

ALASKA LEGISLATURE COMMITTEE FILES, 1989-1990 8672  
6200 HOUSE TRANSPORTATION

1 (A) WITH A TRANSCEIVER CAPABLE OF LESS THAN 5-BAND  
 2 OPERATION.....THE FEE  
 3 REQUIRED FOR THAT VEHICLE UNDER (b) OR (c) OF THIS SECTION;

4 (B) IN RECOGNITION OF SERVICE TO THE PUBLIC: A MOBILE  
 5 AMATEUR RADIO STATION OWNED BY AN AMATEUR WITH GENERAL CLASS OR  
 6 HIGHER LICENSE, PROVIDED THE STATION MUST BE SATISFACTORILY  
 7 PROVED CAPABLE OF OPERATING ON AT LEAST FIVE BANDS FROM 160  
 8 THROUGH 10 METERS, MUST HAVE AN ANTENNA, AND MUST HAVE A POWER  
 9 SUPPLY AND WIRING AS A PERMANENT PART OF THE VEHICLE; THE TRANS-  
 0 MITTING UNIT MAY BE REMOVED FROM THE CAR FOR SERVICE OR DRY  
 1 STORAGE].....the fee  
 2 required for that vehicle under (b) or (c) of this section [NONE  
 3 FOR A MOBILE AMATEUR RADIO STATION VEHICLE INCLUDED IN (b)(1) OR  
 4 (2) OF THIS SECTION];

5 (10) dealer registration plates,

6 (A) the initial set of plates.....\$45;

7 (B) each subsequent set of plates.....\$25;

8 (11) a vehicle owned by a municipality [OR CHARITABLE ORGA-  
 9 NIZATION MEETING THE REQUIREMENTS OF AS 28.10.181(e)].....\$5;

0 (12) an occasional use vehicle under AS 28.10.181(k)....\$15;

1 (13) a vehicle owned by a Pearl Harbor survivor or a former  
 2 prisoner of war..... the fee  
 3 required for that vehicle under (b) of this section [NONE];

4 (14) special request Winter Olympics commemorative plates  
 5 .....\$70  
 6 plus the fee required for that vehicle under (b)(1) or (2) of this  
 7 section; the fee required by this paragraph shall be collected only on  
 8 the first issuance and on the replacement of special request plates;  
 9 the commissioner of administration shall separately account for the

1 fees received under this paragraph that the department deposits in the  
2 general fund; the annual estimated balance in the account may be  
3 appropriated by the legislature to the Alaska sports fund established  
4 under AS 05.35.150.

5 \* Sec. 3. AS 28.10.411(f) and 28.10.431(h) are repealed.  
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4/11

Rep Foster 8:30

Hudson

~~Sanborn~~

HB 297

Marine Highway System

040 Rep Lerner Annual 8:38 - ~~reference~~ to infrastructure list as article # for testimony.

132 Bill

HR Rest. Mgmt. People.

Adopt for HR must.

~~266~~

266 Bill

pg. 6. What is Accy. Cost per crew member.  
trial procedure, fuel - ... (per George)  
pic chart.

32 Lerner - Is Bartlett in Service.

Bartlett only regular crew.

What is financial arrangement for them

\$ 20 an per day \$50 per staying aboard.

EXXON paying.

332 ~~Hills~~ Still passing the supplemental request?

in <sup>new</sup> program decreets.

Thanking on

37

355 - Hudson stated vs that accepted an amendment  
now adopt vs. Post my objections so ordered.

360 Hudson - move to

362 Lerner object papers of P58 an.



579 247

Wag Auden - Legend to Actual #2  
for festing

601 - Lenan - Best Plot in Ark. Sully School  
Hes concern for fund

Side B.

\* Bill Brown - Division of Motor Vehicles DOT  
Charlize Og: do per #5 - if available  
lastly per Reg. Fed.

Hander - would not like to see handicapped Party  
Another idea - during Emphasis, no Transition

Good Post - Hold Bill to next Committee.

Hes - for very narrow Appl for each category

McLain - next Monday

15 - 9:35  
Tosh

6-0384H ✓  
Ford  
3/31/89

Original sponsors: Duncan, Uehling,  
and Szymanski

IN THE SENATE

BY THE TRANSPORTATION COMMITTEE

HOUSE CS FOR CS FOR SENATE BILL NO. 117 (Transportation)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SIXTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to special request university li-  
cense plates."

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

\* Section 1. AS 28.10.181 is amended by adding a new subsection to  
read:

(o) Special request university plates. Upon application by the  
owner of a passenger vehicle, noncommercial van or pick-up truck, or  
motor home, the department may design and issue registration plates  
representing the University of Alaska Anchorage, University of Alaska  
Fairbanks, University of Alaska Southeast, or Prince William Sound  
Community College. The department may disapprove the issuance of  
registration plates under this subsection when the requested plates  
are a duplication of an existing registration.

\* Sec. 2. AS 28.10.421(d) is amended by adding a new paragraph to read:

(15) special request university plates.....\$50  
plus the fee required for that vehicle under (b)(1) or (2) of this  
section; the fee required by this paragraph shall be collected only on  
the first issuance and on the replacement of special request plates;  
the commissioner of administration shall separately account by univer-  
sity campus designation for the fees received under this paragraph  
that the department deposits in the general fund; the annual estimated  
balance in the accounts that is in excess of the cost of issuing  
special request university plates may be appropriated by the legisla-  
ture for the support of programs at each campus.

STATE OF ALASKA  
1989 LEGISLATIVE SESSION

BILL VERSION: CSSB 17 (SA)  
PUBLISH DATE: \_\_\_\_\_

FISCAL NOTE

REQUEST: \_\_\_\_\_

Revisor Date: 2/13/89  
Title: An Act relating to special request university license plates.  
Sponsor: Senator Duncan  
Requisitor: Senate State Affairs

Agency Affected: Public Safety  
BRU: Motor Vehicles  
Component: Field Services  
Vehicle Services

EXPENDITURES/REVENUES: (Thousands of Dollars) (Inflation not included)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	-0-	8.1	1.4	1.4	1.4	1.4
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	8.1	1.4	1.4	1.4	1.4

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE	-0-	60.0	11.3	11.3	11.3	11.3
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FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	8.1	1.4	1.4	1.4	1.4
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	8.1	1.4	1.4	1.4	1.4

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

See page 2

Prepared by: Bill Brown  
Division: Motor Vehicles

Phone: 465-4335  
Date: 2/13/89

Approved by Commissioner: S.A.H. English  
Agency: Department of Public Safety

Date: 2-14-89

Analysis:

The figures used for this fiscal note are strictly estimates as we have no idea how many people will request the university plates.

It is estimated that in FY90 the following number of plates will be requested:

UAA - 600; UAF - 400; and UAS - 200; for a total of 1,200

In FY91 and subsequent years it is estimated there will be 100 new requests for UAA; 75 new requests for UAF; and 50 new requests for UAS; for a total of 225 new requests each fiscal year. The language in Section 2 of the bill indicates it is the intent of the committee that the expense of the program be paid from the additional revenues. Since all the revenues go to the general fund, the appropriation must be made by the legislature.

CONTRACTUAL

1,200 special request plates @ 5.00 per set	6.0
Postage for mailing @ \$1.76 per set x 1,200	<u>2.1</u>
	8.1

REVENUE

It should again be emphasized these are rough estimates only, as we have no idea how many people will request the university license plates.

1,200 special request university plates @ \$50 each for FY90 = \$60.0  
225 special request university plates @ \$50 each for FY91 and subsequent years \$11.3 annually.

BY SENATOR DUNCAN

SENATE BILL 117

"AN ACT RELATING TO MOTOR VEHICLE SPECIAL REQUEST LICENSE PLATES."

SECTION 1.

PROVIDES FOR THE DESIGN AND ISSUE OF SPECIAL LICENSE PLATES WITH UNIVERSITY OF ALASKA ANCHORAGE, UNIVERSITY OF ALASKA FAIRBANKS OR UNIVERSITY OF ALASKA SOUTHEAST EMBLAZONED ACROSS THE BOTTOM. THE LICENSE PLATES WILL BE ISSUED THE SAME AS REGULAR LICENSE PLATES - THEY WILL NOT HAVE TO BE SPECIAL ORDERED.

SECTION 2.

PROVIDES THAT THESE SPECIAL PLATES WILL COST \$50. MORE THAN THE NORMAL LICENSE PLATES. IN ADDITION THE COMMISSIONER OF ADMINISTRATION SHALL SEPERATELY (BY CAMPUS) ACCOUNT FOR THE ADDITIONAL FEES PAID FOR THESE SPECIAL LICENSE PLATES. AMOUNTS EQUIVALENT TO THAT ACCOUNTED FOR BY EACH CAMPUS DESIGNATION MAY THEN BE APPROPRIATED BY THE LEGISLATURE FOR THE SUPPORT OF PROGRAMS AT EACH RESPECTIVE CAMPUS OF THE UNIVERSITY.

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# Alaska Statutes

## Title 28. Motor Vehicles.

### Chapter

- 05. Administration (§§ 28.05.021, 28.05.035, 28.05.041, 28.05.091, 28.05.141, 28.05.151)
- 10. Vehicle Registration and Title (§§ 28.10.011, 28.10.021, 28.10.041, 28.10.051, 28.10.101 — 28.10.151, 28.10.165, 28.10.181, 28.10.201, 28.10.321, 28.10.411 — 28.10.441, 28.10.495, 28.10.502)
- 15. Drivers' Licenses (§§ 28.15.031 — 28.15.071, 28.15.101, 28.15.171, 28.15.185, 28.15.191, 28.15.221, 28.15.231, 28.15.271)
- 17. Commercial Driver Training Schools (§ 28.17.051)
- 20. Motor Vehicle Safety Responsibility Act (§ 28.20.440)
- 22. Motor Vehicle Liability Insurance (§§ 28.22.010, 28.22.100, 28.22.200, 28.22.600)
- 32. Commercial Motor Vehicle Safety Inspections (§§ 28.32.010 — 28.32.900)
- 33. Commercial Motor Vehicle Financial Responsibility (§ 28.33.010)
- 35. Miscellaneous Provisions (§§ 28.35.029, 28.35.031 — 28.35.033, 28.35.045, 28.35.145, 28.35.235, 28.35.251 — 28.35.255)
- 37. Driver License Compact (§§ 28.37.010 — 28.37.040, 28.37.110 — 28.37.190)
- 40. General Provisions (§§ 28.40.050, 28.40.100)

### Chapter 05. Administration.

#### Article

- 1. Powers and Duties of Department of Public Safety (§§ 28.05.021, 28.05.035, 28.05.041)
- 2. Vehicle Equipment Standards (§ 28.05.091)
- 3. Subpoenas, Notices and Hearings (§ 28.05.141)
- 4. Disposition of Certain Vehicle and Traffic Offenses (§ 28.05.151)

#### Article 1. Powers and Duties of Department of Public Safety.

##### Section

- 21. Commissioner to enter compacts and reciprocal agreements
- 35. Approval of accident prevention courses

##### Section

- 41. Commissioner to prescribe forms, examine applications, and administer oaths

**Sec. 28.10.151. Vehicles transported under special permits.**

(a) When moved or driven under a special permit to be designed and issued by the department, the registration required by this chapter is not required of

- (1) a vehicle under construction and which is not completed;
- (2) a vehicle while being moved from one place to another for the purpose of inspection, weighing, or meeting other requirements of the department;
- (3) a vehicle while being moved or driven from one location to another for the purpose of rebuilding, dismantling, or permanently removing the vehicle from the highways and vehicular ways and areas of the state; or
- (4) an unladen commercial vehicle making a single continuous trip by a noncircular route for a period of time not exceeding 10 days.

(b) A special permit issued under this section shall be prominently displayed. (§ 7 ch 178 SLA 1978; am §§ 6, 7 ch 45 SLA 1987)

**Effect of amendments.** — The 1987 amendment added subsections (a)(4) and (b).

**Sec. 28.10.165. Souvenir winter olympics plate.** The department may issue a souvenir Winter Olympics commemorative license plate. A person may not attach a souvenir plate to a motor vehicle in the manner described in AS 28.10.171 for attachment of registration plates. The department shall charge a fee of \$30 for each plate issued under this section. The commissioner of administration shall separately account for fees received under this section that the department deposits in the general fund. The legislature may appropriate the annual estimated balance in the account to the Alaska sports fund established under AS 05.35.150. (§ 2 ch 24 SLA 1988)

**Cross references.** — For legislative intent regarding appropriation of proceeds from sale of Winter Olympics plates, see sec. 1, ch. 24, SLA 1988 in the Temporary and Special Acts; for approval of design of plates, see sec. 9, ch. 24, SLA 1988 in the Temporary and Special Acts.

— **Sec. 28.10.181. Registration of unique and special vehicles and vehicles used for special purposes.** (a) The department shall register unique and special vehicles and vehicles used for special purposes and issue registration plates as provided in this section. Notwithstanding other provisions of this chapter, registration plates issued under this section remain with the person or organization to whom they are issued when vehicle ownership is transferred or title or interest in the vehicle is assigned, except for plates issued under (b), (h) and (i) of this section. Registration plates issued under this section may not be used on, or transferred to, a vehicle other than the vehicle for which the plates are issued without the approval of the department

and payment of any required fees and taxes prescribed in AS 28.10.421(d), 28.10.431 and 28.10.441; however, if the plates issued under (e), (f) and (j) of this section are transferred to a vehicle for which the registration fee is more than the fee for the vehicle from which the plates are transferred, the owner shall pay the difference between the two fees. Registration plates issued under this section to which a person is no longer entitled or the transfer of the plates to another vehicle which the department does not approve shall be returned immediately to the department by the person or organization to whom the plates were originally issued.

(b) Historic vehicles. The owner of an historic vehicle may make application for special registration under this subsection. The department, when satisfied that the vehicle meets the requirements for historic vehicle registration under regulations adopted by the commissioner, shall register the vehicle and issue two permanent registration plates of distinctive design and color bearing no date. These plates remain with the vehicle as long as it is registered under this subsection. Vehicles qualifying for registration under this subsection shall be issued registration plates numbered in a separate numerical series beginning with "Historic Vehicle No. 1."

(c) Special request plates. Upon application by the owner of a passenger vehicle, motorcycle, noncommercial van or pick-up truck, or motor home, the department shall design and issue registration plates containing a series of not more than six letters or numbers or combination of letters and numbers as requested by the owner. The department may, in its discretion, disapprove the issuance of registration plates under this subsection when the requested symbols are a duplication of an existing registration or when the symbols are considered unacceptable by the department.

(d) Vehicles owned by disabled veterans and handicapped persons. A person who presents to the department written proof that the person is at least 70 per cent disabled or medically handicapped and should be given special consideration by the public with respect to the parking or standing of the person's vehicle in designated spaces, may register one passenger vehicle without charge. The proof required under this subsection may consist of evidence that the person receives at least 70 per cent disability compensation from a government agency at the time of registration or an affidavit signed by a physician licensed to practice medicine in this state. Upon the request of the applicant the department shall issue a specially designed registration plate which displays

(1) recognition of the disabled veteran if the applicant's disability originated from the applicant's service with the armed forces of the United States; or

(2) the standard handicap symbol (the wheelchair logo).

