

Fuel Excise Tax Proposal



Why propose a new tax?

The current approach requires selling bonds (debt) to fund road improvements. To sustain ongoing road improvement projects, taking on additional debt is not sustainable and places debt burden on property tax payers. An excise tax includes revenue from other users of our roads such as tourists and visitors.

What this is NOT...

- NOT for supporting government operations or growing government
- Does NOT include aviation fuel, marine fuel, or home heating fuel
- LOWER THAN fuel excise tax in Anchorage which is 10 cents per gallon

What this tax does...

- Revenue for road improvements outside of property taxes
- Set at 7 cents per gallon generating up to \$5 million annually; currently no local fuel excise tax in place
- Revenue from visitors and tourists
- Take pressure off of mill rate by not selling debt to support roads

Timeline

June 3, 2025:
Introduce for
public hearing

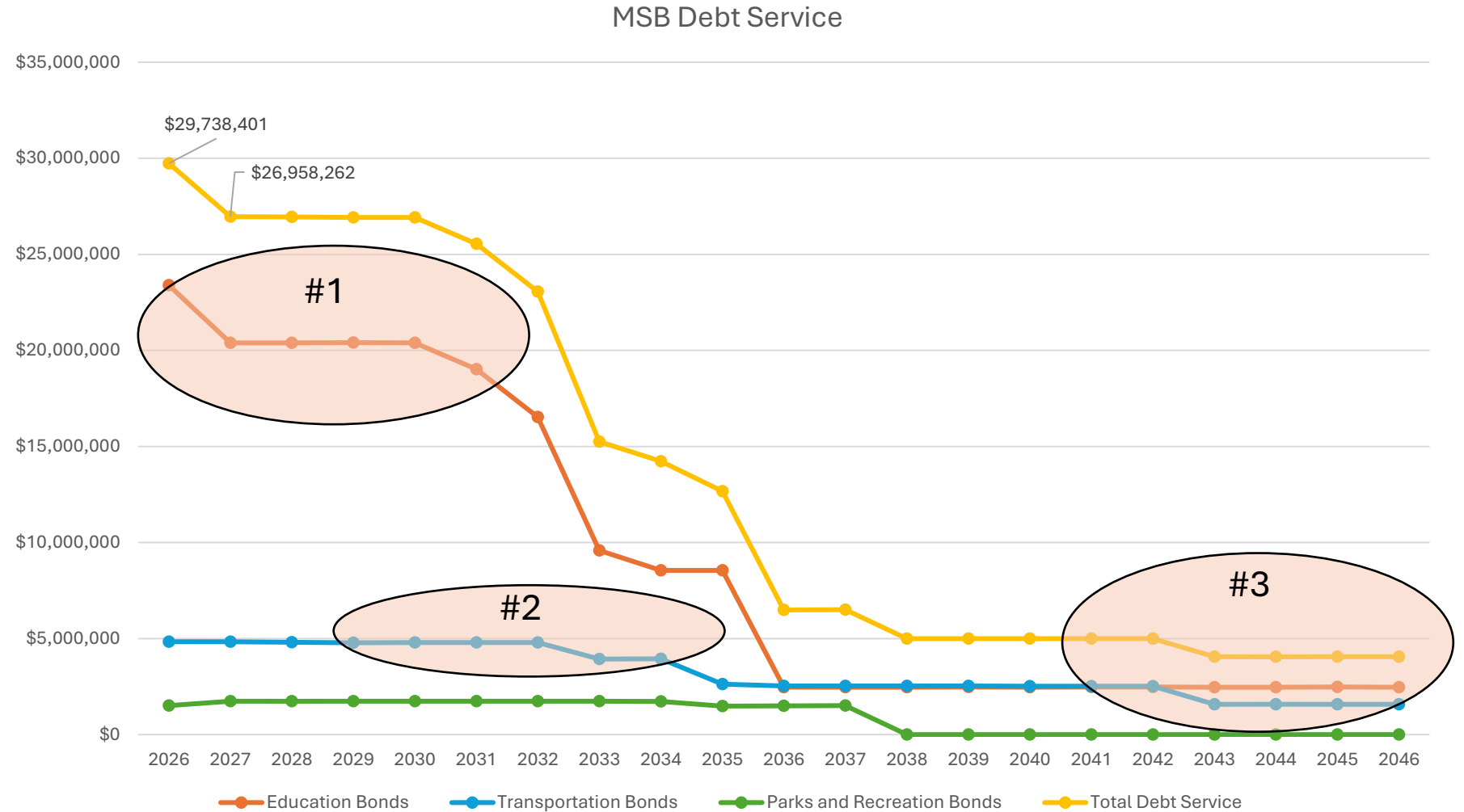
July 15 2025:
Public Hearing

January 1, 2026:
Tax goes into
effect

Debt: three key takeaways

1. 70% of education debt in FY 26-32 is reliant on State reimbursement: high liability to MSB (MSB should maintain reserves)
2. Transportation debt is less than 20% of overall debt for next several years; significant new debt for transportation may not be sustainable
3. New debt approved in 2024 accounts for ~\$5 million annually with more bonds to sell next year (charter schools and transportation)

Mat-Su Borough Debt Obligations



April 2025