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WASILLA CITY COUNCIL INFORMATION MEMORANDUM

IM 99-05

SUBJECT: Airport Fuel Fee Repeal

REQUESTED BY: Administration

PREPARED BY: FINANCE

DATE: December 08, 1998

FOR AGENDA OF: December 14, 1998

SUMMARY:

The intent of Ordinance 99-05 is to repeal the five cents per gallon fee on fuel sold by distributors at the Wasilla Airport. The fuel fee was legislated in 1991 as a revenue source for the airport by Ordinance 91-01, before the sales tax was adopted in 1992.

The lease agreement that was negotiated with our current fuel vendor at our airport is silent with regard to the five cents per gallon fee. The fuel vendor is paying off the \$70,000 loan at five cents per gallon of fuel sold. At this rate it will take sales of 1.4 million gallons to pay off the loan. This added five cents per gallon could be considered a disincentive for airport fuel sales and future airport developments.

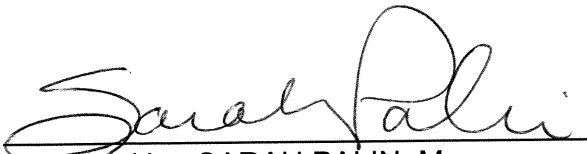
To avoid "double taxation" at our airport, my proposed solution is to eliminate the fuel fee and continue collecting the sales tax.

FISCAL IMPACT: X No Yes

Fund:

RECOMMENDED ACTION: Introduction of Ordinance Serial No. 99-05.

MAYOR REVIEW/COMMENT:



Reviewed by: SARAH PALIN, Mayor