

Issue:

Volkswagen Group of America, Inc. ("VWGoA") has been performing its cold weather testing in Fairbanks, Alaska since 2000 (prior to Alaska, testing took place in Minnesota). From 2000-2002, the test vehicles were operated with manufacturer plates from either Michigan or Arizona.

In 2002, Alaska State Highway Patrol held several of VWGoA's vehicles at Delta Junction and advised that under AK Statute Sec. 28.10.121, VWGoA is required to use Alaska plates since we operate for a commercial purpose (as defined in AK Statute Sec. 28.90.990). (Note: VWGoA's vehicles are subject to Sec. 28.10.121 because they are used for a commercial purpose even though the vehicles are not technically commercial vehicles). From 2002 through 2012, VWGoA performed cold weather testing by paying for a one (1) year registration to use Alaska plates.

Recently, VWGoA has had to bring vehicles back after the initial testing season to perform the extended testing necessitated by stricter emissions regulations. After trying to obtain registration renewals for subsequent years after the initial 1 year registration, the Alaska DMV notified VWGoA that the vehicles needed to be both registered and titled in Alaska. **Titling the vehicles in Alaska is neither possible nor desirable.**

After speaking with the Alaska DMV, I found out that the 1 year registration process was an "informal" concession provided to VWGoA by the *former* Director of the Alaskan DMV (or at least the Fairbanks office). To my knowledge, Alaska does not have a specific license or provision for "commercial purpose" vehicles temporarily located in Alaska.

VWGoA Presence in Fairbanks:

VWGoA has leased a 7,600 square feet facility in Fairbanks (3720 Braddock Street, Fairbanks, Alaska 99707) since September 2000 (current lease set to expire in September 2015). The testing season begins in mid-October and goes through March. The testing is overseen by (4) VWGoA employees/contractors from the continental US and two (2) local, full-time supervisors. In addition, VWGoA hires anywhere from 30 to 40 locals over the course of one season to perform the test driving.

The VWGoA employees from the mainland stay at the Wedgewood Resort for the entire season (minimum of 257 nights), each in their own hotel room. Visitors from plants in Mexico and

Germany also stay at the Wedgewood Resort while in town (total of about 50-60 additional hotel nights over one season).

VWGoA's test vehicles consume local fuel, so VWGoA consumes an average of over 12,000 gallon of fuel at an average price of \$4.50/gallon. A conservative estimate of VWGoA's fuel costs for its test vehicles for one season is \$55,000.

Other OEMs

Though I am still waiting to hear back from attorneys at other OEMs, our VWGoA business owner did indicate that he and his team have seen Mercedes and Nissan testing in Alaska this year using Michigan Manufacturer plates. Fairbanks' own Economic Development Corporation advertises Fairbanks as "one of the greatest places in the world for Cold Weather Testing." <http://www.investfairbanks.com/projects/cold-weather-testing>