

3156

HT

HB

98

-

HB

150

3156

The Department developed a cost estimate for this project of \$39,425,000 in constant FY'83 dollars. To adjust this figure over the anticipated life of the project, assumptions were made regarding the amount of time and money needed to complete the preliminary engineering and the actual construction of the project as well as the future inflation rate. These assumptions were as follows:

- (1) The project costs were assumed to inflate at 10% per year through the life of the project.
- (2) The preliminary engineering was assumed to take approximately three years to complete. Funding would be required in each of these years. The preliminary engineering work was assumed to be contracted out to a consultant. The initial preliminary engineering funding was assumed to be available in FY'84 (July 1983). The original FY'83 constant cost estimate for the preliminary engineering was \$3,000,000. Inflating this cost at 10% per year, the cost of this phase was assumed to be as follows:

| | |
|-------|-------------|
| FY'84 | \$1,000,000 |
| FY'85 | \$1,000,000 |
| FY'86 | \$1,000,000 |

- (3) The construction phase of the project was assumed to last two years and to be advertised for bid by February 1987. The FY'83 constant dollar construction cost was estimated at \$38,479,000. Assuming an annual inflation rate of 10% per year, the cost of the construction phase was assumed to be as follows:

| | |
|-------|--------------|
| FY'87 | \$30,000,000 |
| FY'88 | \$28,971,000 |

The total of the above budget estimates from FY'84 through FY'88 is \$60,105,000 in dollars adjusted for a 10% annual inflation rate.

The dollar figures given in part one of the fiscal note constitute the total dollars need for preliminary engineering (State and Federal funds). If 95% of the total cost is federally funded then the state, naturally, would only need to provide 5% of the total funds needed for preliminary engineering.

*Back to
normalization*

POSITION PAPER

Fiscal propriety demands that the State maintain project monitoring capability to ensure that the grant funds are spent for the project, and are managed according to Borough or Municipal fiscal procedures. Accordingly, a minimal State operating budget impact will be felt with the passage of each special appropriation under AS 37.05.315-37.05.319, such as this specific bill proposes. I should point out at this time that local governments have recognized their similar responsibilities when awarding grants to local social service providers, etc. Municipalities charge an administrative overhead fee of one to three point eight percent per grant. The Department of Administration requests that the specific grant appropriation language acknowledge a State agency overhead factor of up to .5% (one half of one percent) as Department of Administration operating costs for all special appropriations awarded under AS 37.05.315.

The Department questions the historical practice promoted under AS 37.05.315 and wonders if the Department of Community and Regional Affairs might be of better assistance to local governments through its Local Government Assistance program. Whereas the Department of Administration functions as a centralized control agency for all other Executive Branch agencies, the Department of Community and Regional Affairs is specifically charged with the responsibility of assisting local government in maximizing services to citizens.

Robert Z. Statuabek

Teleena Anderson

STATE OF ALASKA

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
PLANNING AND PROGRAMMING

JAY S. HAMMOND, GOVERNOR

POUCH Z
JUNEAU, ALASKA 99911
PHONE:

(907)465-3900

March 8, 1983

MAR 8 1983

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

RE: HB 98

Dear Representative Cato:

This letter is in response to your request for information regarding the funding of HB 98. This bill would provide for expansion of the Glenn Highway to four lanes between Eklutna and the junction of the Parks Highway with the Glenn Highway. I anticipate this project could qualify for federal funding, since the Glenn Highway is on the Federal Interstate System and the improvements identified under this bill would be constructed to federal standards. The current minimum State/Federal match is 5% State and 95% Federal.

Your letter requested a clarification of the difference between the \$39,000,000 estimate included in HB 98 and the Department's adjusted estimate of \$60,105,000. The Department developed a cost estimate for this project of \$39,425,000 in constant FY'83 dollars. To adjust this figure over the anticipated life of the project, assumptions were made regarding the amount of time and money needed to complete the preliminary engineering and the actual construction of the project as well as the future inflation rate. The following assumptions were made:

1. The project costs were assumed to inflate at 10% per year through the life of the project.
2. The preliminary engineering was assumed to take approximately three years to complete. Funding would be required in each of these years. The preliminary engineering work was assumed to be contracted out to a consultant. The initial preliminary engineering funding was assumed to be available in FY'84 (July 1983). The original FY'83 constant cost estimate for the preliminary engineering was \$946,000 which was 3% of the total construction cost. Inflating this cost at 10% per year, the cost of the preliminary engineering phase was assumed to be as follows:

| | |
|-------|-----------|
| FY'84 | \$400,000 |
| FY'85 | \$400,000 |
| FY'86 | \$334,000 |

March 8, 1983

3. The construction phase of the project was assumed to last two years and to be advertised for bid by February 1987. The FY'83 constant dollar construction cost was estimated at \$38,479,000. Assuming an annual inflation rate of 10% per year, the cost of the construction phase was assumed to be as follows:

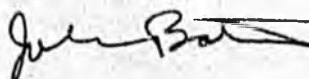
| | |
|-------|--------------|
| FY'87 | \$30,000,000 |
| FY'88 | \$28,971,000 |

The total of the above budget estimates from FY'84 through FY'88 is \$60,105,000 in dollars adjusted for a 10% annual inflation rate. During each of the above years, the Department anticipates it will need 8% State funding of the respective fiscal year cost to match the expected 92% federal contribution.

The Department has recently completed a capacity analysis of this road segment. This analysis indicates the traffic volume on this road segment is approaching the existing design capacity of the road and is increasing at a high annual percentage rate. Based on this analysis, the Department is initiating a request to the Federal Highway Administration for approval to include this project as an eligible federal expenditure. Once this approval has been received, the Department will initiate the preliminary engineering work on the project. The Department currently has the budgetary capability to initiate the FY'84 portion of the preliminary engineering work.

In conclusion, please note that adequate funding will be needed to complete the remaining work in future budgets. If you have additional questions on this matter, please contact me.

Sincerely,



John C. Bates
Deputy Commissioner

cc: Emil Nrccti
Office of the Governor

Alaska State Legislature

House of Representatives

Committee on Transportation

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



Rep. Bette Cato, Chairman

DATE: February 22, 1983

TO: Dan Casey, Commissioner
Department of Transportation
and Public Facilities

FROM: Bette Cato, Chairman *Bette*
House Transportation Committee

RE: HB 98

In reference to the above mentioned bill, please provide for the House Transportation Committee alternatives available to the Legislature for the funding of this project.

I understand from conversations with my staff that there are several ways to fund this project. Some of the alternatives that have been suggested are: appropriating the authority to expend and receive federal funds at 95% of the total cost and use 5% match money of the general fund; assigning this project as a high priority and provide matching funds, etc.

Also it may be in the State's best interest to phase fund this project, what would be your estimate of the amount of funding for the first phase of this project.

I understand that your staff doesn't think \$39 million would cover the cost of this project, but rather \$60 million would be a closer figure. Would you please clarify this matter.

We would appreciate your reply on this matter by Thursday, February 22 for our 8:30 a.m. committee meeting, and invite someone from your staff to be attendance to answer any of the questions the committee may have.

Thank you for your prompt response.

Introduced:
Referred: Transportation
and Finance

| Funding Information | |
|---------------------|--------------------|
| General Fund | \$ 240,000 |
| Other Funds | \$2,760,000 |
| | <u>\$3,000,000</u> |

1 IN THE HOUSE

BY LACHER, TISCHER AND LARSON

2 *ES* HOUSE BILL NO. 98

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 a special appropriation to the Depart-
7 ment of Transportation and Public Facilities for
8 design of a four-lane highway from the south end of
9 Eklutna Flats to the Palmer-Wasilla junction; and
10 providing for an effective date."

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

12 * Section 1. The sum of \$3,000,000 is appropriated to the Department of
13 Transportation and Public Facilities of which \$240,000 is from the general
14 fund and \$2,760,000 is from federal receipts for design of a four-lane
15 highway extending from Eklutna Flats to the Palmer-Wasilla Junction. *Paul H*

16 *.Sec. 2. The appropriation made by this Act is for a capital project and
17 is subject to AS 37.25.020.

18 * Sec. 3. This Act takes effect July 1, 1983.

*1. app
2. Plan + Eng.
3.*

*1987
Construction*

HOUSE BILL 98

There were
over 100
accidents on
this road from
1979-1981

Background:

The four-lane Glenn Highway, heading north out of Anchorage/Eagle River, narrows to two lanes at Eklutna Bridge.

Going south toward Anchorage/Eagle River, two major highways, the Glenn and the Parks, merge into the two-lane Glenn Highway. The effect is the same--four lanes of major highway narrow into an older, two-lane paved road.

The resulting doubly-bottlenecked stretch of road (see sketch, Attachment A) carries traffic across some of the most exposed, wind-buffeted area in the Matanuska Valley: the Eklutna Flats. Winds gusting across the flats have literally blown vehicles off the road. In the very recent past, a trailer being pulled by a semi was blown across the guard rail over the Matanuska River.

This section of highway also spans three major bridges across the Matanuska and Knik Rivers. Condensation produces heavy fog throughout this area almost daily. Another effect of the moisture present there is a large amount of road ice.

The area also supports a large moose population. The perimeters of the road are unfenced, allowing these animals to cross the roadway at random. The high banks necessary to keep the road from flooding inhibit the driver's ability to spot moose crossing this highly trafficked road.

Add to this already hazardous drive the fact that the Glenn Highway is the primary artery of the substantial commuter population traveling from the Mat-Su Borough to jobs in Anchorage/Eagle River. Forty percent of the Borough's working population is employed outside the Borough.

In addition, many residents shop and do business in the Municipality of Anchorage.

The Mat-Su Valley offers a variety of recreational and tourist pastimes, drawing large numbers from the Anchorage bowl to its lakes, streams, ski trails, and other facilities.

Finally, the Glenn Highway is the only road leading north out of Anchorage, and south into Anchorage, Eagle River, and the Kenai Peninsula.

Statistics and Projections:

According to a 1982 Mat-Su Borough census, the borough has 26,000 residents. From 1970-1982, the Borough has experienced an average annual growth rate of 13.4%. There is solid reason to believe that this growth will continue, and could accelerate, in the future. The population will probably increase if planned construction projects, such as the Healy-Willow Intertie and the Beluga-Anchorage gas pipeline, go forward as scheduled. (See Attachment B.)

Of the 9,000 employed Borough residents, 3,600 work outside the Borough, largely in Anchorage/Eagle River. Although most of these people drive, alone or in car pools, three commuter buses daily accommodate approximately 70 people.

Average daily traffic on the Glenn Highway at the Eklutna Bridge is over 14,000 vehicles (see Attachment C). According to DOT/PF Deputy Commissioner John Bates, traffic is already above average for a two-lane highway.

During peak tourist traffic times, the highway usage more than doubles. On Labor Day, 1982, the Glenn Highway was traveled by 35,560 vehicles (traffic count at Scale House south of Eagle River; no data available for this date at Eklutna Bridge).

Accidents and road repairs which block one or both lanes further complicate smooth traffic flow. Emergency medical services personnel have expressed concern that traffic tangles may one day block passage of ambulances en route to Anchorage.

Atkins
The Glenn Highway was constructed in 1965-66, when the Borough's population was 6,350, and the population of the Anchorage area was 102,337. The road was upgraded to four lanes from Anchorage to Peters Creek in 1972. The four lane highway was expanded to Eklutna Bridge in 1980.

Conclusions:

more than dbl.
The Glenn Highway was adequate to meet traffic demands when it was constructed nearly twenty years ago. However, population in the Mat-Su area has more than quadrupled since that time, and Anchorage population has doubled. Tourism and recreation have become attractive industries for the economies of the Mat-Su and Anchorage areas. The existing road is no longer adequate for the increased demands being put upon it. As population, commuting workforce, and tourism increase, this strain will worsen.

According to John Scribner of DOT/PF, Anchorage, the project to widen the Glenn from Eklutna Bridge to the Parks Highway Junction, if funded this session, would be completed in approximately 1987, when, according to moderate population estimates, the population of the Matanuska Susitna Borough will be over 34,000. (Reference Attachment B.)

Therefore, it is vital to the economic well-being of the Matanuska-Susitna Borough and the Municipality of Anchorage, both its commuter and recreational/tourist travelers, and to the safety of all users of the Glenn Highway to begin construction of a four-lane highway from the south end of Eklutna Flats to the Junction of the Parks Highway.

ATTACHMENT A

HB 98

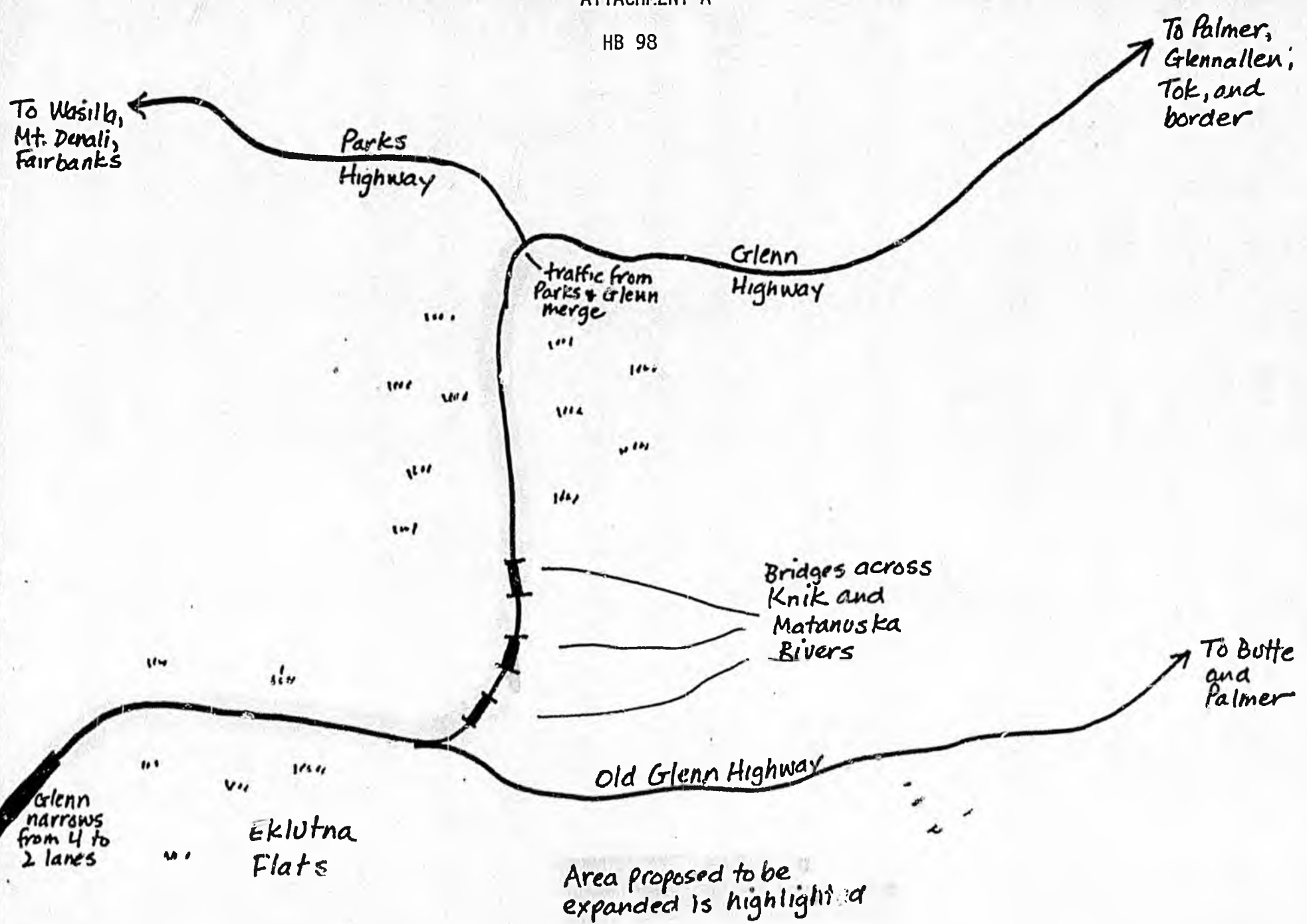


TABLE 4
 MATANUSKA-SUSITNA BOROUGH POPULATION PROJECTION
 MODERATE SCENARIO
 (MID RANGE)

