

**CS FOR HOUSE BILL NO. 4003(FIN)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-NINTH LEGISLATURE - FOURTH SPECIAL SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered: 6/3/16  
Referred: Rules

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

**A BILL**

**FOR AN ACT ENTITLED**

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

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

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

4 (a) In addition to the surcharge levied under AS 43.40.005,

5 **(1) except as provided under (2) or (3) of this subsection,** there is  
6 levied a tax of **16** [EIGHT] cents a gallon on all motor fuel sold or otherwise  
7 transferred within the state, except that **the tax on**

8 **(A)** [(1) THE TAX ON] aviation gasoline is **seven** [FOUR  
9 AND SEVEN-TENTHS] cents a gallon;

10 **(B)** [(2) THE TAX ON] motor fuel used in and on watercraft of  
11 all descriptions is **10** [FIVE] cents a gallon;

12 **(C)** [(3) THE TAX ON] all aviation fuel other than gasoline  
13 **sold or otherwise transferred**

14 **(i) on the premises of an airport within the Alaska**  
15 **international airport system, as that term is defined in**

1 AS 44.42.290, is 3.2 cents a gallon;

2 (ii) outside the premises of an airport within the  
3 Alaska international airport system, as that term is defined in

4 AS 44.42.290, is 6.5 [IS THREE AND TWO-TENTHS] cents a gallon;

5 and

6 (D) [(4) THE TAX RATE ON] motor fuel that is blended with  
7 alcohol is the same tax rate a gallon as other motor fuel; however, in an area  
8 and during the months in which fuel containing alcohol is required to be sold,  
9 transferred, or used in an effort to attain air quality standards for carbon  
10 monoxide as required by federal or state law or regulation, the tax rate on  
11 motor fuel that is blended with alcohol is six cents a gallon less than the tax on  
12 other motor fuel not described in (A) - (C) [(1) - (3)] of this paragraph;

13 (2) in the calendar quarter following a calendar quarter for which  
14 the average price per barrel for Alaska North Slope crude oil for sale on the  
15 United States West Coast is more than \$100 and less than or equal to \$120, there  
16 is levied a tax of 12 cents a gallon on all motor fuel sold or otherwise transferred  
17 within the state, except that the tax on

18 (A) aviation gasoline is seven cents a gallon;

19 (B) motor fuel used in and on watercraft of all descriptions  
20 is 10 cents a gallon;

21 (C) all aviation fuel other than gasoline sold or otherwise  
22 transferred

23 (i) on the premises of an airport within the Alaska  
24 international airport system, as that term is defined in  
25 AS 44.42.290, is 3.2 cents a gallon;

26 (ii) outside the premises of an airport within the  
27 Alaska international airport system, as that term is defined in  
28 AS 44.42.290, is 6.5 cents a gallon; and

29 (D) motor fuel that is blended with alcohol is the same tax  
30 rate a gallon as other motor fuel; however, in an area and during the  
31 months in which fuel containing alcohol is required to be sold,

1 transferred, or used in an effort to attain air quality standards for carbon  
 2 monoxide as required by federal or state law or regulation, the tax rate on  
 3 motor fuel that is blended with alcohol is six cents a gallon less than the  
 4 tax on other motor fuel not described in (A) - (C) of this paragraph;

5 (3) in the calendar quarter following a calendar quarter for which  
 6 the average price per barrel for Alaska North Slope crude oil for sale on the  
 7 United States West Coast is more than \$120, there is levied a tax of eight cents a  
 8 gallon on all motor fuel sold or otherwise transferred within the state, except that  
 9 the tax on

10 (A) aviation gasoline is seven cents a gallon;

11 (B) motor fuel used in and on watercraft of all descriptions  
 12 is 10 cents a gallon;

13 (C) all aviation fuel other than gasoline sold or otherwise  
 14 transferred

15 (i) on the premises of an airport within the Alaska  
 16 international airport system, as that term is defined in  
 17 AS 44.42.290, is 3.2 cents a gallon;

18 (ii) outside the premises of an airport within the  
 19 Alaska international airport system, as that term is defined in  
 20 AS 44.42.290, is 6.5 cents a gallon; and

21 (D) motor fuel that is blended with alcohol is the same tax  
 22 rate a gallon as other motor fuel; however, in an area and during the  
 23 months in which fuel containing alcohol is required to be sold,  
 24 transferred, or used in an effort to attain air quality standards for carbon  
 25 monoxide as required by federal or state law or regulation, the tax rate on  
 26 motor fuel that is blended with alcohol is six cents a gallon less than the  
 27 tax on other motor fuel not described in (A) - (C) of this paragraph  
 28 [SUBSECTION].