(e) Vehicles owned by the state, municipalities, and charitable organizations of the state. Every certificate of registration and registration plate issued to the state, a municipality or charitable organization of the state is in effect until the vehicle for which the registration certificate and plate were issued is no longer owned and operated by the state, the municipality or the charitable organization of the state or until the department, in its discretion, declares its expiration. The state, municipality or charitable organization of the state shall maintain a current listing of all vehicles registered to it in the order of the registration number assigned to each vehicle, and shall provide a copy of the listing to the department upon request. The listing shall include a description of each vehicle and other identifying information required by the department. Registration plates issued under this subsection shall be of a distinctive design and numbering system. For the purposes of this subsection, "charitable organization" means a non-profit association, corporation, society or other entity organized, incorporated or headquartered in the state for educational, cultural, scientific or other charitable purposes, as prescribed in regulations of the department.

(f) Vehicles owned by elected state officials. The department shall issue special registration plates to each incumbent elected state official for display on noncommercial motor vehicles owned and driven by the official. The department shall number or design the plates so that registration of an elected state official is indicated upon the plates. The registration plates issued under this subsection remain with the owner of the vehicle only during the official's term of office.

(g) Vehicles owned by consular officers of foreign governments. A vehicle owned by a consular officer of a foreign government shall be issued registration plates displaying the title "consular corps" or "cc." However, the commissioner may waive the registration of consular vehicles and the payment of fees and taxes when consistent with international treaties or agreements.

(h) Vehicles owned by ranchers, farmers, and dairymen. A vehicle not exceeding an unladen total gross weight of 16,000 pounds, owned by a person deriving the person's primary source of livelihood from the operation of a ranch, farm, or dairy where the person resides full-time, and which vehicle is used exclusively to transport the person's own ranch, farm, or dairy products to and from the market or to transport supplies, commodities or equipment to be used on the person's ranch, farm or dairy, may be registered under this subsection and may be issued registration plates of a distinctive design or system of numbering.

(i) Amateur mobile radio station vehicles. A validly licensed amateur radio operator who presents satisfactory proof that the owner holds an unexpired Federal Communications Commission amateur radio operator's license of any renewable class, and who presents sat-

isfactory proof that the vehicle contains or carries an amateur radio transmitter and receiving unit of a type applicable to the license class applied for, and who is permitted by law to operate a fixed station, may register one amateur mobile radio station vehicle for each radio license issued by the federal government and may receive for the vehicle distinctive registration plates instead of regular registration plates. The number on the plates shall be the radio call sign of the owner.

(j) Vehicles owned by dealers. A state-registered and bonded vehicle dealer may apply for dealer registration plates. A plate issued under this subsection may be used only on dealer-owned vehicles during the routine and normal course of the dealer's business, excluding service vehicles, or for transporting an unregistered vehicle from a port of entry to the dealer's facilities or from one dealer to another or, in the case of a house trailer, from the retail facility to a trailer space. If the dealer sells or transfers the vehicle, the dealer plates may be used on the vehicle by the new owner or transferee for a period of not more than five days after the sale or transfer. The department may seize the dealer plates if it has reason to believe that the plates are being used to defeat the purposes of, or are in violation of, this chapter.

(k) Occasional users of highways. The department may issue a license to the owner of a vehicle which is only occasionally used on a highway. The applicant must show to the satisfaction of the department that the vehicle to be licensed under this subsection will travel upon state highways less than five per cent of its total hours of operation. The department may not issue more than two licenses under this subsection to a single person.

(l) Vehicles owned by Pearl Harbor survivors and former prisoners of war. The department, upon receipt of written proof, shall issue without charge special registration plates for one noncommercial motor vehicle to a person who was on active military duty in Pearl Harbor on December 7, 1941, or who has been a prisoner of war during a declared war or other conflict, as determined by the Department of Defense under federal regulations. The design and color of the Pearl Harbor survivor or prisoner of war plates shall be solely within the discretion of the commissioner.

(m) Special request plates for Alaska National Guard personnel. Upon application by the owner of a passenger vehicle, noncommercial van or pick-up truck, or motor home who presents satisfactory proof of current membership in the Alaska National Guard, the department may design and issue registration plates that identify the vehicle as registered to a member of the Alaska National Guard. The owner shall return the registration plates to the department within 10 days following discharge from the Alaska National Guard.

(n) Special request Winter Olympics commemorative plates. The department shall issue registration plates commemorating the Winter

Olympics upon application by the owner of a passenger vehicle, non-commercial van or pick-up truck, or motor home. (S 7 ch 178 SLA 1978; am § 2 ch 54 SLA 1979; am § 1 ch 151 SLA 1984; am § 5 ch 60 SLA 1986; am §§ 3 — 5 ch 24 SLA 1988)

**Cross references.** — For approval of design of plates authorized under (n) of this section, see sec. 9, ch. 24, SLA 1988 in the Temporary and Special Acts.

**Effect of amendments.** — The 1986 amendment added subsection (m).

The 1988 amendment, in the first sentence in subsection (c), inserted "motorcycle" and substituted "shall" for "may" in

subsection (f), inserted "Pearl Harbor survivors and" in the catchline and "Pearl Harbor survivor or" in the second sentence and, in the first sentence, substituted "shall" for "may" and inserted "was on active military duty in Pearl Harbor on December 7, 1941, or who", and added subsection (n).

**Article 2. Title.**

**Section**

201. Title required; exceptions

**Sec. 28.10.201. Title required; exceptions.** (a) Except as otherwise provided in (b) of this section or in AS 28.10.131 and 28.10.141, every owner of a vehicle subject to registration in this state shall apply for a certificate of title under this chapter.

(b) The owner of a vehicle described in AS 28.10.011 as being exempt from registration and the owner of a snowmobile or off-highway vehicle may not apply for, nor may the department issue, a certificate of title for such a vehicle. However, the department may issue a certificate of title to the owner of a vehicle exempt from registration under AS 28.10.011(3), (6), (7), (11), or (12) only upon application by that owner.

(c) The certificate of title issued may, when there is more than one owner, state the name of each owner in the conjunctive or in the disjunctive in order to indicate that the owners own the vehicle together or in the alternative.

(d) Except for vehicles registered under AS 28.10.131(b) or (c) and 28.10.141, the department may not register a vehicle unless the applicant for registration at the same time applies for and obtains a certificate of title under this chapter, or presents satisfactory evidence that a certificate of title was previously issued to the applicant. The department may not accept the application for the original certificate of registration or title to a vehicle unless the vehicle is in the state at the time of application. However, the department may accept an application for registration and certificate of title for a vehicle which is not in the state when the application is made by a registered and bonded dealer or by a resident of the state when the application is accompanied by a manufacturer's statement of origin, or in the case of a used vehicle, when the application is accompanied by a certificate of title

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(b) *[Repealed, 1983 Initiative Proposal No. 2, § 6.]*

(c) *[Repealed, § 6 ch 70 SLA 1986.]*

(d) *[Repealed, § 41 ch 37 SLA 1986.]*

(e) *[Repealed, § 3 ch 89 SLA 1987.]*

(f) A resident 65 years of age or older on January 1 of the year the vehicle is registered is entitled to an exemption from the registration fee required under this section for one motor vehicle subject to registration under AS 28.10.421(b)(1), (2), (5), or (6). An exemption may not be granted except upon written application for the exemption on a form prescribed by the department. (§ 7 ch 178 SLA 1978; am 1983 Initiative Proposal No. 2, § 6; am § 85 ch 6 SLA 1984; am § 41 ch 37 SLA 1986; am § 6 ch 60 SLA 1986; am § 6 ch 70 SLA 1986; am § 3 ch 89 SLA 1987)

**Effect of amendments.** — The 1985 amendment repealed subsection (b), concerning payment of motor carrier fees.

The first 1986 amendment repealed subsection (d), concerning payments by the Department of Community and Regional Affairs.

The second 1986 amendment added subsection (f).

The third 1986 amendment repealed subsection (c), concerning exemption for residents 65 years of age or older.

The 1987 amendment repealed subsection (e), concerning inclusion of state park and camp ground fees in registration fees.

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— **Sec. 28.10.421. Registration fee rates.** (a) Unless otherwise provided by law, the fees prescribed in this section shall be paid to the department at the times provided under AS 28.10.108 and 28.10.111.

(b) The annual registration fees under this subsection are imposed within the following classifications for:

- (1) a passenger vehicle or motor home not used or maintained for the transportation of persons or property for hire or for other commercial use .....\$35;
- (2) a pick-up truck or a van not exceeding 6,000 pounds unladen weight and not used or maintained for the transportation of persons or property for hire or for other commercial use .....\$40;
- (3) a taxicab .....\$70;
- (4) a motor bus with a seating capacity for 20 or more persons and used exclusively for commercial purposes in the transporting of visitors or tourists .....\$85;
- (5) a motorcycle or a motor-driven cycle .....\$20;
- (6) a two- or four-wheeled trailer not used or maintained for the transportation of persons or property for hire or for other commercial use, including, but not limited to, a boat trailer, baggage trailer, box trailer, utility trailer or house trailer .....\$ 5.

(c) The annual registration fees under this subsection are imposed and are based upon the actual unladen weight as established by the manufacturer's advertised weight or upon the actual weight which the owner shall furnish, subject to the approval of the commissioner or the commissioner's representative, for a vehicle, including a motor vehicle

pulling a trailer or semi-trailer, used or maintained for the transportation of passengers for hire, excepting taxicabs and buses under (b) of this section, or for the transportation of property for hire or for other commercial use, including a commercial vehicle such as a trailer, semi-trailer, truck, wrecker, tow car, hearse, ambulance, and tractor, as follows:

- (1) up to and including 5,000 pounds .....\$50;
- (2) more than 5,000 pounds to and including 12,000 pounds ....\$85;
- (3) more than 12,000 pounds to and including 18,000 pounds .....\$155;

(4) more than 18,000 pounds .....\$220.

(d) The special registration fees under this subsection are imposed annually, unless otherwise specified, for:

(1) an historic vehicle (one time only upon initial registration under AS 28.10.181) .....\$10;

(2) special request plates including those authorized for use by Alaska National Guard personnel only .....\$30; plus the fee required for that vehicle under (b)(1) or (2) of this section; the fee required by this paragraph shall be collected only on the first issuance and on the replacement of special request plates;

(3) a vehicle owned by a disabled veteran or other handicapped person, and registered under AS 28.10.181 or a resident 65 years of age or older who files a written application for an exemption on a form prescribed by the department .....none;

(4) a vehicle owned by the state .....none;

(5) a vehicle owned by an elected state official . . . . . the fee required for that vehicle under (b) of this section;

(6) a vehicle owned by a consular officer, unless waived under AS 28.10.181 .....\$35;

(7) a vehicle owned by a rancher, farmer, or dairyman and registered under AS 28.10.181 .....\$35;

(8) a snowmobile or off-highway vehicle .....\$ 5;

(9) an amateur mobile radio station vehicle,

(A) with a transceiver capable of less than 5-band operation . . . . . the fee required for that vehicle under (b) or (c) of this section;

(B) in recognition of service to the public: a mobile amateur radio station owned by an amateur with general class or higher license, provided the station must be satisfactorily proved capable of operating on at least five bands from 160 through 10 meters, must have an antenna, and must have a power supply and wiring as a permanent part of the vehicle; the transmitting unit may be removed from the car for service or dry storage .....none for a mobile amateur radio station vehicle included in (b)(1) or (2) of this section;

(10) dealer registration plates,

(A) the initial set of plates .....\$45:

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- (B) each subsequent set of plates .....\$25;
- (11) a vehicle owned by a municipality or charitable organization meeting the requirements of AS 28.10.181(e) .....\$ 5;
- (12) an occasional use vehicle under AS 28.10.181(k) .....\$15;
- (13) a vehicle owned by a Pearl Harbor survivor or a former prisoner of war .....none;
- (14) special request Winter Olympics commemorative plates .....\$ 70 plus the fee required for that vehicle under (b)(1) or (2) of this section; the fee required by this paragraph shall be collected only on the first issuance and on the replacement of special request plates; the commissioner of administration shall separately account for the fees received under this paragraph that the department deposits in the general fund; the annual estimated balance in the account may be appropriated by the legislature to the Alaska sports fund established under AS 05.35.150.

(e) A vehicle registered under this section which, by the removal of seats, a camper unit, a canopy or other equipment, may be converted into a vehicle on which the registration fee is computed on a different basis or in a different amount may not be driven or moved with seats, camper unit, canopy or other equipment removed unless the other applicable registration fee is paid.

(f) In addition to the fees imposed under (b) and (d) of this section, the following special annual registration fee is imposed upon renewal of registration for a passenger vehicle, motor home, pick-up truck, or a van with special request Winter Olympics commemorative plates .....\$30; the commissioner of administration shall separately account for the fees received under this subsection that the department deposits in the general fund; the annual estimated balance in the account may be appropriated by the legislature to the Alaska sports fund established under AS 05.35.150. (§ 7 ch 178 SLA 1978; am §§ 4, 5 ch 54 SLA 1979; am § 2 ch 151 SLA 1984; am § 41 ch 21 SLA 1985; am §§ 7 — 9 ch 60 SLA 1986; am § 1 ch 70 SLA 1986; am §§ 6 — 8 ch 24 SLA 1988)

**Cross references.** — For legislative intent regarding appropriation of proceeds from sale of Winter Olympics plates, see sec. 1, ch. 24, SLA 1988 in the Temporary and Special Acts.

**Effect of amendments.** — The 1985 amendment substituted "AS 28.10.108 and 28.10.111" for "AS 28.10.101 — 28.10.111" at the end of subsection (a).

The first 1986 amendment increased the fees in paragraphs (1) through (5) of subsection; (b), increased the fees in subsection (c), and in subsection (d) in para-

graph (2) added "including those authorized for use by Alaska National Guard personnel only" and increased the fee, in paragraph (3) substituted "files a written application for an exemption on a form prescribed by the department" for "complies with AS 28.10.411(c)," and increased the fees in paragraphs (6), (7) and (10).

The second 1986 amendment of paragraph (3) of subsection (d) made by § 1, ch. 70, SLA 1986 was identical to the amendment made by § 9, ch. 60, SLA 1986, which is already in effect.

**S B**

**137**

# HOUSE COMMITTEE REPORT

(5)

Date Referred: April 13, 1990

FURTHER REFERRALS:

FINANCE

Date of Committee Action: 4/19/90

The TRANSPORTATION Committee considered:

CSSB 137 (FINANCE)

CS SB NO. 137 (Finance)

COMMERCIAL VEHICLE DRIVER LICENSING

"An Act relating to drivers' license fees, to commercial motor vehicles, and to transportation of persons for compensation; and providing for an effective date."

### RECOMMENDATIONS:

- [ ] be replaced with \_\_\_\_\_ [ ] the same title  
[ ] \_\_\_\_\_ [ ] a new title
- [ ] have attached amendment(s)
- [  ] do pass
- [ ] do not pass
- [ ] no recommendation
- [ ] individual recommendations
- [ ] additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of intent

ATTACHES NEW FISCAL NOTE(s):  
(Dept)

APPROVES PREVIOUS:

(Date/Dept)

- [ ] fiscal impact \_\_\_\_\_
- [ ] zero fiscal note \_\_\_\_\_
- [ ] zero with analysis \_\_\_\_\_

- [  ] fiscal note(s) Dot/PF + DRB
- [ ] zero fiscal note(s) \_\_\_\_\_
- [ ] zero fn/analysis \_\_\_\_\_

SIGNING DO PASS:

SIGNING:

(Check approp. column)

Do Not  
Pass  
No Rec  
Amend

Ben S. ...  
Bill Hudson  
Loren A. ...  
Eugene G. ...  
Richard ...