| <u>Year</u> | <u>Population</u> | <u>% Increase</u> |
|-------------|-------------------|-------------------|
| 1981 | 22,339 | - |
| 1982 | 23,456 | 5% |
| 1983 | 24,761 | 6% |
| 1984 | 26,247 | 6% |
| 1985 | 28,377 | 8% |
| 1986 | 30,942 | 8% |
| 1987 | 34,303 | 10% |
| 1988 | 39,449 | 15% |
| 1989 | 45,430 | 15% |
| 1990 | 51,080 | 12% |
| 1991 | 57,339 | 11% |
| 1992 | 64,723 | 13% |
| 1993 | 71,880 | 11% |
| 1994 | 79,824 | 11% |
| 1995 | 85,620 | 7% |
| 1996 | 91,568 | 7% |
| 1997 | 97,036 | 6% |
| 1998 | 102,213 | 5% |
| 1999 | 107,660 | 5% |
| 2000 | 113,390 | 5% |
| 2001 | 119,414 | 5% |

Source: "GROWTH POTENTIAL, DEVELOPMENT ISSUES, SETTLEMENT PATTERNS"
 Volume 2 of 2, Matanuska-Susitna Borough Comprehensive
 Planning Program, May, 1982

ATTACHMENT B

Glenn Highway: Eklutna - Parks Highway Junction

Built In 1965-1966

Normal Traffic: 1981 ADT 7,400-8,000 no winter counts are available on this segment of the road. (ADT - AVERAGE DAILY TRAFFIC)

Variance between morning and evening:

| <u>Station</u> | | <u>SB</u> | | <u>NB</u> | |
|-----------------------------|-----|------------|--|------------|---------|
| Eklutna Bridge | AM | 3133 (43%) | | 2226 (31%) | 7/14/82 |
| Eklutna Bridge | PM | 4103 (57%) | | 4749 (69%) | 7/14/82 |
| Eklutna Bridge | day | 7238 | | 6975 | 7/14/82 |
| Glenn - S. of Parks Hwy. | AM | 2566 (42%) | | 1826 (30%) | 7/14/82 |
| " | PM | 3481 (58%) | | 4190 (70%) | 7/14/82 |
| " | day | 6047 | | 6016 | 7/14/82 |

Both Ways

| | | | | |
|------------------|-----|-------|------|--------------------|
| Old Glenn Junct. | AM | 4306 | 35% | July (13-15), 1982 |
| | PM | 7697 | 65% | |
| | day | 12157 | 100% | |

above average for 2 lane rd.

Park Traffic: At scale house - no data available for subject segment.

State Fair - Friday 8/20/82
 NB 16,021
 SB 15,006

Labor Day - Saturday 9/4/82 (Scale house)
 SB 16,715 (into town) ANCHORAGE
 NB 18,845

Time Road Closed:

one lane - 3 days last summer/repair of bridge
 two lanes - 3 days - 3 years ago/repair R.R. crossing

No data available for road closures due to accidents.

Accidents: Should have accident data tomorrow.

THE LEGISLATURE OF THE STATE OF ALASKA
THIRTEENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB98 - Approp. to DOT/PF for construction of a four-lane
Title highway from Eklutna Flats to Palmer-Wasilla junction
Requested by Lacher Tischer, Larson Date 1/20/83

II. FISCAL DETAIL

Agency Affected Dept. of Transportation & Public Facilities

Program Category Affected _____

BRU, Program, Or Subprogram(s) Affected _____

(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 84 | FY 85 | FY 86 | FY 87 | FY 88 | FY 89 |
|--------------------------|-------|-------|-------|-------|-------|-------|
| 100 PERSONAL SERVICES | | | | | | |
| 200 TRAVEL | | | | | | |
| 300 CONTRACTUAL | | | | | | |
| 400 COMMODITIES | | | | | | |
| 500 EQUIPMENT | | | | | | |
| 600 LAND & STRUCTURES | | | | | | |
| 700 GRANTS, CLAIMS, ETC. | | | | | | |
| MAINTENANCE & OPERATION | -0- | -0- | -0- | | | |
| TOTAL | -0- | -0- | -0- | | | |

FUNDING (Thousands of Dollars)

| | FY 84 | FY 85 | FY 86 | FY 87 | FY 88 | FY 89 |
|------------------------|-------|-------|-------|-------|-------|-------|
| GENERAL FUND | -0- | -0- | -0- | | | |
| FEDERAL FUNDS | | | | | | |
| OTHER (Specify Source) | | | | | | |
| | | | | | | |

POSITIONS

| | FY 84 | FY 85 | FY 86 | FY 87 | FY 88 | FY 89 |
|-----------|-------|-------|-------|-------|-------|-------|
| FULL TIME | | | | | | |
| PART TIME | | | | | | |
| TEMPORARY | | | | | | |

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

IV. DATE 2/2/83 PREPARED BY Wayne Weeks
 AGENCY DOTPF - Planning & Programming
 PHONE 465-4060
 Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)

III. ANALYSIS (cont'd)

This analysis includes the construction of: (1) a new south bound 2 lane roadway from Eklutna Flats to the junction of the Parks Highway (8.5 miles); (2) bridges (4500 feet); (3) an interchange at the intersection with the Old Glenn Highway; and (4) an overlay of the existing highway. Estimated construction cost in FY 83 dollars is \$38,479,000., including a 10% contingency. This fiscal note assumes: (1) an annual inflation rate of 10%; (2) preliminary engineering (P.E.) contracted out to a consultant; (3) P.E. funding available by July 1983; and (4) the construction contract advertising for bid by February 1987. The estimated P.E. cost in FY 83 dollars is \$946,000., which is 3% of the estimated construction cost. The analysis assumes the P.E. costs are spread over 3 years. On completion of construction, it is estimated that maintenance and operating costs will approximate \$7,000 per lane mile. This translates to \$119,000 per year. Total construction costs through completion are estimated at \$60,105,000 rather than the \$39,000,000 contained in HB 98.

1987
Construction

John Bates

1987 New Set of Instructions
On F N s

1. O.M.B. signed
2. Same 3 months from now?

Planning? 4 or 5 years to start
8 years
Take 3 years because of Wetlands

New Con program?

QUESTIONS TO ASK DOTPF REPRESENTATIVE:

In a conversation staff had with DOT staff ~~in a meeting~~, DOT was asked if projection of \$39-million would be enough money to fund the project. DOT's response at that time (about 3 weeks ago), was that yes this figure would be very close to the actual cost. How does it happen that the original estimate has almost doubled in such a short time?

I believe I was told this by Jon Scribner of Design & Construction in ~~Atlanta~~. (not sure if was Scribner)

Wouldn't this project qualify for approximately 95.9% federal funding?

Why is this not brought out in the fiscal note?

What are DOTPF's priorities for use of the federal funds available to this state? Approximately \$147-million will be available for FY84, approximately \$155-million will be available the following year, and about \$158-million the year after that.

Do DOT's priorities for use of federal funds agree with the legislature's priorities for road construction?

Tom Newnabor, field operations engineer for Federal Highway Administration, projected the following costs for the project:

\$500,000 for environmental assessment and location studies

\$3-400,000 for design

\$35 to 40-million for construction

for a maximum estimated cost of \$41 million

H B

150

Folta
3/18/83 ✓

Original sponsors: Zharoff, Grussendorf
and McBride

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IN THE HOUSE

BY THE TRANSPORTATION COMMITTEE

CS FOR HOUSE BILL NO. 150 (Transportation)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to motor fuel tax provisions and
repeal of the tax on motor fuel used in or on water-
craft; and providing for an effective date."

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

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

(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,

and

[(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.

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

(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, and

[(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.

* Sec. 3. AS 43.40.010(c) is amended to read:

(c) Every dealer who sells or otherwise transfers motor fuel in

1 the state shall collect the tax at the time of sale, and remit the
2 total tax collected during each calendar month of each year to the
3 Department of Revenue by the last day of each succeeding month. Every
4 user shall likewise remit the tax accrued on motor fuel actually used
5 by him during each month. If the monthly tax return is timely filed,
6 one percent of the total monthly tax due, limited to a maximum of
7 \$100, can be deducted and retained to cover the expense of accounting
8 and filing the monthly tax return. At the time the remittance is
9 made, each dealer or user shall submit a statement to the Department
10 of Revenue showing all [MOTOR] fuel which the user [HE] has dis-
11 tributed or used during the month.

12 * Sec. 4. AS 43.40.010(g) is amended to read:

13 (g) The proceeds of the revenue from the tax on all motor fuels,
14 except as provided in (e)[, (f)] and (j) of this section, shall be
15 deposited in a special highway fuel tax account in the state general
16 fund. The legislature may appropriate money [FUNDS] from it for
17 expenditure by the Department of Transportation and Public Facilities
18 [PUBLIC WORKS] directly or as matched with available federal-aid
19 highway money for maintenance of highways, construction of highway
20 projects and ferries included in the program provided for in AS 19.-
21 10.150, including approaches, appurtenances and related facilities and
22 acquisition of rights-of-way or easements, and other highway costs
23 including surveys, administration, and related matters. All depart-
24 ments of the state government authorized to spend money [FUNDS] col-
25 lected from taxes imposed by AS 43.40 shall perform, when feasible,
26 all construction or reconstruction projects by contract after the
27 projects have been advertised for competitive bids, except that, when
28 feasible, arrangements shall be made with political subdivisions to
29 carry out the construction or reconstruction projects. If it is not

1 agencies for official use;

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

4 (J) fuel used to heat private or commercial buildings
5 or facilities [, OR];

6 (K) fuel used for other nontaxable purposes as p . -
7 scribed by regulations adopted by the department; or

8 (L) fuel used in and on watercraft for any purpose;

9 * Sec. 9. AS 43.40.010(f) is repealed.

10 * Sec. 10. This Act takes effect July 1, 1983.

1 IN THE HOUSE

BY MARTIN AND GRUSSENDORF

2 SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 55

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

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

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

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

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

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

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

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

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

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

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

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

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

28 * Sec. 3. ~~AS 43.40.030, 43.40.035, 43.40.040, 43.40.050, 43.40.060,~~
29 ~~43.40.070 and 43.40.080 are repealed.~~

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

APR 5 1983

March 31, 1983

RE: H BILL-150

Bette M. Cato
Pouch V
Juneau, Alaska 99811

Dear Ms:

I would like to comment on H Bill-150 concerning repeal of the 5 cent per gallon watercraft fuel tax.

The proceeds of the watercraft fuel tax should be used to assure proper maintenance of State boat harbors. Additionally any remaining funds should be used to improve and upgrade existing boat harbors.

Though I understand that the Alaska Constitution prohibits designating revenues, the watercraft fuel tax (WCFT) has traditionally been used to fund small boat harbor improvements statewide. With the advent of large oil tax revenues the purpose and legislative intent of this "users tax" has been lost in translation.

Current CIP funding legislation does not adequately distribute this revenue to the regions in which it is collected.

I petition you to continue to collect this tax and also to adequately fund harbor maintenance and improvement projects.

Sincerely,



Harold Moeser
789-0703

KODIAK AREA CHAMBER OF COMMERCE



March 1, 1981

Representative Fred Zharoff
House of Representatives
Pouch V
Juneau, Alaska 99811

Dear Fred,

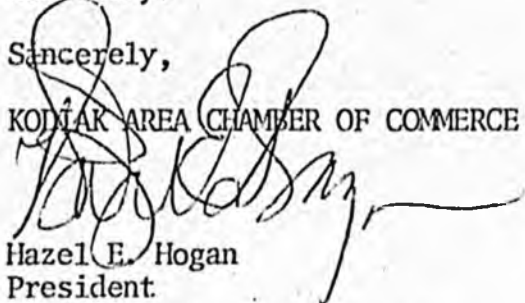
At its meeting on February 23, 1981, the Board of Directors of the Kodiak Area Chamber of Commerce passed a motion unanimously supporting House Bill 101 repealing the tax on motor fuel used in or on watercraft.

We are pleased that you are a co-sponsor of this bill and trust that you will see that our support is passed on to appropriate legislators.

As you know, the Chamber represents the vast majority of Kodiak businesses thereby reflecting the position of the Kodiak economic community.

Sincerely,

KODIAK AREA CHAMBER OF COMMERCE



Hazel E. Hogan
President

HEH:fp

cc: Don Wickey
State Chamber of Commerce

1 IN THE HOUSE

BY ZHAROFF AND GRUSSENDORF

2

HOUSE BILL NO. 150

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

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

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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:

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(a) There is levied a tax of eight cents a gallon on all motor

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fuel sold or otherwise transferred within the state, except that

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

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added
~~and~~

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deleted
~~[(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 eight cents a gallon on all motor

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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, ~~and~~ *added*

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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.

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

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(g) The proceeds of the revenue from the tax on all motor fuels,

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except as provided in (e)[, (f)] and (j) of this section, shall be

1 deposited in a special highway fuel tax account in the state general
2 fund. The legislature may appropriate ^{add} money ^{delete} [FUNDS] from it for
3 expenditure by the Department of ^{add} ~~Transportation and Public Facilities~~
4 ~~[PUBLIC WORKS]~~ directly or as matched with available federal-aid
5 highway money for maintenance of highways, construction of highway
6 projects and ferries included in the program provided for in AS 19.-
7 10.150, including approaches, appurtenances and related facilities and
8 acquisition of rights-of-way or easements, and other highway costs
9 including surveys, administration, and related matters. All depart-
10 ments of the state government authorized to spend ^{add} ~~money~~ ^{add} [FUNDS] col-
11 lected from taxes imposed by ¹⁵¹⁰⁻¹⁰⁰ AS 43.40 shall perform, when feasible,
12 all construction or reconstruction projects by contract after the
13 projects have been advertised for competitive bids, except that, when
14 feasible, arrangements shall be made with political subdivisions to
15 carry out the construction or reconstruction projects. If it is not
16 feasible for the work to be performed by state engineering forces, the
17 commissioner of ~~Transportation and Public Facilities~~ ^{add} [PUBLIC WORKS]
18 may contract on a professional basis with private engineering firms
19 for road design, bridge design, and services in connection with sur-
20 veys. If more than one private engineering firm is available for the
21 work the contracts shall be entered into on a negotiated basis.