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

30 (b) In addition to the surcharge levied under AS 43.40.005,

31 (1) except as provided under (2) or (3) of this subsection, there is

1 levied a tax of 16 [EIGHT] cents a gallon on all motor fuel consumed by a user,  
2 except that the tax on

3 (A) [(1) THE TAX ON] aviation gasoline consumed is seven  
4 [FOUR AND SEVEN-TENTHS] cents a gallon;

5 (B) [(2) THE TAX ON] motor fuel used in and on watercraft of  
6 all descriptions is 10 [FIVE] cents a gallon;

7 (C) [(3) THE TAX ON] all aviation fuel other than gasoline is  
8 six and one-half [THREE AND TWO-TENTHS] cents a gallon; and

9 (D) [(4) THE TAX RATE ON] motor fuel that is blended with  
10 alcohol is the same tax rate a gallon as other motor fuel; however, in an area  
11 and during the months in which fuel containing alcohol is required to be sold,  
12 transferred, or used in an effort to attain air quality standards for carbon  
13 monoxide as required by federal or state law or regulation, the tax rate on  
14 motor fuel that is blended with alcohol is six cents a gallon less than the tax on  
15 other motor fuel not described in (A) - (C) [(1) - (3)] of this paragraph;

16 (2) in the calendar quarter following a calendar quarter for which  
17 the average price per barrel for Alaska North Slope crude oil for sale on the  
18 United States West Coast is more than \$100 and less than or equal to \$120, there  
19 is levied a tax of 12 cents a gallon on all motor fuel sold or otherwise transferred  
20 within the state, except that the tax on

21 (A) aviation gasoline is seven cents a gallon;

22 (B) motor fuel used in and on watercraft of all descriptions  
23 is 10 cents a gallon;

24 (C) all aviation fuel other than gasoline is six and one-half  
25 cents a gallon; and

26 (D) motor fuel that is blended with alcohol is the same tax  
27 rate a gallon as other motor fuel; however, in an area and during the  
28 months in which fuel containing alcohol is required to be sold,  
29 transferred, or used in an effort to attain air quality standards for carbon  
30 monoxide as required by federal or state law or regulation, the tax rate on  
31 motor fuel that is blended with alcohol is six cents a gallon less than the

1 tax on other motor fuel not described in (A) - (C) of this paragraph;

2 (3) in the calendar quarter following a calendar quarter for which  
 3 the average price per barrel for Alaska North Slope crude oil for sale on the  
 4 United States West Coast is more than \$120, there is levied a tax of eight cents a  
 5 gallon on all motor fuel sold or otherwise transferred within the state, except that  
 6 the tax on

7 (A) aviation gasoline is seven cents a gallon;

8 (B) motor fuel used in and on watercraft of all descriptions  
 9 is 10 cents a gallon;

10 (C) all aviation fuel other than gasoline is six and one-half  
 11 cents a gallon; and

12 (D) motor fuel that is blended with alcohol is the same tax  
 13 rate a gallon as other motor fuel; however, in an area and during the  
 14 months in which fuel containing alcohol is required to be sold,  
 15 transferred, or used in an effort to attain air quality standards for carbon  
 16 monoxide as required by federal or state law or regulation, the tax rate on  
 17 motor fuel that is blended with alcohol is six cents a gallon less than the  
 18 tax on other motor fuel not described in (A) - (C) of this paragraph  
 19 [SUBSECTION].

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

21 (a) Except as specified in AS 43.40.010(j), a person who uses motor fuel to  
 22 operate an internal combustion engine is entitled to a motor fuel tax refund of **12** [SIX]  
 23 cents a gallon if

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

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

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

29 \* **Sec. 4.** The uncodified law of the State of Alaska is amended by adding a new section to  
 30 read:

31 APPLICABILITY. (a) AS 43.40.010(a), as amended by sec. 1 of this Act, applies to

1 motor fuel sold or transferred in the state on or after the effective date of sec. 1 of this Act.

2 (b) AS 43.40.010(b), as amended by sec. 2 of this Act, applies to motor fuel  
3 consumed by a user on or after the effective date of sec. 2 of this Act.

4 (c) AS 43.40.030(a), as amended by sec. 3 of this Act, applies to a motor fuel tax  
5 refund on motor fuel used, transferred, or sold on or after the effective date of sec. 3 of this  
6 Act.

7 (d) In determining the tax rate for motor fuel levied under AS 43.40.010(a) and (b), as  
8 amended by secs. 1 and 2 of this Act, for the calendar quarter beginning after, or the  
9 remainder of a calendar quarter following, the effective date of secs. 1 and 2 of this Act, the  
10 average price per barrel for Alaska North Slope crude oil for sale on the United States West  
11 Coast in the calendar quarter immediately preceding the effective date of secs. 1 and 2 of this  
12 Act take effect shall be considered.

13 \* **Sec. 5.** The uncodified law of the State of Alaska is amended by adding a new section to  
14 read:

15 **TRANSITION: REGULATIONS.** The Department of Revenue may adopt regulations  
16 necessary to implement the changes made by this Act. The regulations take effect under  
17 AS 44.62 (Administrative Procedure Act), but not before the effective date of the law  
18 implemented by the regulation.

19 \* **Sec. 6.** Section 5 of this Act takes effect immediately under AS 01.10.070(c).

20 \* **Sec. 7.** Except as provided in sec. 6 of this Act, this Act takes effect July 1, 2016.