	Do Not Pass	No Rec	Amend

Richard ...  
Chairman's Signature

STEVE COWPER  
GOVERNOR



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

137

January 23, 1989

The Honorable Tim Kelly  
President of the Senate  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811

Dear Senator Kelly:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to commercial vehicle driver licensing.

This bill is intended to bring Alaska into compliance with the Commercial Motor Vehicle Safety Act of 1986 (49 U.S.C. 2701 -- 2716), which conditions future federal highway funding upon adoption of a commercial vehicle driver licensing program that is consistent with federal law.

The primary component of this bill is a definition of "commercial motor vehicle" in sec. 4 of the bill, which adopts federal standards while recognizing the uniqueness of Alaska roadways. The definition continues the tradition of less strict regulation of vehicles on roads not connected to the main state highway system or to heavily-travelled roads. See, e.g., AS 28.10.011 (registration) and AS 28.22.200 (insurance).

By coming into compliance with federal law, the state will maintain its eligibility for continued federal highway funding, and also will become entitled to additional federal money to assist in implementation of the licensing program itself.

I urge your favorable action on this bill.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read "Steve Cowper".

Steve Cowper  
Governor

STATE OF ALASKA  
1989 LEGISLATIVE SESSION

BILL VERSION: CS SE 137 (Fin) (a)  
PUBLISH DATE: 3/21/90

REQUEST: **FISCAL NOTE**

Revision Date:  
Title: An Act relating to commercial vehicle driver licensing

Agency Affected: DOT&PF  
BRU:

Sponsor:  
Requestor:

Components:

EXPENDITURES/REVENUES: (THOUSANDS OF DOLLARS)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTURAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
---------	---	---	---	---	---	---

REVENUE	0	0	0	0	0	0
---------	---	---	---	---	---	---

FUNDING: (THOUSANDS OF DOLLARS)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: This bill establishes a requirement for a holders of commercial drivers licenses to include their social security number in order that these persons may be cross referenced by other states. The Federal Highway Administration has mandated that the states failing to comply with the Commercial Driver License Program by October 1993 be subject to a 5% forfeiture of federal-aid, increasing to 10% the following and subsequent years.

Prepared by: Jeffery C. Olesen  
Division: Engineering and Operations Standards

Phone: 465-2951  
Date: February 22, 1989

Approved by Commissioner: *[Signature]*  
Agency: Department of Transportation and Public Facilities

Date: 3/6/89

Distribution (by preparer):  
Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)

Changes in CS SB 137 (Fin) have no fiscal impact. This fiscal note is appropriate. Projections of no fiscal impact would continue through 1996.

4/6/90 *[Signature]* page 1 of 1

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: Public Safety  
 Title: Commercial vehicle driver BRU: Motor Vehicles  
licensing  
 Sponsor: Governor/Senate Rules Component: Driver Services, Field  
 Requestor: Senate State Affairs Services

EXPENDITURES/REVENUES: (Thousands of Dollars) (Inflation not included)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES	153.1	239.7	239.7	239.7	239.7	239.7
TRAVEL	16.8	16.8	14.3	14.3	14.3	14.3
CONTRACTUAL	66.4	44.5	16.3	16.3	16.3	16.3
SUPPLIES	2.0	.5	.5	.5	.5	.5
EQUIPMENT	180.0	1.0	1.0	1.0	1.0	1.0
LAND & STRUCTURES	195.0	195.0	97.5	97.5	97.5	97.5
GRANTS, CLAIMS	-0-	-0-	-0-	-0-	-0-	-0-
MISCELLANEOUS	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL OPERATING	613.3	497.5	369.3	369.3	369.3	369.3

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE	695.0	695.0	287.5	287.5	287.5	687.5
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FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	81.8	81.8	81.8	-0-
FEDERAL FUNDS	60.0	71.0	-0-	-0-	-0-	-0-
OTHER/PROG RCPT	553.3	426.5	287.5	287.5	287.5	-0-
TOTAL	613.3	497.5	369.3	369.3	369.3	369.3

POSITIONS:

FULL-TIME	7	7	7	7	7	7
PART-TIME	-0-	-0-	-0-	-0-	-0-	-0-
TEMPORARY	-0-	-0-	-0-	-0-	-0-	-0-

ANALYSIS: (Attach a separate page if necessary)

(See attached)

Changes in CSSB 137 (Fin) have no fiscal impact. This fiscal note is appropriate. 4/6/90 new

Prepared by: Jay Dulany  
 Division: Motor Vehicles

Phone: 269 551  
 Date: 02/28/90

Approved by Commissioner: Arthur English  
 Agency: Department of Public Safety

Date: 2-28-90  
 page 1 of 15

*Handwritten:* 2/28/90

Current Alaska law [AS 28.15.041 (c)] requires issuance of a driver's license for operation of commercial motor vehicles. This section has never been implemented due to lack of funding. However, the federal Commercial Motor Vehicle Safety Act (CMVSA) of 1986 now requires all states to have uniform commercial driver licensing systems which include knowledge and road tests for the size and configuration of commercial vehicle to be operated. The main purpose of SB 137 is to reword current Alaska law to bring the State into compliance with the Federal CMVSA of 1986.

The development of a Commercial Driver License (CDL) Program in Alaska is now in the planning process. This fiscal note is based on the best possible estimate of numbers of persons who will need to be examined prior to issuance of a license to operate a commercial motor vehicle. Start-up year (FY91) figures for this fiscal note reflect full costs for equipment, which will not carry forward to the following years. Staff will be hired several months into FY91.

—Staff—

Six Motor Vehicle Representative IIIs (MVR IIIs) are necessary to carry out the CDL testing and licensing activities. Plans are to begin hiring the MVR IIIs in November 1990 to allow two months' training and orientation time prior to the planned testing and licensing start-up date of January 1, 1991. These MVR IIIs need to be experienced in licensing procedures and law as well as trained in the highly specialized area of testing in a variety of commercial vehicles.

In order to maintain uniformity in testing procedures, examiner training is being provided at the national level, with two representatives from each state attending the two-week sessions. These representatives, in turn, will return to their home states to conduct training workshops with the MVR IIIs who will be doing the hands-on skills tests. These representatives and their in-state trainers will need adequate travel funds to conduct the necessary training.

The increased volume of licenses that will be issued will greatly affect the records management workload. An additional staff member, a Documents Processing Clerk II, will need to be hired at the start-up of the testing and licensing program to perform this function and additional requirements in regard to the exchange of records among states.

—Testing—

Three separate classes of commercial licenses and six different endorsements will be issued. The CDL basic knowledge test is estimated to require up to an hour to complete. Additionally, specialized tests of lesser duration are required for the six endorsements: double/triple trailer, tank vehicle, hazardous material, passenger vehicle, school bus, and hazardous materials in a tank vehicle. To expedite administration of the knowledge tests, many states are using Automated Testing Devices, in which traffic situations are simulated on a video screen and multiple choice answers are selected on a keyboard. Alaska now has these test machines, but CDL testing requirements have created a need for more

sophisticated machines, plus monitors for scoring purposes. These test machines will save valuable examiner time which will be already over-taxed by the lengthy and complex skills test.

The road test requires about 1 and 1/2 hours to administer, provided that highway conditions to perform the requisite maneuvers can be found within a reasonable proximity. Additional land areas will be needed to conduct off-road maneuvers, and in some areas structures, such as loading docks, will need to be constructed, rented, or simulated. The minimal number of land areas needed to provide any reasonable convenience to driver applicants is ten sites of approximately 1/2 football field in size.

—Costs—

The Division of Motor Vehicles (DMV) estimates approximately 10,000 drivers statewide will need to be licensed by the federally-mandated deadline of April 1992. This requires placing DMV staff in key geographic areas (Anchorage, Fairbanks, Soldotna, Juneau, and Mat-Su) and periodic testing/monitoring trips to outlying areas in these regions. The CDL tests are demanding, and it is anticipated that many drivers will need retesting before they pass. California began its testing program January 1, 1989; the initial failure rate on both the skills and knowledge test was 57 percent.

To help cover costs of planning and implementing the CDL Program, the federal government has provided some grant monies to each state. Some of these monies have been reflected in the operating budget, and the remainder is reflected in this fiscal note.

Although implementing the CDL Program will require approximately \$600,000 to start up, and over half that much to maintain, the penalty for noncompliance is the forfeiture of five percent (for Alaska about \$6.1 million) of a state's federal highway funds the first year and ten percent for every year of noncompliance thereafter. Implementation will also make our highways safer for the general motoring public.

—Revenues—

Using the current license fee structure, unrestricted revenues for the first two years of issuing commercial licenses are expected to average \$50,000 annually (5,000 licenses/year x \$10.00/license). Unrestricted revenues for ensuing years are expected to bring in \$10,000 annually (1,000 new licenses/year x \$10.00/license).

The DMV believes that commercial driver license fees should be raised to a level that would fund this program. If commercial driver license fees were increased to \$100.00/license, the revenues for the first two years of issuing commercial licenses would average \$500,000 annually (5,000 licenses/year x \$100.00/license). Revenues for ensuing years would then bring in \$100,000 annually (1,000 new licenses/year x \$100.00/license). Renewals of CDLs five years after the initial licensing (FY96) will bring in additional revenues. The higher license fees would be consistent with what other states are charging, and is still for less than the State currently charges for licenses in other professions.

In addition to the \$100.00 fee for the CDL, a \$25.00 fee for the skills test will need to be assessed because the test is so time-consuming and in many cases will need to be attempted more than once. The DMV intends to "grandfather" all qualified drivers through the skills test, but estimates approximately 1,500 drivers per year will remain to be tested in each of the first two years of issuing commercial licenses. This would amount to an additional \$37,500 annually in revenues for each of those first two years (1,500 skills tests/year x \$25.00/test). Revenues for ensuing years would then bring in \$22,500 (900 skills tests/year x \$25.00/test).

Since driver license activity is increasing at all of the licensing offices, the DMV believes there is a need to assess skills test fees for all driver applicants. Those seeking a license to drive a private automobile, light truck or motorcycle would be assessed \$15.00/test for the 30-45 minute test. An estimated 10,500 regular skills tests would be administered during each of those first two start-up years. This would bring in an additional \$157,500 in revenues for each of those two years (10,500 regular skills tests/year x \$15.00/skills test). Revenues for ensuing years would then bring in \$165,000 (11,000 regular skills tests/year x \$15.00/test), since it is anticipated the number of new drivers seeking licenses will increase.

Part of the increase in revenue indicated above will be used as program receipts to fund the program.

—Revenues—

FY91/92

5,000 CDL's @ \$100/ea	\$500,000
1,500 CDL skills testes @ \$25/ea	37,500
10,500 regular skills tests @ \$15/ea	<u>157,500</u>
Total	\$695,000

FY93/94/95

1,000 CDL's @ \$100/ea	\$100,000
900 CDL skills tests @ \$25/ea	22,500
11,000 regular skills tests @ \$15/ea	<u>165,000</u>
Total	\$287,500

FY96

5,000 CDL's @ \$100/ea	\$500,000
900 CDL skills tests @ \$25/ea	22,500
11,000 regular skills tests @ \$15/ea	<u>165,000</u>
Total	\$687,500

FY91 (July 1990-June 1991)

<u>PERSONAL SERVICES</u>		<u>\$153,105</u>
1 Documents Processing Clerk II (6 months Step A)	\$15,117	
6 Motor Vehicle Representative IIIs (Average of Steps A & B) (8 mos., 11/1/90-7/1/91)	\$137,988	
1 Southeast (Juneau)		
2 Anchorage		
1 Fairbanks		
1 Soldotna		
1 Mat-Su		
<u>TRAVEL</u>		<u>\$16,840</u>
Examiner Training (3 staff to national training program; local training in-State)	\$13,640	
Testing/Monitoring (3 trips/region/6 mos. to other DMV offices.)	\$ 3,200	
<u>CONTRACTUAL SERVICES</u>		<u>\$66,400</u>
Telephone/postage	\$ 3,200	
Liaison & Support Services	\$10,000	
Fall Marketing Campaign (1990)	\$ 5,000	
Printing (Tests, Manuals, license aps.)	\$15,000	
CDLIS user fees (5,000 records @\$4.00/record) (1/1/91-6/30/91)	\$20,000	
Polaroid (5,000 licenses @\$0.83/license photo)	\$ 4,200	
Truck rental for examiner training	\$ 9,000	
<u>SUPPLIES</u>		<u>\$2,000</u>
<u>EQUIPMENT</u>		<u>\$180,000</u>
Automated testing devices:		
14 automated testing devices @ \$10,000 ea.	\$140,000	
5 master controls @ \$7,500 ea.	\$ 37,500	

(Automated testing devices are necessary for administration of the knowledge test in major offices.)

Office equipment (furnishings for 5 positions; desk, chair, file cabinet)	\$1,000
Miscellaneous	\$1,500
Eg., 32 parking cones (2-4 per each test site) @ approx. 16.00/ea	\$500
Other	\$1,000

LAND AND STRUCTURES \$195,000

Lease space for off-road testing; approx. 1/2 football  
field in size at 10 sites statewide for 2 days/week. \$195,000

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TOTAL \$613,345

FY92 (July 1991-June 1992)

<u>PERSONAL SERVICES</u>		<u>\$239,666</u>
1 Documents Processing Clerk II (Average of Steps A & B)	\$30,593	
6 Motor Vehicle Representative IIIs (Average of Steps A & B)	\$209,073	
1 Southeast (Juneau)		
2 Anchorage		
1 Fairbanks		
1 Soldotna		
1 Mat-Su		
<u>TRAVEL</u>		<u>\$16,800</u>
In-service training	\$10,000	
Testing/Monitoring (6 trips/region/year to other DMV offices)	\$6,400	
Mileage	400	
<u>CONTRACTUAL SERVICES</u>		<u>\$44,500</u>
Liaison & Support Services	\$10,000	
Public Information	\$5,000	
Printing (Tests & Manuals)	\$5,000	
Commercial Driver License Information System (CDLIS) user fees, 5,000 records @\$4.00/record	\$20,000	
Polaroid, 5,000 licenses @ \$.90/document	\$4,500	
<u>SUPPLIES</u>		<u>\$ 500</u>
<u>EQUIPMENT</u>		<u>\$1,000</u>
<u>LAND AND STRUCTURES</u>		<u>\$195,000</u>
<u>TOTAL</u>		<u>\$497,466</u>

FY93 and future fiscal years

<u>PERSONAL SERVICES</u>		<u>\$239,666</u>
1 Documents Processing Clerk II (Average of Steps A & B)	\$30,593	
6 Motor Vehicle Representative IIIs (Average of Steps A & B)	\$209,073	
2 Southeast (Juneau, Ketchikan)		
4 Anchorage		
2 Fairbanks		
1 Kenai		
1 Mat-Su		
<u>TRAVEL</u>		<u>\$14,300</u>
In-service training	\$7,500	
Testing/Monitoring (6 trips/region/year to other DMV offices)	\$6,400	
Mileage	400	
<u>CONTRACTUAL SERVICES</u>		<u>\$16,280</u>
Liaison & Support Services	\$5,000	
Public Information	\$2,000	
Printing (Tests & Manuals)	\$5,000	
CDLIS user fees, 200 records @\$4.00/record	\$800	
Polaroid, 200 licenses @ \$.90/ license document	\$180	
Training—1 week, trainer and truck time	\$3,300	
<u>SUPPLIES</u>		<u>\$500</u>
<u>EQUIPMENT</u>		<u>\$1,000</u>
<u>LAND AND STRUCTURES</u>		<u>\$97,500</u>
<hr/>		
<u>TOTAL</u>		<u>\$369,246</u>

Position Title Motor Vehicle Representative III		No. of Positions 1	Range/Step 10A	Barg. Unit GGU
Time Status Perm. FI	Staff Months 8	Location Juneau		Election District 4
Type of Expenditure		Account		
1	2	3		
Salary*	22,020	////////////////////		
Benefits*	11,324	////////////////////		
Premium Pay (Included in Above)		////////////////////		
Other		////////////////////		
Total Personal Services		22,007		
Travel		2,473		
Contractual		1,200		
Commodities		182		
Equipment		1,000		
Other		-0-		
Total Cost		26,862		
Funding Source for Total Cost				
Federal Receipts	1002	-0-		
G.F. Match	1003	-0-		
General Fund	1004	26,862		
Program Receipts/GF	1005	-0-		
I-A Receipts	1007	-0-		
CIP Receipts	1061	-0-		
Other		-0-		
* Personal Services Salary and Benefits Costs are from PACS.				