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

23 (2) the motor fuel is not aviation fuel ~~[OR MOTOR FUEL~~

24 ~~USED IN OR ON WATERCRAFT]~~; and

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

26 (2) "motor fuel" means fuel used in an engine for the
27 propulsion of a motor vehicle or aircraft, and fuel used [IN AND ON
28 WATERCRAFT FOR ANY PURPOSE, OR] in a stationary engine, machine or
29 mechanical contrivance which is run by an internal combustion motor;

1 "motor fuel" does not include

2 (A) fuel consigned to foreign countries;

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

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

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

10 (E) fuel used by charitable institutions;

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

13 (G) fuel sold or transferred between qualified
14 dealers;

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

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

19 (J) fuel used to heat private or commercial buildings
20 or facilities [, OR];

21 (K) fuel used for other nontaxable purposes as pre-
22 scribed by regulations adopted by the department; or

23 ~~(L) fuel used in and on watercraft for any purpose;~~

24 * Sec. 6. AS 43.40.010(f) is repealed.

25 * Sec. 7. This Act takes effect July 1, 1983.

INTRODUCTION OF BILLS (House)

Motor Fuel
Tax
(decreasing &
repealing re-
fund 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 when 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(1) and (b)(2)). Effective July 1, 1983.

INTRODUCTION OF BILLS (House)(cont'd)

HB 150 (cont'd)

Introduced January 31 and referred to Transportation, Resources and Finance.

Appropriation
(special)
(House of
Wickersham)

HOUSE BILL NO. 151, by Reps. Hayes, M.M. Miller, Duncan, Cowdery, Fritz, Bettisworth, Cato, Clocksin, Davis, Flood, Furnace, Goll, Kosonen, Larson, Liska, Martin, McBride, M.W. Miller, Pestinger, Szymanski, Tischer, Uehling, Wendte and Zharoff. Would appropriate \$1 million to the Dept. of Natural Resources, Division of Parks, for the acquisition of the House of Wickersham in Juneau and the historical collections and artifacts contained in the house and for the development of the acquisition as an historic site. Appropriation lapses on June 30, 1984. Effective July 1, 1983. Identical to SB 31, page 10.

Introduced January 31 and referred to State Affairs and Finance.

Appropriation
(supplemental)
(revenue
sharing)

HOUSE BILL NO. 152, by the Community & Regional Affairs Committee. Would make a \$3.5 million supplemental appropriation to the miscellaneous services account (AS 29.89.080) for AS 29.89 (Misc. State Aid to Municipalities) for distribution to local governments and other recipients for the fiscal year ending June 30, 1983. AS 29.89 provides for state aid for roads, health facilities and hospitals, volunteer fire departments in the unorganized borough, and aid to Native Village governments. Appropriation lapses June 30, 1984. Effective immediately.

Introduced February 2 and referred to Community & Regional Affairs and Finance.

Appropriation
(supplemental)
(Municipal
Assistance
Fund)

HOUSE BILL NO. 153, by the Community & Regional Affairs Committee. Would make a \$25.1 million supplemental appropriation to the Dept. of Revenue for the Municipal Assistance Fund (AS 43.20.016(a)) for distribution to municipalities for the fiscal year ending June 30, 1983. Lapses on June 30, 1984. Effective immediately.

Identical to SB 17, as amended by Senate CERA Committee, and identical to HB 136 p. 99, except for lapse date.

Introduced February 2 and referred to Community & Regional Affairs and Finance.

Minimum Train
Crews
(repealing
law)

HOUSE BILL NO. 154, by the Rules Committee by request of the Governor. Would repeal law establishing minimum train crews in Alaska (AS 23.10.420). See Governor's letter, below.

Does not provide for an effective date (effective 90 days after Governor's signature).

Introduced February 2 and referred to Labor & Commerce and Transportation.

In his message transmitting the bill to the House for consideration, Governor Sheffield stated:

(2) \$4 for each 1,000 holes or fraction in each board with more than 2,000 holes. (§ 1 ch 116 SLA 1949; am § 1 ch 53 SLA 1951)

Sec. 43.35.110. Power to issue regulations. The department may issue orders and regulations necessary to carry out §§ 100—150 of this chapter. (§ 3 ch 116 SLA 1949; am § 1 ch 53 SLA 1951)

Sec. 43.35.120. Manner of paying tax. The tax shall be paid by purchasing stamps from the office of the Department of Revenue. The stamps shall be affixed to the punchboard before it is placed in use, and the operator of the punchboard shall endorse upon the stamp the serial number of the punchboard. (§ 2 ch 116 SLA 1949; am § 1 ch 53 SLA 1951)

Sec. 43.35.130. Refund to local governments. The department shall refund 75 per cent of the tax collected from sales of punchboards in an organized borough or city of the first, second, or third class to the local government. The balance shall be deposited in the general fund. (§ 6 ch 116 SLA 1949; am § 1 ch 53 SLA 1951; am § 3 ch 155 SLA 1962)

Sec. 43.35.140. Gambling not legalized. Sections 100—150 of this chapter do not legalize gambling. (§ 4 ch 116 SLA 1949; am § 1 ch 53 SLA 1951)

Cross reference. — As to limitations on authorized gaming activities, see AS 05.15.180.

Sec. 43.35.150. Violations and penalties. (a) It is unlawful for a person to (1) distribute in the state a punchboard for which the license tax provided in §§ 100—150 of this chapter is not paid; or (2) maintain for use, or permit the use of, in a place or premises occupied by the person a punchboard upon which the license stamp is not affixed.

(b) A person violating a provision of §§ 100—150 of this chapter is guilty of a misdemeanor, and upon conviction is punishable by a fine of not more than \$500. (§ 5 ch 116 SLA 1949; am § 1 ch 53 SLA 1951)

Chapter 40. Motor Fuel Tax.

Article

1. General Tax Levy on Transfers or Consumption of Motor Fuel (§§ 43.40.010 — 43.40.100)
2. Additional Tax Levy on Transfers or Consumption of Motor Fuel (Repealed)

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

Section

10. Tax on transfers or consumption of motor fuel and expenditure of proceeds

Section

20. Penalty for violation
30. Refund for nonhighway use
40. Applications and permits for refund

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

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

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

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

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

(d) Repealed by § 3 ch 166 SLA 1976.

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

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

~~(g) The proceeds of the revenue from the tax on all motor fuels, except as provided in (e), (f), and (j) of this section, shall be deposited in a special highway fuel tax account in the state general fund. The legislature may appropriate funds from it for expenditure by the Department of Public Works directly or as matched with available federal aid highway money~~

~~for maintenance of highways, construction of highway projects and ferries included in the program provided for in AS 19.10.150, including approaches, appurtenances and related facilities and acquisition of rights-of-way or easements, and other highway costs including surveys, administration, and related matters. All departments of the state government authorized to spend funds collected from the fees imposed by §§ 10—100 of this chapter shall perform, when feasible, all construction or reconstruction projects by contract. For the projects that 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 158 SLA 1970; am § 3 ch 58 SLA 1971; am §§ 1, 2 ch 124 SLA 1971; am §§ 2, 3 ch 125 SLA 1971; am §§ 1—3 ch 153 SLA 1972; am § 3 ch 166 SLA 1976; am §§ 1, 2 ch 116 SLA 1977)

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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 stake and shelter construction and maintenance projects in sparsely populated areas to protect the interests of safety requiring the 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. 26.

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—100 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 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 watercraft; and
- (3) the internal combustion engine is not used in or in conjunction with a motor vehicle licensed to be operated on public ways.

(b) The entire tax levied by §§ 10—100 of this chapter shall be refunded to the purchaser on that part of the motor fuel used in a foreign country on which duty is paid when the fuel is sold and delivered in the state for nonhighway use in a foreign country.

(c) The Department of Revenue shall establish the necessary regulations and prescribe the appropriate forms to prove that the motor fuel is taken to and used in foreign countries. (§ 2 ch 47 SLA 1955; am § 3 ch 27 SLA 1957; am § 2 ch 136 SLA 1961; am § 4 ch 158 SLA 1970; am § 3 ch 124 SLA 1971; am § 4 ch 125 SLA 1971; am § 4 ch 116 SLA 1977)

Effect of amendment. — The 1977 amendment substituted "or on watercraft" for "an engine to propel a boat or watercraft, including motor fuel which may be used for heating and cooking aboard boats and watercraft" in paragraph (2) of subsection (a).

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."

Sec. 43.40.040. Applications and permits for refund. A person who desires to claim a refund shall obtain an annual permit from the Department of Revenue by application on a form prescribed by the department. The application shall contain the name, address, and occupation of the applicant, the nature of the business, and a sufficient description for identification of the machines or equipment in which the motor fuel is to be used for which refund may be claimed under the permit. The permit shall be obtained no later than the time that the first application for refund is made under §§ 10—100 of this chapter. The permit expires at midnight of June 30 following the date it is issued. (§ 3 ch 47 SLA 1955; am § 4 ch 131 SLA 1962)

Sec. 43.40.050. Refund claim by affidavit. (a) A person who claims a refund as provided in §§ 10—100 of this chapter shall present his claim to the commissioner of revenue by affidavit upon a form provided by the commissioner with the information the commissioner requires. The claim shall be accompanied by each invoice issued to the claimant at the time the motor fuel is purchased. The commissioner may require any additional information which he considers necessary for the administration of §§ 10—100 of this chapter.

(b) A claim for refund shall be filed within one year from the date of the purchase of the motor fuel as indicated on the invoice, and failure to file within the one year period is a waiver of the right to the refund. A claim is considered to be filed when the claim is mailed or personally presented to an office of the Department of Revenue. (§ 4 ch 47 SLA 1955; am § 1 ch 139 SLA 1960)

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REVENUE AND TAXATION

§ 43.40.100

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

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

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

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

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

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

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

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

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

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

(A) fuel consigned to foreign countries,

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

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

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

(E) fuel used by charitable institutions;

(3) "user" means a person consuming or using motor fuel, who either purchases the fuel out of the state and ships it into the state for his own use within the state or manufactures the fuel in the state. (§ 43-5-1 A.CLA 1949; am § 1 ch 56 SLA 1949; am § 9 ch 47 SLA 1955; am § 26 ch 70 SLA 1964; am §§ 6, 7 ch 158 SLA 1970; am § 1 ch 74 SLA 1972; am § 5 ch 116 SLA 1977)

Cross reference. -- See editor's note to AS 08.04.380.

Effect of amendment. -- The 1977 amendment in paragraph (2), added the subparagraph designations, substituted "or aircraft, and fuel used in and on watercraft for any purpose" for "aircraft, boat or watercraft", "run" for "propelled", and "motor fuel does not include" for "except on consignments of motor" in the

introductory paragraph, substituted "consigned" for "oil" in present subparagraph (A), substituted "fuel sold" for "except motor fuel oil sold" in present subparagraph (B), deleted "and except" preceding "fuel used" and "or" following "general public" in present subparagraph (C), and inserted "fuel used" at the beginning of present subparagraphs (D) and (E).

Article 2. Additional Tax Levy on Transfers or Consumption of Motor Fuel.

Section 110-120. [Repealed]

Secs. 43.40.110-43.40.120.

Repealed by § 8 ch 158 SLA 1970.

Editor's note. -- The repealed sections derived from chs. 62, 63, SLA 1960; ch. 52, SLA 1961; ch. 131, SLA 1962.

Chapter 43. Disaster Taxes.

Article

1. Disaster Relief Tax (Repealed)
2. Disaster Severance Tax (Repealed)

Article 1. Disaster Relief Tax.

Section 10-60. [Repealed]

Secs. 43.43.010 -43.43.060.

Repealed by § 1 ch 48 SLA 1969.

Editor's note. -- The repealed article derived from § 1, ch. 27, FSSLA 1967.

Section 110 - 160. [

Secs. 43 Repealed

Editor's note derived from Section 2, July 1, 1970,

Section 10. Tax imp 20. Persons 30. Record

Sec. 43 a year up in the sta who is u spouse ar under § (b) The the gener (c) The the caler employer year or, i after the or other same tim except th compens in the fir be presc SLA 195 ch 179 S

Effect amendme substitute spouse" f spouse" f Am. Ju Am. Jur.,

STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

HB 107
JAY S. HAMMOND, GOVERNOR

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

January 28, 1982

THE HONORABLE
FRED F. ZHARCFE
ALASKA STATE HOUSE
OF REPRESENTATIVES
POUCH 5
JUNEAU

AK 99811

I am enclosing a copy of a monthly report prepared by the Alaska Department of Revenue concerning tax collections and interest income.

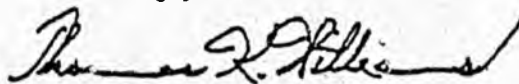
The statement entitled "Cumulative Summary of Revenue Collected July 1, 1981 through December 30, 1981" discloses gross receipts, refunds, net receipts, estimated total year collections, and percent of estimate realized. It covers receipts of all taxes and licenses administered by the Department of Revenue and interest income accounted for on a cash basis. It does not cover all items of state revenue.

The estimated total year collections have been adjusted to coincide with FY 1982 revenue estimate appearing in the publication entitled "Revenue Sources FY 1981-1984 - January 1982."

The net collections of taxes and license fees, exclusive of interest income, collected by the Department of Revenue for December, 1981, was \$284,124,783.39. This is an increase of 2.85 percent as compared to \$292,226,315.70 collected in December, 1980.

For the first six months of the current fiscal year, total collections of net taxes and license fees, exclusive of interest income, amounted to \$1,207,183,497.34, compared to \$934,629,065.01 collected during the first six months of the previous year, an increase of 29.16 percent.

