

ALASKA LEGISLATURE COMMITTEE FILES, 2003-2004 8672

11079 HOUSE TRANSPORTATION

**SENATE RESOLUTION 195--EXPRESSING THE SENSE OF THE SENATE CONCERNING
DR. WILLIAM RANSOM WOOD -- (Senate - October 04, 1995)**

[Page: S11883]

Mr. STEVENS (for himself and Mr. MURKOWSKI) submitted the following resolution; which was considered and agreed to:

S. Res. 195

Whereas Dr. William Ransom Wood's tireless dedication and wisdom have earned him honorable distinction for his work in the city of Fairbanks, the State of Alaska, and the Nation;

Whereas Dr. Wood served his country with distinction in battle during World War II as a captain in the United States Navy;

Whereas Dr. Wood served the people of Alaska as president of the University of Alaska, chairman of the American Cancer Society, vice president of the Alaska Boy Scout Council, Member of the Alaska Business Advisory Council, chairman of the Alaska Heart Association, and numerous other organizations;

Whereas Dr. Wood served the people of Fairbanks as mayor, chairman of the Fairbanks Community Hospital Foundation, president of Fairbanks Rotary Club, and in many other capacities;

Whereas the city of Fairbanks, the State of Alaska, and the Nation continue to benefit from Dr. Wood's outstanding leadership and vision;

Whereas Dr. Wood is the executive director of Festival Fairbanks which desires to commemorate the centennial of Fairbanks, Alaska with a pedestrian bridge which shall serve as a reminder to remember and respect the builders of the twentieth century; and

Whereas it shall also be in Dr. Wood's words, "a memorial to the brave indigenous people. Who came before and persisted through hardships, generation after generation. The Centennial Bridge is a tribute to their stamina and ability to cope with changing times.": Now, therefore, be it

Resolved, That the United States Senate urges the Secretary of Transportation Rodney Slater to designate the Fairbanks, Alaska Riverwalk Centennial Bridge community connector project as the Dr. William Ransom Wood Centennial Bridge.

END

RECEIVED

Introduced by: Mayor Thompson
Date: February 10, 2003

RESOLUTION NO. 4047

**A RESOLUTION IN SUPPORT OF NAMING THE FAIRBANKS
RIVERWALK CENTENNIAL BRIDGE AS THE DR. WILLIAM RANSOM
WOOD CENTENNIAL BRIDGE**

WHEREAS, Dr. William Ransom Wood's contributions earned him honorable distinction for his work in the City of Fairbanks; and

WHEREAS, not only did Dr. Wood serve as President of the University of Alaska, Mayor of Fairbanks, but his tireless work on countless worthy community projects up to the end of his life is an example to all of us; and

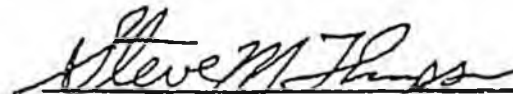
WHEREAS, thanks to Dr. Wood's vision, Golden Heart Plaza and the Barnette Landing Beautification Project now exist, celebrating Fairbanks' one hundred-year history; and

WHEREAS, Dr. Wood envisioned a pedestrian bridge to commemorate the centennial of Fairbanks.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FAIRBANKS that the City of Fairbanks supports the naming of the Fairbanks Riverwalk Centennial Bridge as the Dr. William Ransom Wood Centennial Bridge.

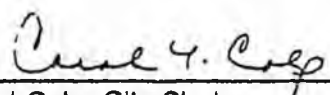
BE IT FURTHER RESOLVED that copies of this resolution shall be sent to the Governor of Alaska, the Congressional Delegation and the Interior Delegation.

PASSED AND APPROVED this 10th day of February, 2003.

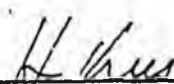

Steve M. Thompson, Mayor

AYES: 6
NAYS: 0
ABSTAIN:
ABSENT:

ATTEST:


Carol Colp, City Clerk

APPROVED AS TO FORM:


Herbert P. Kuss, City Attorney

By: Rhonda Boyles, Mayor
 Victoria Foote
 Tim Beck
 Introduced: 02/13/03
 Adopted: 02/13/03

FAIRBANKS NORTH STAR BOROUGH

RESOLUTION NO. 2003 - 11

A RESOLUTION IN SUPPORT OF NAMING THE FAIRBANKS RIVERWALK
 CENTENNIAL BRIDGE AS
 THE WILLIAM RANSOM WOOD CENTENNIAL BRIDGE

WHEREAS, Dr. William Ransom Wood's tireless dedication and wisdom earned him honorable distinction for his work in the city of Fairbanks, the State of Alaska and the Nation; and

WHEREAS, Dr. Wood dedicated his life to better the lives of the citizens of the Fairbanks North Star Borough; and

WHEREAS, Dr. Wood served the people of Fairbanks and the state as president of the University of Alaska and as the Mayor of the City of Fairbanks with honor and distinction; and

WHEREAS, Dr. Wood's vision was to celebrate the rich heritage of Fairbanks through the establishment of Golden Heart Plaza, Barnette Landing Beautification, and the community-wide celebrations of Fairbanks' centennial; and

WHEREAS, Dr. Wood desired to commemorate the centennial of Fairbanks with a pedestrian bridge, serving as a reminder to remember and respect the builders of the twentieth century, and the stamina and ability to cope with changing times; and

WHEREAS, as the Executive Director of Festival Fairbanks, Dr. Wood brought his vision into reality:

NOW, THEREFORE, BE IT RESOLVED that Rhonda Boyles, Borough Mayor, and the Fairbanks North Star Borough Assembly support the naming of the Fairbanks Riverwalk Centennial Bridge as the William Ransom Wood Centennial Bridge.

BE IT FURTHER RESOLVED that copies of this resolution shall be sent to:

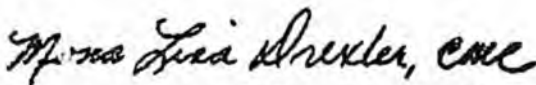
Governor Frank Murkowski
Senator Ted Stevens
Senator Lisa Murkowski
Congressman Don Young
Interior Delegation
Mayor Steve Thompson, City of Fairbanks
Fairbanks City Council
Mayor Jeff Jacobson, City of North Pole
North Pole City Council

PASSED AND APPROVED THIS 13th DAY OF FEBRUARY 2003.



Richard J. Solle, Jr.
Presiding Officer

ATTEST:



Mona Lisa Drexler, CMC
Municipal Borough Clerk

Ayes: Romans, Hutchison, Sattley, Williams, Beck, Frank, Foote, Henry, Solle
Noes: None

TED STEVENS, ALASKA, CHAIRMAN

THAD COCHRAN, MISSISSIPPI
ARLEN SPECTER, PENNSYLVANIA
PETE V. DOMENICI, NEW MEXICO
CHRISTOPHER B. BOND, MISSOURI
SLADE GORTON, WASHINGTON
MITCH MCCONNELL, KENTUCKY
CONRAD BURNE, MONTANA
RICHARD C. SHROYER, ALABAMA
JUDG GREGG, NEW HAMPSHIRE
ROBERT F. BENNETT, UTAH
BEN NIGHTHORSE CAMPBELL, COLORADO
LARRY CRAIG, IDAHO
KAY BAILEY HUTCHISON, TEXAS
JOH KYL, ARIZONA

ROBERT C. BYRD, WEST VIRGINIA
DANIEL K. INOUE, HAWAII
TIMM W. WOOTEN, SOUTH CAROLINA
PATRICK J. LEAHY, VERMONT
FRANK R. LAUTENBERG, NEW JERSEY
TOM HARKIN, IOWA
BARBARA A. MIKULSKI, MARYLAND
HARRY REID, NEVADA
HEIDI KOHL, WISCONSIN
PATTY MURRAY, WASHINGTON
BYRON E. DORGAN, NORTH DAKOTA
DIANNE FEINSTEIN, CALIFORNIA
RICHARD J. DURBIN, ILLINOIS

STEVEN J. CORTES, STAFF DIRECTOR
JAMES H. ENGLISH, MINORITY STAFF DIRECTOR

United States Senate

COMMITTEE ON APPROPRIATIONS
WASHINGTON, DC 20510-6025

February 28, 2003

The Honorable Gary Wilken
Alaska State Senator
State Capitol, Room 514
Juneau, Alaska 99801-1182

Dear Senator *Wilken*:

Thank you for contacting me regarding my support of legislation to name the Riverwalk Centennial Bridge in honor of Dr. William Ransom Wood. I am pleased that the Alaska Legislature will make this well deserved effort a reality.

Dr. Wood believed that a pedestrian bridge in downtown Fairbanks was a suitable structure to commemorate the centennial of Fairbanks. At the request of Dr. Wood, I sought funding for a pedestrian bridge to span the Chena River. Per my request, funding was included in the fiscal year 1999 Transportation Appropriations bill (PL 105-277) to construct the Riverwalk Centennial Bridge project. Shortly before final passage of this legislation, I offered Senate Resolution 195 to rename this structure as the Dr. William Ransom Wood Centennial Bridge. A copy of that resolution is attached to this letter.

Dr. Wood expected the Centennial Bridge to serve as a reminder to remember and respect the builders of the Twentieth Century. Dr. Wood is well deserving of this honor because he was a builder of the Twentieth and Twenty-First Century. Dr. Wood's commitment to Fairbanks, the State of Alaska, and the nation will always be remembered. The naming of a bridge in his honor is only a small gesture to recognize a man that has done so much for so many.

I commend the Alaska Legislature for its recognition of a good friend and deserving Alaskan.

With best wishes,

Cordially,

Ted Stevens
TED STEVENS

*Bill Wood
was probably
the builder of
Fairbanks in
the 20th century!*

GREATER * FAIRBANKS
CHAMBER
OF COMMERCE

250 Cushman St., Suite 2D, Fairbanks, AK 99701-4665
phone: (907) 452-1105, fax: (907) 456-6968

e-mail: staff@fairbankschamber.org
website: www.fairbankschamber.org

March 4, 2003

Senator Gary Wilken
State Capitol Building
Juneau, AK 99801

Dear Senator Wilken:

On behalf of the Greater Fairbanks Chamber of Commerce Board of Directors, I am delighted to write a letter of support for Senate Bill 77, the William Ransom Wood Centennial Bridge.

Dr. Wood was an effective leader in the Fairbanks community and was loved by many. Through his work as President of the University of Alaska, Fairbanks City Mayor, founder of Festival Fairbanks, and active in the Greater Fairbanks Chamber of Commerce, Dr. Wood left a legacy; making Fairbanks a better place to live and work.

Dr. Wood's passion and dedication for Fairbanks is sorely missed by all. This bill, which would appropriately rename the pedestrian bridge across the Chena River for Dr. Wood, is a fitting tribute to a man who did so much for our community.

The Greater Fairbanks Chamber of Commerce enthusiastically supports this bill and encourages its swift passage. If you have any questions about this letter, please call me or Ms. Kara Moriarty at 452-1105.

