

1 HB471
2 97562-1
3 By Representative Gipson
4 RFD: Government Appropriations
5 First Read: 14-FEB-08

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8 SYNOPSIS: This bill would provide for the annual
9 adjustment of all gasoline and motor fuel tax rates
10 set forth in Chapter 17 of Title 40, Code of
11 Alabama 1975, through application of a two-factor
12 indexing formula. The two-factor indexing formula
13 would be based on the percentage change in the
14 Highway Construction and Maintenance Cost Trend
15 Index of the Federal Highway Administration since
16 1993 multiplied by the percentage change in volume
17 of gasoline or motor fuels, respectively. The
18 resulting indexing formula would be applied by the
19 Department of Revenue to adjust the excise tax on
20 gasoline and motor fuels and the effect of the
21 adjustment would be phased in over a five-year
22 period beginning October 1, 2009.

23
24 A BILL
25 TO BE ENTITLED
26 AN ACT
27

1 To amend Chapter 17 of Title 40 of the Code of
2 Alabama 1975, by adding a new Article 2, providing for the
3 annual adjustment of the various gasoline and motor fuel tax
4 rates set forth in that chapter through the use and
5 application of a two-factor indexing formula.

6 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

7 Section 1. Article 2 is added to Chapter 17, Title
8 40, Code of Alabama 1975, to read as follows:

9 Article 2. Indexing of Gasoline and Motor Fuel Tax
10 Rates.

11 §40-17-300. Definitions.

12 For the purposes of this article, the following
13 words shall have the following meanings:

14 (1) ADJUSTED EXCISE TAX RATE. The excise tax rates
15 on gasoline and motor fuel resulting from the calculations of
16 a two-factor indexing formula set forth in this article and
17 the application of this indexing formula to the base excise
18 tax rates.

19 (2) BASE CALENDAR YEAR. The calendar year 1993.

20 (3) BASE EXCISE TAX RATE. The excise tax rates on
21 gasoline and motor fuel set forth in Sections 40-17-2,
22 40-17-31, and 40-17-220 of the Code of Alabama 1975, as
23 amended.

24 (4) BASE FISCAL YEAR. Fiscal year 1993.

25 (5) CALENDAR YEAR. A 12-month period commencing
26 January 1 and ending December 31.

1 (6) FISCAL YEAR. A 12-month period commencing
2 October 1 of the calendar year designated and ending September
3 30 of the next calendar year.

4 (7) GASOLINE TAXABLE VOLUME. The quantity of gallons
5 of gasoline upon which the excise tax levied in Sections
6 40-17-31 and 40-17-220 is collected.

7 (8) HIGHWAY CONSTRUCTION AND MAINTENANCE COST TREND
8 INDEX. The Annual Composite Index of Price Trends For
9 Federal-Aid Highway Construction or its successor as published
10 by the United States Department of Transportation, Federal
11 Highway Administration, Office of Infrastructure, Office of
12 Program Administration, or its successor.

13 (9) MOTOR FUEL TAXABLE VOLUME. The quantity of
14 gallons of motor fuel upon which the excise taxes levied in
15 Sections 40-17-2, 40-17-141, and 40-17-220 are collected.

16 §40-17-301. Annual Adjustment of Tax Rates.

17 (a) Beginning in fiscal year 2009, and for each
18 fiscal year thereafter, the various excise taxes levied on
19 gasoline and motor fuel pursuant to Sections 40-17-2,
20 40-17-31, 40-17-141, and 40-17-220 shall be subject to annual
21 adjustments as provided in this section. On or about June 1,
22 the Department of Transportation shall calculate the adjusted
23 excise tax rates in accordance with subsection (d) by
24 multiplying the excise tax rates set forth in Sections
25 40-17-2, 40-17-31, and 40-17-220 by the two-factor indexing
26 formula set forth in subsections (b) and (c), as applicable.
27 On or about July 1, the Department of Transportation shall

1 notify the Department of Revenue of the adjusted excise tax
2 rates. The Department of Revenue shall publish the adjusted
3 excise tax rates immediately following notification and shall
4 promptly produce and provide all necessary forms, reports, and
5 instructions to manufacturers, distributors, refiners,
6 dealers, storers, and users of gasoline and motor fuel for use
7 in connection with the calculation, reporting, and payment of
8 tax based on the adjusted rates. All manufacturers,
9 distributors, refiners, dealers, storers, and users of
10 gasoline and motor fuel shall begin collecting the adjusted
11 excise taxes on September 1 of each year.