Sincerely,



Thomas K. Williams
Commissioner

Enclosures

CUMULATIVE SUMMARY OF REVENUE
COLLECTED 07/01/81 THRU 12/31/81
6/12 OR 50%

| CODE NO | TYPE OF TAX | GROSS RECEIPTS | REFUNDS | NET RECEIPTS | ESTIMATE | NET RECEIPTS % OF ESTIMATE |
|----------------|-----------------------------------|---------------------------|------------------------|---------------------------|---------------------------|----------------------------|
| 001 | OIL & GAS PROPERTY TAX | \$ 2,082,902.54 | \$ 480,165.89 | \$ 1,602,736.65 | \$ 155,000,000.00 | 1.03 |
| 016 | ALCOHOLIC BEVERAGE EXCISE TAX | 4,818,854.57 | 0.00 | 4,818,854.57 | 8,500,000.00 | 56.69 |
| 017 | CIGARETTE TAX (GF) | 975,647.49 | 13.84 | 975,633.65 | 1,800,000.00 | 54.20 |
| 018 | CIGARETTE TAX (SF) | 1,626,079.05 | 0.00 | 1,626,079.05 | 3,000,000.00 | 54.20 |
| 020 | ELECTRIC & TELEPHONE | 2,897.00 | 0.00 | 2,897.00 | 1,100,000.00 | .26 |
| 021 | HIGHWAY MOTOR FUEL TAX | 15,562,246.54 | 3,879,455.56 | 11,682,790.98 | 18,000,000.00 | 64.90 |
| 022 | AVIATION MOTOR FUEL TAX | 2,546,418.37 | 0.00 | 2,546,418.37 | 4,300,000.00 | 59.22 |
| 023 | MARINE MOTOR FUEL TAX | 2,486,787.95 | 0.00 | 2,486,787.95 | 3,600,000.00 | 69.08 |
| 036 | INDIVIDUAL INCOME TAX | 847,160.05 | 278,531.39 | 568,628.66 | 0.00 | 0.00 |
| 037 | FIDUCIARY INCOME TAX | 9.00 | 5,332.00 | (5,323.00) | 0.00 | 0.00 |
| 038 | CORPORATION INCOME TAX | 18,721,679.38 | 8,666,881.00 | 10,054,798.38 | 31,000,000.00 | 32.43 |
| 039 | OIL & GAS CORP. INCOME TAX | 350,951,352.00 | 660,794.00 | 350,290,558.00 | 713,000,000.00 | 49.13 |
| 046 | BUSINESS LICENSE | 1,399,855.00 | 217.10 | 1,399,637.90 | 5,500,000.00 | 25.45 |
| 052 | ESTATE TAX | 219,356.10 | 3,588.00 | 215,768.10 | 500,000.00 | 43.15 |
| 057 | SCHOOL TAX | 1,464.99 | 0.00 | 1,464.99 | 0.00 | 0.00 |
| 060 | SAUJON ENHANCEMENT TAX | 2,122,259.55 | 84.20 | 2,122,175.35 | 2,000,000.00 | 106.11 |
| 061 | MIPS & MINING TAX | 128,498.00 | 0.00 | 128,498.00 | 200,000.00 | 64.25 |
| 062 | SALMON CANNERY-SHORE BASED TAX | 629,921.09 | 0.00 | 629,921.08 | 6,200,000.00 | 10.16 |
| 063 | SHORE-BASED FISHERIES TAX | 930,566.24 | 21,051.00 | 909,515.24 | 11,200,000.00 | 8.12 |
| 064 | FLOATING FISHERIES TAX | 942,261.47 | 7,112.00 | 935,149.47 | 4,000,000.00 | 23.38 |
| 065 | OIL PRODUCTION TAX | 802,746,021.61 | 5,605.84 | 802,740,415.77 | 1,708,400,000.00 | 46.99 |
| 066 | OIL & GAS CONSERVATION | 471,044.41 | 0.00 | 471,044.41 | 700,000.00 | 67.29 |
| 067 | GAS FLARING PENALTY | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 068 | GAS PRODUCTION TAX | 6,371,370.63 | 0.00 | 6,371,370.63 | 9,600,000.00 | 66.37 |
| 096 | PREPAID TAX | 5,042.00 | 0.00 | 5,042.00 | 0.00 | 0.00 |
| 106 | LIQUOR LICENSE APPLICATION | 32,350.00 | 0.00 | 32,350.00 | 150,000.00 | 21.57 |
| 107 | PUB LIQUOR LICENSE | 0.00 | 0.00 | 0.00 | 6.00 | 0.00 |
| 108 | BREWERY LICENSE | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 109 | DISTILLERY LICENSE | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 110 | BEVERAGE DISPENSARY LICENSE | 256,525.00 | 2,450.00 | 254,075.00 | 775,000.00 | 32.78 |
| 111 | CLUB LICENSE | 12,000.00 | 0.00 | 12,000.00 | 34,200.00 | 35.09 |
| 112 | COMMON CARRIER LICENSE | 14,175.00 | 0.00 | 14,175.00 | 28,000.00 | 50.63 |
| 113 | RESTAURANT LICENSE | 23,700.00 | 400.00 | 23,300.00 | 65,000.00 | 35.85 |
| 114 | ROAD HOUSE LICENSE | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 115 | RETAIL LICENSE | 141,000.00 | 1,700.00 | 139,300.00 | 330,000.00 | 42.21 |
| 116 | RETAIL STOCK SALE LICENSE | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 117 | WHOLESALE GENERAL LICENSE | 10,000.00 | 0.00 | 10,000.00 | 145,000.00 | 6.90 |
| 118 | WHOLESALE MALT BEV. LICENSE | 800.00 | 0.00 | 800.00 | 14,000.00 | 5.71 |
| 119 | MISC. LIQUOR LICENSE | 19,306.00 | 0.00 | 19,306.00 | 32,000.00 | 60.33 |
| 145 | COIN OPER. AMUSE. / GAM. DVC. TAX | 16,306.11 | 40.21 | 16,265.90 | 75,000.00 | 21.69 |
| 146 | GAMES OF CHANCE & SKILL FEES | 5,689.42 | 0.00 | 5,689.42 | 42,000.00 | 135.46 |
| 402 | MISCELLANEOUS REVENUE | 3,227.20 | 259.00 | 2,968.20 | 0.00 | 0.00 |
| 692 | REDISTRIBUTED REVENUE | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| TOTAL | | <u>\$1,217,124,773.75</u> | <u>\$14,013,681.03</u> | <u>\$1,203,111,092.72</u> | <u>\$2,689,290,800.00</u> | <u>44.73</u> |
| | | | | | | |
| 843 | VESSELS & GEAR | \$ 0.00 | \$ 0.00 | \$ 0.00 | \$ 0.00 | 0.00 |
| 137-844 | COMM. FISH LIC.-RES. | 86,688.85 | 20.00 | 86,668.85 | 161,000.00 | 53.83 |
| 138-845 | COMM. FISH LIC.-N-RES. | 172,632.52 | 660.00 | 171,972.52 | 257,000.00 | 67.17 |
| 140 | COMMER. FISH. EXT. FEE | 2,835.00 | 0.00 | 2,835.00 | 2,500.00 | 113.40 |
| 120-230 | SPORT FISH., HUNT & TRAP LIC. | 3,817,528.21 | 6,591.96 | 3,810,936.25 | 5,095,600.00 | 74.79 |
| SUB-TOTAL | | <u>\$ 4,079,676.58</u> | <u>\$ 7,271.96</u> | <u>\$ 4,072,404.62</u> | <u>\$ 5,516,100.00</u> | <u>73.83</u> |
| TOTAL TAXES | | <u>\$1,221,204,450.33</u> | <u>\$14,020,952.99</u> | <u>\$1,207,183,497.14</u> | <u>\$2,694,805,900.00</u> | <u>44.80</u> |
| | | | | | | |
| INTEREST | | | | | | |
| 575 | INTEREST ON LOANS | \$ 1,020,621.48 | \$ 0.00 | \$ 1,020,621.48 | \$ 3,000,000.00 | 34.02 |
| 576 | INTEREST ON INVESTMENTS | 108,425,529.11 | 0.00 | 108,425,529.11 | 200,000,000.00 | 54.21 |
| TOTAL INTEREST | | <u>\$ 109,446,150.59</u> | <u>\$ 0.00</u> | <u>\$ 109,446,150.59</u> | <u>\$ 203,000,000.00</u> | <u>53.91</u> |
| TOTAL REVENUE | | <u>\$1,330,650,600.92</u> | <u>\$14,020,952.99</u> | <u>\$1,316,629,647.93</u> | <u>\$2,897,806,900.00</u> | <u>45.46</u> |

| CODE NO. | TYPE OF TAX | GROSS RECEIPTS | REFUNDS | NET RECEIPTS | ESTIMATE | NET RECEIPTS Z OF ESTIMATE |
|----------------|-------------------------|-------------------------|------------------------|-------------------------|---------------------------|----------------------------|
| 001 | Property | \$ 1,901,275.54 | \$ 645,399.56 | \$ 1,255,875.98 | \$ 175,000,000.00 | .72 |
| 016 | Alcohol | 5,437,537.01 | | 5,437,537.01 | 7,700,000.00 | 70.62 |
| 017 | Cigarette Tax - GF | 1,103,028.24 | 5,015.84 | 1,098,012.40 | 1,700,000.00 | 64.59 |
| 018 | Cigarette Tax - SF | 1,838,379.76 | | 1,838,379.76 | 2,800,000.00 | 65.66 |
| 020 | Electric & Telephone | 235,218.67 | | 235,218.67 | 2,000,000.00 | 11.76 |
| 021 | Highway Fuel | 17,677,047.72 | 5,407,799.15 | 12,269,248.57 | 18,400,000.00 | 66.68 |
| 022 | Aviation Fuel | 2,960,869.95 | | 2,960,869.95 | 3,600,000.00 | 82.25 |
| 023 | Marine Fuel | 2,491,773.99 | | 2,491,773.99 | 3,100,000.00 | 80.38 |
| 036 | Individual Income | 115,157,292.75 | 7,140,971.28 | 108,016,321.47 | 122,000,000.00 | 88.54 |
| 037 | Fiduciary Income | 38,198.23 | 27,205.46 | 10,992.77 | 100,000.00 | 10.99 |
| 038 | Corporation Income | 12,010,132.03 | 10,257,249.83 | 1,752,882.20 | 15,000,000.00 | 11.69 |
| 039 | Oil & Gas Corp Income | 242,799,956.47 | 945,162.00 | 241,854,794.47 | 402,000,000.00 | 50.16 |
| 046 | Business License | 1,873,061.28 | 296,758.28 | 1,576,303.00 | 4,000,000.00 | 39.41 |
| 052 | Estate | 154,416.69 | 5,838.48 | 148,578.21 | 200,000.00 | 74.29 |
| 057 | School | 925,577.70 | | 925,577.70 | 2,500,000.00 | 37.02 |
| 061 | Mines & Mining | 119,938.00 | 506.10 | 119,431.90 | 100,000.00 | 119.43 |
| 062 | Raw Fish | 5,740.35 | 9,071.13 | (3,330.78) | 8,600,000.00 | 0 |
| 063 | Cold Storage | 213,971.44 | 1,222.21 | 212,749.23 | 8,700,000.00 | 2.45 |
| 064 | Freezer Ship | 184,585.24 | 28,590.07 | 155,995.17 | 3,600,000.00 | 4.33 |
| 065 | Oil Production | 227,713,983.85 | 5,414.96 | 227,708,568.89 | 420,590,000.00 | 54.14 |
| 066 | Oil & Gas Conservation | 190,247.31 | | 190,247.31 | 600,000.00 | 31.71 |
| 067 | Gas Flaring | 1,333.49 | | 1,333.49 | 10,000.00 | 33.33 |
| 068 | Gas Production | 7,083,912.92 | | 7,083,912.92 | 11,700,000.00 | 60.55 |
| 096 | Prepaid Tax (102) | (239,048.33) | 5,143.00 | (244,191.33) | 0 | 0 |
| 106 | Liquor Lic. Application | 61,500.00 | | 61,500.00 | 80,000.00 | 76.88 |
| 107 | Pub Liquor License | 142.34 | | 142.34 | 600.00 | 23.72 |
| 108 | Brewery | 0 | 0 | 0 | 100.00 | 0 |
| 109 | Distillery | 0 | 0 | 0 | 0 | 0 |
| 110 | Beverage Dispensary | 405,150.00 | 3,800.00 | 401,350.00 | 480,000.00 | 83.61 |
| 111 | Club License | 21,400.00 | 200.00 | 21,200.00 | 23,400.00 | 90.60 |
| 112 | Common Carrier | 11,500.00 | | 11,500.00 | 15,900.00 | 72.33 |
| 113 | Restaurant | 35,350.00 | | 35,350.00 | 43,000.00 | 82.21 |
| 114 | Roadhouse | 2,700.00 | | 2,700.00 | 6,400.00 | 42.19 |
| 115 | Retail | 226,300.00 | 6,000.00 | 220,300.00 | 270,400.00 | 81.47 |
| 116 | Retail Stock Sale | 0 | 0 | 0 | 0 | 0 |
| 117 | Wholesale General | 23,000.00 | 500.00 | 22,500.00 | 79,000.00 | 28.48 |
| 118 | Wholesale Malt Beverage | 4,700.00 | | 4,700.00 | 14,100.00 | 33.33 |
| 119 | Misc. License | 12,765.50 | | 12,765.50 | 18,000.00 | 70.92 |
| 145 | Amusement & Gaming | 58,719.52 | 192.00 | 58,527.52 | 85,000.00 | 68.86 |
| 146 | Lottery Permits | 27,725.43 | | 27,725.43 | 20,000.00 | 138.63 |
| 402 | Misc. Revenues | 9,503.80 | | 9,503.80 | 0 | 0 |
| 692 | Redistributed Revenue | 0 | 0 | 0 | 0 | 0 |
| | TOTAL. | <u>\$642,778,886.89</u> | <u>\$24,792,039.35</u> | <u>\$617,986,847.54</u> | <u>\$1,215,135,900.00</u> | <u>50.86</u> |
| 126 | Vessels & Gear | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| 137-844 | Comm. Fish Resident | 85,995.28 | | 85,995.28 | 151,000.00 | 56.95 |
| 138-845 | Comm. Fish Nonresident | 139,397.27 | | 139,397.27 | 217,000.00 | 64.24 |
| 140 | Comm Fish Ext Fee | 1,125.00 | | 1,125.00 | 0 | 0 |
| 120-218 | Sport Fish & Hunt | 3,676,681.76 | | 3,676,681.76 | 4,385,000.00 | 83.85 |
| | SUB-TOTAL | <u>\$ 3,903,199.31</u> | <u>0</u> | <u>\$ 3,903,199.31</u> | <u>\$ 4,753,000.00</u> | <u>82.12</u> |
| | TOTAL | <u>\$646,682,086.20</u> | <u>\$24,792,039.35</u> | <u>\$621,890,046.85</u> | <u>\$1,219,888,900.00</u> | <u>50.98</u> |
| | INTEREST | | | | | |
| 575 | Interest on Loans | \$ 1,876,501.42 | \$ 0 | \$ 1,876,501.42 | \$ 2,628,000.00 | 71.40 |
| 576 | Interest on Investments | 50,796,560.04 | 0 | 50,796,660.04 | 64,160,000.00 | 79.17 |
| 577 | Interest on Deposits | 16,205.89 | 0 | 16,205.89 | 3,212,000.00 | .50 |
| | TOTAL INTEREST | <u>\$ 52,689,367.35</u> | <u>\$ 0</u> | <u>\$ 52,689,367.35</u> | <u>\$ 70,000,000.00</u> | <u>75.27</u> |
| | TOTAL REVENUE | <u>\$699,371,453.55</u> | <u>\$24,792,039.35</u> | <u>\$674,579,414.20</u> | <u>\$1,289,888,900.00</u> | <u>52.30</u> |

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).