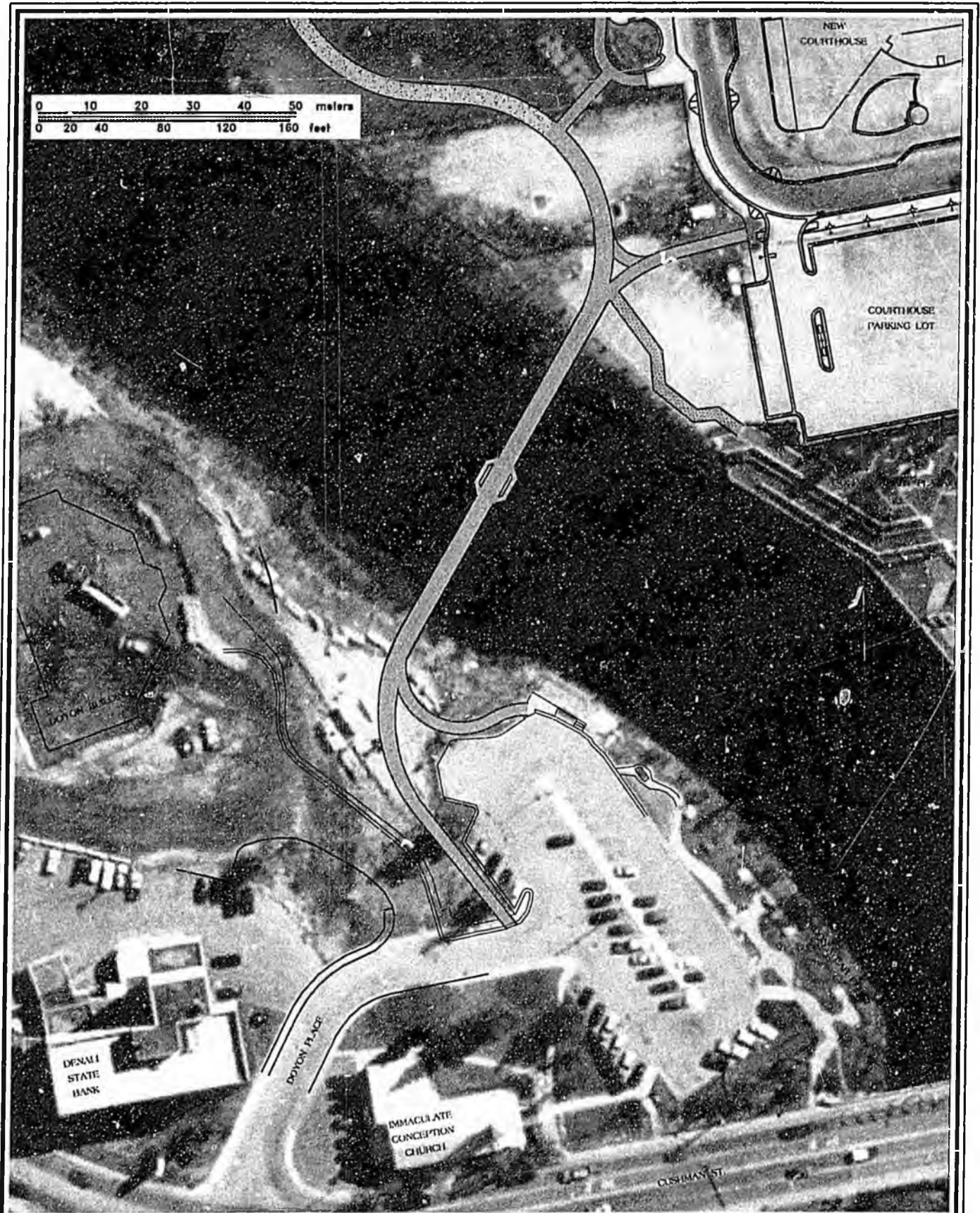
Sincerely,



Terry Aldridge
Board Chairman



Image created by PDC, Inc. Consulting Engineers 11/00



P:\F0010102\CV\F01003\F0010102.dwg bridge

03/03/03 4:18PM

PDC Planning Design Construction
INC.
Consulting Engineers
1029 Aurora Drive, Fairbanks, Alaska 99709-5529

CENTENNIAL BRIDGE

DESIGNED BY: KAR/RLC
DRAWN BY: RJP/GDS
CHECKED BY: CHICAGO
SCALE: R.L.C.

PROJ. No. F0010102
FIGURE 1

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB147
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: DOT&PF
 Title An Act naming the William Ransom Wood BRU Highways and Aviation
Centennial Bridge in Fairbanks Component Northern Highways and Aviation
 Sponsor Holm
 Requester HTRA Component No. 2068

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0
 Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Dennis R. Poshard Phone 465-3900
 Division Special Assistant to Commissioner Date/Time 3/11/03 8:25 AM
 Approved by: Commissioner Mike Barton Date 3/11/2003
 Agency Alaska Department of Transportation and Public Facilities

HB

156



217 Second Street, Suite 200 • Juneau, Alaska 99801
Tel (907) 586-1325 • Fax (907) 463-5480 • www.akml.org

March 11, 2003

Representative Jim Holm, Co-Chair
Representative Beverly Masek, Co-Chair
House Transportation Committee
State Capitol
Juneau, AK 99801

**Re: H.B. 156 – Increase Motor Vehicle Fuel Tax
H.B. 170 – Motor Vehicle Registration Fees**

Dear Representatives Holm and Masek,

As noted in the Alaska Municipal League (AML) policy statement, the AML supports an increase in motor vehicle registration fees and motor vehicle fuel taxes so long as:

- (1) fuel tax and vehicle registration fees are “used to fund state and municipal highway road operation, maintenance, and improvements;” and
- (2) the motor vehicle fuel tax and vehicle registration fees are “shared on an equitable basis between local and state government based on the proportion of local vs. state maintained roads.”

Thank you for the opportunity to express our views on this important legislation.

Sincerely,

Sarah A. Gilbertson
Policy and Program Coordinator

Cc: Senator John Cowdery

Equitable Sharing of Gas Tax with Local Taxpayers from Gas Used on Local Roads

- ❖ Taxpayers currently pay twice to maintain their local roads: once at the gas pump (State doesn't share gas tax for gas used on local roads); and then again when they pay property taxes.
- ❖ 43.5 % of all roads in Alaska are municipally maintained roads. 43.5 % of gas is consumed on municipal roads. 43.5% of the gas tax increase should be shared with local taxpayers.
- ❖ Most states share gas taxes with municipalities and local taxpayers. It is so logical, fair, and equitable that the average local share among the 50 states is 31%. Alaska is currently next to last among 47 sharing states at 5% of gas tax revenue.
- ❖ A fair gas tax revenue sharing program will be an incentive for municipalities to accept maintenance of more state roads.
- ❖ Citizens are far more likely to support a gas tax increase if they know a fair share will be returned to the community. Sharing the gas tax with local taxpayers specifically for road maintenance is the most direct way to gain public trust and acceptance.

Lane miles maintained by the State Department of Transportation:

(figures provided by DOT 8/12/99)

Central Region Lane Miles	4,669.3 lane miles
Northern Region Lane Miles	8,353.0 lane miles
Southeast Region Lane Miles	<u>1,347.0 lane miles</u>
TOTAL State Lane miles	14,369.3 lane miles

Lane miles maintained by Municipal Governments:

(figures provided by the Dept of Community and Economic Development 8/11/99)

TOTAL Public Roads lane Miles*	10,087.92
TOTAL Ice Road Miles	<u>993.38</u>
TOTAL Municipal Lane Miles	11,081.3 lane miles

* DCED maintains records in miles (5,043.96) this was converted to lane miles by multiplying by a factor of 2

Ratio of Municipal and State Lane Miles:

Total State plus Municipal Lane Miles = 25,450.6 Lane Miles	
Municipal Lane Miles as a % of all Lane Miles (11,081.3 / 25,450.6) =	43.5%
State Lane Miles as a % of all Lane Miles = (14,369.3 / 25,450.6) =	56.5%

Recommendation: Statutorily add 30 to 40% of gas tax increase to current municipal road revenue sharing program and enlist municipal leaders to gain public acceptance. (Municipal road revenue sharing is authorized at \$2500 per mile, but currently funded at less than \$350 per mile of locally maintained road.)

DISPOSITION OF STATE MOTOR-FUEL TAX RECEIPTS - 2001

State	Miles of Roads (not federal)	Receipts Available for Distribution (Thousands of dollars)	Distributed to Local Government (Thousands of dollars)	% of Revenue Distributed to Local Governments	Dollars Distributed per Mile (Thousands of dollars, not federal roads)
Dist. of Col.	1,448	28,688	28,688	100%	20
Iowa	113,322	393,436	254,046	65%	2
Illinois	138,103	1,214,890	717,705	59%	5
Michigan	120,057	1,049,129	598,121	57%	5
Indiana	94,038	770,834	426,010	55%	5
Kansas	134,598	357,113	196,462	55%	1
Washington	73,569	727,154	379,753	52%	5
Minnesota	130,319	597,081	303,954	51%	2
Alabama	93,708	556,271	280,079	50%	3
Wisconsin	111,825	812,396	397,244	49%	4
Colorado	78,634	542,227	246,732	46%	3
North Dakota	85,898	99,019	43,103	44%	1
Massachusetts	35,298	652,182	278,929	43%	8
Idaho	37,955	219,074	91,574	42%	2
Ohio	116,998	1,448,760	584,712	40%	5
California	155,326	3,041,595	1,196,679	39%	8
Mississippi	72,949	370,500	140,041	38%	2
Oklahoma	112,644	401,061	150,508	38%	1
Tennessee	87,526	735,904	275,025	37%	3
Nevada	35,915	371,894	137,955	37%	4
Oregon	55,630	385,439	141,449	37%	3
Nebraska	92,607	297,064	100,519	34%	1
Maryland	30,191	801,561	267,686	33%	9
Kentucky	77,887	447,971	148,633	33%	2
Arizona	43,418	572,024	188,133	33%	4
Missouri	123,220	661,982	210,328	32%	2
Arkansas	95,469	411,656	126,847	31%	1
Wyoming	23,970	95,056	27,087	28%	1
Utah	38,679	310,000	82,595	27%	2
Vermont	14,180	86,785	20,940	24%	1
New Mexico	52,571	233,506	51,509	22%	1
New York	112,865	1,446,780	310,790	21%	3
New Jersey	36,088	533,610	112,715	21%	3
Georgia	114,405	446,293	82,111	18%	1
Florida	115,222	1,628,490	298,858	18%	3
New Hampshire	15,372	139,636	25,234	18%	2
South Carolina	63,926	437,420	74,120	17%	1

South Dakota	81,608	122,397	20,665	17%	0
Virginia	68,862	820,409	119,367	15%	2
North Carolina	97,974	1,183,663	118,644	10%	1
Montana	55,800	174,312	16,892	10%	0
Maine	22,499	163,783	15,072	9%	1
Pennsylvania	119,041	1,728,126	142,896	8%	1
Rhode Island	6,042	133,945	9,737	7%	2
Connecticut	20,905	406,967	25,385	6%	1
Alaska	11,475	27,119	1,296	5%	0
Louisiana	60,206	545,485	21,438	4%	0
Hawaii	4,160	70,205	347	0%	0
Texas	300,302	2,733,773	7,301	0%	0
Delaware	5,808	104,137	-	0%	-
West Virginia	36,319	295,691	-	0%	-
Average Received by Local Governments:				31%	3

Source: U.S. Department of Transportation, Federal Highway Administration, October 2002

AMENDMENT

3 Adopted

OFFERED IN THE HOUSE

BY REPRESENTATIVE MASEK

TO: HB 156

1 Page 1, line 1, following "fuel tax":

2 Insert ", relating to the fund into which the proceeds of the motor fuel tax is paid,"

3

4 Page 4, following line 13:

5 Insert new bill sections to read:

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

7 (g) The proceeds of the revenue from the tax on all motor fuels, except as
8 provided in (e), (f), and (j) of this section, shall be paid into a state fund entitled
9 "highway maintenance revenue fund" and shall be used [DEPOSITED IN A
10 SPECIAL HIGHWAY FUEL TAX ACCOUNT IN THE STATE GENERAL FUND.
11 THE LEGISLATURE MAY APPROPRIATE FUNDS FROM IT] for expenditure by
12 the Department of Transportation and Public Facilities directly or as matched with
13 available federal-aid highway money for maintenance of highways, construction of
14 highway projects and ferries included in the program provided for in AS 19.10.150,
15 including approaches, appurtenances, and related facilities and acquisition of rights-of-
16 way or easements, and other highway costs including surveys, administration, and
17 related matters. All departments of the state government authorized to spend funds
18 collected from taxes imposed by this chapter shall perform, when feasible, all
19 construction or reconstruction projects by contract after the projects have been
20 advertised for competitive bids, except that, when feasible, arrangements shall be
21 made with political subdivisions to carry out the construction or reconstruction
22 projects. If it is not feasible for the work to be performed by state engineering forces,
23 the commissioner of transportation and public facilities may contract on a professional
24 basis with private engineering firms for road design, bridge design, and services in

1 connection with surveys. If more than one private engineering firm is available for the
2 work the contracts shall be entered into on a negotiated basis.

