Frederick W. Field
President

Stan Abbott
Executive Editor

Tom Gibboney
Managing Editor

Alaska's Only Morning Newspaper

Founded in 1946 by Norman C. Brown

Our views:

The DOT debate

Current debate over the proposed state Department of Transportation (DOT) is not so much about whether a cabinet-level agency is needed as it is how the new department should be structured.

One plan, supported by Gov. Jay S. Hammond, calls for the DOT to be a planning agency, divorced from building functions but in command of them.

The governor is convinced that the separation of functions into two agencies — the departments of Public Works and Transportation — is the best way to strengthen planning and closely examine policy questions surrounding construction.

As envisioned by the governor's bill, the Department of Public Works would be in charge of building everything the state constructs, from highways to hiking trails, from airstrips to ferry terminals. The DOT, however, would control all planning, design and funding.

In short, the Department of Public Works couldn't build any transportation facility unless directed to do so by the Department of Transportation.

Highway Administration sought clarification about just who would hold final accountability for federal dollars granted to transportation programs here. That led to revisions, and the amended governor's bill apparently satisfies federal authorities: complete accountability would be shouldered by the DOT, with construction authority delegated to the Department of Public Works.

Criticism of the governor's plan comes from within his administration as well as from powerful legislative leaders and transportation industry representatives in Juneau. One of the key participants is Mr. Hammond's commissioner of Highways, Walt Parker, who is lukewarm to the plan because of its divided function.

Commissioner Parker has vowed to support the administration's plan "as long as I am a part of it." But he and others have quietly opposed the concept because they believe the split-function DOT is not comprehensive enough. Splitting the functions will make the process even less coordinated than now, they argue.

Opponents of the governor's DOT plan envision a single, integrated department, spanning all transportation needs from start to finish — from planning to construction.

The outcome of the debate, which has been both educational and lively, will have much to do with the public process in Alaska. Fewer needs are more pressing than transportation across our vast state, and few areas of government account for so much of the public money.

Despite unfortunate personality differences which have entered the debate, it promises to be the kind of discussion which important public policy demands. Both administratively, in the departments and agencies involved, and in the public hearing process of legislative committees, the subject will be widely discussed. There is opportunity for citizens, either in writing or by appearance, to make their position known; there will also be a clear chance for us all to watch the process and learn the arguments.

We join numerous other concerned Alaskans in promising just that. We will all be watching the process and result closely.

8) Domestic production will continue to decline until 1985 and then increase gradually. Despite price increases and increased conservation, demand will far exceed domestic supply, and, prior to 1990, demand will be met through increased imports.

9) By the year 2000, 40 percent of domestic crude will be from Alaska.

10) Coal will play an increasingly important role in meeting not only national energy needs, but also energy needs of the transport sector. By the final decade of this century, synthetic crude oil will represent 20 percent of the crude oil available to refineries from all sources. Of the synthetic crude about 78 percent will be from coal.

11) In the future coal will move twice its current average distance, and at three times the volume, for a six-fold increase in ton-miles. Thus, the BTU efficiency of coal as an energy resource will actually decline.

12) Sufficient petroleum based fuels can be made available for transportation only if all domestic energy resources are exploited (e.g. solar, nuclear, oil shale, tar sands, coal liquification and bio-mass) to meet total national energy needs.

Safety

13) Projections show that although the amount of vehicle miles traveled in the year 2000 will increase, improved safety features will result in a lower fatality rate. Because of increased travel, the total number of fatalities will most likely rise to 66,900 annually by the year 2000 but may range as high as 75,600.

NATIONAL TRANSPORTATION POLICY STUDY COMMISSION

2000 M Street, NW., Suite 3000
Washington, D.C. 20036
202-254-7453

Hon. Bud Shuster, M.C.
Chairman

Dear Reader:

June 25, 1979

This report sounds an alarm!

The world's best transportation system is in danger. It may not be able to meet the needs of a growing America.

* The present levels of public and private investment will not preserve the existing system.

* The demand for transportation will grow dramatically, outdistancing the rate of population growth by 9 times for freight and 4 times for people.

* The capital investment required to meet the growing demand by the year 2000 exceeds \$4 trillion, over \$1 trillion from the public sector.