12 (b) The two-factor indexing formula to be used
13 annually by the Department of Transportation in calculating
14 the adjusted excise tax rates for gasoline as provided in
15 subsection (a) is as follows:

16 (1) The Highway Construction and Maintenance Cost
17 Trend Index for the most recently published calendar year
18 divided by the Highway Construction and Maintenance Cost Trend
19 Index for the base calendar year, multiplied by (2) the
20 gasoline taxable volume for the base fiscal year divided by
21 the gasoline taxable volume for the immediately preceding
22 fiscal year.

23 (c) The two-factor indexing formula to be used
24 annually by the Department of Transportation in calculating
25 the adjusted excise tax rates for motor fuel as provided in
26 subsection (a) is as follows:

1 (1) The Highway Construction and Maintenance Cost
2 Trend Index for the most recently published calendar year
3 divided by the Highway Construction and Maintenance Cost Trend
4 Index for the base calendar year, multiplied by (2) the motor
5 fuel taxable volume for the base fiscal year divided by the
6 motor fuel taxable volume for the immediately preceding fiscal
7 year.

8 (d) The excise tax rates in gasoline and motor fuel
9 set forth in Sections 40-17-2, 40-17-31, and 40-17-220 shall
10 be multiplied by the applicable percentage figure resulting
11 from the calculations set forth in subsections (b) and (c),
12 respectively, to obtain the adjusted excise tax rates for the
13 succeeding fiscal year. The adjusted excise tax rates shall be
14 rounded to the nearest 1/10 of a cent.

15 (e) The adjustments to be made to the gasoline and
16 motor fuel excise taxes pursuant to this section shall be
17 phased in over the five-year period beginning with the fiscal
18 year commencing on October 1, 2008, at the increasing rate of
19 20 percent per year. The annual difference in the adjusted
20 excise tax rates resulting from the calculations in
21 subsections (b), (c), and (d) and the base excise tax rates
22 set forth in Sections 40-17-2, 40-17-31, and 40-17-220 shall
23 be calculated by subtracting the base excise tax rates from
24 the adjusted excise tax rates each year beginning with the
25 calculations for fiscal year 2009 and continuing through the
26 calculations for fiscal year 2012. For the excise taxes on
27 gasoline and motor fuel applicable in fiscal year 2009, the

1 annual difference in adjusted excise tax rates and base excise
2 tax rates shall be multiplied by .20 and rounded to the
3 nearest 1/10 of a cent. This figure shall then be added to the
4 base excise tax rates to compute the excise tax rates
5 effective for fiscal year 2009. For the excise taxes on
6 gasoline and motor fuel applicable in fiscal year 2010, the
7 annual difference in adjusted excise tax rates and base excise
8 tax rates shall be multiplied by .40 and rounded to the
9 nearest 1/10 of a cent. This figure shall then be added to the
10 base excise tax rates to compute the excise tax rates
11 effective for fiscal year 2009. For the excise taxes on
12 gasoline and motor fuel applicable in fiscal year 2011, the
13 annual difference in adjusted excise tax rates and base excise
14 tax rates shall be multiplied by .60 and rounded to the
15 nearest 1/10 of a cent. This figure shall then be added to the
16 base excise tax rates to compute the excise tax rates
17 effective for fiscal year 2011. For the excise taxes on
18 gasoline and motor fuel applicable in fiscal year 2012, the
19 annual difference in adjusted excise tax rates and base excise
20 tax rates shall be multiplied by .80 and rounded to the
21 nearest 1/10 of a cent. This figure shall then be added to the
22 base excise tax rates to compute the excise tax rates
23 effective for fiscal year 2012. Beginning with fiscal year
24 2013 and continuing for all fiscal years thereafter, there
25 shall be no special phase-in adjustment made to the adjusted
26 excise tax rates.

1 (f) Except as provided in any county bridge
2 replacement and road repair bond issue enacted in 2008, any
3 increase in gasoline and motor fuel tax proceeds as a result
4 of the implementation of this section shall be distributed as
5 provided in Chapter 17, Title 40, Code of Alabama 1975.

6 Section 2. All laws or parts of laws which conflict
7 with this act are repealed.

8 Section 3. This act shall become effective
9 immediately following its passage and approval by the
10 Governor, or its otherwise becoming law.