3 * Sec. 4. AS 43.40.010(h) is amended to read:

4 (h) All motor fuel tax receipts shall be paid into the highway maintenance
5 revenue fund or into the general fund, as appropriate. If paid into the general
6 fund, the receipts shall be [AND] distributed to the proper accounts in the general
7 fund. Valid motor fuel tax refund claims shall be paid from the highway maintenance
8 revenue fund or from the related [FUEL] tax account in the general fund, as
9 appropriate."

10
11 Renumber the following bill sections accordingly.

12
13 Page 4, following line 22:

14 Insert new bill sections to read:

15 ** Sec. 6. AS 43.40.070 is amended to read:

16 **Sec. 43.40.070. Refund warrants.** Upon approval of a refund claim by the
17 department, a warrant shall be drawn on the highway maintenance revenue fund or
18 from the related [FUEL] tax account in the general fund, as appropriate, in favor of
19 the applicant in the amount of the claim.

20 * Sec. 7. The uncodified law of the State of Alaska is amended by adding a new section to
21 read:

22 CONTINGENT EFFECT. This Act takes effect only if a constitutional amendment
23 proposed by the Twenty-Third Alaska State Legislature repealing sec. 7, art. IX, Constitution
24 of the State of Alaska, is adopted by the voters under sec. 1, art. XIII, Constitution of the State
25 of Alaska."

26
27 Renumber the following bill section accordingly.

28
29 Page 4, line 23:

30 Delete "July 1, 2003"

31 Insert "on the effective date of the constitutional amendment specified in sec. 7 of this

1 Act."

23-GH1118\D
Kurtz
3/19/03

CS FOR HOUSE BILL NO. 156()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-THIRD LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL
FOR AN ACT ENTITLED

1 **"An Act increasing the tax on motor fuel to be used in motor vehicles, other than**
2 **aircraft and watercraft and increasing the tax refund for motor fuel used in motor**
3 **vehicles not licensed to be operated on public roadways; repealing the special tax rates**
4 **on blended fuels; relating to tax refunds for government agency purchases of motor**
5 **fuel; and providing for an effective date."**

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

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

8 (a) There is levied a tax of 20 [EIGHT] cents a gallon on all motor fuel sold or
9 otherwise transferred within the state, except that

- 10 (1) the tax on aviation gasoline is four and seven-tenths cents a gallon;
- 11 (2) the tax on motor fuel used in and on watercraft of all descriptions is
- 12 five cents a gallon; and
- 13 (3) the tax on all aviation fuel other than gasoline is three and two-

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tenths cents a gallon [; AND

(4) THE TAX RATE ON MOTOR FUEL THAT IS BLENDED WITH ALCOHOL IS THE SAME TAX RATE A GALLON AS OTHER MOTOR FUEL; HOWEVER,

(A) IN AN AREA AND DURING THE MONTHS IN WHICH FUEL CONTAINING ALCOHOL IS REQUIRED TO BE SOLD, TRANSFERRED, OR USED IN AN EFFORT TO ATTAIN AIR QUALITY STANDARDS FOR CARBON MONOXIDE AS REQUIRED BY FEDERAL OR STATE LAW OR REGULATION, THE TAX RATE ON MOTOR FUEL THAT IS BLENDED WITH ALCOHOL IS SIX CENTS A GALLON LESS THAN THE TAX ON OTHER MOTOR FUEL NOT DESCRIBED IN (1) - (3) OF THIS SUBSECTION;

(B) NOTWITHSTANDING (A) OF THIS PARAGRAPH, THROUGH JUNE 30, 2004, THE TAX ON MOTOR FUEL SOLD OR OTHERWISE TRANSFERRED WITHIN THE STATE IS EIGHT CENTS A GALLON LESS THAN THE TAX ON OTHER MOTOR FUEL NOT DESCRIBED IN (1) - (3) OF THIS SUBSECTION IF THE MOTOR FUEL

(i) IS AT LEAST 10 PERCENT ALCOHOL BY VOLUME, HAS BEEN PRODUCED FROM THE PROCESSING OF LIGNOCELLULOSE DERIVED FROM WOOD, AND WAS PRODUCED IN A FACILITY THAT PROCESSES LIGNOCELLULOSE FROM WOOD, BUT THIS REDUCTION IN THE RATE OF TAX APPLIES TO MOTOR FUEL SOLD OR TRANSFERRED THAT CONTAINS ALCOHOL THAT WAS PRODUCED ONLY DURING THE FIRST FIVE YEARS OF THE FACILITY'S PROCESSING OF LIGNOCELLULOSE FROM WOOD; OR

(ii) IS AT LEAST 10 PERCENT ALCOHOL BY VOLUME, HAS BEEN PRODUCED FROM THE PROCESSING OF WASTE SEAFOOD, AND WAS PRODUCED IN A FACILITY THAT PROCESSES ALCOHOL FROM WASTE SEAFOOD, BUT

1 THIS REDUCTION IN THE RATE OF TAX APPLIES TO MOTOR
2 FUEL SOLD OR TRANSFERRED THAT CONTAINS ALCOHOL
3 THAT WAS PRODUCED ONLY DURING THE FIRST FIVE
4 YEARS OF THE FACILITY'S PROCESSING OF ALCOHOL FROM
5 WASTE SEAFOOD].

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

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

9 (1) the tax on aviation gasoline consumed is four and seven-tenths
10 cents a gallon;

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

13 (3) the tax on all aviation fuel other than gasoline is three and two-
14 tenths cents a gallon [; AND

15 (4) THE TAX RATE ON MOTOR FUEL THAT IS BLENDED
16 WITH ALCOHOL IS THE SAME TAX RATE A GALLON AS OTHER MOTOR
17 FUEL; HOWEVR,

18 (A) IN AN AREA AND DURING THE MONTHS IN WHICH
19 FUEL CONTAINING ALCOHOL IS REQUIRED TO BE SOLD,
20 TRANSFERRED, OR USED IN AN EFFORT TO ATTAIN AIR QUALITY
21 STANDARDS FOR CARBON MONOXIDE AS REQUIRED BY FEDERAL
22 OR STATE LAW OR REGULATION, THE TAX RATE ON MOTOR FUEL
23 THAT IS BLENDED WITH ALCOHOL IS SIX CENTS A GALLON LESS
24 THAN THE TAX ON OTHER MOTOR FUEL NOT DESCRIBED IN (1) -
25 (3) OF THIS SUBSECTION;

26 (B) NOTWITHSTANDING (A) OF THIS PARAGRAPH,
27 THROUGH JUNE 30, 2004, THE TAX ON MOTOR FUEL CONSUMED
28 BY A USER WITHIN THE STATE IS EIGHT CENTS A GALLON LESS
29 THAN THE TAX ON OTHER MOTOR FUEL NOT DESCRIBED IN (1) -
30 (3) OF THIS SUBSECTION IF THE MOTOR FUEL

31 (i) IS AT LEAST 10 PERCENT ALCOHOL BY

1 VOLUME, HAS BEEN PRODUCED FROM THE PROCESSING OF
2 LIGNOCELLULOSE DERIVED FROM WOOD, AND WAS
3 PRODUCED IN A FACILITY THAT PROCESSES
4 LIGNOCELLULOSE FROM WOOD, BUT THIS REDUCTION IN
5 THE RATE OF TAX APPLIES TO MOTOR FUEL CONSUMED BY
6 A USER THAT CONTAINS ALCOHOL THAT WAS PRODUCED
7 ONLY DURING THE FIRST FIVE YEARS OF THE FACILITY'S
8 PROCESSING OF LIGNOCELLULOSE FROM WOOD; OR

9 (ii) IS AT LEAST 10 PERCENT ALCOHOL BY
10 VOLUME, HAS BEEN PRODUCED FROM THE PROCESSING OF
11 WASTE SEAFOOD, AND WAS PRODUCED IN A FACILITY
12 THAT PROCESSES ALCOHOL FROM WASTE SEAFOOD, BUT
13 THIS REDUCTION IN THE RATE OF TAX APPLIES TO MOTOR
14 FUEL CONSUMED BY A USER THAT CONTAINS ALCOHOL
15 THAT WAS PRODUCED ONLY DURING THE FIRST FIVE
16 YEARS OF THE FACILITY'S PROCESSING OF ALCOHOL FROM
17 WASTE SEAFOOD].

18 * Sec. 3. AS 43.40.030(a) is amended to read:

19 (a) Except as specified in AS 43.40.010(j), a person who uses motor fuel to
20 operate an internal combustion engine is entitled to a refund of 18 [SIX] cents a gallon
21 if

22 (1) the tax on the motor fuel has been paid;

23 (2) the motor fuel is not aviation fuel, or motor fuel used in or on
24 watercraft; and

25 (3) the internal combustion engine is not used in or in conjunction with
26 a motor vehicle licensed to be operated on public ways.

27 * Sec. 4. AS 43.40.035 is amended by adding a new subsection to read:

28 (c) For fuel sold to federal, state, and local government agencies for official
29 use and purchased with a government credit card, the credit card issuer may apply for
30 a refund of any motor fuel tax assessed on the purchases so long as the motor fuel tax
31 is not billed by the credit card issuer to the government agency making the purchase.

1 * **Sec. 5.** AS 43.40.050(c) is amended to read:

2 (c) A reseller who claims a refund or credit under AS 43.40.035(a)
3 [AS 43.40.035] shall present the refund claim to the department or to the supplier of
4 that reseller by affidavit on a form provided by the department. The claim shall
5 include the name, address, and occupation of the applicant, the nature of the business
6 of the applicant, and a description sufficient to identify the reason for the refund or
7 credit. The claim shall be supported by documentation required by the department.

8 * **Sec. 6.** AS 43.40.050 is amended by adding a new subsection to read:

9 (d) A credit card issuer who claims a refund under AS 43.40.035 shall present
10 the refund claim to the department on a form prescribed by the department and shall
11 provide any documentation required by the department.

12 * **Sec. 7.** This Act takes effect July 1, 2003.

THE
FOLLOWING
DOCUMENT(S)
ARE
POOR
ORIGINAL
COPIES

HOUSE COMMITTEE REPORT

(7)

Date Referred to Committee: March 5, 2003

FURTHER REFERRALS: Finance

Date of Committee Action: 3/27/03

The TRANSPORTATION Committee considered:

HB 156

HOUSE BILL NO. 156

INCREASE MOTOR FUEL TAX

"An Act increasing the motor fuel tax and repealing the special tax rates on blended fuels; and providing for an effective date."

