



Governor Mike Dunleavy STATE OF ALASKA

March 11, 2022

Honorable Members of the Alaska House of Representatives:

The people of Alaska are bearing challenges to the lives of their families and the health of their communities. As the illegal aggression of Russia's war in the Ukraine continues to destabilize global markets, the price of essential commodities that feed, clothe, and transport Alaskans are rattled to levels not seen in decades. With rising inflation eroding the financial bedrock of Alaskan homes and businesses, something must be done to alleviate the economic hardship facing our State.

The misery wrought from these worldwide events are, indirectly, propelling the revenues to Alaska's state government. Oil prices are at record levels, and, unlike the last high oil price environment of 2007-2014, this climb is occurring with concurrent increases in all costs of living. The transfer of wealth from Alaskans to the State Treasury must have some equitability restored to it.

The House Finance Committee has considered a measure, House Bill 104 that initially dealt with increasing the motor fuel tax. As amended, the new version of the bill only addresses an increase in the refined fuel surcharge to fund the State of Alaska's Spill Prevention and Response Division. But this bill has an opportunity to provide further tangible relief to Alaskans now.

I write you today to respectfully ask the House's consideration of an amendment to House Bill 104. This amendment would immediately suspend the collection of tax on motor and marine fuels, aviation gas, and aviation jet fuel until June 30, 2023. This action, if approved by the Legislature, would provide direct tax relief at the gas pump for Alaskan families and businesses, and help contain the costs of goods shipped within the State.

It is my sincere desire that this action, if approved, would spur a trend of relief to our fellow Alaskans from both government and private actions. In that spirit, I would hope the private firms that distribute fuel would ensure these savings are passed on to the end user, the Alaskan, as effectively as possible.

I ask for your support of this timely and critical measure.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mike Dunleavy".

Mike Dunleavy
Governor

cc: Akis Gialopsos, Legislative Director, Office of the Governor

A M E N D M E N T

OFFERED IN THE HOUSE
TO: CSHB 104(FIN)

1 Page 1, line 1, following "**surcharge**";:

2 Insert "**suspending the motor fuel taxes**;"

3

4 Page 1, following line 5:

5 Insert new bill sections to read:

6 "*** Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to
7 read:

8 SUSPENSION OF THE MOTOR FUEL TAXES. The taxes levied under
9 AS 43.40.010 are suspended beginning the month following the effective date of this
10 section and ending June 30, 2023. The taxes suspended in this section may not be
11 collected by the Department of Revenue or dealers who sell or otherwise transfer fuel
12 during the suspension. The suspension in this section does not apply to the refined fuel
13 surcharge levied under AS 43.40.005 or to any payment of tax, interest, or penalty due
14 before the suspension.

15 *** Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section to
16 read:

17 TRANSITION: REGULATIONS AND RETROACTIVITY OF
18 REGULATIONS. The Department of Revenue may adopt regulations under AS 44.62
19 necessary to implement the changes made by this Act. Notwithstanding any contrary
20 provision of AS 44.62.240, if the Department of Revenue expressly designates in a
21 regulation that the regulation applies retroactively, a regulation adopted by the
22 Department of Revenue to implement, interpret, make specific, or otherwise carry out

1 this Act may apply retroactively to the effective date of the law implemented by the
2 regulation.

3 * **Sec. 4.** Sections 2 and 3 of this Act take effect immediately under AS 01.10.070(c).

4

5 Renumber the following bill section accordingly.

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7 Page 1, line 6:

8 Delete "This"

9 Insert "Except as provided in sec. 4 of this Act, this"