**Justification**  
This position will administer road tests and knowledge examinations to drivers of highly specialized classes of commercial vehicles. The MVR III will conduct the road tests in the type of commercial vehicle which the driver will be operating under the license for which he is applying. Three classes of commercial licenses will be issued with six additional endorsements. The MVR III will be thoroughly familiar with the operation of the vehicles for which these licenses and endorsements will be issued.

**Pertinent facts related to the testing and licensing procedure include:**  
The basic road test and pre-trip inspection require 1.5 hours to administer. 10,000 drivers will need to be licensed by April 1992. The first state to conduct commercial driver tests had a failure rate of 57%, necessitating extensive retesting.

The MVR III will also conduct vehicle safety inspections prior to administering the road test. After the test has been completed, the MVR III will determine whether applicants should receive operator's licenses and any endorsements for which they are applying.

In addition to testing and licensing duties, the MVR III also monitors quality control and error correction in the administration of these duties. Inquiries from citizens and public agencies regarding commercial driver's licenses and safety will be responded to by the MVR III where appropriate.

REQUEST FOR  
NEW POSITION

AGENCY Department of Public Safety  
BRU Motor Vehicles  
COMPONENT Driver Services

Page 10 of 15  
Revised Date

FY 91

Position Title Motor Vehicle Representative III		No. of Positions 2	Range/Step 10B	Barg. Unit GGU
Time Status Perm. FT	Staff Months 2 positions @ 8 months each = 16	Location Anchorage		Election District 7-15
Type of Expenditure		Justification		
Amount		This position will administer road tests and knowledge examinations to drivers of highly specialized classes of commercial vehicles. The MVR III will conduct the road tests in the type of commercial vehicle which the driver will be operating under the license for which he is applying. Three classes of commercial licenses will be issued with six additional endorsements. The MVR III will be thoroughly familiar with the operation of the vehicles for which these licenses and endorsements will be issued.		
1	2	3		
Salary*	45,532	////////////////////		
Benefits*	23,025	////////////////////		
Premium Pay (Included in Above)	////////////////////	////////////////////		
Other	////////////////////	////////////////////		
Total Personal Services	////////////////////	45,181		
Travel		4,946		
Contractual		2,400		
Commodities		364		
Equipment		2,000		
Other		-0-		
Total Cost		54,891		
Funding Source for Total Cost				
Federal Receipts	1002	-0-		
G.F. Match	1003	-0-		
General Fund	1004	54,891		
Program Receipts/GF	1005	-0-		
I-A Receipts	1007	-0-		
CIP Receipts	1061	-0-		
Other		-0-		
* Personal Services Salary and Benefits Costs are from PACS.		<p>Pertinent facts related to the testing and licensing procedure include:</p> <p>The basic road test and pre-trip inspection require 1.5 hours to administer.</p> <p>10,000 drivers will need to be licensed by April 1992.</p> <p>The first state to conduct commercial driver tests had a failure rate of 57%, necessitating extensive retesting.</p> <p>The MVR III will also conduct vehicle safety inspections prior to administering the road test. After the test has been completed, the MVR III will determine whether applicants should receive operator's licenses and any endorsements for which they are applying.</p> <p>In addition to testing and licensing duties, the MVR III also monitors quality control and error correction in the administration of these duties. Inquiries from citizens and public agencies regarding commercial driver's licenses and safety will be responded to by the MVR III where appropriate.</p>		

REQUEST FOR  
NEW POSITION

AGENCY Department of Public Safety  
 BRU Motor Vehicles  
 COMPONENT Field Services

Page 11 of 15  
 Revised Date

FY 91

Position Title Motor Vehicle Representative III			No. of Positions 1	Range/Step 10B	Barg. Unit GGU
Time Status Perm. FT	Staff Months 8		Location Fairbanks		Election District 18-21
Type of Expenditure			Justification		
		Amount	<p>This position will administer road tests and knowledge examinations to drivers of highly specialized classes of commercial vehicles. The MVR III will conduct the road tests in the type of commercial vehicle which the driver will be operating under the license for which he is applying. Three classes of commercial licenses will be issued with six additional endorsements. The MVR III will be thoroughly familiar with the operation of the vehicles for which these licenses and endorsements will be issued.</p> <p>Pertinent facts related to the testing and licensing procedure include:</p> <p>The basic road test and pre-trip inspection require 1.5 hours to administer.</p> <p>10,000 drivers will need to be licensed by April 1992.</p> <p>The first state to conduct commercial driver tests had a failure rate of 57%, necessitating extensive retesting.</p> <p>The MVR III will also conduct vehicle safety inspections prior to administering the road test. After the test has been completed, the MVR III will determine whether applicants should receive operator's licenses and any endorsements for which they are applying.</p> <p>In addition to testing and licensing duties, the MVR III also monitors quality control and error correction in the administration of these duties. Inquiries from citizens and public agencies regarding commercial driver's licenses and safety will be responded to by the MVR III where appropriate.</p>		
1	2	3			
Salary*	25,620	////////////////////			
Benefits* 12,297	12,297	////////////////////			
Premium Pay (Included in Above)	////////////////////	////////////////////			
Other -0-	////////////////////	////////////////////			
Total Personal Services	////////////////////	25,025			
Travel		2,473			
Contractual		1,200			
Commodities		182			
Equipment		1,000			
Other		-0-			
Total Cost		29,880			
Funding Source for Total Cost					
Federal Receipts 1002		-0-			
G.F. Match 1003		-0-			
General Fund 1004		29,880			
Program Receipts/GF 1005		-0-			
I-A Receipts 1007		-0-			
CIP Receipts 1061		-0-			
Other		-0-			
* Personal Services Salary and Benefits Costs are from PACS.					

REQUEST FOR  
NEW POSITION

AGENCY Department of Public Safety  
 BRU Motor Vehicles  
 COMPONENT                     

Page 12 of 15  
 Revised Date

FY 91

Position Title Motor Vehicle Representative III			No. of Positions 1	Range/Step 108	Barg. Unit GGU
Time Status Perm FT	Staff Months 0		Location Kenai/Soldotna		Election District 5
Type of Expenditure			Amount		
1			2		3
Salary*			24,120		////////////////////
Benefits*			11,892		////////////////////
Premium Pay (Included in Above)			////////////////////		////////////////////
Other -0-			////////////////////		////////////////////
Total Personal Services			////////////////////		23,767
Travel					2,473
Contractual					1,200
Commodities					182
Equipment					1,000
Other					-0-
Total Cost					28,622
Funding Source for Total Cost					
Federal Receipts 1002					-0-
G.F. Match 1003					-0-
General Fund 1004					28,622
Program Receipts/GF 1005					-0-
I-A Receipts 1007					-0-
CIP Receipts 1061					-0-
Other					-0-
* Personal Services Salary and Benefits Costs are from PACS.					
			Justification		
			<p>This position will administer road tests and knowledge examinations to drivers of highly specialized classes of commercial vehicles. The MVR III will conduct the road tests in the type of commercial vehicle which the driver will be operating under the license for which he is applying. Three classes of commercial licenses will be issued with six additional endorsements. The MVR III will be thoroughly familiar with the operation of the vehicles for which these licenses and endorsements will be issued.</p> <p>Pertinent facts related to the testing and licensing procedure include:</p> <p>The basic road test and pre-trip inspection require 1.5 hours to administer.</p> <p>10,000 drivers will need to be licensed by April 1992.</p> <p>The first state to conduct commercial driver tests had a failure rate of 57%, necessitating extensive retesting.</p> <p>The MVR III will also conduct vehicle safety inspections prior to administering the road test. After the test has been completed, the MVR III will determine whether applicants should receive operator's licenses and any endorsements for which they are applying.</p> <p>In addition to testing and licensing duties, the MVR III also monitors quality control and error correction in the administration of these duties. Inquiries from citizens and public agencies regarding commercial driver's licenses and safety will be responded to by the MVR III where appropriate.</p>		

REQUEST FOR  
NEW POSITION

AGENCY Department of Public Safety  
 BRU Motor Vehicles  
 COMPONENT Field Services

Page 13 of 15  
 Revised Date

FY 91

Position Title Motor Vehicle Representative III			No. of Positions 1	Range/Step 10A	Barg. Unit GGU
Time Status Perm FT	Staff Months 8		Location Mat-Su	Election District 15	
Type of Expenditure			Justification		
			This position will administer road tests and knowledge examinations to drivers of highly specialized classes of commercial vehicles. The MVR III will conduct the road tests in the type of commercial vehicle which the driver will be operating under the license for which he is applying. Three classes of commercial licenses will be issued with six additional endorsements. The MVR III will be thoroughly familiar with the operation of the vehicles for which these licenses and endorsements will be issued.		
Amount			Pertinent facts related to the testing and licensing procedure:		
1	2	3	1) The basic road test and pre-trip inspection require 1.5 hrs to administer. 2) 10,000 drivers will need to be licensed by April 1992. 3) The first state to conduct commercial driver tests had a failure rate of 57%, necessitating extensive retesting.		
Salary*	22,716	///////	The MVR III will also conduct vehicle safety inspections prior to administering the road test. After the test has been completed, the MVR III will determine whether applicants should receive operator's licenses and any endorsement for which they are applying.		
Benefits*	11,512	///////	In addition to testing and licensing duties, the MVR III also monitors quality control and error correction in the administration of these duties. Inquiries from citizens and public agencies regarding commercial driver's licenses and safety will be responded to by the MVR III where appropriate.		
Premium Pay (Included in Above)	///////	///////			
Other	///////	///////			
Total Personal Services	///////	22,591			
Travel		2,473			
Contractual		1,200			
Commodities		182			
Equipment		-0-			
Other		-0-			
Total Cost		26,446			
Funding Source for Total Cost					
Federal Receipts	1002	-0-			
G.F. Match	1003	-0-			
General Fund	1004	26,446			
Program Receipts/GF	1005	-0-			
I-A Receipts	1007	-0-			
CIP Receipts	1061	-0-			
Other		-0-			
* Personal Services Salary and Benefits Costs are from PACS.					

REQUEST FOR  
NEW POSITION

AGENCY Department of Public Safety  
BRU Motor Vehicles  
COMPONENT Field Services

Page 14 of 15  
Revised Date

FY 91

Position Title Document Processing Clerk II		No. of Positions 1	Range/Step 8A	Barg. Unit GGU
Time Status Perm. FT	Staff Months 6	Location Juneau		Election District 4
		Justification		
Type of Expenditure		Amount		
1	2	3		
Salary*	19,572	////////////////////		
Benefits*	10,663	////////////////////		
Premium Pay (Included in Above)	////////////////////	////////////////////		
Other -0-	////////////////////	////////////////////		
Total Personal Services	////////////////////	15,117		
Travel		-0-		
Contractual		1,200		
Commodities		182		
Equipment		1,000		
Other		-0-		
Total Cost		17,499		
Funding Source for Total Cost				
Federal Receipts	1002	-0-		
G.F. Match	1003	-0-		
General Fund	1004	17,499		
Program Receipts/GF	1005	-0-		
I-A Receipts	1007	-0-		
CIP Receipts	1061	-0-		
Other		-0-		
* Personal Services Salary and Benefits Costs are from PACS.				
<p>For an estimated 10,000 licenses which need to be issued within a 15-month time span beginning in January 1991, the Documents Processing Clerk will perform the following:</p> <p>Send appropriate letter to licensee when necessary.</p> <p>Prepare documents for microfilming.</p> <p>Data entry of documents onto retrieval index system after microfilming.</p> <p>Data entry of driver licenses returned from another state to maintain records as required by Commercial Motor Vehicle Safety Act of 1986 for one license/one record concept.</p> <p>Send record to new licensing state when necessary.</p>				

REQUEST FOR  
NEW POSITION

AGENCY Department of Public Safety  
 BRU Motor Vehicles  
 COMPONENT Field Services

Page 15 of 15  
 Revised Date

FY 91

DEPARTMENT OF PUBLIC SAFETY  
COMMENTARY

CSSB 137 (Finance)

The purpose of SB 137 is to assist Alaska in complying with the federal requirements in relation to the licensing of residents who operate commercial motor vehicles.

In an effort to reduce the amount of deaths, injuries and property damage caused by specific motor vehicles the United States Congress passed what is referred to as the Commercial Motor Vehicle Safety Act of 1986.

That act set some specific requirements that drivers and employers must meet plus requirements each state must meet. If a state doesn't meet some of these requirements, such as a classified driver's license system for the operation of commercial motor vehicles, there is no way for residents of that state who drive commercial motor vehicles to meet the federal requirements. Plus, if a state does not meet the standards, the federal government will withhold federal highway funds. The federal requirements are quite specific and do not allow the states to change the requirements.

The main emphasis of the federal act is that each driver display their competency to operate the size and type of vehicle they drive; that each driver has only one driver's license; and that specific penalties be set for drivers who violate laws the laws.

The Division of Motor Vehicles anticipates beginning to issue commercial driver's licenses on January 1, 1991, and to have all operators licensed by the federal deadline of

April 1, 1992. If operators are not licensed by April 1, 1992 they will be subject to federal penalties and would not be allowed to operate in other states.

It is extremely important that this legislation pass this year to allow the State to license operators of commercial motor vehicles so they can be in compliance with the federal law by the deadline of April 1, 1992.

The new program will have major impact on the Division of Motor Vehicles, and the fiscal note, which is revenue generating, outlines what the Division of Motors Vehicles feels is necessary to adequately fund a commercial driver licensing program.

#### SECTION BY SECTION ANALYSIS

Section 1 sets the fee for a commercial driver's license at \$100.00. Does not change the fees for any other driver's license. Sets the fee of \$25.00 for each driver skills test in a commercial motor vehicle, and the fee of \$15.00 for each driver skills test in any other motor vehicle. The reason for these fees is to cover the cost to administer the program.

The \$100.00 commercial driver's license fee is still considerably less when pro-rated on an annual basis than other professional licenses in the state. It is for a 5-year license, whereas the costs of some other licenses are as follows: Master Guide - \$300.00 for 2 years; Assistant Guide - \$100.00 for 2 years; Barber or Hairdresser - \$100.00

for 2 years; Construction Contractor - \$180.00 for 2 years; and Marine Pilot - \$180.00 for 2 years.

Section 2 adds a new subsection (c) which sets guidelines for payment of fees for a driver skills test.

Section 2 also adds a new subsection (d) which addresses the fees collected, reflecting that they will go into the general fund, be accounted for separately, and may be used by the Legislature to appropriate funds to administer the driver's license program.