Recommends it be replaced with HCS or HCS for HB 156 (TRA)
 For Senate Bills with new title: Technical Title New Title: HCR _____ Same Title New Title

- attach amendments
- add new referral to _____ Committee
- Letter of Intent _____ Committee

List of Abbrev for Deps.:
 ADM
 CED
 COR
 CRT
 EED
 DEC
 DFC
 GOV
 HSS
 LEG
 LAW
 LWF
 MVA
 DNR
 DPS
 REV
 DOT
 UA

<u>NEW FISCAL NOTES</u>				
*Assigned by Chief Clerk's Office				
List by Dept(s):	*FN#	Fiscal	Indet.	Zero
REV		✓		
DEC				✓

<u>PREVIOUS FISCAL NOTES</u>				
List by Dept(s):	FN#	Fiscal	Indet.	Zero

<u>Signing with recommendations</u>	Printed Last Name	DP	DNP	NR	AM

_____	OGG			✓	
Eric Lehning	Kohring		X		
Maria Kapsner	KAPSNER		✓		
John F. ...	Fate		✓		
Chair: _____	Hahn			✓	
Chair: Beverly Masek	Masek	X			

Equitable Sharing of Gas Tax with Local Taxpayers from Gas Used on Local Roads

- ❖ Taxpayers currently pay twice to maintain their local roads: once at the gas pump (State doesn't share gas tax for gas used on local roads); and then again when they pay property taxes.
- ❖ 43.5 % of all roads in Alaska are municipally maintained roads. 43.5 % of gas is consumed on municipal roads. 43.5% of the gas tax increase should be shared with local taxpayers.
- ❖ Most states share gas taxes with municipalities and local taxpayers. It is so logical, fair, and equitable that the average local share among the 50 states is 31%. Alaska is currently next to last among 47 sharing states at 5% of gas tax revenue.
- ❖ A fair gas tax revenue sharing program will be an incentive for municipalities to accept maintenance of more state roads.
- ❖ Citizens are far more likely to support a gas tax increase if they know a fair share will be returned to the community. **Sharing the gas tax with local taxpayers specifically for road maintenance is the most direct way to gain public trust and acceptance.**

Lane miles maintained by the State Department of Transportation:

(figures provided by DOT 8/12/99)

Central Region Lane Miles	4,669.3 lane miles
Northern Region Lane Miles	8,353.0 lane miles
Southeast Region Lane Miles	<u>1,347.0 lane miles</u>
TOTAL State Lane miles	14,369.3 lane miles

Lane miles maintained by Municipal Governments:

(figures provided by the Dept of Community and Economic Development 8/11/99)

TOTAL Public Roads lane Miles*	10,087.92
TOTAL Ice Road Miles	<u>993.38</u>
TOTAL Municipal Lane Miles	11,081.3 lane miles

* DCED maintains records in miles (5,043.96) this was converted to lane miles by multiplying by a factor of 2

Ratio of Municipal and State Lane Miles:

Total State plus Municipal Lane Miles = 25,450.6 Lane Miles	
Municipal Lane Miles as a % of all Lane Miles (11,081.3 / 25,450.6) =	43.5%
State Lane Miles as a % of all Lane Miles = (14,369.3 / 25,450.6) =	56.5%

Recommendation: Statutorily add 30 to 40% of gas tax increase to current municipal road revenue sharing program and enlist municipal leaders to gain public acceptance. (Municipal road revenue sharing is authorized at \$2500 per mile, but currently funded at less than \$400 per mile of locally maintained road.)

How States Share Gas Taxes - 2001

State	Miles of Roads (not federal)	Total Gas Tax (in \$1000's)	% Shared w/Local Gov't	\$ Shared per mile (in \$1000's)
Dist. of Col.	1,448	28,688	100%	20
Iowa	113,322	393,436	65%	2
Illinois	138,103	1,214,890	59%	5
Michigan	120,057	1,049,129	57%	5
Indiana	94,038	770,834	55%	5
Kansas	134,598	357,113	55%	1
Washington	73,569	727,154	52%	5
Minnesota	130,319	597,081	51%	2
Alabama	93,708	556,271	50%	3
Wisconsin	111,825	812,396	49%	4
Colorado	78,634	542,227	46%	3
North Dakota	85,898	99,019	44%	1
Massachusetts	35,298	652,182	43%	8
Idaho	37,955	219,074	42%	2
Ohio	116,998	1,448,760	40%	5
California	155,326	3,041,595	39%	8
Mississippi	72,949	370,500	38%	2
Oklahoma	112,644	401,061	38%	1
Tennessee	87,526	735,904	37%	3
Nevada	35,915	371,894	37%	4
Oregon	55,630	385,439	37%	3
Nebraska	92,607	297,064	34%	1
Maryland	30,191	801,561	33%	9
Kentucky	77,887	447,971	33%	2
Arizona	43,418	572,024	33%	4
Missouri	123,220	661,982	32%	2
Arkansas	95,469	411,656	31%	1
Wyoming	23,970	95,056	28%	1
Utah	38,679	310,000	27%	2
Vermont	14,180	86,785	24%	1
New Mexico	52,571	233,506	22%	1
New York	112,865	1,446,780	21%	3
New Jersey	36,088	533,610	21%	3
Georgia	114,405	446,293	18%	1
Florida	115,222	1,628,490	18%	3
New Hampshire	15,372	139,636	18%	2
South Carolina	63,926	437,420	17%	1
South Dakota	81,608	122,397	17%	0
Virginia	68,862	820,409	15%	2
North Carolina	97,974	1,183,663	10%	1
Montana	55,800	174,312	10%	0
Maine	22,499	163,783	9%	1
Pennsylvania	119,041	1,728,126	8%	1
Rhode Island	6,042	133,945	7%	2
Connecticut	20,905	406,967	6%	1
Alaska	11,475	27,119	5%	0
Louisiana	60,206	545,485	4%	0
Hawaii	4,160	70,205	0%	0
Texas	300,302	2,733,773	0%	0
Delaware	5,808	104,137	0%	-
West Virginia	36,319	295,691	0%	-
Average Received by Local Governments:			31%	3

Source: U.S. Department of Transportation, Federal Highway Administration, October 2002

AMENDMENT

OFFERED IN THE HOUSE

TO: CSHB 156(), Draft Version "D"

1 Page 1, line 5, following "fuel;":

2 Insert "creating a municipal road maintenance account, and providing for
3 allocation of funds to and from that account;"

4
5 Page 1, following line 6:

6 Insert new bill sections to read:

7 **** Section 1.** AS 29.60 is amended by adding a new section to article 2 to read:

8 **Sec. 29.60.185. Municipal road maintenance account.** The municipal road
9 maintenance account is established. Money to carry out the provisions of
10 AS 29.60.110 and 29.60.160 shall be allocated by the department to the account in
11 accordance with AS 29.60.280. If amounts in the account are insufficient to pay each
12 municipality's share authorized under AS 29.60.110 and 29.60.160, the amounts that
13 are available shall be distributed pro rata among eligible municipalities.

14 *** Sec. 2.** AS 29.60.280(a) is amended to read:

15 (a) Each year, the department shall allocate money appropriated to the
16 accounts established in AS 29.60.060, 29.60.170, 29.60.185, and former AS 29.90.020
17 in the amounts determined by the legislature.

18 *** Sec. 3.** AS 29.60.280 is amended by adding a new subsection to read:

19 (d) Money in the municipal road maintenance account established in
20 AS 29.60.185 that exceeds the amount required to fully fund distributions authorized
21 by AS 29.60.110 and 29.60.160 shall be reallocated to the tax equalization account
22 established in AS 29.60.060 and distributed according to the provisions of
23 AS 29.60.010 - 29.60.080."

24

1 Page 1, line 7:

2 Delete "Section 1"

3 Insert "Sec. 4"

4

5 Renumber the following bill sections accordingly.

6

7 Page 4, following line 17:

8 Insert new bill sections to read:

9 **** Sec. 6.** AS 43.40.010(g) is amended to read:

10 (g) The proceeds of the revenue from the tax on all motor fuels, except as
11 provided in (e), (f), [AND] (j), **and (m)** of this section, shall be deposited in a special
12 highway fuel tax account in the state general fund. The legislature may appropriate
13 funds from it for expenditure by the Department of Transportation and Public
14 Facilities directly or as matched with available federal-aid highway money for
15 maintenance of highways, construction of highway projects and ferries included in the
16 program provided for in AS 19.10.150, including approaches, appurtenances and
17 related facilities and acquisition of rights-of-way or easements, and other highway
18 costs including surveys, administration, and related matters. All departments of the
19 state government authorized to spend funds collected from taxes imposed by this
20 chapter shall perform, when feasible, all construction or reconstruction projects by
21 contract after the projects have been advertised for competitive bids, except that, when
22 feasible, arrangements shall be made with political subdivisions to carry out the
23 construction or reconstruction projects. If it is not feasible for the work to be
24 performed by state engineering forces, the commissioner of transportation and public
25 facilities may contract on a professional basis with private engineering firms for road
26 design, bridge design, and services in connection with surveys. If more than one
27 private engineering firm is available for the work the contracts shall be entered into on
28 a negotiated basis.

29 *** Sec. 7.** AS 43.40.010 is amended by adding a new subsection to read:

30 (m) An amount equal to the revenue obtained from five cents of the tax
31 collected under (a) and (b), except (a)(1) - (3) and (b)(1) - (3), of this section shall be

- 1 deposited into the municipal road maintenance account created under AS 29.60.185."
- 2
- 3 Renumber the following bill sections accordingly.

Question: RE Am #1

do we treat
unincorporated
villages as tax
exempt? -

George: If they're
exempt now
they would be
exempt under
Am #1. (??)

AMENDMENT

#2 *Withdrawn*

OFFERED IN THE HOUSE
TO: HB 156

BY REPRESENTATIVE KAPSNER

1 Page 1, line 9:

2 Delete "and"

3

4 Page 1, line 11:

5 Delete "[; AND"

6 Insert "; and"

7

8 Page 1, line 12, following "(4)":

9 Insert "the tax rate on motor fuel used in a motor vehicle only on roads that are
10 not connected by land highway or the Alaska marine highway system to the main road
11 system of the state, whether or not licensed to be operated on public ways, is eight cents
12 a gallon ["

13

14 Page 3, line 8:

15 Delete "and"

16

17 Page 3, line 10:

18 Delete "[; AND"

19 Insert "; and"

20

21 Page 3, line 11, following "(4)":

22 Insert "the tax rate on motor fuel used in a motor vehicle only on roads that are
23 not connected by land highway or the Alaska marine highway system to the main road

- 1 system of the state, whether or not licensed to be operated on public ways, is eight cents
- 2 a gallon ["

Subject: H.B. 156 Gas Tax

Date: Tue, 25 Mar 2003 13:25:19 EST

From: SWill38776@aol.com

I am a retired DOT&PF Employee. I started with the old Dept of Highways in 1960 and retired in 1987. The assignments I had included Regional Engineer in SE Asaska for eight years, Chief Design Engineer and State Maintenance Engineer.

The facts are that Alaska has not raised its gas tax since Statehood and we have the lowest gas tax in the Nation. We have built only two new roads since Statehood. The Parks Highway and the Skagway Carcross Road. The Oil companies built the Haul Road. One reason that we have not had the money to build new infrastructure is that we are using capital money to rebuild existing infrastructure. We have siphoned off Federal Aid dollars towards providing needed repairs on roads that are falling apart prematurely. An ounce of maintenance now will prevent a pound of cure down the road. This increased gas tax is a user tax. What could be fairer? ! !