AS 43.40.100 IS AMENDED TO INCLUDE:

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

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 V
Juneau, AK 99811

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

Dear Representative Cato:

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

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

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

REVENUES - FUEL TAX ACCOUNTS

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

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

APPROPRIATIONS - FUEL TAX ACCOUNTS

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

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

The amounts shown for the highway fuel tax and the aviation fuel tax accounts were included in the appropriations from the General Fund for the Operating Budget. The amounts shown for the watercraft fuel tax account were included in the appropriations from the General Fund for the capital budget for water and harbor facilities. The original capital budget for FY 1983 for ports and harbors appropriated from the General Fund was \$4,707,000. Included in this is the \$3,800,000 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

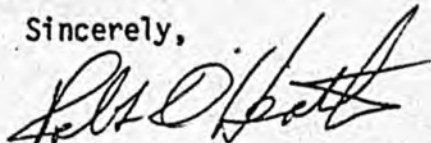
The Honorable Bette Cato
March 4, 1983
Page 3

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 OF ALASKA
PRELIMINARY STATEMENT OF FISCAL IMPACT

Bill No: HB 150 Date on Bill: 1/31/83
 Title: act repealing the tax on motor fuel used in or on watercraft
 Sponsor: Zharoff and Grussendorf
 Requestor: House 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 | -0- | (3.2 mill.) | (4.2 mill.) |
|---------|-----|-------------|-------------|

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

3. Assumptions:

The above figures are a loss of revenues in the General Fund.

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 Relford Phone: 465-2300
 Division: Commissioner's Office Date: 2/24/83
 Approved by Commissioner: Robt O'Heir Date: _____
 Department: Revenue

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

2/15/83

INTRODUCTION OF BILLS (House)

Motor Fuel
Tax
(decreasing &
repealing re-
fund 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 when 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)

EB 150 (cont'd)

Introduced January 31 and referred to Transportation, Resources and Finance.

Appropriation
(special)
(House of
Wickersham)

HOUSE BILL NO. 151, by Reps. Hayes, M.M. Miller, Duncan, Cowdery, Fritz, Bettisworth, Cato, Clocksin, Davis, Flood, Furnace, Goll, Koponen, Larson, Liaka, Martin, McBride, M.W. Miller, Pestinger, Szymanski, Tischer, Uehling, Wendte and Zharoff. Would appropriate \$1 million to the Dept. of Natural Resources, Division of Parks, for the acquisition of the House of Wickersham in Juneau and the historical collections and artifacts contained in the house and for the development of the acquisition as an historic site. Appropriation lapses on June 30, 1984. Effective July 1, 1983. Identical to SB 31, page 10.

Introduced January 31 and referred to State Affairs and Finance.

Appropriation
(supplemental)
(revenue
sharing)

HOUSE BILL NO. 152, by the Community & Regional Affairs Committee. Would make a \$3.5 million supplemental appropriation to the miscellaneous services account (AS 29.89.080) for AS 29.89 (Misc. State Aid to Municipalities) for distribution to local governments and other recipients for the fiscal year ending June 30, 1983. AS 29.89 provides for state aid for roads, health facilities and hospitals, volunteer fire departments in the unorganized borough, and aid to Native Village governments. Appropriation lapses June 30, 1984. Effective immediately.

Introduced February 2 and referred to Community & Regional Affairs and Finance.

Appropriation
(supplemental)
(Municipal
Assistance
Fund)

HOUSE BILL NO. 153, by the Community & Regional Affairs Committee. Would make a \$25.1 million supplemental appropriation to the Dept. of Revenue for the Municipal Assistance Fund (AS 43.20.016(a)) for distribution to municipalities for the fiscal year ending June 30, 1983. Lapses on June 30, 1984. Effective immediately.

Identical to SB 17, as amended by Senate C&RA Committee, and identical to HB 136 p. 99, except for lapse date.

Introduced February 2 and referred to Community & Regional Affairs and Finance.

Minimum Train
Crews
(repealing
law)

HOUSE BILL NO. 154, by the Rules Committee by request of the Governor. Would repeal law establishing minimum train crews in Alaska (AS 23.10.420). See Governor's letter, below.

Does not provide for an effective date (effective 90 days after Governor's signature).

Introduced February 2 and referred to Labor & Commerce and Transportation.

In his message transmitting the bill to the House for consideration, Governor Sheffield stated:

(2) \$4 for each 1,000 holes or fraction in each board with more than 2,000 holes. (§ 1 ch 116 SLA 1949; am § 1 ch 53 SLA 1951)

Sec. 43.35.110. Power to issue regulations. The department may issue orders and regulations necessary to carry out §§ 100—150 of this chapter. (§ 3 ch 116 SLA 1949; am § 1 ch 53 SLA 1951)

Sec. 43.35.120. Manner of paying tax. The tax shall be paid by purchasing stamps from the office of the Department of Revenue. The stamps shall be affixed to the punchboard before it is placed in use, and the operator of the punchboard shall endorse upon the stamp the serial number of the punchboard. (§ 2 ch 116 SLA 1949; am § 1 ch 53 SLA 1951)

Sec. 43.35.130. Refund to local governments. The department shall refund 75 per cent of the tax collected from sales of punchboards in an organized borough or city of the first, second, or third class to the local government. The balance shall be deposited in the general fund. (§ 6 ch 116 SLA 1949; am § 1 ch 53 SLA 1951; am § 3 ch 155 SLA 1962)

Sec. 43.35.140. Gambling not legalized. Sections 100—150 of this chapter do not legalize gambling. (§ 4 ch 116 SLA 1949; am § 1 ch 53 SLA 1951)

Cross reference. — As to limitations on authorized gaming activities, see AS 05.15.180.

Sec. 43.35.150. Violations and penalties. (a) It is unlawful for a person to (1) distribute in the state a punchboard for which the license tax provided in §§ 100—150 of this chapter is not paid; or (2) maintain for use, or permit the use of, in a place or premises occupied by the person a punchboard upon which the license stamp is not affixed.

(b) A person violating a provision of §§ 100—150 of this chapter is guilty of a misdemeanor, and upon conviction is punishable by a fine of not more than \$500. (§ 5 ch 116 SLA 1949; am § 1 ch 53 SLA 1951)

Chapter 40. Motor Fuel Tax.

Article

- 1. General Tax Levy on Transfers or Consumption of Motor Fuel (§§ 43.40.010 — 43.40.100)
- 2. Additional Tax Levy on Transfers or Consumption of Motor Fuel (Repealed)

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

Section

10. Tax on transfers or consumption of motor fuel and expenditure of proceeds

Section

20. Penalty for violation
30. Refund for nonhighway use
40. Applications and permits for refund

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

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

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

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

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

(d) Repealed by § 3 ch 166 SLA 1976.

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

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

(g) The proceeds of the revenue from the tax on all motor fuels, except as provided in (e), (f), and (j) of this section, shall be deposited in a special highway fuel tax account in the state general fund. The legislature may appropriate funds from it for expenditure by the Department of Public Works directly or as matched with available federal-aid highway money

for maintenance of highways, construction of highway projects and ferries included in the program provided for in AS 19.10.150, including approaches, appurtenances and related facilities and acquisition of rights-of-way or easements, and other highway costs including surveys, administration, and related matters. All departments of the state government authorized to spend funds collected from taxes imposed by §§ 10—100 of this chapter shall perform, when feasible, all construction or reconstruction projects by 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 158 SLA 1970; am § 3 ch 58 SLA 1971; am §§ 1, 2 ch 124 SLA 1971; am §§ 2, 3 ch 125 SLA 1971; am §§ 1—3 ch 153 SLA 1972; am § 3 ch 166 SLA 1976; am §§ 1, 2 ch 116 SLA 1977)

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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. 26.

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 1270.

53 C.J.S. Licenses § 30.

Sec. 43.40.020. Penalty for violation. (a) A person who violates a provision of §§ 10—100 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 1972, 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 watercraft; and
- (3) the internal combustion engine is not used in or in conjunction with a motor vehicle licensed to be operated on public ways.

(b) The entire tax levied by §§ 10—100 of this chapter shall be refunded to the purchaser on that part of the motor fuel used in a foreign country on which duty is paid when the fuel is sold and delivered in the state for nonhighway use in a foreign country.

(c) The Department of Revenue shall establish the necessary regulations and prescribe the appropriate forms to prove that the motor fuel is taken to and used in foreign countries. (§ 2 ch 47 SLA 1955; am § 3 ch 27 SLA 1957; am § 2 ch 136 SLA 1961; am § 4 ch 158 SLA 1970; am § 3 ch 124 SLA 1971; am § 4 ch 125 SLA 1971; am § 4 ch 116 SLA 1977)

Effect of amendment. — The 1977 amendment substituted "or on watercraft" for "an engine to propel a boat or watercraft, including motor fuel which may be used for heating and cooking aboard boats and watercraft" in paragraph (2) of subsection (a).

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."

Sec. 43.40.040. Applications and permits for refund. A person who desires to claim a refund shall obtain an annual permit from the Department of Revenue by application on a form prescribed by the department. The application shall contain the name, address, and occupation of the applicant, the nature of the business, and a sufficient description for identification of the machines or equipment in which the motor fuel is to be used for which refund may be claimed under the permit. The permit shall be obtained no later than the time that the first application for refund is made under §§ 10—100 of this chapter. The permit expires at midnight of June 30 following the date it is issued. (§ 3 ch 47 SLA 1955; am § 4 ch 131 SLA 1962)

Sec. 43.40.050. Refund claim by affidavit. (a) A person who claims a refund as provided in §§ 10—100 of this chapter shall present his claim to the commissioner of revenue by affidavit upon a form provided by the commissioner with the information the commissioner requires. The claim shall be accompanied by each invoice issued to the claimant at the time the motor fuel is purchased. The commissioner may require any additional information which he considers necessary for the administration of §§ 10—100 of this chapter.

(b) A claim for refund shall be filed within one year from the date of the purchase of the motor fuel as indicated on the invoice, and failure to file within the one year period is a waiver of the right to the refund. A claim is considered to be filed when the claim is mailed or personally presented to an office of the Department of Revenue. (§ 4 ch 47 SLA 1955; am § 1 ch 139 SLA 1960)

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REVENUE AND TAXATION

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

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

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

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

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

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

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

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

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

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

(A) fuel consigned to foreign countries,

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

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

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

(E) fuel used by charitable institutions;

(3) "user" means a person consuming or using motor fuel, who either purchases the fuel out of the state and ships it into the state for his own use within the state or manufactures the fuel in the state. (§ 48-5-1 ACLA 1949; am § 1 ch 56 SLA 1949; am § 9 ch 47 SLA 1955; am § 26 ch 70 SLA 1964; am §§ 6, 7 ch 158 SLA 1970; am § 1 ch 74 SLA 1972; am § 5 ch 116 SLA 1977)

Cross reference.—See editor's note to AS 08.04.380.

Effect of amendment.—The 1977 amendment in paragraph (2), added the subparagraph designations, substituted "or aircraft, and fuel used in and on watercraft for any purpose" for "aircraft, boat or watercraft", "run" for "propelled", and "motor fuel does not include" for "except on consignments of motor" in the

introductory paragraph, substituted "consigned" for "oil" in present subparagraph (A), substituted "fuel sold" for "except motor fuel oil sold" in present subparagraph (B), deleted "and except" preceding "fuel used" and "or" following "general public" in present subparagraph (C), and inserted "fuel used" at the beginning of present subparagraphs (D) and (E).

Article 2. Additional Tax Levy on Transfers or Consumption of Motor Fuel.

Section

110—120. [Repealed]

Secs. 43.40.110—43.40.120.

Repealed by § 8 ch 153 SLA 1970.

Editor's note.—The repealed sections derived from chs. 62, 63, SLA 1960; ch. 52, SLA 1961; ch. 131, SLA 1962.

Chapter 43. Disaster Taxes.

Article

1. Disaster Relief Tax (Repealed)
2. Disaster Severance Tax (Repealed)

Article 1. Disaster Relief Tax.

Section

10—60. [Repealed]

Secs. 43.43.010 —43.43.060.

Repealed by § 1 ch 48 SLA 1969.

Editor's note.—The repealed article derived from § 1, ch. 27, FSSLA 1967.

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REPRESENTATIVE
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House of Representatives

DISTRICT 14:

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SECTIONAL ANALYSIS

HB 101 - Repeal Marine Fuel Tax

- Sec. 1. Repeals tax on dealer who sells or transfers marine fuel
- Sec. 2. Repeals tax on consumer
- Sec. 3. Technical amendments
- Sec. 4. Technical amendments
- Sec. 5. This excludes fuel used by watercraft from the definition of "motor fuel".
- Sec. 6. Repeals watercraft fuel tax account from the general fund.
- Sec. 7. Effentive date clause of July 1, 1981

Introduced: 2/4/81
Referred: Resources and
Finance

1 IN THE HOUSE

BY ZHAROFF, GRUSSENDORF AND
BETTISWORTH

2 HOUSE BILL NO. 101

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act repealing the tax on motor fuel used in or on
7 watercraft; and providing for an effective date."

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

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

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

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

13 [(2) THE TAX ON MOTOR FUEL USED IN AND ON WATERCRAFT OF ALL
14 DESCRIPTIONS IS FIVE CENTS A GALLON, AND]

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

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

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

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

22 [(2) THE TAX ON MOTOR FUEL USED IN AND ON WATERCRAFT OF ALL
23 DESCRIPTIONS IS FIVE CENTS A GALLON, AND]

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

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

27 (g) The proceeds of the revenue from the tax on all motor fuels,
28 except as provided in (e) [, (f),] and (j) of this section, shall be
29 deposited in a special highway fuel tax account in the state general

1 fund. The legislature may appropriate funds from it for expenditure by
2 the Department of Transportation and Public Facilities [PUBLIC WORKS]
3 directly or as matched with available federal-aid-highway money for
4 maintenance of highways, construction of highway projects and ferries
5 included in the program provided for in AS 19.10.150, including ap-
6 proaches, appurtenances and related facilities and acquisition of
7 rights-of-way or easements, and other highway costs including surveys,
8 administration, and related matters. All departments of the state
9 government authorized to spend funds collected from taxes imposed by
10 this chapter [AS 43.40.010 - 43.40.100] shall perform, when feasible,
11 all construction or reconstruction projects by contract after the
12 projects have been advertised for competitive bids, except that, when
13 feasible, arrangements shall be made with political subdivisions to
14 carry out the construction or reconstruction projects. If it is not
15 feasible for the work to be performed by state engineering forces, the
16 commissioner of Transportation and Public Facilities [PUBLIC WORKS] may
17 contract on a professional basis with private engineering firms for
18 road design, bridge design, and services in connection with surveys.
19 If more than one private engineering firm is available for the work the
20 contracts shall be entered into on a negotiated basis.