Section 3 adds four new sections to the commercial motor vehicle chapter in Title 28.

The first new section (28.33.100) is largely a restatement of current law (AS 28.15.041(b) and (c)), plus language requiring a person to surrender any previous license (to meet the federal requirement of one license); requires the social security number on a commercial driver's license (federal requirement); requires a resident to receive a licence within 30 days (federal requirement); and specifies that this section is in addition to the requirements Alaska now has for school bus drivers (background check, physical exam, training, etc.).

The second section (28.33.110) sets out notification requirements for drivers of commercial motor vehicles as specified by the federal government.

The third section (28.33.120) sets out responsibilities of employers of commercial motor vehicle drivers. These are also as specified by the federal government.

The fourth section (28.33.300) defines two terms used in previous sections.

Section 4 defines a "commercial motor vehicle," and three other terms. This definition adopts the guidelines set by the federal government, and contains the exemptions allowed by the federal government. The exemptions include the same smaller rural communities that are currently exempt, under State statute, from the Mandatory Insurance Law and Motor Vehicle Registration; includes operators of emergency and fire equipment; includes farm vehicles with specific restrictions; and includes recreational vehicles. The federal government has granted waivers for these specific groups, but has refused to grant waivers to several other categories such as church school bus operators.

Section 5 repeals two sections of Chapter 15, which are reworded in Section 3 of this bill or were previously incorporated in AS 28.15.046.

Section 6 sets an effective date.

As required by AS 28.22.011(b), following is a list of areas that are exempt from the mandatory insurance law. As of 9/01/86 these areas are also exempt from vehicle registration per AS 28.10.011(11) amended in 1986 legislature.

August 15, 1989

Adak	Chignik Lake	Kaktovik	Napaikak	St. George
Afognak	Chisana	Kalskag	Napakiak	St. Mary's
Akhlok	Christian	Kaltag	Nelson Lagoon	St. Michael
Aklachak	Chuathbaluk	Kanatak	New Stuyahok	St. Paul
Akiak	Clark's Point	Karluk	Newhalen	Sanak
Akolmiut	Cold Bay	Kasaan	Newtok	Sand Point
Akulurak	Crooked Creek	Kashegelo	Nightmute	Savoonga
Akutan		Kasigluk	Nikolai	Scammon Bay
Alakanuk	Deering	Katalla	Nikolski	Selawik
Alatna	Diomede	Kiana	Noatak	Shageluk
Allakaket		King Cove	Nolan	Shaktoolik
Amakdedori	Edna Bay	King Island	Nondalton	Sheldon Point
Ambler	Eek	Kipnuk	Noorvik	Shemya
Amchitka	Egavik	Kivalina	Nuiqsut	Shismaref
Angoon	Egegik	Kiwalik	Nulato	Shungnak
Aniak	Ekuk	Kobuk	Nunachusk	Shungnak Village
Annette	Ekwok	Kokhanok	Nunapitchuk	Skwentna
Anvik	Elfin Cove	Kokrines	Nushagak	Sleetmute
Arctic Village	Elim	Koliganek	Nyac	Snettisham
Atka	Emanguk	Kongiganak	Old Harbor	South Naknek
Atkasuk	Emmonak	Kotlik	Ophir	Squaw Harbor
Attu	English Bay	Kotzebue	Oscarville	Stebbins
	Excursion Inlet	Koyuk	Ouzinkie	Stevens Village
		Koyukuk	Owl Village	Stuyahok
Baranof		Kvichak		
Barrow	False Pass	Kwethluk	Pavlof Harbor	Takotna
Beaver	Flat	Kwigillingok	Pedro Bay	Taku Harbor
Bell Is. Hot Spgs.	Fort Yukon	Kwiguk	Pelican	Tanana
Belkofski	Fortuna Ledge	Kwinhagak	Pennock Island	Tanunak
Belmezok			Perryville	Tatitlek
Bettles	Galena		Pikmiktalik	Tenakee Springs
Bettles Field	Gambell	Lake Minchumina	Pile Bay	Tetlin
Biorka	Golovin	Larsen Bay	Pilot Point	Tin City
Birch Creek	Goodnews Bay	Latouche	Pilot Station	Todd
Brevig Mission	Grayling	Levelock	Pitka's Point	Togiak
Buckland	Gustavus	Lime Village	Platinum	Token
		Little Diomede	Pt. Baker	Toksook Bay
Candle	Hawk Inlet	Long	Pt. Hope	Tuluksak
Canyon	Haycock	Lower Kalskag	Pt. Lay	Tuntutuliak
Cape Pole	Holy Cross		Poorman	Tununak
Cape Yakataga	Hooper Bay	Manokatak	Port Alexander	Twin Hills
Chalkyitsik	Hughes	Marshall	Port Alsworth	Tyonek
Chandalar	Huslia	Mary's Igloo	Port Ashton	
Chaniliut		McGrath	Port Graham	Ugashik
Chakaktolik		Medfra	Port Heiden	Umiat
Chase	Iditarod	Mekoryuk	Port Lions	Unalakleet
Chatham	Iguigig	Meshik	Port Moller	Unga
Cheching	Igushik	Metlakatla	Port Wakefield	
Chenik	Iliamna	Meyoryuk		Venetie
Chefornak	Ivanoff Bay	Meyers Chuck	Quinhagak	
Chernofski		Moses Point		Wainwright
Chevak	Kachemak	Mountain Village	Rampart	Wales
Chichagof	Kaguyak	Mumtrak	Red Devil	White Mountain
Chignik	Kake		Ruby	Whittier
Chignik Lagoon	Kakhonak	Napaimiut	Russian Mission	Wiseman
				Woody Island

Information concerning the Commercial Motor Vehicle Safety Act of 1986, and SB 137.

Question 1: What is the deadline for a driver to have a new CDL (Commercial Driver's License)?

Drivers must have the new CDL in order to drive a commercial motor vehicle by April 1, 1992.

Question 2: What is the penalty if a driver operates a commercial motor vehicle after April 1, 1992, without a CDL?

The Federal penalty is a \$2,500 civil penalty, or up to a \$5,00 fine or imprisonment as a criminal penalty.

Question 3: Are school and church bus driver's required to get a CDL?

Yes, if they drive vehicles designed to transport 16 or more people. The Federal Government received numerous requests to exempt specific groups. They considered both school buses and church school buses with the decision to not grant waivers for these groups. The administrator decided that the cargo was too important to merit exclusion from the law, and that there needed to be a way to determine which drivers would be competent.

Question 4: Does the Federal law apply to drivers of vehicles used in "van pools"?

Yes, if the vehicle is designed to transport 16 or more people.

Question 5: Do tow truck operators need to get a CDL?

The tow truck and its towed vehicle are treated the same as any other powered unit towing a nonpowered unit. If the weight of the tow truck and/or the towed vehicle exceed the weight limitations in the definition of a commercial motor vehicle the tow truck operator is required to have a CDL.

Question 6: Would the Federal Government grant Alaska a waiver since it is not part of the contiguous United States?

No, Alaska and Hawaii are not exempt. However, the Federal Government did grant a waiver for drivers in Alaska only who do not drive on a road connected by land highway to the land connected State highway system, or any road with an average daily traffic volume greater than 499. This is the same exemption Alaska statutes now grant for vehicle registration and mandatory insurance.

Question 7: Could the exemption be increased to some figure greater than 499?

No. If the figure was increased in SB 137, Alaska would not be in compliance with the Federal law.

Question 8: Can applicants for a CDL be "grandfathered" in to avoid taking all the examinations?

No. All applicants will be required to successfully complete the basic knowledge test, and the endorsement knowledge tests. An applicant can be "grandfathered" for the skills (road) test if the applicant certifies and provides evidence that he or she meets certain conditions including a clear driving record; is regularly employed in a job requiring operation of a commercial motor vehicle; has operated such a vehicle for at least 2 years immediately preceding application for the CDL; etc. An applicant may not be "grandfathered" in after April 1, 1992.

Question 9: Does SB 137 address all issues to bring Alaska into compliance with the Federal law?

No, however, it does allow for the issuance of a CDL, along with some regulation changes, so that all drivers can be in compliance with the law by the deadline set by the Federal Government.

Question 10: What other issues need to be addressed:

Disqualification offenses, and penalties, such as lowering blood alcohol level to .04 for operators of commercial motor vehicles. These issues are being addressed in HB 317.

Question 11: What are the consequences if Alaska does not meet the Federal requirements?

Alaska residents who drive commercial motor vehicle could be penalized by the Federal Government, and would not be allowed to operate in any other state. Plus, the first year after September 30, 1992, the Federal Government would withhold 5% of Federal Highway money, and 10% each year thereafter.

Question 12: Why should the State charge \$100 for the CDL?

The \$100 license fee, and the new skills test fees will cover the cost of the program, and still be considerably less than most other professional licenses issued by the State such as to construction contractors; barbers; hairdressers; marine pilots; vessel agents; guides; nurses; etc.

**S B**

**180**

STATE OF ALASKA  
THE LEGISLATURE

POUCHY - STATE CAPITOL  
JUNEAU, ALASKA 99811  
907-465-3800

LEGISLATIVE AFFAIRS AGENCY  
LEGISLATIVE REFERENCE LIBRARY

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

SB 180

House Transportation 4/24/90

# HOUSE COMMITTEE REPORT

(5)

Date Referred: April 19, 1990  
(Referral changed 4/19/90)

FURTHER REFERRALS:

Date of Committee Action: 4/24/90

The Transportation Committee considered:

CSSB 180(Fin)

CS SB NO. 180 (Finance)

MOTOR FUEL TAX EXEMPTIONS

"An Act relating to the motor fuel tax and its exemptions; and providing for an effective date."

### RECOMMENDATIONS:

- [ ] be replaced with \_\_\_\_\_ [ ] the same title  
[ ] a new title  
[ ] have attached amendment(s)  
[ ] do pass  
[ ] do not pass  
[ ] no recommendation  
[  ] individual recommendations  
[ ] additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of intent

ATTACHES NEW FISCAL NOTE(s):  
(Dept)

APPROVES PREVIOUS:

(Date/Dept)

- [ ] fiscal impact \_\_\_\_\_  
[ ] zero fiscal note \_\_\_\_\_  
[ ] zero with analysis \_\_\_\_\_

- [  ] fiscal note(s) finance 3/30/90  
[ ] zero fiscal note(s) \_\_\_\_\_  
[ ] zero fn/analysis \_\_\_\_\_

### SIGNING DO PASS:

Bill Gude  
Richard J. Dorey

### SIGNING:

(Check approp. column)

	Do Not Pass	No Rec	Amend
<u>Ben D. ...</u>		X	
<u>Eugene A. Kubera</u>		X	

Richard J. Dorey  
Chairman's Signature

### Introduction

The Department supports this compromise legislation provided additional resources are granted to ensure that compliance with the motor fuel tax law is not diminished. The \$25,000 fiscal note is for increased field audit efforts on a regional basis to ensure strong compliance with the new law.

### Problem

The problem this legislation addresses is the alleged burdensome requirements placed upon heating fuel dealers to obtain a signed statement from their heating fuel customers each year that the fuel is to be used for heating purposes only and not converted to a taxable use. This statement, a certificate of use form developed by the Department has been required by law and regulation since the early 80's.

### Present Law

Under present law, if a dealer sells fuel "tax off" to a customer, the dealer must receive a signed certificate of use from the customers stating the intended tax exempt use. The certificates are to be obtained annually from the customer and kept on file by the dealer. The dealer cannot be held liable for the tax if the customer converts the untaxed fuel to a taxable use.

### Amendments

Section 1, paragraph (a), states that if a dealer fails to obtain a certificate of use for fuel that is subsequently used in a taxable manner, the dealer must pay the tax and a failure to timely pay penalty, regardless of whether the dealer made a good faith effort (reasonable belief) to determine whether the fuel sold was to be used in a tax exempt manner.

Paragraphs (b) and (c) restates current law, except for referencing the new provisions in (d)

Paragraph (d) provides

- 1) a certificate of use is not required to be obtained by a dealer for sales of fuel to stationary power plants (new law), fuel that is 10% alcohol by volume (existing law) or other fuel determined by the department by regulation to be exempt (existing law);

- 2) that a certificate of use is not required for the sale of heating fuel to heat private or commercial buildings, but requires a certificate of use to be on file for heating fuel sold to businesses engaged in construction and mining activity (new law).

STATE OF ALASKA  
1990 LEGISLATIVE SESSION

BILL VERSION: CS SB 180 (Finance)  
3/30/90  
PUBLISH DATE: \_\_\_\_\_

FISCAL NOTE

REQUEST: \_\_\_\_\_

Revision Date: \_\_\_\_\_  
Title: Motor Fuel Tax and its  
exemptions  
Sponsor: Senator Coghill  
Requestor: Finance

Agency Affected: Revenue  
BRU: Income & Excise Audit  
Components: Operating

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
<b>OPERATING</b>						
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	25.0	25.0	25.0	25.0	25.0	25.0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LANDS & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
<b>TOTAL OPERATING</b>	<b>25.0</b>	<b>25.0</b>	<b>25.0</b>	<b>25.0</b>	<b>25.0</b>	<b>25.0</b>
<b>CAPITAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>REVENUE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

FUNDING: (Thousands of Dollars)

GENERAL FUND	25.0	25.0	25.0	25.0	25.0	25.0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
<b>TOTAL</b>	<b>25.0</b>	<b>25.0</b>	<b>25.0</b>	<b>25.0</b>	<b>25.0</b>	<b>25.0</b>

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

Prepared By: Steven E. Kettel *Steven E. Kettel* Phone: (907) 465-2320  
Division: Income and Excise Audit Date: March 29, 1990

Approved by Commissioner: Hugh Malone *Hugh Malone* Date: March 29, 1990  
Agency: Department of Revenue

Distribution (by preparer):  
Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)

1 IN THE HOUSE

BY SHARP AND MILLER

2

HOUSE BILL NO. 183

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to the exemptions from the motor  
7 fuel tax, and extending the exemption from the re-  
8 quirement of obtaining a certificate of use to fuel  
9 used to heat commercial premises; and providing for  
10 an effective date."

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

12 \* Section 1. AS 43.40 is amended by adding a new section to read:

13 Sec. 43.40.015. EXEMPTION FROM COLLECTION OF TAX. (a) A dealer  
14 who has a reasonable belief at the time of sale or transfer that fuel  
15 that is sold or transferred is not to be used as motor fuel need not  
16 collect the motor fuel tax.

17 (b) If the tax is not collected, the dealer shall obtain a  
18 certificate of use from the buyer or transferee stating that the fuel  
19 that has been or will be purchased or received is not intended for use  
20 as motor fuel. The department may not collect the motor fuel tax from  
21 a dealer for fuel for which a certificate of use has been properly  
22 obtained under this subsection. Except as provided in (c) of this  
23 section, an annual certificate of use is required for exemptions  
24 listed under AS 43.40.100(2). The dealer shall retain a copy of each  
25 certificate of use obtained under this subsection for examination or  
26 audit on request by the department. The form of a certificate of use  
27 may be prescribed by regulation adopted by the department.

28 (c) A certificate of use is not required for fuel exempted  
29 under

- 1 (1) AS 43.40.100(2)(F);  
2 (2) AS 43.40.100(2)(J); or  
3 (3) AS 43.40.100(2)(K) as determined by the department by  
4 regulation.