Regards,

(Sandy) Wallace K Williams

Box 240765

Douglas, Alaska 99824-0765

907-364-2243

Full Name:

Herb Simon

Last Name:

Simon

First Name:

Herb

Home:

(907) 822-3059

3/7 Herb Simon called from Nelchena and wants to talk about fuel tax, studded tires and road construction. Have Rynnieva call.

3/10 Mr. Simon returned call. He said if the governor is worried about studded tires tearing up the roads he should ban studded tires. He said in the 1978 Rand McNally Atlas three northern states, prohibited Wisconsin, Minnesota, and Pennsylvania, have prohibited stud tires. He said the new McNally Map may show Alaska is one of last states to allow studded tires. Simon said we should phase studded tires out and tax them until they are gone.

Simon said he agrees with the governor that we need more gas taxes. But he wants some incentives built into the bill to encourage the governor to get rid of engineers that are designing our road construction now and hire engineers that know how to design roads for northern climates that will last more than one or two years before they start falling apart. He suggested we pass 12 cent gas tax- implment 6 cents now and implement the other six cents on Jan 1, 2004 contingent on getting a functional DOT that can build some roads that have a longer life. He said "I don't care how they build them in Georgia, we need to build them the way they are built in Canada." He said he would like to participate in any of the hearings on these issues. I told him I would relay his concerns to Representative Holm who is Co Chair of House Transportation. Simon recalled that In 1995, when they rebuilt Glenn Highway, they dug the old road out and built the new road in a trench. There is no place to move the snow off the roadbed. He said DOTPF needs to build roads on dykes so wind can blow snow off. He stressed that roads need to be desinged and built for ease of maintenance. He reiterated DOTPF needs good engineers and suggested the governor kidnap half a dozen out of Canada or get a Canada contingent of whiz kids over here as consultants. He said DOTPF can't continue to put down three feet of mud and lay two inches of pavement over it. He said "Johanson left because he got disgusted with the stupidity."

DOTPF builds roads with 90% of consturction money federally funding, then we are stuck with the maintenance and no federal funding for it. DOTPF hasn't built a road new since Parks Highway.



KEVIN RITCHIE
Executive Director

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Juneau, Alaska 99801

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(Home) Tel (907) 463-3448

kevin@akml.org
www.akml.org

3/20/3

2029

ATTN:

Kathryn

Kurtz

HOUSE BILL NO. 156 Gas Tax

01 "An Act increasing the motor fuel tax and repealing the special tax rates on blended
02 fuels; and providing for an effective date."

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

**AMENDMENT FOR MUNICIPAL GAS TAX SHARING TO SHARE 28% OF REVENUE
(MUNICIPALITIES MAINTAIN OVER 43% OF ROADS IN ALASKA – THE NATIONAL
AVERAGE FOR GAS TAX SHARING BY STATES TO MUNICIPALITIES IS 31%)**

*Drafting
on*

This language is essentially the same as CS for HB 59 (TRA) 2/17/00 Kurtz. It creates a sharing of 28% (6 of 21 cents) of the gas tax with municipalities and distributes it through the current municipal road revenue sharing formula.

Amendment

Sec. __ AS 29.60 is amended by adding a new section to article 2 to read:

Sec 29.60.185. Municipal road maintenance account. The municipal road maintenance account is established. Money to carry out the provisions of AS 29.60.110 and 29.60.160 shall be allocated by the department to the account in accordance with AS 29.60.280. If the amounts in the account are insufficient to pay each municipality's share authorized under AS 29.60.110 and 29.60.160, the amounts that are available shall be distributed pro rata among the eligible municipalities.

Sec. __ AS 43.40.010 is amended by adding a new subsection to read:

(m) An amount equal to the revenue obtained from six cents of the tax collected under (a) and (b), except (a)(1) – (4) and (b) (1) – (4), of this section shall be deposited into the municipal road maintenance account created under AS 29.60.185.

Sec. __ AS 29.60.280 is amended by adding a new subsection to read:

(d) Money in the municipal road maintenance account established in AS 29.60.185 that exceeds the amount required to fully fund the distributions authorized by AS 29.60.110 and 29.60.160 shall be reallocated to the tax equalization account established in AS 29.60.060 and distributed according the the provisions f AS 29.60.010 – 29.60.080

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

05 (a) There is levied a tax of **20** [EIGHT] cents a gallon on all motor fuel sold or
06 otherwise transferred within the state, except that

07 (1) the tax on aviation gasoline is four and seven-tenths cents a gallon;

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

10 (3) the tax on all aviation fuel other than gasoline is three and two-
11 tenths cents a gallon [; AND

Barbara

4858

12 (4) THE TAX RATE ON MOTOR FUEL THAT IS BLENDED
13 WITH ALCOHOL IS THE SAME TAX RATE A GALLON AS OTHER MOTOR
14 FUEL; HOWEVER,

01 (A) IN AN AREA AND DURING THE MONTHS IN WHICH
02 FUEL CONTAINING ALCOHOL IS REQUIRED TO BE SOLD,
03 TRANSFERRED, OR USED IN AN EFFORT TO ATTAIN AIR QUALITY
04 STANDARDS FOR CARBON MONOXIDE AS REQUIRED BY FEDERAL
05 OR STATE LAW OR REGULATION, THE TAX RATE ON MOTOR FUEL
06 THAT IS BLENDED WITH ALCOHOL IS SIX CENTS A GALLON LESS
07 THAN THE TAX ON OTHER MOTOR FUEL NOT DESCRIBED IN (1) -
08 (3) OF THIS SUBSECTION;

09 (B) NOTWITHSTANDING (A) OF THIS PARAGRAPH,
10 THROUGH JUNE 30, 2004, THE TAX ON MOTOR FUEL SOLD OR
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15 VOLUME, HAS BEEN PRODUCED FROM THE PROCESSING OF
16 LIGNOCELLULOSE DERIVED FROM WOOD, AND WAS
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19 THE RATE OF TAX APPLIES TO MOTOR FUEL SOLD OR
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22 FACILITY'S PROCESSING OF LIGNOCELLULOSE FROM
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31 YEARS OF THE FACILITY'S PROCESSING OF ALCOHOL FROM
01 WASTE SEAFOOD].

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

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

05 (1) the tax on aviation gasoline consumed is four and seven-tenths
06 cents a gallon;

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

09 (3) the tax on all aviation fuel other than gasoline is three and two-
10 tenths cents a gallon [; AND

11 (4) THE TAX RATE ON MOTOR FUEL THAT IS BLENDED
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13 WASTE SEAFOOD].

14 * **Sec. 3.** AS 43.40.030(a) is amended to read:

15 (a) Except as specified in AS 43.40.010(j), a person who uses motor fuel to
16 operate an internal combustion engine is entitled to a refund of 18 [SIX] cents a gallon
17 if

18 (1) the tax on the motor fuel has been paid;

19 (2) the motor fuel is not aviation fuel, or motor fuel used in or on
20 watercraft; and

21 (3) the internal combustion engine is not used in or in conjunction with
22 a motor vehicle licensed to be operated on public ways.

Sec. 4. This Act takes effect July 1, 2003.

3/20/13

Review
things
this

→ NA Wed 5:25pm

Run this up

Munic. ^{Major} Arch

Mayers Thompson

Jackson
Boyles

Whinner
has road Service
Boilers

Kenai etc.

What about Service
Areas

Ellen Cummings

Great idea -

AML Amendment,

for Fuel tax.

HOUSE BILL NO. 156 Gas Tax

01 "An Act increasing the motor fuel tax and repealing the special tax rates on blended
02 fuels; and providing for an effective date."

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

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(MUNICIPALITIES MAINTAIN OVER 43% OF ROADS IN ALASKA – THE NATIONAL
AVERAGE FOR GAS TAX SHARING BY STATES TO MUNICIPALITIES IS 31%)**

This language is essentially the same as CS for HB 59 (TRA) 2/17/00 Kurtz. It creates a sharing of 28% (6 of 21 cents) of the gas tax with municipalities and distributes it through the current municipal road revenue sharing formula.

Sec. __ AS 29.60 is amended by adding a new section to article 2 to read:

Sec 29.60.185. Municipal road maintenance account. The municipal road maintenance account is established. Money to carry out the provisions of AS 29.60.110 and 29.60.160 shall be allocated by the department to the account in accordance with AS 29.60.280. If the amounts in the account are insufficient to pay each municipality's share authorized under AS 29.60.110 and 29.60.160, the amounts that are available shall be distributed pro rata among the eligible municipalities.

Sec. __ AS 43.40.010 is amended by adding a new subsection to read:

(m) An amount equal to the revenue obtained from six cents of the tax collected under (a) and (b), except (a)(1) – (4) and (b) (1) – (4), of this section shall be deposited into the municipal road maintenance account created under AS 29.60.185.

Sec. __ AS 29.60.280 is amended by adding a new subsection to read:

(d) Money in the municipal road maintenance account established in AS 29.60.185 that exceeds the amount required to fully fund the distributions authorized by AS 29.60.110 and 29.60.160 shall be reallocated to the tax equalization account established in AS 29.60.060 and distributed according to the provisions of AS 29.60.010 – 29.60.080

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

05 (a) There is levied a tax of 20 [EIGHT] cents a gallon on all motor fuel sold or
06 otherwise transferred within the state, except that

07 (1) the tax on aviation gasoline is four and seven-tenths cents a gallon;

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

10 (3) the tax on all aviation fuel other than gasoline is three and two-
11 tenths cents a gallon [; AND

12 (4) THE TAX RATE ON MOTOR FUEL THAT IS BLENDED
13 WITH ALCOHOL IS THE SAME TAX RATE A GALLON AS OTHER MOTOR
14 FUEL; HOWEVER,

01 (A) IN AN AREA AND DURING THE MONTHS IN WHICH
02 FUEL CONTAINING ALCOHOL IS REQUIRED TO BE SOLD,
03 TRANSFERRED, OR USED IN AN EFFORT TO ATTAIN AIR QUALITY
04 STANDARDS FOR CARBON MONOXIDE AS REQUIRED BY FEDERAL
05 OR STATE LAW OR REGULATION, THE TAX RATE ON MOTOR FUEL
06 THAT IS BLENDED WITH ALCOHOL IS SIX CENTS A GALLON LESS
07 THAN THE TAX ON OTHER MOTOR FUEL NOT DESCRIBED IN (1) -
08 (3) OF THIS SUBSECTION;

09 (B) NOTWITHSTANDING (A) OF THIS PARAGRAPH,
10 THROUGH JUNE 30, 2004, THE TAX ON MOTOR FUEL SOLD OR
11 OTHERWISE TRANSFERRED WITHIN THE STATE IS EIGHT CENTS A
12 GALLON LESS THAN THE TAX ON OTHER MOTOR FUEL NOT
13 DESCRIBED IN (1) - (3) OF THIS SUBSECTION IF THE MOTOR FUEL

14 (i) IS AT LEAST 10 PERCENT ALCOHOL BY
15 VOLUME, HAS BEEN PRODUCED FROM THE PROCESSING OF
16 LIGNOCELLULOSE DERIVED FROM WOOD, AND WAS
17 PRODUCED IN A FACILITY THAT PROCESSES
18 LIGNOCELLULOSE FROM WOOD, BUT THIS REDUCTION IN
19 THE RATE OF TAX APPLIES TO MOTOR FUEL SOLD OR
20 TRANSFERRED THAT CONTAINS ALCOHOL THAT WAS
21 PRODUCED ONLY DURING THE FIRST FIVE YEARS OF THE
22 FACILITY'S PROCESSING OF LIGNOCELLULOSE FROM
23 WOOD; OR

24 (ii) IS AT LEAST 10 PERCENT ALCOHOL BY
25 VOLUME, HAS BEEN PRODUCED FROM THE PROCESSING OF
26 WASTE SEAFOOD, AND WAS PRODUCED IN A FACILITY
27 THAT PROCESSES ALCOHOL FROM WASTE SEAFOOD, BUT
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30 THAT WAS PRODUCED ONLY DURING THE FIRST FIVE
31 YEARS OF THE FACILITY'S PROCESSING OF ALCOHOL FROM
01 WASTE SEAFOOD].