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

22 (2) the motor fuel is not aviation fuel [, OR MOTOR FUEL
23 USED IN OR ON WATERCRAFT]; and

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

25 (2) "motor fuel" means fuel used in an engine for the pro-
26 pulsion of a motor vehicle or aircraft, and fuel used [IN AND ON WATER-
27 CRAFT FOR ANY PURPOSE, OR] in a stationary engine, machine or mechanical
28 contrivance which is run by an internal combustion motor; "motor fuel"
29 does not include

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- (A) fuel consigned to foreign countries,
- (B) fuel sold for use in jet propulsion aircraft operating in flights to foreign countries,
- (C) fuel used in stationary power plants operating as public utility plants and generating electrical energy for sale to the general public,
- (D) fuel used by nonprofit power associations or corporations for generating electric energy for resale,
- (E) fuel used by charitable institutions, [OR]
- (F) fuel which is at least 10 percent alcohol by volume, or
- (G) fuel used in and on watercraft for any purpose; [.]

* Sec. 6. AS 43.40.010(f) is repealed.
* Sec. 7. This Act takes effect July 1, 1981.

Rec. E.D. 1981

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 101

Title An Act repealing the tax on motor fuel used in or on watercraft.

Requested by House Resources Committee Date Feb. 7, 1981

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) - NONE

| | FY 81 | FY 82 | FY 83 | FY 84 | FY 85 | FY 86 |
|--------------------------|-------|-------|-------|-------|-------|-------|
| 100 PERSONAL SERVICES | | | | | | |
| 200 TRAVEL | | | | | | |
| 300 CONTRACTUAL | | | | | | |
| 400 COMMODITIES | | | | | | |
| 500 EQUIPMENT | | | | | | |
| 600 LAND & STRUCTURES | | | | | | |
| 700 GRANTS, CLAIMS, ETC. | | | | | | |
| TOTAL | | | | | | |

FUNDING (Thousands of Dollars) - NONE

| | FY 81 | FY 82 | FY 83 | FY 84 | FY 85 | FY 86 |
|-----------------------------|-------|-------|-------|-------|-------|-------|
| GENERAL FUND | | | | | | |
| FEDERAL FUNDS | | | | | | |
| OTHER (Specify Fund Source) | | | | | | |

POSITIONS - NONE

| | FY 81 | FY 82 | FY 83 | FY 84 | FY 85 | FY 86 |
|-----------|-------|-------|-------|-------|-------|-------|
| FULL TIME | | | | | | |
| PART TIME | | | | | | |
| TEMPORARY | | | | | | |

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

This bill will repeal the marine motor fuel tax. It will have no effect on the administrative costs of this division.

IV. DATE February 11, 1981

PREPARED BY Cary L. Jenkins

AGENCY Division of Audit

PHONE 465-2320

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill #101
 Title Act repealing the tax on motor fuel used in or on watercraft
 Requested by House Resources Committee Date 2/9/81

II. FISCAL DETAIL

Agency Affected _____
 Program Category Affected _____
 BRU, Program, or Subprogram(s) Affected _____
 (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 81 | FY 82 | FY 83 | FY 84 | FY 85 | FY 86 |
|--------------------------|-------|-------|-------|-------|-------|-------|
| 100 PERSONAL SERVICES | | | | | | |
| 200 TRAVEL | | | | | | |
| 300 CONTRACTUAL | | | | | | |
| 400 COMMODITIES | | | | | | |
| 500 EQUIPMENT | | | | | | |
| 600 LAND & STRUCTURES | | | | | | |
| 700 GRANTS, CLAIMS, ETC. | | | | | | |

TOTAL

FUNDING ^{Millions} (Thousands of Dollars)

| | FY 81 | FY 82 | FY 83 | FY 84 | FY 85 | FY 86 |
|-----------------------------|-------|-------|-------|-------|-------|-------|
| GENERAL FUND | -0- | (3.6) | (3.8) | (4.0) | (4.2) | |
| FEDERAL FUNDS | | | | | | |
| OTHER (Specify Fund Source) | | | | | | |

POSITIONS

| | FY 81 | FY 82 | FY 83 | FY 84 | FY 85 | FY 86 |
|-----------|-------|-------|-------|-------|-------|-------|
| FULL TIME | | | | | | |
| PART TIME | | | | | | |
| TEMPORARY | | | | | | |

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

The above estimates are based on the Department of Revenue's forecasting model.

IV. DATE 2/9/81 PREPARED BY Bill Yankee
 AGENCY Revenue Research
 PHONE 465-2173
 Original: Legislative Finance
 cc: Budget and Management
Prime Sponsor (First Legislator Named)

Alaska State Legislature

REPRESENTATIVE
FRED F. ZHAROFF
P.O. Box 405
KODIAK, ALASKA 99615
(907) 486-5254



WHILE IN JUNEAU
POUCH V
JUNEAU, ALASKA
99811
(907) 465-4956
465-4951

House of Representatives

DISTRICT 14:

BELLSFLATS
CHINIAK
KODIAK
OUZINKIE

A recap of the following pages from the Department of Revenue's Source Book publications shows the amount of Marine Fuel Tax collected for the past few years and the estimated tax for FY 81 and FY 82.

| <u>Fiscal Year</u> | <u>Actual</u> | <u>Estimate</u> |
|--------------------|---------------|-----------------|
| 1977 | 1,400 | |
| 1978 | 2,100 | |
| 1979 | 2,600 | |
| 1980 | 3,200 | |
| 1981 | | 3,400 |
| 1982 | | 3,600 |

The proceeds from the Marine Fuel Tax are deposited in the Watercraft Fuel Tax Account in the general fund and may be appropriated for water and harbor facilities. However, this account is not tracked by municipalities, so it is impossible to compare the amount paid into the account by a municipality to what that municipality receives back for their water and harbor facilities.

General Fund Unrestricted Revenues

In Thousands of Current Dollars

| | FY 1980 <u>Actual</u> | FY 1981 Revised <u>Estimate</u> | FY 1982 <u>Estimate</u> |
|--|--------------------------|---------------------------------------|----------------------------|
| <u>Taxes</u> | | | |
| <u>Income</u> | | | |
| Corporate - General | 17,900 | 35,000 | 36,000 |
| Corporate - Petroleum | 547,500 | 770,000 | 882,900 |
| Fiduciary (1) | 100 | -0- | -0- |
| Individual (1) | 100,500 | -0- | -0- |
| <u>Gross Receipts</u> | | | |
| Alaska Business License | 4,200 | 5,300 | 3,200 |
| Fish - Canned Salmon (2) | 4,300 | 12,100 (3) | 6,600 |
| Fish - Shorebased (2) | 7,600 | 10,400 (3) | 7,800 |
| Fish - Floating (2) | 2,700 | 4,000 (3) | 3,100 |
| Salmon Enhancement (4) | -0- | -0- | 1,500 |
| Insurance Companies | 10,400 | 11,300 | 12,500 |
| Other | 2,100 | 2,600 | 2,900 |
| <u>Severance</u> | | | |
| Gravel, Timber, etc. | 1,600 | 1,300 | 3,000 |
| Oil & Gas Production (5) | 506,200 | 1,178,200 | 1,700,100 |
| Oil & Gas Conservation | 300 | 600 | 600 |
| <u>Property</u> | | | |
| Oil & Gas | 168,900 | 170,700 | 170,000 |
| Vehicle Registration | 100 | 200 | 200 |
| <u>Sale/Use</u> | | | |
| Alcoholic Beverages | 7,400 | 7,900 | 8,200 |
| Fuel Taxes - Aviation | 4,000 | 4,100 | 4,300 |
| Fuel Taxes - Highway | 18,900 | 18,500 | 20,900 |
| Fuel Taxes - Marine | 3,200 ✓ | 3,400 | 3,600 |
| Tobacco Products | 1,600 | 1,700 | 1,800 |
| <u>Other</u> | | | |
| Estate | 200 | 200 | 200 |
| School (6) | 2,600 | -0- | -0- |
| Total Taxes | <u>1,412,300</u> | <u>2,236,800</u> | <u>2,916,400</u> |
| <u>Licenses & Permits</u> | | | |
| <u>Business</u> | 8,100 | 8,300 | 9,700 |
| <u>Non-Business</u> | <u>10,700</u> | <u>12,000</u> | <u>12,500</u> |
| Total Licenses & Permits | <u>18,800</u> | <u>20,300</u> | <u>22,200</u> |
| <u>Intergovernmental Receipts</u> | | | |
| <u>Federal Shared Revenues (5) (7)</u> | <u>4,800</u> | <u>19,400 (8)</u> | <u>8,000</u> |
| <u>State Resource Revenue</u> | | | |
| <u>Sale/Use</u> | | | |
| Bonus Sales | 342,400 (7) (9) | 6,400 (10) (11) (12) | -0- (11) |

Unrestricted Revenues

In Thousands of Current Dollars

| | <u>FY 79</u> | <u>FY 80</u> | <u>FY 81</u> |
|--|------------------------|-------------------------|------------------|
| <u>TAXES</u> | <u>ACTUAL</u> | <u>REVISED ESTIMATE</u> | <u>ESTIMATE</u> |
| <u>INCOME</u> | | | |
| Corporate - General | 24,800 | 15,000 | 28,000 |
| Corporate - Petroleum ⁽¹⁾ | 232,600 ⁽²⁾ | 402,000 | 558,000 |
| Fiduciary | 100 | 100 | 100 |
| Individual | 117,200 | 122,000 | 161,000 |
| <u>GROSS RECEIPTS</u> | | | |
| Alaska Business License ⁽³⁾ | 28,200 | 4,000 | 3,000 |
| Raw Fish ⁽⁴⁾ | 6,700 | 8,600 | 13,800 |
| Cold Storage ⁽⁴⁾ | 3,300 | 8,700 | 12,600 |
| Freezer Ship ⁽⁴⁾ | 1,900 | 3,600 | 4,900 |
| Insurance Companies | 10,800 | 12,400 | 14,300 |
| Other | 1,900 | 2,000 | 2,300 |
| <u>SEVERANCE</u> | | | |
| Gravel, Timber, etc. | 1,700 | 1,500 | 1,200 |
| Oil and Gas Production ⁽⁵⁾ | 173,800 | 432,900 | 1,045,200 |
| <u>PROPERTY</u> | | | |
| Oil and Gas | 163,400 | 175,000 | 178,000 |
| Vehicle Registration | 200 | 100 | 200 |
| <u>SALE/USE</u> | | | |
| Alcoholic Beverages | 7,400 | 7,700 | 8,000 |
| Fuel Taxes-Aviation | 3,400 | 3,600 | 3,700 |
| Fuel Taxes-Highway | 16,300 | 18,400 | 19,000 |
| Fuel Taxes-Marine | 2,600 ✓ | 3,100 | 3,200 |
| Tobacco Products | 2,700 | 1,700 | 1,800 |
| <u>OTHER</u> | | | |
| Estate | 100 | 200 | 200 |
| School | 2,500 | 2,500 | 2,700 |
| TOTAL TAXES | <u>800,600</u> | <u>1,225,100</u> | <u>2,061,200</u> |
| <u>LICENSES AND PERMITS</u> | | | |
| <u>BUSINESS</u> | 7,500 | 8,500 | 8,500 |
| <u>NON-BUSINESS</u> | 12,300 | 11,300 | 12,400 |
| TOTAL LICENSES & PERMITS | <u>19,800</u> | <u>19,800</u> | <u>20,900</u> |
| <u>INTERGOVERNMENTAL RECEIPTS</u> | | | |
| <u>FEDERAL SHARED REVENUES⁽⁶⁾</u> | <u>4,100</u> | <u>4,000</u> | <u>4,000</u> |

STATE RESOURCES REVENUE

| | | | |
|-----------------------------------|----------------|------------------|------------------|
| <u>SALE/USE</u> | | | |
| Bonus Sales (6) | -0- | -0- | -0- |
| Investment Earnings | 44,200 | 42,000 | 45,000 |
| Rents (6) | 2,300 | 2,800 | 2,500 |
| Royalties (6) | 149,600 | 223,200 | 270,200 |
| Sale of State Property | 1,900 | 1,800 | 4,200 |
| <u>FACILITIES RELATED CHARGES</u> | | | |
| Airports | 800 | 400 | 500 |
| Ferry System (7) | 15,600 | 19,600 | 23,100 |
| All Other | 4,000 | 3,600 | 4,000 |
| <u>SERVICE RELATED CHARGES</u> | | | |
| Court System | 2,800 | 2,900 | 3,100 |
| All Other | 1,700 | 1,600 | 300 |
| | | | |
| TOTAL STATE RESOURCES REVENUE | <u>222,900</u> | <u>297,900</u> | <u>352,900</u> |
| | | | |
| <u>MISCELLANEOUS REVENUE</u> | | | |
| Returns, etc. | <u>3,900</u> | <u>3,900</u> | <u>3,900</u> |
| | | | |
| TOTAL UNRESTRICTED REVENUES | 787,300 | 1,071,700 | 1,134,400 |
| Less: Native Claims Payments | <u>22,400</u> | <u>41,600</u> | <u>50,800</u> |
| | | | |
| TOTAL TO THE STATE | <u>764,900</u> | <u>1,030,100</u> | <u>1,083,600</u> |

(1) Ch. 110 SLA 1978 Effective July 9, 1978.