5 \* Sec. 2. AS 43.40.035(a) is amended to read:

6 (a) A person who resells fuel on which the tax under AS 43.40.-  
7 010(a) or (b) was previously paid is entitled to a credit or refund of  
8 the tax if (1) the resold fuel is not motor fuel and the requirements  
9 of AS 43.40.015 [AS 43.40.010(1)] have been fulfilled; or (2) the  
10 amount of tax previously paid exceeds the tax due on the resale. The  
11 amount of the credit or refund under this section is equal to the  
12 amount of tax previously paid on the resold fuel less the amount of  
13 tax prescribed by AS 43.40.010(a) or (b).

14 \* Sec. 3. AS 43.40.010(1) is repealed.

15 \* Sec. 4. This Act takes effect July 1, 1989.

Original sponsor(s): REP. SHARP, Miller, Foster

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2

CS FOR HOUSE BILL NO. 183 (Finance)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - SECOND SESSION

5

A BILL

6 For an Act entitled: "An Act relating to the motor fuel tax and its ex-  
7 emptions; and providing for an effective date."

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

9 \* Section 1. AS 43.40 is amended by adding a new section to read:

10 Sec. 43.40.015. EXEMPTION FROM COLLECTION OF TAX. (a) A dealer  
11 who has a reasonable belief at the time of sale or transfer that fuel  
12 that is sold or transferred is not to be used as motor fuel need not  
13 collect the motor fuel tax. However, as to fuel for which the tax was  
14 not collected and for which a certificate of use was not obtained, if  
15 the department determines that the fuel was put to a use that is  
16 taxable under this chapter, the dealer is liable for the tax and  
17 subject to a civil penalty under AS 43.05.220(a) whether or not the  
18 dealer's belief that the fuel sold or transferred would not be used as  
19 motor fuel was reasonable.

20 (b) Except for sale or transfer of fuel under (d) of this sec-  
21 tion, if the motor fuel tax is not collected, the dealer shall obtain  
22 a certificate of use from the buyer or transferee at the time of the  
23 first sale or transfer of the fuel stating that the fuel that has been  
24 or will be purchased or received is not intended for use as motor  
25 fuel. The form of the certificate of use shall be prescribed by the  
26 department by regulation. The department may r collect the motor  
27 fuel tax from a dealer for fuel for which a certificate of use has  
28 been properly obtained under this subsection.

29 (c) A certificate of use must be renewed annually for exemptions

1 listed under AS 43.40.100(2).

2 (d) A certificate of use is not required

3 (1) for fuel exempted under AS 43.40.100(2)(C), (F), or  
4 (K); and

5 (2) for fuel exempted under AS 43.40.100(2)(J) other than  
6 fuel sold or transferred under this exemption to a person who is  
7 engaged in construction or mining activity.

8 \* Sec. 2. AS 43.40.035(a) is amended to read:

9 (a) A person who resells fuel on which the tax under AS 43.40.-  
10 010(a) or (b) was previously paid is entitled to a credit or refund of  
11 the tax if (1) the resold fuel is not motor fuel and the requirements  
12 of AS 43.40.015 [AS 43.40.010(1)] have been fulfilled; or (2) the  
13 amount of tax previously paid exceeds the tax due on the resale. The  
14 amount of the credit or refund under this section is equal to the  
15 amount of tax previously paid on the resold fuel less the amount of  
16 tax prescribed by AS 43.40.010(a) or (b).

17 \* Sec. 3. AS 43.40.010(1) is repealed.

18 \* Sec. 4. This Act takes effect July 1, 1990.

# HOUSE TRANSPORTATION STAFF OVERVIEW

## HOUSE BILL 183

### **Under current statutes**

- AS. 43.40.100 (j) exempts fuel used to heat **private or commercial building or facilities** from motor fuel tax
- AS.43.40.010 (l) states that in order to claim the tax exemption for **commercial buildings**, the dealer must obtain a certificate of use from the purchaser. This certificate of use must be renewed annually.

### ***How the certificate of use is obtained:***

- The dealer usually issues the certificate of use upon delivery of the first fuel order. The customer keeps a copy and the dealer retains a copy for his/her records for audit purposes.
- This certificate of use is renewed annually by the dealer
- There is no fee charged for the certificate of use

### ***Concerns***

- The dealers feel strongly that the annual issuance of the certificate of use places unneeded administrative burdens upon them.

### ***Proposed changes***

1. In July, 1989 the Dept. of Revenue attempted to address this issue by drafting new regulations. On November 28, 1989 the department adopted the attached proposed regs. The Attorney General's office is presently reviewing these regulations.

The regs propose to eliminate the requirement to renew the certificate of use annually. The proposed regulations state:

"The certificate of use obtained upon the first sale need not be renewed annually unless the location of each tank or other facility which stores heating fuel is changed"

The certificate must itemize and show the location of each tank or other facility. The certificate must be reviewed if the intended use of stored fuel changes.

### HOUSE BILL 183

1. HB 183 proposes to eliminate the requirement for the certificate of use.

*The effective date on HB 183 will need to be changed. The current effective date is July 1, 1989.*

In your packets you have:

- copy of HB 183 (changes are highlighted)
- #1. overview by sponsor
- #2. legal opinion and bill analysis by legal services
- #3. fiscal note - Dept. of Revenue
- #4. new regulations proposed by department
- #5. current statutes (changes highlighted)
- #6. letters/correspondence on HB 183



# Alaska State Legislature

## HOUSE OF REPRESENTATIVES

JAN 26

Official Business

P.O. Box V  
State Capitol  
Juneau, Alaska 99811

### M E M O R A N D U M

TO: Representative Richard Foster, Chairman  
Transportation Committee

FROM: Representative Bert Sharp *BMS*

DATE: January 25, 1990

SUBJ: HB183

I respectfully request a hearing before the Transportation Committee on HB183.

HB183 is a motor fuels tax exemption bill which would eliminate the certificate of use requirement for fuel used to heat a commercial building. This bill was submitted last year at the request of Fairbanks constituents, but was put on hold pending regulation changes submitted by the Department of Revenue. This bill does not reduce the fuel dealers' ultimate liability for taxes due.

~~X~~ To provide you with a little history: There is a motor fuel tax (AS 43.40). There is an exemption from the tax for fuel used to heat "private or commercial buildings or facilities" (AS 43.40.100(2)(J)). The fuel dealer may claim the tax exemption for fuel required for heat in a private dwelling (AS 43.40.010(1), but in order to claim the exemption for a commercial building, the

Representative Foster  
January 25, 1990  
Page 2

dealer must obtain a certificate of use from each commercial user. (AS 43.40.010(1)). This causes administrative problems for the distributors inasmuch as many of the buildings they supply fuel to are obviously not used for motor fuels any more suspect than private dwellings (i.e. day care facilities, grocery stores, banks, rentals larger than duplexes, etc.).

In an effort to ease the situation, the Department of Revenue, on July 13, 1989, drafted new regulations that would allow the certificate of use obtained from commercial customers for heating purposes to be treated as an "annual" certificate of use in each year, whereby a new certificate of use would only need to be obtained in the event of a change of ownership or circumstances. It is my understanding that as of this time the new regulations have not been signed by the Lt. Governor.

The fuel distributors are again urging that HB183 be passed in order to alleviate these unneeded administrative burdens caused by current regulations. (See copies of recent correspondence attached). Their primary contention is that since they are the ones responsible for paying the tax, they should be the judge of whether or not to obtain a certificate of use based on individual site observation and other pertinent facts.

I have requested a fiscal note from the Department of Revenue and will submit it to you as soon as possible.

STATE OF ALASKA  
THE LEGISLATURE

FOURTH STATE CAPITOL  
JEDAK ALASKA 99511  
112 243 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 5, 1990

SUBJECT: HB 183: motor fuel tax (AS 43.40) - exemption  
relating to fuel used in commercial premises

TO: Representative Richard Foster, Chair  
House Transportation Committee  
ATTN: Wendy Mulder

FROM: Jack Chenoweth  
Legislative Counsel

This bill draft is not easy to explain. Suffice to say that the net effect is to respond to a request by exempting from the certificate of use requirements fuel used to heat commercial premises.

There is a motor fuel tax (AS 43.40). There is an exemption from the tax for fuel used to heat "private or commercial buildings or facilities" (AS 43.40.100(2)(J)). The fuel dealer may claim the tax exemption for fuel required for heat in a private dwelling (AS 43.40.010(1) in current law), but in order to claim the exemption for a commercial building, the dealer must obtain a certificate of use under AS 43.40.010(1) in current law.

All this bill does is eliminate the certificate of use requirement for fuel used to heat a commercial building.

The requirements and exceptions are all wrapped up together in AS 43.40.010(1) in current law. AS 43.40.010(1) is a drafter's nightmare. Rather than make it more complex, I decided to start over.

This bill (in bill section 3) repeals AS 43.40.010(1) and replaces the material in it with a new section, AS 43.40.015 (bill section 1). AS 43.40.015(a) and (b) merely repeat the substance of the repealed provisions in a tidier, less convoluted format. Note that AS 43.40.015(b) continues the certificate of use requirement. AS 43.40.015(c) sets out exemptions from obtaining a certificate of use in order to secure the tax exemption. The specific provisions iden-

Representative Richard Foster

Page 2

February 5, 1990

tified in paragraphs (c)(1) and (c)(3) appear in current law: (c)(1) is a cross-reference to "fuel which is at least 10 percent alcohol by volume", and (c)(3) makes a reference to the exemption authorized by AS 43.40.100(2)(K). These are just merely carried forward without change from the existing law.

The exception addressed in AS 43.40.015(c)(2) of this bill is an exception from the certificate of use requirement for all "fuel to heat private or commercial buildings or facilities." In other words, if this bill is enacted as drafted, dealers would no longer be required to secure a certificate of use to support a tax exemption claim for fuel used not only for private buildings, as authorized under current law, but also for fuel delivered to heat commercial buildings.

Bill section 4 gives the change a July 1, 1989 effective date, in other words, at the start of what would have been the next fiscal year when the bill was introduced. Obviously, this should be revised.

Bill section 2 makes a technical change to account for the repeal of AS 43.40.010(1) and the substitution of AS 43.40.015.

If the memorandum or the bill draft prompt questions, please contact me.

JBC:lmb  
L9/090

STATE OF ALASKA  
1990 LEGISLATIVE SESSION

BILL VERSION: HB 183

PUBLISH DATE: \_\_\_\_\_

FISCAL NOTE

REQUEST: \_\_\_\_\_

Revision Date: February 2, 1990  
Title: An act relating to the  
exemptions from the motor fuel tax  
Sponsor: Sharp and Miller  
Requestor: Transportation and Finance

Agency Affected: Revenue  
BRU: Income & Excise Audit  
Components: Operating

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
<b>OPERATING</b>						
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LANDS & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
<b>TOTAL OPERATING</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>CAPITAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>REVENUE</b>	<b>88-440.0</b>	<b>88-440.0</b>	<b>88-440.0</b>	<b>88-440.0</b>	<b>88-440.0</b>	<b>88-440.0</b>

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: See attached.

Prepared By: Steven E. Kettel *Steven E. Kettel* Phone: (907) 465-2320  
Division: Income and Excise Audit Date: February 2, 1990

Approved by Commissioner: Hugh Malone *Hugh Malone* Date: February 2, 1990  
Agency: Department of Revenue

Distribution (by preparer):  
Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)

HB 183  
February 2, 1990  
Prepared by Income  
and Excise Audit Division  
Department of Revenue

### Analysis

Section 1 of the bill amends AS 43.40 by adding a new section to generally provide that a dealer is not required to collect the motor fuel tax if a certificate of use is obtained from the buyer representing that the fuel is not for use as motor fuel. The certificate of use prohibits the department from trying to collect from the dealer in the event the fuel was taxable motor fuel. Paragraphs (a) and (b) are identical to AS 43.40.010(1) which is repealed in Section 3 of the bill.

Paragraph (c) provides that certificates of use need not be obtained in certain instances. A certificate of use need not be obtained by a dealer for fuel which is at least 10% alcohol, for fuel used to heat private or commercial buildings or facilities, and for fuel used for nontaxable purposes as determined by the department in regulations. A dealer only needs a reasonable belief that the fuel is not to be used as motor fuel in order to sell the motor fuel without collecting the tax. Reasonable belief is not defined.

The amendment essentially follows current law with one major exception. Current law provides that a certificate of use is not required for fuel for any domestic purpose in a single or multiple unit private dwelling or for fuel which is at least 10% alcohol. Therefore, the amendment extends the exemption from obtaining the certificate of use to all fuel for heating purposes.

Section 2 amends AS 43.40.035(a). This provision gives a credit or refund to a person who resells fuel previously taxed that is not motor fuel. The amendment will allow a dealer to obtain a refund of any taxes paid on fuel for which he has obtained a certificate of use or possesses a reasonable belief that the fuel is not be used as motor fuel.

Section 4 provides for a July 1, 1989 effective date which needs to be updated.

### Comment

Prior to 1982, dealers were not required to collect motor fuel tax if they had a reasonable belief the fuel was to be used in a tax-free manner. Several dealers failed to collect tax in situations which the department and eventually the court held the dealer did not exercise reasonable care in determining whether tax should be collected. These decisions left dealers unprotected against customers that told a dealer they qualified to purchase fuel tax off yet used the fuel for a taxable purpose. To protect dealers, the certificate of use provisions were added to statutes in 1982. Dealers were no longer required to use their

HB 183  
February 2, 1990  
Prepared by Income  
and Excise Audit Division  
Department of Revenue

Independent judgment to determine a sales taxability. By obtaining a certificate of use from their customer, the dealer effectively transferred responsibility for collection of the tax to the customer. This provision also assisted the Department in increasing compliance with the motor fuel tax law. Customers were not as willing to sign a statement under perjury that the fuel was to be used in a tax-exempt manner as they were in orally communicating it to the dealer.

In recent days heating fuel distributors in the interior have become reluctant to obtain certificates of use from their commercial heating fuel customers. It at times is an arduous task and in their minds a lot of unnecessary paperwork. The Department addressed the situation in 1989 with regulations which eased the certificate of use reporting burden. Under new rules, dealers were only required to obtain a certificate with the first purchase of heating fuel made by a customer. So long as that customer's operation did not change, i.e., the fuel continued to be used for heating purposes, additional certificates of use are not required to be obtained. The department believes the regulations have adequately responded to the dealers needs and that the bill will take us back to the problems we faced prior to 1982.

#### Fiscal Impact

Statewide, approximately 110 million gallons of tax exempt heating fuel are sold annually. It is unknown how much of this fuel may actually be converted to taxable use without the state receiving the revenues. We anticipate that between 0-5% of heating fuel may be converted to taxable use if the bill passes. Assuming that the majority of it is consumed in diesel engines on highway, the potential tax loss would be \$88,000 per 1% leakage.

Representative Bert Sharp  
Alaska State House of Representatives  
Juneau, Alaska  
February 5, 1990

Dear Representative Sharp;

HB 183 would repeal the requirement that a motor fuel dealer obtain a certificate of use. This repeal would be effective in those cases where the dealer has a reasonable belief that the fuel will be used for non-taxable (exempt) uses.

I would urge you most strongly to delete that provision from the bill. If certificates of use are not obtained by the dealer, the state has essentially no way to determine whether the fuel was used for an exempt purpose. There would no longer be any "paper trail" that was certified to by the buyer of the fuel. As a practical matter, it would be impossible to audit or even determine the use of the fuel.