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

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

05 (1) the tax on aviation gasoline consumed is four and seven-tenths
06 cents a gallon;

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

09 (3) the tax on all aviation fuel other than gasoline is three and two-
10 tenths cents a gallon [; AND

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04 PROCESSING OF LIGNOCELLULOSE FROM WOOD; OR

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12 YEARS OF THE FACILITY'S PROCESSING OF ALCOHOL FROM
13 WASTE SEAFOOD].

14 * **Sec. 3.** AS 43.40.030(a) is amended to read:

15 (a) Except as specified in AS 43.40.010(j), a person who uses motor fuel to
16 operate an internal combustion engine is entitled to a refund of **18** [SIX] cents a gallon
17 if

18 (1) the tax on the motor fuel has been paid;

19 (2) the motor fuel is not aviation fuel, or motor fuel used in or on
20 watercraft; and

21 (3) the internal combustion engine is not used in or in conjunction with
22 a motor vehicle licensed to be operated on public ways.

Sec. 4. This Act takes effect July 1, 2003.

23-GH1118\D
Kurtz
3/19/03

CS FOR HOUSE BILL NO. 156()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-THIRD LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 "An Act increasing the tax on motor fuel to be used in motor vehicles, other than
2 aircraft and watercraft and increasing the tax refund for motor fuel used in motor
3 vehicles not licensed to be operated on public roadways; repealing the special tax rates
4 on blended fuels; relating to tax refunds for government agency purchases of motor
5 fuel; and providing for an effective date."

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

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

8 (a) There is levied a tax of 20 [EIGHT] cents a gallon on all motor fuel sold or
9 otherwise transferred within the state, except that

10 (1) the tax on aviation gasoline is four and seven-tenths cents a gallon;

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

13 (3) the tax on all aviation fuel other than gasoline is three and two-

1 tenths cents a gallon [; AND

2 (4) THE TAX RATE ON MOTOR FUEL THAT IS BLENDED
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5 WASTE SEAFOOD].

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

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

9 (1) the tax on aviation gasoline consumed is four and seven-tenths
10 cents a gallon;

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12 five cents a gallon; and

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14 tenths cents a gallon [; AND

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16 YEARS OF THE FACILITY'S PROCESSING OF ALCOHOL FROM
17 WASTE SEAFOOD].

18 * Sec. 3. AS 43.40.030(a) is amended to read:

19 (a) Except as specified in AS 43.40.010(j), a person who uses motor fuel to
20 operate an internal combustion engine is entitled to a refund of 18 [SIX] cents a gallon
21 if

22 (1) the tax on the motor fuel has been paid;

23 (2) the motor fuel is not aviation fuel, or motor fuel used in or on
24 watercraft; and

25 (3) the internal combustion engine is not used in or in conjunction with
26 a motor vehicle licensed to be operated on public ways.

27 * Sec. 4. AS 43.40.035 is amended by adding a new subsection to read:

28 (c) For fuel sold to federal, state, and local government agencies for official
29 use and purchased with a government credit card, the credit card issuer may apply for
30 a refund of any motor fuel tax assessed on the purchases so long as the motor fuel tax
31 is not billed by the credit card issuer to the government agency making the purchase.

1 * Sec. 5. AS 43.40.050(c) is amended to read:

2 (c) A ^{person} ~~reseller~~ who claims a refund or credit under ~~AS 43.40.035(a)~~
3 ~~AS 43.40.035~~ shall present the refund claim to the department or to the supplier of
4 that ^{person} ~~reseller~~ by affidavit on a form ^(prescribed) ~~provided~~ by the department. The claim shall
5 include the name, address, and occupation of the applicant, the nature of the business
6 of the applicant, and a description sufficient to identify the reason for the refund or
7 credit. The claim shall be supported by documentation required by the department.

8 * ~~Sec. 6. AS 43.40.050 is amended by adding a new subsection to read:~~

9 ~~(d) A credit card issuer who claims a refund under AS 43.40.035 shall present~~
10 ~~the refund claim to the department on a form prescribed by the department and shall~~
11 ~~provide any documentation required by the department.~~

12 * Sec. 7. This Act takes effect July 1, 2003.



GEORGE LEVASSEUR
DISTRICT MANAGER
SOUTHCENTRAL DISTRICT

STATE OF ALASKA
Department of Transportation
and Public Facilities

PO Box 507
Valdez, AK 99686
(907) 834-1039
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6634

Rubin Wilson
Dept of Rev -
Alaska Fuel tax
Division

Louisa - Dept of Rev.

Tel: 2302
Fax: 2389

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

March 20, 2003

SUBJECT: Motor Fuel Tax Increase (Work Order No. 23-GH1118/D)

TO: Representative Jim Holm
Chair of the House Transportation Committee
Attn: Barbara Cotting

FROM: Kathryn L. Kurtz *KLK*
Legislative Counsel

Enclosed is the draft committee substitute you requested.

I tightened the title to reflect the exemption of fuel for watercraft and aircraft from the increase, and the increase in the refund for vehicles not licensed for use on public ways.

I incorporated the changes the committee made in the amendment you provided. However, I am not entirely sure I understand them. I tried calling Dennis Poshard as you asked, but did not reach him immediately and did not want to hold up your bill draft while we played telephone tag.

Sales of fuel to government agencies for official use are already exempt. They are already excluded from the definition of taxable motor fuel under AS 43.40.100(2)(G). I assume the amendment is intended to provide a remedy if a government employee buys gas at the pump using a credit card, where the pump is not set up to differentiate the tax-exempt government from any other credit card user.

My questions:

- Is this amendment designed to cover sales to government by any seller (not just resellers)? I assume so, given the catchline to AS 43.40.035, but AS 43.40.050 gets a little confusing.
- Is there any reason not to just amend AS 43.40.050(c) to say "A person [RESELLER] who claims a refund or credit under AS 43.40.035..." instead of adding the new subsection (d) as this draft does? As it is, I had to add a conforming amendment to AS 43.40.050(c) anyway.

Please let me know if you would like another draft.

KLK:med
03-327.med

Enclosure

Order is to specify
Vehicle motor vehicles used on
state-maint. highways

23-GH118W

HOUSE BILL NO. 156

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-THIRD LEGISLATURE - FIRST SESSION

BY THE HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 3/5/03

Referred: Transportation, Finance

Kurtz

A BILL

FOR AN ACT ENTITLED

1 "An Act increasing the motor fuel tax ^{for} and repealing the special tax rates on blended
2 fuels; and providing for an effective date."

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

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

5 (a) There is levied a tax of 20 [EIGHT] cents a gallon on all motor fuel sold or
6 otherwise transferred within the state, except that

7 (1) the tax on aviation gasoline is four and seven-tenths cents a gallon;

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

10 (3) the tax on all aviation fuel other than gasoline is three and two-
11 tenths cents a gallon [; AND

12 (4) THE TAX RATE ON MOTOR FUEL THAT IS BLENDED
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21 (3) the internal combustion engine is not used in or in conjunction with
 22 a motor vehicle licensed to be operated on public ways.

23 * Sec. 4. This Act takes effect July 1, 2003.

AMENDMENT

1 Moved by Helm

OFFERED IN THE HOUSE BY
TRANSPORTATION COMMITTEE
TO: HB 156

Page 1, line 1, following "motor fuel tax":

Delete "and"

Insert ":",

Unanimous!

Page 1, line 2, following "fuels"

Insert "; and relating to tax refunds for government agency purchases of fuel"

Page 4, following line 22:

Insert new bill sections to read:

*Sec. 5. AS 43.40.035 is amended by adding a new subsection to read:

(c) For fuel sold to federal, state, and local government agencies for official use and purchased with a government credit card, the credit card issuer may apply for a refund of any motor fuel tax assessed on such purchase, so long as the tax is not billed by the credit card issuer to the government agency making the purchase.

*Sec. 6. AS 43.40.050 is amended by adding a new subsection to read:

(d) A credit card issuer who claims a refund under AS 43.40.035 shall present the refund claim to the department on a form prescribed by the department and shall be supported by documentation required by the department."

Remember the following bill section accordingly.

STATE OF ALASKA
HOUSE OF REPRESENTATIVES

Representative Jim Holm



119 N. Cushman
Fairbanks, AK 99701
TEL 456-7423, FAX 451-9293

House District 9

State Capitol
Juneau, AK 99801
TEL 465-3466, FAX 465-2937

DATE: March 18, 2003
TO: Kathryn Kurtz, 2029
FROM: Barbara Cotting

Amendment #1

Attached is the amendment to HB 156 passed by the Transportation Committee today.

Please incorporate that into a CS, along with a change in title etc. to reflect that the fuel tax increase applies only to motor vehicles used on "roads maintained by the state, service areas, and municipalities." The quotes are from my boss AFTER I talked to you. Do you think that says what we want?

My direct line is 4858.

THANKS!

Barbara

, DOT + DDA

Dennis
Pochar:

Have HB 156 Amendment -

requires a title
Change -

State Vehicles have Credit
Cards with specific
Companies + DOT is

Working ^{from} Contract with
Master Card - but ^{stations} won't

Know NOT to change the
fax - so Man agreed to ~~at~~

have different Companies apply ~~for~~ refunds.

AMENDMENT

OFFERED IN THE HOUSE
TRANSPORTATION COMMITTEE
TO: HB 156

BY

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Page 1, line 1, following "motor fuel tax":

Delete "and"

Insert ";

Unanimous!

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Insert new bill sections to read:

*Sec. 5. AS 43.40.035 is amended by adding a new subsection to read:

(e) For fuel sold to federal, state, and local government agencies for official use and purchased with a government credit card, the credit card issuer may apply for a refund of any motor fuel tax assessed on such purchase, so long as the tax is not billed by the credit card issuer to the government agency making the purchase.

*Sec. 6. AS 43.40.050 is amended by adding a new subsection to read:

(d) A credit card issuer who claims a refund under AS 43.40.035 shall present the refund claim to the department on a form prescribed by the department and shall be supported by documentation required by the department."

Remember the following bill section accordingly.



Department of Transportation and Public Facilities
Office of the Commissioner
3132 Channel Drive
Juneau AK 99801-7898
(907) 465-3900 • Fax: (907) 586-8365

FAX

Date: 3/17/03 PHONE: _____
TO: Barbara Cotting FAX: 465-2937
FROM: Juanita DeRose / Kurt Parkan / Dennis Poshard PHONE: 465-3902
Number of Pages (including this cover sheet): 2

Message:

Here is amendment discussed.