(2) Sec. 3 of Ch. 144 SLA 1978 Effective January 1, 1979 amended AS 43.60.030 to remove the gross receipts levy on all businesses with the exception of the net income tax for banks, trust companies and savings and loan associations and the business license fee itself.

| | | | |
|----------------------------------|--------------|---------------|---------------|
| (3) <u>COMMERCIAL FISH TAXES</u> | <u>1978</u> | <u>1979</u> | <u>1980</u> |
| Raw Fish | 5,500 | 6,800 | 6,700 |
| Cold Storage | 2,300 | 2,700 | 2,700 |
| Freezer Ship | 500 | 1,000 | 800 |
| TOTAL | <u>8,300</u> | <u>10,500</u> | <u>10,200</u> |

(4) Reserves tax credit applied.

| | | | |
|-----------------------|---------------|---------------|---------------|
| (5) <u>FUEL TAXES</u> | <u>1978</u> | <u>1979</u> | <u>1980</u> |
| Aviation | 3,300 | 3,400 | 3,500 |
| Highway | 17,900 | 22,100 | 23,400 |
| Marine | 2,100 | 2,300 | 2,400 |
| TOTAL | <u>23,300</u> | <u>27,800</u> | <u>29,300</u> |

(6) Net of 25% Permanent Fund contribution.

| | | | |
|-------------------------|---------------|---------------|---------------|
| (7) <u>FERRY SYSTEM</u> | <u>1978</u> | <u>1979</u> | <u>1980</u> |
| Southeast | 14,000 | 17,500 | 20,900 |
| Southwest | 1,600 | 2,100 | 2,200 |
| TOTAL | <u>15,600</u> | <u>19,600</u> | <u>23,100</u> |

General Fund

| | <u>1977</u> | <u>1978</u> | | <u>1979</u> |
|---|------------------|------------------------|-------------------------|------------------|
| <u>TAXES</u> | <u>ACTUAL</u> | <u>BUDGET ESTIMATE</u> | <u>REVISED ESTIMATE</u> | <u>ESTIMATE</u> |
| INCOME | | | | |
| Corporate | 35,772.1 | 53,440.0 | 44,600.0 | 65,600.0 |
| Fiduciary | 92.4 | 55.0 | 101.6 | 111.7 |
| Individual | 210,378.3 | 93,403.4 | 135,000.0 | 145,000.0 |
| GROSS RECEIPTS | | | | |
| Alaska Business License | 23,252.2 | 17,422.5 | 21,800.0 | 20,400.0 |
| Commercial Fish | 6,203.1 | 3,896.0 | 7,830.5 | 8,489.7 |
| Insurance Companies | 8,063.2 | 6,750.0 | 8,200.0 | 8,500.0 |
| Public Utilities | 1,192.7 | 975.0 | 1,392.8 | 1,532.0 |
| Other | 65.2 | 50.0 | 71.7 | 78.8 |
| SEVERANCE | | | | |
| Gravel, Timber, Land, etc. | 1,002.4 | 807.0 | 546.5 | 578.6 |
| Oil and Gas Production (1) | 23,758.4 | 113,469.0 | 113,500.0 | 176,000.0 |
| PROPERTY | | | | |
| Oil and Gas | 139,140.7 | 168,300.0 | 168,300.0 | 170,600.0 |
| Reserves (2) | 270,626.5 | -0- | -0- | -0- |
| Vehicle Registration (3) | -0- | 198.4 | 198.6 | 202.4 |
| SALE/USE | | | | |
| Alcoholic Beverages | 7,977.7 | 7,470.0 | 6,800.0 | 6,700.0 |
| Fuel Taxes-Aviation | 2,503.7 | 2,940.0 | 2,300.0 | 2,300.0 |
| Fuel Taxes-Highway | 16,745.2 | 18,113.7 | 13,200.0 | 12,800.0 |
| Fuel Taxes-Marine | 1,358.2 | 1,460.0 | 1,900.0 | 1,800.0 |
| Tobacco Products | 1,817.7 | 1,562.6 | 1,600.0 | 1,500.0 |
| OTHER | | | | |
| Death and Gift | 193.1 | 125.0 | 213.0 | 234.3 |
| School | 2,588.6 | 2,511.0 | 2,100.0 | 2,100.0 |
| TOTAL TAXES | <u>752,731.4</u> | <u>492,948.6</u> | <u>529,654.7</u> | <u>624,577.5</u> |
| LICENSES AND PERMITS | | | | |
| BUSINESS | | | | |
| Alcoholic Beverages | 949.3 | 992.3 | 988.2 | 1,007.6 |
| Amusements | 107.3 | 85.6 | 118.0 | 129.7 |
| Commercial Fishing (4) | 836.1 | 694.2 | 1,157.3 | 1,081.9 |
| General Corporation | 1,126.1 | 1,010.8 | 1,165.7 | 1,225.0 |
| Professional and Occupational | 672.4 | 779.0 | 779.0 | 721.1 |
| Regulatory | 1,729.8 | 1,743.5 | 1,747.4 | 1,769.2 |
| Other | 43.2 | 39.9 | 41.1 | 43.5 |
| NON-BUSINESS | | | | |
| Fish and Game | 48.9 | 66.7 | 47.9 | 49.5 |
| Motor Vehicle-Operators | 584.0 | 531.5 | 534.6 | 550.6 |
| Motor Vehicle-Titles/Registration | 10,020.4 | 12,251.2 | 11,505.0 | 11,350.1 |
| Other | 2.0 | 6.5 | 7.0 | 6.3 |
| TOTAL LICENCES AND PERMITS | <u>16,119.5</u> | <u>18,201.6</u> | <u>18,091.2</u> | <u>17,934.5</u> |
| INTERGOVERNMENTAL RECEIPTS | | | | |
| FEDERAL SHARED REVENUE | | | | |
| Lands | 511.0 | 564.0 | 3,520.0 | 3,255.2 |
| Mineral Rents and Royalties (5) | 1,985.6 | 3,054.2 | 1,450.8 | 1,381.9 |
| Other | 2.2 | 2.5 | 2.5 | 2.5 |
| TOTAL INTERGOVERNMENTAL RECEIPTS | <u>2,498.8</u> | <u>3,620.7</u> | <u>4,973.3</u> | <u>4,639.6</u> |

(2) \$4 for each 1,000 holes or fraction in each board with more than 2,000 holes. (§ 1 ch 116 SLA 1949; am § 1 ch 53 SLA 1951)

Sec. 43.35.110. Power to issue regulations. The department may issue orders and regulations necessary to carry out §§ 100—150 of this chapter. (§ 3 ch 116 SLA 1949; am § 1 ch 53 SLA 1951)

Sec. 43.35.120. Manner of paying tax. The tax shall be paid by purchasing stamps from the office of the Department of Revenue. The stamps shall be affixed to the punchboard before it is placed in use, and the operator of the punchboard shall endorse upon the stamp the serial number of the punchboard. (§ 2 ch 116 SLA 1949; am § 1 ch 53 SLA 1951)

Sec. 43.35.130. Refund to local governments. The department shall refund 75 per cent of the tax collected from sales of punchboards in an organized borough or city of the first, second, or third class to the local government. The balance shall be deposited in the general fund. (§ 6 ch 116 SLA 1949; am § 1 ch 53 SLA 1951; am § 3 ch 155 SLA 1962)

Sec. 43.35.140. Gambling not legalized. Sections 100—150 of this chapter do not legalize gambling. (§ 4 ch 116 SLA 1949; am § 1 ch 53 SLA 1951)

Cross reference. — As to limitations on authorized gaming activities, see AS 05.15.180.

Sec. 43.35.150. Violations and penalties. (a) It is unlawful for a person to (1) distribute in the state a punchboard for which the license tax provided in §§ 100—150 of this chapter is not paid; or (2) maintain for use, or permit the use of, in a place or premises occupied by the person a punchboard upon which the license stamp is not affixed.

(b) A person violating a provision of §§ 100—150 of this chapter is guilty of a misdemeanor, and upon conviction is punishable by a fine of not more than \$500. (§ 5 ch 116 SLA 1949; am § 1 ch 53 SLA 1951)

Chapter 40. Motor Fuel Tax.

Article

1. General Tax Levy on Transfers or Consumption of Motor Fuel (§§ 43.40.010 — 43.40.100)
2. Additional Tax Levy on Transfers or Consumption of Motor Fuel (Repealed)

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

Section

10. Tax on transfers or consumption of motor fuel and expenditure of proceeds

Section

20. Penalty for violation
30. Refund for nonhighway use
40. Applications and permits for refund

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

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

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

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

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

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

(d) Repealed by § 3 ch 166 SLA 1976.

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

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

(g) The proceeds of the revenue from the tax on all motor fuels, except as provided in (e), (f), and (j) of this section, shall be deposited in a special highway fuel tax account in the state general fund. The legislature may appropriate funds from it for expenditure by the Department of Public Works directly or as matched with available federal-aid highway money

for maintenance of highways, construction of highway projects and ferries included in the program provided for in AS 19.10.150, including approaches, appurtenances and related facilities and acquisition of rights-of-way or easements, and other highway costs including surveys, administration, and related matters. All departments of the state government authorized to spend funds collected from taxes imposed by §§ 10—100 of this chapter shall perform, when feasible, all construction or reconstruction projects by 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 158 SLA 1970; am § 3 ch 58 SLA 1971; am §§ 1, 2 ch 124 SLA 1971; am §§ 2, 3 ch 125 SLA 1971; am §§ 1—3 ch 153 SLA 1972; am § 3 ch 166 SLA 1976; am §§ 1, 2 ch 116 SLA 1977)

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. 26.

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—100 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 watercraft; and
- (3) the internal combustion engine is not used in or in conjunction with a motor vehicle licensed to be operated on public ways.

(b) The entire tax levied by §§ 10--100 of this chapter shall be refunded to the purchaser on that part of the motor fuel used in a foreign country on which duty is paid when the fuel is sold and delivered in the state for nonhighway use in a foreign country.

(c) The Department of Revenue shall establish the necessary regulations and prescribe the appropriate forms to prove that the motor fuel is taken to and used in foreign countries. (§ 2 ch 47 SLA 1955; am § 3 ch 27 SLA 1957; am § 2 ch 136 SLA 1961; am § 4 ch 158 SLA 1970; am § 3 ch 124 SLA 1971; am § 4 ch 125 SLA 1971; am § 4 ch 116 SLA 1977)

Effect of amendment. — The 1977 amendment substituted "or on watercraft" for "an engine to propel a boat or watercraft, including motor fuel which may be used for heating and cooking aboard boats and watercraft" in paragraph (2) of subsection (a).

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."

Sec. 43.40.040. Applications and permits for refund. A person who desires to claim a refund shall obtain an annual permit from the Department of Revenue by application on a form prescribed by the department. The application shall contain the name, address, and occupation of the applicant, the nature of the business, and a sufficient description for identification of the machines or equipment in which the motor fuel is to be used for which refund may be claimed under the permit. The permit shall be obtained no later than the time that the first application for refund is made under §§ 10--100 of this chapter. The permit expires at midnight of June 30 following the date it is issued. (§ 3 ch 47 SLA 1955; am § 4 ch 131 SLA 1962)

Sec. 43.40.050. Refund claim by affidavit. (a) A person who claims a refund as provided in §§ 10--100 of this chapter shall present his claim to the commissioner of revenue by affidavit upon a form provided by the commissioner with the information the commissioner requires. The claim shall be accompanied by each invoice issued to the claimant at the time the motor fuel is purchased. The commissioner may require any additional information which he considers necessary for the administration of §§ 10--100 of this chapter.

(b) A claim for refund shall be filed within one year from the date of the purchase of the motor fuel as indicated on the invoice, and failure to file within the one year period is a waiver of the right to the refund. A claim is considered to be filed when the claim is mailed or personally presented to an office of the Department of Revenue. (§ 4 ch 47 SLA 1955; am § 1 ch 139 SLA 1960)

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

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

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

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

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

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

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

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

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

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

(A) fuel consigned to foreign countries,

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

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

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

(E) fuel used by charitable institutions;

(3) "user" means a person consuming or using motor fuel, who either purchases the fuel out of the state and ships it into the state for his own use within the state or manufactures the fuel in the state. (§ 48-5-1 ACLA 1949; am § 1 ch 56 SLA 1949; am § 9 ch 47 SLA 1955; am § 26 ch 70 SLA 1964; am §§ 6, 7 ch 158 SLA 1970; am § 1 ch 74 SLA 1972; am § 5 ch 116 SLA 1977)

Cross reference.—See editor's note to AS 08.04.380.

Effect of amendment.—The 1977 amendment in paragraph (2), added the subparagraph designations, substituted "or aircraft, and fuel used in and on watercraft for any purpose" for "aircraft, boat or watercraft", "run" for "propelled", and "motor fuel does not include" for "except on consignments of motor" in the

introductory paragraph, substituted "consigned" for "oil" in present subparagraph (A), substituted "fuel sold" for "except motor fuel oil sold" in present subparagraph (B), deleted "and except" preceding "fuel used" and "or" following "general public" in present subparagraph (C), and inserted "fuel used" at the beginning of present subparagraphs (D) and (E).

Article 2. Additional Tax Levy on Transfers or Consumption of Motor Fuel.

Section

110—120. [Repealed]

Secs. 43.40.110—43.40.120.

Repealed by § 8 ch 158 SLA 1970.

Editor's note.—The repealed sections derived from chs. 62, 63, SLA 1960; ch. 52, SLA 1961; ch. 131, SLA 1962.

Chapter 43. Disaster Taxes.

Article

1. Disaster Relief Tax (Repealed)
2. Disaster Severance Tax (Repealed)

Article 1. Disaster Relief Tax.

Section

10—60. [Repealed]

Secs. 43.43.010 —43.43.060.

Repealed by § 1 ch 48 SLA 1969.

Editor's note.—The repealed article derived from § 1, ch. 27, FSSLA 1967.

Secs. 43.31.360 — 43.31.390.

Repealed by § 46 ch 113 SLA 1980.

Cross reference. — For present provisions concerning criminal penalties, see AS 43.05.290. Editor's note. — The repealed sections derived from § 3, ch. 24, SLA 1970.

Chapter 35. Coin-Operated Devices and Punchboards.

Article 1. Coin-Operated Amusement and Gaming Devices.

Section

80. [Repealed]

Sec. 43.35.080. Penalties.

Repealed by § 46 ch 113 SLA 1980.

Cross references. — For present provisions concerning civil penalties, see AS 43.05.220. For present provisions concerning criminal penalties, see AS 43.05.290. Editor's note. — The repealed section derived from § 48-3-3 ACLA 1949; § 3, ch. 142, SLA 1960; § 2, ch. 58, SLA 1971.

Chapter 40. Motor Fuel Tax.

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

Section

- 20. [Repealed]
- 30. Refund for nonhighway use
- 40. [Repealed]
- 50. Refund claim by affidavit

Section

- 80. Examination of books and records
- 90. [Repealed]
- 100. Definitions

Sec. 43.40.020. Penalty for violation.

Repealed by § 46 ch 113 SLA 1980.

Cross reference. — For present provisions concerning criminal penalties, see AS 43.05.290. Editor's note. — The repealed section derived from § 48-6-3, ACLA 1949; § 4, ch. 153, SLA 1972; § 3, ch. 116, SLA 1977.

Sec. 43.40.030. Refund for nonhighway use.

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

(d) If a person obtains motor fuel on which the tax levied by this chapter has been paid and the motor fuel is exempt from the tax, the person is entitled to a refund of the tax paid.
(am §§ 35, 36 ch 113 SLA 1980)

Effect of amendment.

The 1980 amendment, effective June 21, 1980, and retroactive to January 1, 1980, substituted "this chapter" for "AS 43.40.010 - 43.40.100" in subsection (b), and added subsection (d).

As the rest of the section was not

affected by the amendment, it is not set out.

Editor's note. — Section 52, ch. 113, SLA 1980, effective June 21, 1980, makes this section applicable to tax years beginning after December 31, 1979.

Sec. 43.40.045. Applications and permits for refund.

Repealed by § 15 ch 113 SLA 1980.

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

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

Section 52, ch. 113, SLA 1980, effective June 21, 1980, makes the repeal of this section applicable to tax years beginning after December 31, 1979.