This would create a large "loophole" for dishonest fuel buyers to run through, and there would be no way to stop them. This would create powerful incentives for buyers who respect the law to follow suit, since they would be placed at a competitive disadvantage if they paid the tax and their competitors did not.

I strongly recommend that the certificate of use program be continued. I believe that repealing it will result in this revenue source being greatly weakened.



Hugh Malone, commissioner for revenue

cc Royce Weller  
Steve Kettel  
405q

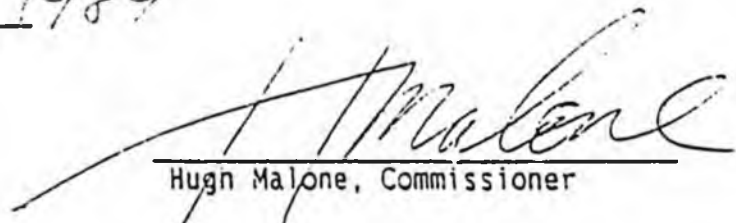
ORDER ADOPTING  
REGULATIONS OF DEPARTMENT OF REVENUE

The attached 2 pages of regulations, dealing with Payment of Tax, are hereby adopted and certified to be correct copies of the regulations that the Department of Revenue adopts under authority vested by AS 43.05.080 and after compliance with the Administrative Procedure Act (AS 44.52), specifically including notice under AS 44.52.190 and 44.52.200 and opportunity for public comment under AS 44.52.210.

This action is not expected to require an increased appropriation.

This order takes effect on the 30th day after it has been filed by the lieutenant governor, as provided in AS 44.62.130.

DATE: Nov. 28, 1989  
Juneau, Alaska

  
Hugh Malone, Commissioner

FILING CERTIFICATION

I, Stephen McAlpine, Lieutenant Governor for the State of Alaska, certify that on \_\_\_\_\_, 19\_\_\_\_, at \_\_\_\_\_m., I filed the attached regulations according to the provisions of AS 44.62.040 -- 44.62.120.

\_\_\_\_\_  
Lieutenant Governor

Effective \_\_\_\_\_  
Register \_\_\_\_\_

15 AAC 40.030 is amended as follows:

15 AAC 40.030. Certificate Requirements for Certain Sales. (a) Except as provided by (b) or (c) of this section, a dealer or fuel reseller who sells or transfers fuel that is exempt under 15 AAC 40.020(c) shall obtain an annual certificate of use from the buyer or transferee at the time of the first sale in each calendar year stating that the fuel that is purchased or received is not intended for use as motor fuel subject to tax under AS 43.40.010. A dealer or fuel reseller shall use a certificate-of-use form prescribed by the department.

(b) A certificate of use under (a) of this section is not required in support of an exemption under 15 AAC 40.020(b)(4), (5), (13) (15), and (16).

(c) In support of an exemption under 15 AAC 40.020(c)(5)

(1) the certificate of use obtained upon the first sale need not be renewed annually unless the location of each tank or other facility which stores heating fuel is changed;

(2) The certificate of use must itemize and show the location of each tank or other facility which stores fuel exclusively for heating commercial buildings and facilities;

(3) The certificate of use must be reviewed if the intended use of any fuel stored in the tanks or facility is changed to another exempt use under 15 AAC 40.020(c). (Eff. / / , Register )

Authority: AS 43.05.080  
AS 43.40.000

15 AAC 05.310 is amended as follows:

(e)(4) a payment made by wire transfer is timely if the taxpayer's commercial bank initiates the transfer of funds through the Federal wire-transfer system on the date the payment is due; (Eff. / / , Register )

15 AAC 05.310 is amended to add a new subsection:

(h) Then the last day for performing any act under any provision of AS 43 falls on Saturday, Sunday, or a legal holiday, the performance of such act shall be considered timely if it is performed on the next succeeding day which is not a Saturday, Sunday, or a legal holiday. "Legal Holiday" means a legal in the District of Columbia or a legal holiday in this state. (Eff. / / , Register )

Authority: AS 43.05.080

# ALASKA STATUTES

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## Title 43 Revenue and Taxation

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OCTOBER 1983

35.130

§ 43.35.140

REVENUE AND TAXATION

§ 43.40.010

**Sec. 43.35.140. Gambling not legalized.** AS 43.35.100 — 43.35.150 do not legalize gambling. (§ 4 ch 116 SLA 1949; am § 1 ch 53 SLA 1951)

**Cross references.** — For 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 AS 43.35.100 — 43.35.150 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 AS 43.35.100 — 43.35.150 is guilty of a misdemeanor, and upon conviction is punishable by a fine of not more than \$5' ( § 5 ch 116 SLA 1949; am § 1 ch 53 SLA 1951)

### Chapter 40. Motor Fuel Tax.

**Section**

- 10. Tax on transfers or consumption of motor fuel and expenditure of proceeds
- 30. Refund for nonhighway use
- 35. Other refunds and credits
- 50. Refund claim by affidavit

**Section**

- 60. Separate invoices
- 70. Refund warrants
- 80. Examination of books and records
- 85. Preservation of books and records
- 100. Definitions

**Collateral references.** — 71 Am. Jur. 2d. State and Local Taxation, §§ 616 — 634; 53 Am. Jur. 2d. Licenses, §§ 30, 46 — 58.

State tax on or in respect of goods shipped in interstate commerce to consignee for sale on consignor's account without previous sale or order for purchase, 4 ALR2d 244.

Loading or unloading interstate freight in performance of obligation resting upon one other than interstate carrier as inter-

state commerce as regards local taxation, 10 ALR2d 651.

State taxation of motor carriers as affected by commerce clause, 17 ALR2d 421.

Power of legislature to remit, release, or compromise tax claim, 28 ALR2d 1425.

Financial hardship or inability to pay taxes as rendering inapplicable statutes denying remedy by injunction against assessment or collection of tax, 65 ALR2d 550.

**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 by the last day of each succeeding month. Every user shall likewise remit the tax accrued on motor fuel actually used by the user 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, may 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 showing all fuel which the dealer or user has distributed or used during the month.

(d) *(Repealed, § 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 Transportation and Public Facilities 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 this chapter shall perform, when feasible, all construction or reconstruction projects by contract

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after the project 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 transportation and public facilities 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 Transportation and Public Facilities 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 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 AS 43.40.040, 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 Transportation and Public Facilities for trail staking and shelter construction and maintenance.

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

(l) If a dealer has a reasonable belief at the time of sale or transfer that fuel that is sold or transferred is not to be used as motor fuel, the dealer need not collect the motor fuel tax. If the tax is not collected, the dealer shall obtain a certificate of use from the buyer or transferee stating that the fuel that has been or will be purchased or received is not intended for use as motor fuel. The department may not collect the motor fuel tax from a dealer for fuel for which a certificate of use has been properly obtained under this subsection. A certificate of use is not required for fuel for any domestic purpose in a single or multiple unit private dwelling, including mobile homes, or for fuel which is at least 10 percent alcohol by volume. An annual certificate of use is required for all other exemptions listed under AS 43.40.100(2), except certificate of use needs under AS 43.40.100(2)(K) will be determined by the department. The dealer shall retain a copy of each certificate of use obtained under this subsection for examination or audit on request by the department. The form of a certificate of use may be prescribed by

*repealed*

regulation adopted by the department. (§ 48-5-2 ACLA 1949; am § 1 ch 80 SLA 1951; am § 1 ch 47 SLA 1955; am §§ 1, 2 ch 27 SLA 1957; am § 1 ch 134 SLA 1957; am § 1 art VI title II ch 152 SLA 1957; am § 2 art V title III ch 152 SLA 1957; am § 2 ch 124 SLA 1959; am §§ 1, 2 ch 20 SLA 1960; am § 1 ch 150 SLA 1960; am § 1 ch 110 SLA 1961; am § 1 ch 136 SLA 1961; am §§ 1 — 3 ch 131 SLA 1962; am § 1 ch 130 SLA 1968; am § 10 ch 143 SLA 1968; am §§ 1, 2 ch 216 SLA 1968; am §§ 1 — 3 ch 158 SLA 1970; am § 3 ch 58 SLA 1971; am §§ 1, 2 ch 124 SLA 1971; am §§ 2, 3 ch 125 SLA 1971; am §§ 1 — 3 ch 153 SLA 1972; am § 3 ch 166 SLA 1976; am §§ 1, 2 ch 116 SLA 1977; am § 4 ch 82 SLA 1982; am §§ 1, 2 ch 87 SLA 1983)

**Cross references.** — 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 1982 amendment added subsection (I).

The 1982 amendment, in subsection (c), added the present third sentence and deleted "motor" preceding "fuel" in the last sentence, and in subsection (I), added the present fourth and fifth sentences.

#### OPINIONS OF ATTORNEY GENERAL

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.

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.

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

*Sec. 43.40.020. Penalty for violation. [Repealed, § 46 ch 113 SLA 1980. For criminal penalties, see AS 43.05.290.]*

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

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

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

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

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

**Effect of amendments.** — The 1980 amendment substituted a reference to this chapter in subsection (b), and added subsection (d). The 1982 amendment substituted "the tax has been" for "duty is" in subsection (b).

**Sec. 43.40.035. Other refunds and credits.** (a) A person who resells fuel on which the tax under AS 43.40.010(a) or (b) was previously paid is entitled to a credit or refund of the tax if (1) the resold fuel is not motor fuel and the requirements of ~~AS 43.40.010(d)~~ have been fulfilled; 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). changed

(b) A reseller may elect, with the express written consent of the supplier of the resaler, to receive the credit or refund under this section directly from the supplier rather than by filing a claim for the credit or refund with the department. When an election is properly made under this subsection, the supplier may claim the credit or refund from the department. To be effective an election under this subsection must be signed in quadruplicate by the reseller and by the supplier. The reseller and the supplier shall each file one copy of the election, with original signatures, with the department. The reseller and supplier shall each retain a copy of the election with original signatures for audit review by the department. If an election is made under this subsection, it may not be revoked without the express written consent of the supplier. (§ 6 ch 82 SLA 1982; am § 3 ch 87 SLA 1983)

**Effect of amendments.** — The 1983 amendment substituted "the requirements of AS 43.40.010 (d) have been fulfilled" for "a certificate of use is acquired under AS 43.40.010(d)" in the first sentence of subsection (a).

**Sec. 43.40.040. Applications and permits for refund.** [Repealed, § 45 ch 113 SLA 1980. For current law, see AS 43.40.050(a).]

**Sec. 43.40.050. Refund claim by affidavit.** (a) A person who claims a refund under AS 43.40.030 shall present the claim for the refund to the commissioner of revenue by affidavit upon a form provided by the commissioner. The claim shall include the name, address

and occupation of the applicant, the nature of the business of the applicant, and a description sufficient to identify the machinery or equipment in which the motor fuel for which the refund is claimed was used. The claim shall be accompanied by each invoice issued to the claimant at the time the motor fuel was purchased. The commissioner may require any additional information which the commissioner considers necessary for the administration of this subsection.

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

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

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

The 1982 amendment substituted "under AS 43.40.030" for "as provided in

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

**Collateral references.** — 53 C.J.S., Licenses, § 62.

**Sec. 43.40.060. Separate invoices.** The department 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, 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 may examine the books and records of the claimant and the books and records of a distributor of motor fuel. The department may cancel the refund permit

of the claimant relying upon a fraudulent invoice for a period of not more than one year.

(b) *[Repealed, § 46 ch 113 SLA 1980.]* (§ 5 ch 47 SLA 1955; am § 46 ch 113 SLA 1980)

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

**Sec. 43.40.085. 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. [Repealed, § 46 ch 113 SLA 1980.]*

**Sec. 43.40.100. Definitions.** In 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;

(E) fuel used by charitable institutions;

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

(G) fuel sold or transferred between qualified dealers;

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

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

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

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

(L) fuel used in stationary power plants of 100 kw or less that generate electrical power for commercial enterprises not for resale;

(3) "qualified dealer" means a person who (A) refines, (B) imports, (C) manufactures, (D) produces, (E) compounds, or (F) wholesales motor fuel, who satisfies criteria for qualified dealers established by the department by regulation and who obtains a qualified dealer's license from the department;

(4) "user" means a person consuming or using motor fuel, who either  
 (A) purchases the fuel out of the state and ships it into the state for personal use in the state;

(B) manufactures the fuel in the state; or

(C) purchases or receives fuel in the state that is not taxed at the time of purchase or receipt or is taxed at a rate that is less than the rate prescribed by AS 43.40.010. (§ 48-5-1 ACLA 1949; am § 1 ch 56 SLA 1949; am § 9 ch 47 SLA 1955; am § 26 ch 70 SLA 1964; am §§ 6, 7 ch 158 SLA 1970; am § 1 ch 74 SLA 1972; am § 5 ch 116 SLA 1977; am § 10 ch 83 SLA 1980; am §§ 10 — 12 ch 82 SLA 1982; am § 4 ch 87 SLA 1983)

Revisor's notes. — Paragraphs (3) and (4) were renumbered in 1983 to achieve alphabetical order.

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

The 1982 amendment, in paragraph (2), added subparagraphs (G)-(K); in paragraph (4) added the subparagraphs (A) and

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

The 1983 amendment added paragraph (2)(L).

*Secs. 43.40.110 — 43.40.120. Additional tax levy on transfers or consumption of motor fuel. [Repealed, § 8 ch 158 SLA 1970.]*

### Chapter 43. Disaster Taxes.

*Secs. 43.43.010 — 43.43.060. Disaster relief tax. [Repealed, § 1 ch 48 SLA 1969.]*

*Secs. 43.43.110 — 43.43.160. Disaster Severance tax. [Repealed, § 2 ch 247 SLA 1970.]*

### Chapter 45. School Tax.

*[Repealed, § 3 ch 166 SLA 1976; § 2 ch 64 SLA 1980; § 46 ch 113 SLA 1980.]*

### Chapter 50. Tobacco Tax.

#### Article

1. Cigarette Tax Act (§§ 43.50.010 — 43.50.180)
2. Additional Cigarette Tax (§ 43.50.190)

Collateral references. — 51 Am. Jur. 2d, State and Local Taxation, § 615.  
 2d, Licenses and Permits, §§ 5, 16; 71 Am. 53 C.J.S., Licenses, § 30.

**Sec. 43.35.030. Distributor fees.** A distributor of coin-operated equipment shall

(1) pay an annual permit fee of \$50 to the department, to be deposited by it in the general fund; and

(2) file an affidavit that the distributor is a citizen of the United States, a bona fide resident of the state for at least one year, and has never been convicted of a felony; in the case of a corporation an affidavit is required from each stockholder and employee of the corporation. (§ 48-3-4 ACLA 1949; am § 4 ch 142 SLA 1960; am § 118 ch 6 SLA 1984)

**Effect of amendments.** — The 1984 amendment substituted "department" for "Department of Revenue" in paragraph (1) and "a bona fide resident of the state for at least one year" for "and a bona fide resident of the state for more than three years" in paragraph (2).