* Government over-regulation is inhibiting the return on investment necessary to attract capital for future growth.

* A maze of federal agencies, congressional committees and conflicting policies is driving up costs and retarding innovation.

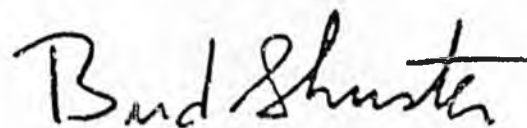
* Highway fatalities could increase 45 percent, exceeding 66,000 annually by the year 2000.

* A lackluster energy policy, impeding production of oil, coal and other forms of energy, is endangering transportation's ability to keep up with demand.

The NATIONAL TRANSPORTATION POLICY STUDY COMMISSION in its final report to Congress and the President includes over 80 specific recommendations to improve America's transportation system. This summary describes 33 of those recommendations. It is significant that the final report was unanimously adopted by a vote of 18 to 0, although, obviously, not every Commissioner agrees with every recommendation.

The world's best transportation system need not decline. Implementation of the COMMISSION'S recommendations will contribute to the revitalization of transportation in America and help provide one of the critical prerequisites for economic growth and prosperity in the future.

America's transportation system must be designed to meet the requirements of the people, not to dictate what those requirements should be. The American people and their leaders in both public and private sectors must squarely face the developing deficiencies in transportation and adopt new policies for the future.



BUD SHUSTER, M.C.
CHAIRMAN

STATE OF ALASKA THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99801

LEGISLATIVE AFFAIRS AGENCY

(907) 465-3800

November 21, 1975

Honorable William T. Coleman, Secretary
Department of Transportation
400 Seventh Street, N.W.
Washington, D.C. 20590

Dear Secretary Coleman:

The Alaska State Legislature has under consideration legislation establishing a state Department of Transportation. Committee Substitute for House Bill number 63 (Finance), amended, has passed the state House of Representatives and the bill presently is pending before the Senate Commerce Committee for consideration during the 1976 Session convening January 12, 1976. The bill also is being studied by the Legislative Council's Interim Subcommittee on Transportation.

For some months considerable controversy has surrounded the deliberations on this legislation. The principal point in contention has been a proposal by the Commissioner of Public Works (the majority of whose divisions would be absorbed along with the existing Department of Highways into a state DOT) that all construction of transportation systems be retained in the Department of Public Works, but that planning, design, operation and maintenance of the systems would be assigned to the Department of Transportation. (The bill as passed by the House, a copy of which is enclosed, does not expressly reflect the Commissioner of Public Works' philosophy, but it is responsibly believed that the separation of construction from the state DOT will be proposed either as an amendment to, or as a substitute for, CSHB 63 (Finance), amended.)

The attached correspondence from Mr. Gene A. Hanna, Division Engineer, Alaska Division, Federal Highway Administration, indicates that separation of highway construction from the department responsible for highway planning, design, operation and maintenance would not comply with existing federal highway legislation and thus would disqualify the State of Alaska for substantial federal highway construction funds.

October 16, 1975

Senator J.M. Kerttula, Chairman
Legislative Council Sub-Committee
on Transportation
310 "K" Street Suite 701
Anchorage, Alaska 99501

Dear Senator Kerttula,

The Highway Users Federation of Alaska has made a thorough study of the proposals now before the legislature for the creation of a State Department of Transportation. Both our Board and our entire membership were polled on this issue and the response was 80% in opposition to a State Department of Transportation.

It will not be possible for a representative of our organization to appear before your committee on October 20th, but we would like our position to be known on this issue and so noted in your proceedings.

Our position can perhaps best be stated by the enclosed fact sheet and news release based on the response of our members.

We do appreciate the opportunity to state our position on this matter and assure you that we share the concern of you and your committee in finding ways to improve all aspects of Alaska transportation for the greater good of the state.

Sincerely,

Vern Smith
President - HUF of A

DIRECTORS

PRESIDENT
VERN SMITH
MINNESOTA MINING & MANUFACTURING CO.

SECRETARY
JERRY LEWIS
STANDARD OIL COMPANY OF CALIFORNIA

TREASURER
ED McELGOTT
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