Sec. 43.40.050. Refund claim by affidavit. (a) A person who claims a refund as provided in this chapter shall present his claim to the commissioner of revenue by affidavit upon a form provided by the commissioner. The claim shall include the name, address and occupation of the applicant, the nature of the business of the applicant, and a description sufficient to identify the machinery or equipment in which the motor fuel for which the refund is claimed was used. The claim shall be accompanied by each invoice issued to the claimant at the time the motor fuel was purchased. The commissioner may require any additional information which he considers necessary for the administration of this chapter.

(am § 37 ch 113 SLA 1980)

Effect of amendment. — The 1980 amendment, effective June 21, 1980, and retroactive to January 1, 1980, in subsection (a), substituted "this chapter" for "AS 43.40.010 - 43.40.100" at the beginning and at the end of the subsection, substituted the present second sentence for the former material, which read: "with the information the commissioner requires", and substituted "was" for "is"

preceding "purchase" at the end of the present third sentence.

As the rest of the section was not affected by the amendment, it is not set out.

Editor's note. Section 52, ch. 113, SLA 1980, effective June 21, 1980, makes this section applicable to tax years beginning after December 31, 1979.

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

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

Effect of amendment. — The 1980 amendment, effective June 21, 1980, repealed subsection (b).

Sec. 43.40.090. Criminal violation.

Repealed by § 46 ch 113 SLA 1980.

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

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

Sec. 43.40.100. Definitions. In AS 43.40.010 — 43.40.100

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

(A) fuel consigned to foreign countries,

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

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

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

(E) fuel used by charitable institutions, or

(F) [Effective January 1, 1981] fuel which is at least 10 percent alcohol by volume.

(am § 10 ch 83 SLA 1980)

Effect of amendment. — The 1980 amendment, effective January 1, 1981, added subparagraph (F) in paragraph (2).

As the rest of the section was not affected by the amendment, it is not set out.

Chapter 45. School Tax.

Section
10—60. [Repealed]

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

Section 3, ch. 64, SLA 1980, effective June 13, 1980, makes the repeal of this chapter applicable to tax years beginning after December 31, 1979.

Section 4, ch. 64, SLA 1980, effective June 13, 1980, provides: "The Department



Alaska State Legislature

House of Representatives

Committee on Resources

Terry Gardiner, Co-Chairman
Fred F. Zharoff, Co-Chairman
465-3715

Pouch V
State Capitol
Juneau, Alaska 99811

SYNOPSIS OF TELECONFERENCED TESTIMONY GIVEN ON H.B. 101
FEBRUARY 20, 1981

Kodiak: Alvin Burch of the Alaska Drag Net Association testified in favor of the bill. He felt the legislation would mainly benefit local alaskan boats which use from 12,000 - 25,000 gallons of fuel a year. The larger outside boats use up to 100,000 gallons of fuel a year and usually fuel up in outside waters. Mr. Burch stated that repeal of the tax would mean a savings of about \$5,100 on the two boats that he and his brother operate together.

Jeff Stephan of the United Fishermen's Marketing Association also testified in favor of the legislation. He pointed out that one of the reasons tanner crab fishermen have been on strike for the past month is because of rising operating costs due in part to fuel. Fuel prices have gone from 51¢ a gallon in 1977 to the present \$1.10 a gallon.

Blake Kinnear, a year around vessel operator, felt that the revenues saved by the tax repeal would be a help toward making up some of the money lost to foreign fleets fishing on alaskan grounds.

Paul Soper testified that his vessel the Tidings used about 30,000 gallons of fuel a year and that saving 5¢ a gallon would be very helpful.

Dillingham: Joe McGill, representing the Western Alaska Cooperative Marketing Association, stated that his organization represented 360 resident fishermen who were in favor of the bill. He felt that the state has plenty of oil revenues at present and that repealing the motor fuel tax would help ease the financial burden Bristol Bay fishermen are under at this time.

Kay Larsen spoke for the Bristol Bay Native Association. She testified that the decrease in fish prices and the rise in operating expenses were putting a real hardship on people in her area. She favored the legislation.

WESTERN ALASKA FISHERIES, INC.

P.O. BOX 2367 • KODIAK, ALASKA 99615

PHONE (907) 486-4112

TELEX 090-25-288

Representative Fred F. Zharoff
Pouch V
Juneau, Alaska 99811

February 26, 1981

Dear Representative Zharoff,

This letter is to let you know Western Alaska Fisheries and myself, support the total repeal of the Motor Marine Fuel Tax, and we support the Terror Lake Hydro-electric Project.

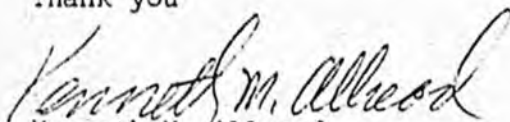
We feel that even this might not be enough. The rate that fuel and electric costs are increasing is scary. If this trend continues we may find that our Fisheries Industry may be on - should be on the Endangered Species List. We only have to look back a few decades to when Alaska had many cod fish salters, whaling stations and salmon canneries. Economic conditions changed and these processing sites today are only remembered because some rotting piling is still visible. In the short term these rising costs will directly affect crewshares on the boats and wages in the plants.

In our own case during the 1980 King Crab season the electricity and fuel bills combined were higher than our direct wages. At least in King Crab we have a chance to pass these costs on. In the fledgling Bottom Fish industry where world markets are firm, we are really in trouble. We are inexperienced in the processing techniques. Our labor costs are high, and our foreign competition is subsidized.

In summary, all fisheries market prices are pretty well established. As these utility costs increase, labor and fish prices will have to decrease if the industry is to survive. But our workers and fishermen are faced with the same increasing costs. We all have to survive together, if one segment fails we all fail.

We support solid long term investments of our States' Oil wealth. Such examples are Terror Lake Hydro-electric, Dog Bay Boatharbor, Shelikof Avenue paving. Tax reductions, or elimination are good but are small by comparison. If we are not careful now, the state may find its oil revenue supply dried up, an ocean full of fish being processed by foreign fleets, and no domestic fisheries industry to tax.

Thank you


Kenneth M. Allread
General Manager

MARINE FUEL TAX

The following points were made in discussion with Don Statter 3/19/80:

The revenue accumulated from the Marine Fuel Tax this past year will not be indicated as such in this years' budget because the small budget items which were requested under this funding source, were lost in Budget and Management while they were working on the over-all Harbor Design and Construction budget. This money will not have a label, but will be included in the general fund.

The Marine Fuel Tax revenue estimated for 1980 was made this last September in the amount of \$2,800,000.

The Marine Fuel Tax revenue estimated for 1981 is \$3,200,000.

Last year was the first time any of the Marine Fuel Tax was used for projects other than docks and harbors. A portion was used for dams and other non-harbor type projects.

In the past the D.O.T. has contained their requests within the boundaries of the anticipated revenue, and the legislature would appropriate additional monies as they saw fit. This year is the first year D.O.T. Div. of Harbor Design and Construction (actually the whole Dept.) has not had to budget within the boundaries of the estimated revenue in planning their budget request.

Marine Fuel Tax is used not only for the actual capital improvements, but also for administrative costs and office rent, etc.

In regards to House Bill 745, Statter commented that back when prices for fuel were 35¢ a gallon, the 5¢ tax was significant. In this day and age, he says that it not quite so significant because the fuel prices are escalating at 10¢ or so every time they are raised. He says that if the budget remains at the current inflated level, repealing the Marine Fuel Tax would not hurt, but if we are to return to the previous limitation, the tax should not be repealed.

FISCAL NOTE

I. REQUEST
 Bill/Resolution No. CSHB 101 (Finance)
 Title Act repealing marine fuel tax
 Requested by House Rules Committee Date 2/3/82

II. FISCAL DETAIL
 Agency Affected _____
 Program Category Affected _____
 BRU, Program, Or Subprogram(s) Affected _____
 (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 82 | FY 83 | FY 84 | FY 85 | FY 86 | FY 87 |
|--------------------------|-------|-------|-------|-------|-------|-------|
| 100 PERSONAL SERVICES | | | | | | |
| 200 TRAVEL | | | | | | |
| 300 CONTRACTUAL | | | | | | |
| 400 COMMODITIES | | | | | | |
| 500 EQUIPMENT | | | | | | |
| 600 LAND & STRUCTURES | | | | | | |
| 700 GRANTS, CLAIMS, ETC. | | | | | | |
| TOTAL | | | | | | |

FUNDING (Thousands of Dollars)

| | FY 82 | FY 83 | FY 84 | FY 85 | FY 86 | FY 87 |
|------------------------|-------|---------|---------|---------|-------|-------|
| GENERAL FUND | | (3,800) | (4,000) | (4,200) | | |
| FEDERAL FUNDS | | | | | | |
| OTHER (Specify Source) | | | | | | |
| | | | | | | |

POSITIONS

| | FY 82 | FY 83 | FY 84 | FY 85 | FY 86 | FY 87 |
|-----------|-------|-------|-------|-------|-------|-------|
| FULL TIME | | | | | | |
| PART TIME | | | | | | |
| TEMPORARY | | | | | | |

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

The above figures are derived from the Department of Revenue's forecasting model, and represent the loss to the General Fund if CSHB 101 (Finance) is enacted.

Robert W. Elliott

IV. DATE 2/3/82 PREPARED BY Robert W. Elliott
 AGENCY Department of Revenue
 Original: Legislative Finance PHONE 465-2173
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. CSHB 101 (Finance)
Title An Act repealing the tax on motor fuel used in or on
watercraft Date 2-8-82

Requested by: Finance Committee

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 82 | FY 83 | FY 84 | FY 85 | FY 86 | FY 87 |
|--------------------------|-------|-------|-------|-------|-------|-------|
| 100 PERSONAL SERVICES | | 22.0 | 23.5 | 25.0 | 27.0 | 29.5 |
| 200 TRAVEL | | 1.6 | 1.8 | 2.0 | 2.2 | 2.4 |
| 300 CONTRACTUAL | | | | | | |
| 400 COMMODITIES | | | | | | |
| 500 EQUIPMENT | | .5 | | | | |
| 600 LAND & STRUCTURES | | | | | | |
| 700 GRANTS, CLAIMS, ETC. | | | | | | |
| TOTAL | | 24.1 | 25.3 | 27.0 | 29.2 | 31.9 |

FUNDING (Thousands of Dollars)

| | FY 82 | FY 83 | FY 84 | FY 85 | FY 86 | FY 87 |
|------------------------|-------|-------|-------|-------|-------|-------|
| GENERAL FUND | | 24.1 | 25.3 | 27.0 | 29.2 | 31.9 |
| FEDERAL FUNDS | | | | | | |
| OTHER (Specify Source) | | | | | | |

POSITIONS

| | FY 82 | FY 83 | FY 84 | FY 85 | FY 86 | FY 87 |
|-----------|-------|-------|-------|-------|-------|-------|
| FULL TIME | | 1 | 1 | 1 | 1 | 1 |
| PART TIME | | | | | | |
| TEMPORARY | | | | | | |

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

This bill would remove fuel used in or on watercraft from the motor fuel tax. See attached copy of memo to R. D. Stevenson.

IV. DATE February 11, 1982 PREPARED BY Robert R. Kessel
AGENCY Department of Revenue - Audit
Original: Legislative Finance PHONE 465-2320
cc: Budget and Management
Prime Sponsor (First Legislator Named)
33-001 (Rev. 12/81)

MEMORANDUM

State of Alaska

Department of Revenue

TO: R. D. Stevenson
Special Assistant
Department of Revenue

DATE: February 8, 1982

FILE NO:

TELEPHONE NO:

FROM: Robert R. Kessel ^{RK}
Director, Audit Division

SUBJECT: CSHB 101 (Finance)

CSHB 101 would restructure the motor fuel law to remove fuel used in a watercraft from the definition of motor fuel.

HB 101, along with SB 182, was introduced during the 1981 session and provided substantially the same changes as CSHB 101. Gary Jenkins, previous Audit Director, determined that there would be no fiscal impact for either HB 101 or SB 182. The Division now believes that there would be a fiscal impact.

If the motor fuel tax is removed from water craft, an enforcement problem could develop for the remaining motor fuel tax law. That is simply because the various fuels used in watercraft, i.e. diesel, kerosene and gasoline, can be used in other taxable manners. The elimination of fuel tax from watercraft would then provide another possible avenue for avoidance of the fuel tax unless the Revenue Department were able to provide stringent enforcement policies via additional manpower.

The proceeds from the revenue from the tax on motor fuel used in boats and watercraft of all descriptions are deposited in a special watercraft fuel tax account in the general fund and may be appropriated for water and harbor facilities. Therefore, there would apparently be some impact on such facilities if this bill became law. The extent of that impact cannot be ventured by the Audit Division.

REK/gb

Original sponsors: Zharoff, Grussendorf
and Bettisworth

Offered: 1/29/82
Referred: Rules

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 101 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act repealing the tax on motor fuel used in or on
7 watercraft; and providing for an effective date."

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

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

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

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

13 [(2) THE TAX ON MOTOR FUEL USED IN AND ON WATERCRAFT OF ALL
14 DESCRIPTIONS IS FIVE CENTS A GALLON, AND]

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

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

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

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

22 [(2) THE TAX ON MOTOR FUEL USED IN AND ON WATERCRAFT OF ALL
23 DESCRIPTIONS IS FIVE CENTS A GALLON, AND]

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

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

27 (g) The proceeds of the revenue from the tax on all motor fuels,
28 except as provided in (e) [, (f),] and (j) of this section, shall be
29 deposited in a special highway fuel tax account in the state general

1 fund. The legislature may appropriate funds from it for expenditure by
2 the Department of Transportation and Public Facilities [PUBLIC WORKS]
3 directly or as matched with available federal-aid-highway money for
4 maintenance of highways, construction of highway projects and ferries
5 included in the program provided for in AS 19.10.150, including ap-
6 proaches, appurtenances and related facilities and acquisition of
7 rights-of-way or easements, and other highway costs including surveys,
8 administration, and related matters. All departments of the state
9 government authorized to spend funds collected from taxes imposed by
10 this chapter [AS 43.40.010 - 43.40.100] shall perform, when feasible,
11 all construction or reconstruction projects by contract after the
12 projects have been advertised for competitive bids, except that, when
13 feasible, arrangements shall be made with political subdivisions to
14 carry out the construction or reconstruction projects. If it is not
15 feasible for the work to be performed by state engineering forces, the
16 commissioner of Transportation and Public Facilities [PUBLIC WORKS] may
17 contract on a professional basis with private engineering firms for
18 road design, bridge design, and services in connection with surveys.
19 If more than one private engineering firm is available for the work the
20 contracts shall be entered into on a negotiated basis.

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

22 (2) the motor fuel is not aviation fuel [, OR MOTOR FUEL
23 USED IN OR ON WATERCRAFT]; and

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

25 (2) "motor fuel" means fuel used in an engine for the pro-
26 pulsion of a motor vehicle or aircraft, and fuel used [IN AND ON WATER-
27 CRAFT FOR ANY PURPOSE, OR] in a stationary engine, machine or mechanical
28 contrivance which is run by an internal combustion motor; "motor fuel"
29 does not include