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: HB 156
 (H) Publish Date: 3/5/03

Revision Date/Time (Note if correction): _____ Dept. Affected: DEC
 Title "Increasing the motor fuel tax and BRU Air & Water Quality
repealing the special taxes on blended fuels" Component Air Quality
 Sponsor Rules Committee
 Requester Governor Component No. 2061

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	0.0	0.0	0.0	0.0	0.0	0.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type-Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Working with industry and private citizens, Alaska will no longer require the use of oxygenated fuels to meet air quality standards in the fall of 2003. However the U.S. Environmental Protection Agency requires that the state be able to rapidly re-impose a requirement for the use of oxy fuels should air quality deteriorate. This legislation will not impact the state's ability to do that. The bill eliminates the tax benefit that producers and distributors receive on the production and distribution of oxygenated fuels.

Prepared by: tom Chappie - Director Phone 465-5128
 Division Air & Water Quality Date/Time 3/3/03 3:38 PM
 Approved by: Lurt Fredriksson - Deputy Commissioner Date 3/3/2003
 Agency Department of Environmental Conservation

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: HB 156
(H) Publish Date: 3/5/03

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
Title Highway motor fuel tax BRU Revenue Operations
Component Tax Division
Sponsor Rules Committee
Requester Governor Component No. 2476

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services	107.0	107.0	107.0	107.0	107.0	107.0
Travel	5.0	5.0	5.0	5.0	5.0	5.0
Contractual	14.0	12.0	12.0	12.0	12.0	12.0
Supplies	1.0	1.0	1.0	1.0	1.0	1.0
Equipment	5.0					
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	132.0	125.0	125.0	125.0	125.0	125.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()	37,700.0	41,160.0	41,160.0	41,160.0	41,160.0	41,160.0
-------------------------------	-----------------	-----------------	-----------------	-----------------	-----------------	-----------------

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	132.0	125.0	125.0	125.0	125.0	125.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type-Do not abbreviate)						
TOTAL	132.0	125.0	125.0	125.0	125.0	125.0

Estimate of any current year (FY2003) cost: 0.0
Check this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal.

POSITIONS

Full-time	2	2	2	2	2	2
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation would increase the state's highway motor fuel tax rate from 8 cents a gallon to 20 cents a gallon, and would eliminate the special rate for gasohol (motor fuel blended with alcohol), thereby taxing gasohol at the same 20 cents a gallon rate as all other highway motor fuel. Alaska's highway motor fuel tax rate has not changed since 1970.

The tax increase would take effect July 1, 2003. The Department of Revenue estimates the increase will generate \$41.16 million in additional state revenue for a full fiscal year, with approximately \$37.7 million in Fiscal 2004 because the state will receive the higher revenues for 11 months in the first fiscal year. (Taxes are paid one month after sales, therefore the July 2003 tax revenues will be at the June 2003 tax rate.)

See attached pages for more information on the revenue and program costs.

Prepared by: Robynn Wilson and Brett Fried Phone 269-6634
Division: Tax Division Date/Time 3/3/03 2:56 PM
Approved by: Larry Persily, Deputy Commissioner Date 3/3/2003
Agency: Department of Revenue

FISCAL NOTE #2

STATE OF ALASKA
2003 LEGISLATIVE SESSION

BILL NO. HB 156 Motor Fuel Tax

ANALYSIS CONTINUATION

Bill Analysis

Sections 1 and 2 increase the tax rate on highway motor fuel from 8 cents a gallon to 20 cents a gallon for all motor fuel sold or transferred within the state. These sections also eliminate the differential tax rate for gasohol (alcohol-blended fuel), thereby imposing a 20-cent tax rate on these fuels.

Section 3 increases the off-highway refund from 6 cents a gallon to 18 cents a gallon, maintaining the effective tax rate at 2 cents a gallon.

Section 4 establishes an effective date of July 1, 2003.

Operating Expenditures

The Department of Revenue is requesting operating funds to cover the costs of a Revenue Auditor III position and a Tax Tech II position. With such a large increase in taxes due the state (an estimated \$41.6 million per year), the department anticipates increased taxpayer noncompliance.

With significantly higher levels of tax, it is possible that taxpayers will look for loopholes. Certainly, the increase in the tax rate makes the use of refunds more attractive. These include exempt fuel (e.g., fuel for heating use and governmental use), fuel conversions and off-highway refunds. These two new positions will be responsible for ensuring that all taxpayers are identified and are paying the proper amount of tax. The projected annual salary costs for these positions totals \$107,000.

The department is also requesting one-time FY 03 funding of \$5,000 for equipment and \$20,000 for start-up contractual costs. The recurring costs will be \$18,000 annually to cover travel, contractual and supplies.

Comparison to other states

For comparison purposes, even at 20 cents a gallon, Alaska's motor fuel excise tax would still be in the lower half nationwide. There would be 26 other states at 20 cents a gallon and above. The highest are Montana at 27 cents, Rhode Island at 28 cents, and Wisconsin at 27 cents.

But the above just applies to excise taxes. Many states also apply special taxes to motor fuel. Adding those in you get a total of 29 other states at 20 cents a gallon and above.

The total tax rate climbs even higher if you add in all state sales and local taxes on fuel (there are a variety of these nationwide, based on the price of the fuel or environmental or business taxes or state sales taxes). Counting everything, Illinois is at the top at 38.7 cents per gallon, followed by Hawaii at 37.94, Nevada at 34.61, Wisconsin at 31 and New York at 30.22. Alaska, at 20 cents a gallon, would be tied for 38th on the list.

ALASKA DEPARTMENT OF REVENUE
TAX DIVISION

HIGHWAY MOTOR FUEL TAX INCREASE

Tax Rate Increase Highway \$ 0.12
Tax Rate Increase Gasohol \$ 0.18
Tax Rate Increase Off-Highway \$

CURRENT

	RATE	GALLONS			REVENUE		
	per gallon	GAS	DIESEL	TOTAL	GAS	DIESEL	TOTAL
Taxable Gallons*	\$0.08	216,000,000	70,000,000	286,000,000	\$17,280,000	\$5,600,000	\$22,880,000
Gasohol	\$0.02	38,000,000	0	38,000,000	\$760,000	\$0	\$760,000
Off-Highway	\$0.02	2,000,000	90,000,000	92,000,000	\$40,000	\$1,800,000	\$1,840,000
Total		256,000,000	160,000,000	416,000,000	\$18,080,000	\$7,400,000	\$25,480,000

* Values rounded and adjusted to match revenues.

PROPOSED INCREASE

	RATE	GALLONS			REVENUE		
	per gallon	GAS	DIESEL	TOTAL	GAS	DIESEL	TOTAL
Taxable Gallons*	\$ 0.12	216,000,000	70,000,000	286,000,000	\$25,920,000	\$8,400,000	\$34,320,000
Gasohol	\$ 0.18	38,000,000	0	38,000,000	\$6,840,000	\$0	\$6,840,000
Off-Highway	\$ -	2,000,000	90,000,000	92,000,000	\$0	\$0	\$0
Total Increase		256,000,000	160,000,000	416,000,000	\$32,760,000	\$8,400,000	\$41,160,000

ESTIMATED TAX AFTER INCREASE

	RATE	GALLONS			REVENUE		
	per gallon	GAS	DIESEL	TOTAL	GAS	DIESEL	TOTAL
Taxable Gallons	\$ 0.20	216,000,000	70,000,000	286,000,000	\$43,200,000	\$14,000,000	\$57,200,000
Taxable Gallons	\$ 0.20	38,000,000	0	38,000,000	\$7,600,000	\$0	\$7,600,000
Off-Highway	\$ 0.02	2,000,000	90,000,000	92,000,000	\$40,000	\$1,800,000	\$1,840,000
Total After Increase		256,000,000	160,000,000	416,000,000	\$50,840,000	\$15,800,000	\$66,640,000

Assumptions:

- (1) No change in consumer or business behavior as a result of the tax rate increase.
- (2) Consumption of taxable highway and diesel motor fuel remains constant at FY 2000 levels.

Note: We used FY 2000 and FY 1999 gallons adjusted to approximate FY 2000 revenues because of overpayments in FY 2001 and FY 2002 and the subsequent refunds in FY 2003.

HB

170

THE
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**CARLILE TRANSPORTATION SYSTEMS, INC.**

1800 East 1st Avenue • Anchorage, AK 99501

(907) 276-7797 • FAX (907) 278-7301

March 12, 2003

Senator John J. Cowdery
State Capitol Bldg.
Juneau, AK 99801

Dear Senator Cowdery,

Regarding the two tax bills being proposed, they will be very detrimental as all cost increases are. They will have to be passed on to the customers.

Senate tax bill 103 will cost us about \$20,000 per year.

Senate tax bill 112 will cost us about \$450,000 per year. We normally try to recover our fuel cost increases through fuel surcharges. Average recovery is always less than actual costs. We have just accomplished, over the last couple of years, getting our major contracts based on filings in Totem Ocean Trailer Express Tariff 300 in an effort to improve that recovery rate. (Appropriate Sheets Attached) The problem now is that proposed \$450,000 fuel tax increase will not affect TOTE. They are a marine carrier and they purchase fuel in Seattle, consequently they will not pay it and will not file a surcharge increase based on it. Fuel is already high which makes recovery doubly difficult. Carlile and other Alaska trucking companies will have to attempt to recover based on a general freight rate increase for regular customers. Unfortunately many of our cargo contracts will preclude this for between 2 & 3 years.

Other suggestions to defray costs in the transportation sector might be:

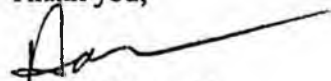
1. Making the railroad pay payments to the state on the capital invested so they do not pass below cost freight rates to our customers.
2. Making the railroad pay fuel tax for the same reason
3. Making the railroad pay license fees for its vehicles, making the railroad pay license fees for vehicles lowboys and oversize, making the railroad pay highway use tax on its commercial vehicles that compete with Alaska truckers.
4. Have the railroad make payments in replacement of property taxes on facilities and equipment.

In short, any cost you put on truckers will in one way or another be passed on to the Alaska consumer. The railroad recently took over 200 truckloads from us between Seward and Anchorage. The customer would have been paying the true cost which would have included fuel taxes, license fees, permit fees, highway use tax and the other

associated cost. Instead, the railroad subsidized the move and the state gets nothing. Now you want to raise our customers cost which means we get less, the rail gets more and the state gets less and less and less.

I urge you to consider other alternatives.

Thank you,



Harry McDonald
President

SB 103, Sen FIN 4/4/83

Paul Fuhs - Reg fees
(CSX formerly)

Supports bill in
present form -

AND \$2.50 hire fee.

Gary: \$1.6 million
hit to AF from
one time \$10
fee per Tractors -

Was spread to all
other Regs fees -

Will fight that wrong
in CS next week.

Frank Dillon - to increase

To rental cars -

1999-7-99 charges

Mon 10 am - tire fee

FRANK H. MURKOWSKI
GOVERNOR

GOVERNOR@GOV.STATE.AK.US



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

P.O. Box 110001
JUNEAU, ALASKA 99811-0001
(907) 465-3500
FAX (907) 465-3532
WWW.GOV.STATE.AK.US

March 5, 2003

The Honorable Pete Kott
Speaker of the House
Alaska State Legislature
State Capitol, Room 208
Juneau, AK 99801-1182

Dear Speaker Kott:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that would adjust the fees on motor vehicle registration which have remained the same since 1986.

The bill will equalize registration fees between pick-up trucks and passenger vehicles, adjust commercial and private vehicle registration fees, and update vehicle recording and lien fees. Even with the fee increase, the State of Alaska's registration fees will be less than the national average and significantly below an increase based solely upon inflation.

