

SARAH PALIN  
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

July 8, 2008

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

Dear Speaker Harris:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that would provide a one-year suspension of the state motor fuel tax. The tax applies to gasoline, aviation gasoline, aviation ("jet") fuel, and marine motor fuel.

Alaskans face some of the highest fuel prices in the nation. These high prices affect passenger travel and the cost of just about everything we use or consume. Alaskans are particularly vulnerable to high fuel costs.

Most goods have to be shipped very long distances to get to store shelves in Alaska. Each year, hundreds of thousands of containers carrying items Alaskans use every day have to be shipped by sea or truck 2,000 miles or more just to reach our population center in Anchorage. From there, goods must be shipped again to the many Alaska communities (roughly 82 percent) that can only be reached by air transportation. The reverse situation is also true as containers carrying Alaska's exports and seafood are shipped south or overseas.

This movement of goods over long distances consumes large amounts of fuel and subjects Alaskans to a heavy impact from fuel price increases.

Similarly, as aviation gas and jet fuel prices rise, air carriers are forced to increase prices for passenger service. This hinders the ability of Alaskans to move between our remote communities and urban areas.

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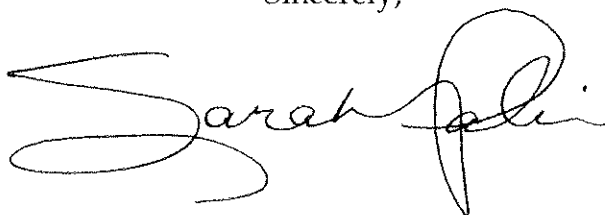
Suspending the motor fuel tax is a step towards providing some relief to Alaskans and the Alaska economy. Some examples of benefits are:

- An Alaska fisherman putting around 2,000 hours a year on his engine and generator and using about 11 gallons per hour would save about \$1,200.
- A regional air carrier using 3,500,000 gallons of aviation gasoline a year would save roughly \$164,500.

It is important to note that while suspending the motor fuel tax will provide a temporary reduction in the cost of motor fuel, we still need to work together to seek additional solutions to the energy cost issues facing us.

I urge your prompt and favorable action on the bill.

Sincerely,

A handwritten signature in black ink that reads "Sarah Palin". The signature is written in a cursive style with a large, sweeping "S" at the beginning and a distinct "P" at the end.

Sarah Palin  
Governor

Enclosure