### Chapter 40. Motor Fuel Tax.

**Section**

35. Other refunds and credits

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

(b) A reseller may elect, with the express written consent of the supplier of the reseller, to receive the credit or refund under this section directly from the supplier rather than by filing a claim for the credit or refund with the department. When an election is properly made under this subsection, the supplier may claim the credit or refund from the department. To be effective an election under this subsection must be signed in quadruplicate by the reseller and by the supplier. The reseller and the supplier shall each file one copy of the election, with original signatures, with the department. The reseller and supplier shall each retain a copy of the election with original signatures for audit review by the department. If an election is made under this subsection, it may not be revoked without the express written consent of the supplier. (§ 6 ch 82 SLA 1982; am § 3 ch 87 SLA 1983)

**Editor's notes.** — This section is set out above to correct a minor error in the main pamphlet.

**Article**

1. Cigarette Tax
2. Additional Cig
3. Excise Tax on

**Section**

170. Definitions

**Sec. 43.50.1**

**Distribution to not required.** — Requirement in this section proceeds be distributed recipient and, in t

**Sec. 43.50.1**

the context of

(1) "buyer" r the person's ow turer, distribu

(2) "cigarette wholly or part ated, or mixed roll is made of

(3) "direct-bu sale of cigarette brought cigare

(4) "distribut rettes brought per cent of the

(5) "licensee 43.50.180:

(6) "manufac duces cigarette

(7) "person" venture, joint tion, estate, lical subdivisio:

(8) "place of where cigarette sumption, inclu

(9) "retailer" business of sel

**ALASKA  
OIL  
MARKETERS  
ASSOCIATION**

P.O. Box 764  
Fairbanks, Alaska 99707

March 6, 1989

Representative Bert Sharp  
Pouch V  
Juneau, AK 99801

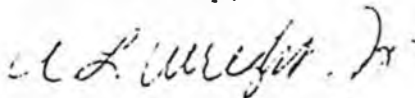
Dear Representative Sharp:

We, the members of the Alaska Oil Marketers Association (AOMA) wish to extend our support in favor of the enactment of Senate Bill #180 and House Bill #183 relating to the exemptions from the motor fuel tax and extending the exemption from the requirement of obtaining a certificate of use, as introduced by yourself and Representative Miller.

We feel that the new language in this bill, extending the exemptions from obtaining a Certificate of Use, is a positive step for the State, fuel dealers, and Alaskan consumers in that unnecessary paperwork will be eliminated.

We look forward to the bills' passage by the Legislature of the State of Alaska.

Sincerely,



A.L. Wright, Jr.  
Secretary

ALW:mlk

**PETRO STAR INC.**

Telephone (907) 488-0730  
Telex (907) 408-9057  
TELEX 36-608

PO Box 51230  
North Pole, Alaska 99705  
**Walt Schlotfeldt**  
President

March 6, 1989

Mr. Royce B. Waller  
Special Assistant Commissioner  
Department of Revenue  
Box S  
Juneau, Alaska 99811

Dear Mr. Waller:

I am writing in regard to the certificates of use requirement for heating fuel for commercial facilities. Collection of a motor fuel tax on diesel fuel is the responsibility of the dealer, for he is the only one who can determine what the use of the fuel will be. No matter what auditing procedures are used, this will be the case. The person making the delivery, in almost every case, knows by sight what the fuel will be used for, therefore, if the dealer feels that the use of the fuel will be as prescribed by the motor fuel tax laws and that the tax should be collected, he will charge for the tax. If he does not charge the tax, he will surely get a certificate of use to protect himself from the liability of potentially paying the tax at a future time.

Since heating fuel is exempt from the tax, it should also be exempted from the requirements of the certificates of use. Certificates of use should only be used in those cases where the purchaser of the fuel could potentially use the fuel as a motor fuel. This, then, would protect the dealer and place the burden of future tax liability on the purchaser. To require the dealer to obtain a certificate of use from all heating fuel users is overkill, and is causing the dealers to incur additional administrative expense both in ensuring that all certificates are received from their customers and in corresponding with the customers about their certificates. Certificates of use are also not very popular with our customers, who already feel the burden of paperwork reporting requirements within their own businesses.

Mr. Royce B. Waller  
March 6, 1989  
Page 2

If certificates of use were not required on commercial facilities, but only in the case where the dealer suspected use as diesel fuel, then the auditor would have a clear list of those individuals who may have used the fuel for taxable purposes and not paid the tax. As it is, auditors must review all sales to determine if there are those customers who perhaps should have paid the tax, and generally, for those who the dealer suspects are using the fuel for taxable reasons, we hold a certificate of use on file. Therefore, the certificates of use should only be required for those commercial customers who the dealer suspects are using the fuel for taxable purposes. This would ease the burden of the auditor in tracking sales in which the tax is uncollected. In order to ensure that the dealer is truly receiving certificates in those cases where he suspects the fuel is used for taxable reasons, the auditor could review the invoices, which generally have a high degree of description as to the customer's name, delivery location and tank size and other information including the customer's name. I have enclosed some copies of our delivery invoices for your perusal so that you can see what I mean. This is specifically what the auditors currently do to determine if the dealer has collected the tax or certificates of use from the appropriate customers.

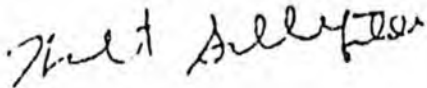
I think it is in the Department of Revenue's best interests to have dealers receive certificates of use only for those sales made which the dealer, who, again, is the only person who truly sees the use of the fuel, suspects is taxable.

We are not asking that our monthly reports of volume sold, taxable and untaxable under the various categories, be discontinued. These reports are, I believe, the basis for your reporting to the Federal Government. I believe that SB-180 and HB-183 would relieve us of the burden of collecting certificates of use for those sales which are obviously untaxable, yet would preserve the use of the certificates for those sales which we feel could potentially be taxable. If the same elimination of the requirement to obtain certificates of use can be accomplished through your regulations, that would be satisfactory to me, and would meet the needs which we have identified.

Mr. Royce B. Weller  
March 6, 1989  
Page 3

If I can provide any further information or answer any questions, please call me. In the event I am unavailable, you may wish to contact Bob Meath, Sourdough Fuel (456-7798), should you have any questions. I look forward to hearing from you.

Sincerely,



Walt Schlotfeldt  
President

Enclosures

WPS:pm  
W.90227-3



**MAPCO ALASKA PETROLEUM INC.**

A. L. Buki Wright, Jr.  
VICE PRESIDENT - ALASKA  
907 452 5318

January 22, 1990

Representative Bert Sharp  
P.O. Box V  
Juneau, AK 99811

Dear Representative Sharp:

I fully support HB 183, exempting fuel dealers from obtaining a certificate of use for fuel oil sold to heat commercial facilities. Under HB 183, dealers would be relieved of the burden of collecting numerous certificates of use for sales which are obviously nontaxable. However, the use of certificates, for sales they feel are potentially taxable, would be preserved.

At the present time, fuel dealers are not required to charge the motor fuel tax for fuel sold to heat commercial or private facilities. A certificate of use must be obtained, however, for fuel sold to heat commercial buildings. That certificate is signed by the customer certifying that he is using the fuel for a tax exempt purpose.

Under AS 43.40.010(1), motor fuel tax does not have to be collected if a dealer believes at the time of the sale that the fuel will not be used for a taxable purpose. A dealer will usually know, by sight, how the purchaser will use the fuel.

Heating fuel is exempt from motor fuel tax and should also be exempt from the requirements of the certificate of use. If a dealer has doubts about the use of the fuel, he will obtain a certificate of use for protection against the liability of paying tax at a later date.

Sincerely,

A.L. Buki Wright, Jr.

# PETRO STAR INC.

Telephone (907) 488-0730  
Teletypewriter (907) 488-9057  
TELEX 36-686

PO Box 56239  
North Pole, Alaska 99705

January 16, 1990

Representative Bert Sharp  
P.O. Box V  
Juneau, AK 99811

REP. SHARP  
JAN 16 1990  
RECEIVED

Dear Representative Sharp:

I would like to take this opportunity to comment on HB 183 exempting fuel dealers from obtaining a certificate of use for fuel oil sold to heat commercial facilities. I fully support this piece of legislation.

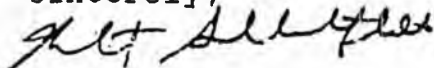
Currently, fuel dealers do not have to charge the motor fuel tax for fuel sold to heat private or commercial facilities. However, the dealer must obtain a certificate of use for fuel sold to heat commercial buildings. The certificate of use is signed by the customer and certifies that the customer is using the fuel for a tax exempt purpose.

AS 43.40.010(1) states that motor fuel tax need not be collected if a dealer has reasonable belief that at the time of the sale the fuel is not to be used for a taxable purpose. In almost every case, a dealer will know by sight what the purchaser will use the fuel for. If the dealer has a doubt about what the fuel will be used for, they will obtain a certificate of use for protection against the liability of paying the tax at a future time.

Since heating fuel is exempt from the motor fuel tax, it should be exempt from the requirements of the certificate of use. Dealers should only be required to obtain a certificate of use if they have a doubt about the customers use of the fuel, and then the auditor would have a clear list of those customers who may have used fuel for a taxable purpose but did not pay the tax.

HB 183 would relieve the dealers of the burden of collecting certificates of use for those sales which are obviously untaxable, yet would preserve the use of the certificates for those sales which we feel could be potentially taxable.

Sincerely,



Walt Schlotfeldt  
President

# Fuel

Your warm friends since '98

MAIL ROOM  
JAN 22 1990  
RECEIVED

January 18, 1990

Representative Bert Sharp  
P.O. Box V  
Juneau, AK 99811

Dear Representative Sharp:

It has come to my attention that you have introduced House Bill 183 which would exempt fuel dealers from obtaining a certificate of use for fuel sold to heat commercial buildings. Sourdough Fuel supports this legislation.

Sourdough Fuel is one of the largest heating fuel dealers in the Interior. We deliver heating fuel to many customers who have commercial facilities, i.e. apartment buildings, office buildings. Although a majority of our commercial customers use fuel to heat their buildings, we must have them sign a certificate of use to certify they are using the fuel we sold them for heating purposes which is exempt from the motor fuel tax law.

We are currently required to obtain a certificate of use for all fuel sold to heat commercial facilities. This requirement creates a tremendous administrative burden on fuel dealers. When we sell fuel, we will know by sight what the fuel is being used for and if a tax should be charged. We should only be required to obtain a certificate of use if we have a doubt about what the customer is using the fuel for.

By eliminating the certificate of use requirement for fuel sold to heat commercial facilities, you would be creating a better audit trail for the Department of Revenue when they conduct our yearly audits. When the auditor is reviewing our non-taxable fuel sales, he or she could use the certificates of use, collected because of the dealers doubt of customers use, as a means of knowing which customers to contact to verify their use of the fuel. Right now, the auditor would have to go through our entire list of commercial customers who received non-taxable fuel versus just a list of those the dealers believe could be using the fuel for a taxable purpose.

Fuel dealers will obtain a certificate of use or either charge the motor fuel tax to avoid being liable for the tax at a future date. Let us be the judge of when and when not to obtain a certificate of use.

Sincerely,

Robert Meath  
President

Chevron



SAUPE ENTERPRISES, INC.  
P.O. BOX 70510  
FAIRBANKS, AK 99707

RECEIVED  
JAN 22 1990

January 18, 1990

Representative Bert Sharp  
House of Representatives  
P.O. Box V  
Juneau, AK 99811

RE: HB-183

Dear Representative Bert:

I urge and appreciate your continuing efforts to provide some relief to fuel marketers throughout the State who have been buried in paper as a result of the heating-fuel certification requirements.

As you know, heating-fuel sales are exempt from fuel tax by statute, yet the regulations paradoxically appear to require that exemption certificates (which are intended to exempt certain sales of taxable fuels) be obtained annually and maintained in the marketers' files. You can only imagine the time, man-power, and records burden this places on businesses like ours.

Passage of HB-183 would remove the onerous burden of unnecessary paperwork only in those cases where the seller is reasonably certain he won't face future tax liabilities; in other words, if we're not sure the fuel will be used for heating we will still have the responsibility (and the motivation) to obtain the necessary certification. HB-183 will eliminate a large portion of the certification costs, with no reduction in the collectability of taxes (or certificates) where appropriate.

We appreciate your consideration in this regard, Bert, and invite you to contact me if you have any questions. Thank you for your time!

Sincerely,

B.H. Saupe'

**Express**

January 22, 1990

Representative Bert Sharp  
PO Box V, Room 606 CT  
Juneau, Alaska 99811

Dear Representative Sharp:

We would like to take this opportunity to express our support for HB183 exempting fuel oil dealers from obtaining a Certificate of Use for fuel oil sold to heat commercial facilities.

As it stands now, motor fuel tax need not be collected if a dealer has reasonable belief that at the time of the sale the fuel is not to be used for taxable purposes. Since heating fuel is exempt from the motor fuel tax, it should also be exempt from the requirements of the Certificate of Use.

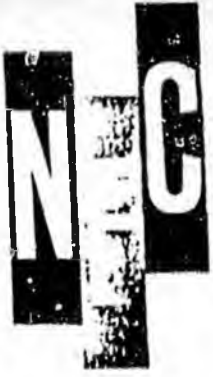
HB183 would relieve fuel oil dealers of the burden of collecting Certificates of Use for those sales which are obviously untaxable.

We hope you will support this piece of legislation.

Sincerely,

*Charlie Croan*  
Charlie Croan  
Operations Manager

CC/abh



# NENANA FUEL CO.

P.O. Box 268  
Nenana, Alaska 99760  
Dial 832-5476

January 22, 1990

Representative Bert Sharp  
PO Box V, Room 606 CT  
Junuea, Alaska 99811

Dear Representative Sharp:

We would like to let you know of our support for HB #183, concerning Certificates of Use for heating oil sold to heat commercial facilities.

As you already know, motor fuel tax is not collected on heating oil if it is not to be used for taxable purposes. This is based upon the dealers belief of what the fuel will be used for. In almost every case, a dealer will know by sight what the purchaser will use the fuel for.

Therefore, we believe that fuel oil dealers should only be required to obtain a Certificate of Use if there is a doubt as to what the fuel will be used for.

HB #183 would relieve the dealers of the burden of collecting Certificates of Use for those sales which are obviously untaxable, yet would preserve the use of the Certificates for those sales which we feel could be potentially taxable.

We hope you will support this piece of legislation.

Sincerely,

A handwritten signature in cursive script that reads "Dean Ojala".

Dean Ojala  
Terminal Manager

DO/abh

Telephone (907) 488-0730  
Telecopier (907) 488-9057  
TELEX 36-686

P.O. Box 56239  
North Pole, Alaska 99705  
**Walt Schlotfeldt**  
President

July 27, 1989

Department of Revenue  
Income and Excise Audit Division  
P.O. Box SA  
Juneau, AK 99811

Gentlemen:

I would like to take this opportunity to respond to the proposed amendment to 15 AAC 40.030 relating to certificate of use requirements for motor fuel tax exemptions. Although the proposed regulation change is more acceptable than the current regulations, I still oppose regulations requiring certificates of use for fuel used to heat buildings or facilities.

AS 43.40.010(1) states that motor fuel tax need not be collected if a dealer has reasonable belief that at the time of the sale the fuel is not to be used as motor fuel. In almost every case, a dealer will know by sight what the fuel will be used for. If the dealer has a doubt about what the purchaser will use the fuel for, he will either charge a tax or obtain a certificate of use to protect himself from the liability of potentially paying the tax at a future time.

The definition of motor fuel tax under AS 43.40.100(2) excludes fuel used to heat private or commercial buildings or facilities. Fuel used exclusively for a domestic purpose in single or multiple unit private dwellings including mobile homes, but not including watercraft, is exempt from the certificate of use requirement in 15 AAC 40.030(b), however, the dealer must obtain a certificate of use for fuel sold to heat commercial buildings or facilities. This certificate of use requirement creates an abundance of paperwork for the dealer which in turn causes us to incur additional administrative expenses.