This fee increase will allow the state to maintain the value of the revenue derived from the user fees and assist the state in closing the fiscal gap while maintaining essential services.

I urge your prompt consideration and passage of this important bill.

Sincerely,

A handwritten signature in cursive script that reads "Frank H. Murkowski".

Frank H. Murkowski
Governor



FRANK H. MURKOWSKI
GOVERNOR

GOVERNOR@GOV.STATE.AK.US

P.O. Box 110001
JUNEAU, ALASKA 99811-0001
1907) 465-3500
FAX (907) 465-3532
WWW.GOV.STATE.AK.US

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 5, 2003

The Honorable Pete Kott
Speaker of the House
Alaska State Legislature
State Capitol, Room 208
Juneau, AK 99801-1182

Dear Speaker Kott:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that would adjust the fees on motor vehicle registration which have remained the same since 1986.

The bill will equalize registration fees between pick-up trucks and passenger vehicles, adjust commercial and private vehicle registration fees, and update vehicle recording and lien fees. Even with the fee increase, the State of Alaska's registration fees will be less than the national average and significantly below an increase based solely upon inflation.

This fee increase will allow the state to maintain the value of the revenue derived from the user fees and assist the state in closing the fiscal gap while maintaining essential services.

I urge your prompt consideration and passage of this important bill.

Sincerely,

Frank H. Murkowski
Governor

FISCAL NOTE

STATE OF ALASKA
2003 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: HB 170
 (H) Publish Date: 3/5/03

Revision Date/Time (Note if correction): _____ Dept. Affected: Administration
 Title: _____ BRU: Motor Vehicles
 Component: _____
 Sponsor: _____
 Requester: _____ Component No. 2348

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()	12,072.4	12,072.4	12,072.4	12,072.4	12,072.4	12,072.4
-------------------------------	-----------------	-----------------	-----------------	-----------------	-----------------	-----------------

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2003) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill increases most registration, title and lien filing fees collected by the Division of Motor Vehicles. The increases are \$10-\$15 per year for most classes of vehicles. Since the vehicles are registered for a biennial period the actual fee increase in the statute will be twice that amount.

The title and lien filing fees are increased from \$5 to \$15.

The revenue increase by class of vehicle is shown on the next page

Prepared by: Charles R. Hosack Phone 269-5559
 Division: Motor Vehicles Date/Time 3/4/03
 Approved by: _____ Date 3/6/2003
 Agency: _____

STATE OF ALASKA
2003 LEGISLATIVE SESSION

BILL NO. HB 170, FN #1

ANALYSIS CONTINUATION

Revenue Increase by Vehicle Category

Non-Commercial Passenger - \$5,463,930.00
Non-Commercial Pickup/Van - \$1,810,550.00
Non-Commercial Trailers - \$921,010.00
Motorcycles - \$181,510.00
Taxicabs - \$8,990.00
Tour Buses - \$75,595.00
Commercial Trailers - \$10,000.00
Commercial Motor Vehicles
0-5,000 lbs - \$326,780.00
5,001- 12,000 lbs - \$163,910.00
12,001-18,000 lbs - \$59,020
18,001 + - \$51,140

Registration Fee Increase - \$9,072,435.00

Title/Lien Fee Increase - \$3,000,000.00

HOUSE BILL NO. 170

IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-THIRD LEGISLATURE - FIRST SESSION

BY THE HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 3/5/03
Referred: Transportation, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act increasing certain motor vehicle registration fees; and providing for an
2 effective date."

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

4 * Section 1. AS 28.10.421(b) is amended to read:

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

7 (1) a passenger vehicle or motor home not used or maintained for the
8 transportation of persons or property for hire or for other commercial
9 use..... \$100 [\$68];

10 (2) a pick-up truck or a van not exceeding 10,000 pounds unladen
11 weight and not registered in the name of a company or business \$100 [\$78];

12 (3) a taxicab \$160 [\$138];

13 (4) a motor bus with a seating capacity for 20 or more persons and
14 used exclusively for commercial purposes in the transporting of visitors or tourists

- 1 **\$300** [\$168];
- 2 (5) a motorcycle or a motor-driven cycle **\$60** [\$38];
- 3 (6) a trailer not used or maintained for the transportation of persons or
- 4 property for hire or for other commercial use, including, but not limited to, a boat
- 5 trailer, baggage trailer, box trailer, utility trailer, house trailer, travel trailer, or a trailer
- 6 rented or offered for rent **\$30** [\$10].

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* Sec. 2. AS 28.10.421(c) is amended to read:

(c) The biennial 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, that is registered in the name of a company or business, or is 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 purposes, including a truck, wrecker, tow car, hearse, ambulance, and tractor, as follows:

- 17 (1) up to and including 5,000 pounds **\$180** [\$158];
- 18 (2) more than 5,000 pounds to and including 12,000
- 19 pounds **\$268** [\$246];
- 20 (3) more than 12,000 pounds to and including 18,000
- 21 pounds **\$516** [\$494];
- 22 (4) more than 18,000 pounds **\$662** [\$640].

* Sec. 3. AS 28.10.421(h) is amended to read:

(h) The annual registration fees under this subsection for vehicles used for commercial purposes 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, as follows:

- 29 (1) up to and including 5,000 pounds **\$90** [\$80];
- 30 (2) more than 5,000 pounds to and including 12,000
- 31 pounds **\$134** [\$124];

- 1 (3) more than 12,000 pounds to and including 18,000
- 2 pounds \$258 [\$248];
- 3 (4) more than 18,000 pounds \$331 [\$321].

4 * Sec. 4. AS 28.10.421(i) is amended to read:

5 (i) A one-time registration fee of \$20 [~~\$10~~] is imposed upon initial registration
6 for a trailer or semi-trailer used for commercial purposes.

7 * Sec. 5. AS 28.10.441 is amended to read:

8 **Sec. 28.10.441. Schedule of other fees and charges.** The following fees and
9 charges are imposed by the department for the stated services that [WHICH] it
10 provides:

- 11 (1) title fee, including transfer of title \$15 [\$5];
- 12 (2) lien filing fee \$15 [\$5];
- 13 (3) replacement of any registration plate set, including special request
14 plates \$5;
- 15 (4) duplicate of original certificate of title \$15 [\$5];
- 16 (5) duplicate of certificate of registration \$2;
- 17 (6) temporary preregistration permit issued under
18 AS 28.10.031 none;
- 19 (7) special transport permit issued under AS 28.10.151 \$5;
- 20 (8) special permit for vehicle used for transport of a person with a
21 disability issued under AS 28.10.495 none.

22 * Sec. 6. This Act takes effect July 1, 2003.

Rep. Jim Holm
State Capitol
Room 110
Juneau, AK 99801

March 21, 2003

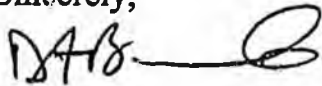
Via Fax 465 2937

Attn: Barbara

Please find the following 2 pages regarding total revenue collected for commercial vehicles per year as well as the total number of currently registered by year. Please note that the total number of vehicles by year may be greater than the number of transactions. This is due, in most part, to the owners' option of annual or biennial registration or re-registration.

I look forward to hearing from you if I may answer any further questions.

Sincerely,



Duane Bannock
Director
Division of Motor Vehicles
3300b Fairbanks St
Anchorage, AK 99503

Commercial Vehicle Registration fees collected 1997 through 2002

REGISTRATION	1997	1998	1999	2000	2001	2002
Class 31 through 34 - Trailer	\$1,983,502.00	\$1,817,868.00	\$85,723.00	\$45,662.00	\$40,360.00	\$48,760.00
Class 41 through 44 - Truck	\$3,733,423.00	\$3,478,418.00	\$4,832,103.00	\$5,560,028.00	\$5,368,096.00	\$6,161,548.00
Class 51 through 54 - Bus	\$225,905.00	\$196,800.00	\$379,330.00	\$295,349.00	\$521,175.00	\$496,277.00
Class 91 through 94 - Passenger	\$728,762.00	\$933,154.00	\$1,444,288.00	\$1,568,116.00	\$1,746,010.00	\$2,158,325.00
Totals:	\$6,671,592.00	\$6,426,240.00	\$6,741,444.00	\$7,469,155.00	\$7,675,641.00	\$8,864,910.00

TOTAL VEHICLE TRANSACTIONS	1997	1998	1999	2000	2001	2002
Class 31 through 34 - Trailer	19315	14266	9728	6748	5684	6730
Class 41 through 44 - Truck	33087	25377	22373	25185	24548	27346
Class 51 through 54 - Bus	1475	1000	1264	907	1403	1371
Class 91 through 94 - Passenger	12784	11770	11864	12427	13983	17551
Totals:	66661	52413	45229	45267	45618	52998

Commercial Vehicle Class Summary

	Truck		Bus		Passenger							
	41 < 5000#	42 <12000#	43 <18000#	44 >18000#	51 < 5000#	52 <12000#	53 <18000#	54 >18000#	91 < 5000#	92 <12000#	93 <18000#	94 >18000#
class	1997	1998	1999	2000	2001	2002						
41	16108	15691	14886	14426	13481	12897						
42	14472	14605	13644	13318	12639	13044						
43	4803	4918	5123	5260	5181	5452						
44	3612	4140	4399	4386	4303	4640						
51	72	63	62	61	60	55						
52	505	489	473	465	471	431						
53	764	754	729	564	588	450						
54	83	140	244	275	576	467						
91	23021	22393	22429	22452	20873	19726						
92	2446	3089	3338	3443	3143	2916						
93	83	84	78	69	25	21						
94	9	7	3	3	6	7						
	65978	66373	65408	64722	61346	60106						

To: Barbara Cotting

From: Kevin Ritchie

Rep Holm asked whether all of the money distributed from a gas tax to a 2nd Class borough would **all** have to be passed through to road service areas.

I spoke to Bill Rolfzen who administers revenue sharing for DCED. Per Bill, 3AAC 130.052 requires only **20%** to be directly allocated to roads. While this percent could be increased, there is **clearly a great deal of flexibility for 2nd class boroughs if road revenue sharing is increased by adding some gas tax funds.**

Currently road revenue sharing is statutorily authorized at \$3000 per mile. It has been cut to about \$400 per mile this year, and would be further cut to about \$300 this year if the Governor's budget 25% revenue sharing cut is implemented.



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March 21, 2003

Representative James Holm
State Capitol Room 110
Juneau, AK 99801

Dear Representative Holm,

The Municipal Policy Statement approved by the Alaska Municipal League's membership of 141 cities and boroughs states:

"The fuel tax ...should be used to fund state and municipal highway and road operations, maintenance, and improvements. The motor vehicle fuel tax....should be shared on an equitable basis between state and local government based on the proportion of local vs. state maintained roads. The League also supports an increase in fuel tax ...provided it is used for the benefit of road maintenance."

Municipalities have put the adoption of a state long-range fiscal plan for our state as our top legislative priority. As political subdivisions of the State, we will partner with you in achieving this goal. The Governor has proposed an increase in the gas tax for road vehicles as a step toward a long-term balanced budget and fiscal plan. **With an equitable sharing of gas tax with municipalities, we feel that we can work to build local support for this concept with our citizens as an equitable approach to providing long-term maintenance of the combined state and local road system.**

As local elected officials, every year we must engage citizens in discussions about local fees and local tax rates paid in exchange for the services they receive. Not infrequently **people in our communities support increases in fees, sales, or property taxes when they feel it is necessary to provide the level of public services they desire.** From our experience, the keys to gaining public support of a revenue increase are: