

Joe G. Hardenbrook

From: Marc Luiken <maluik@earthlink.net>
Sent: Monday, March 15, 2021 10:55 PM
To: House Transportation
Subject: Support for HB104

I am writing to add my support for HB104 MOTOR FUEL TAX; VEHICLE REG. FEE. My comments will be focused on the motor fuel tax portion of this bill. Unlike many other programs funded by the state, providing safe and effective transportation infrastructure is a basic purpose of government. We must move to fully fund the operations and maintenance costs needed to maintain our system.

As the former Commissioner of Alaska's Department of Transportation and Public Facilities, I am aware of the cost and incredible hard work it takes to maintain Alaska's transportation infrastructure. The motor fuel excise tax is the ultimate user tax. Alaskans and Alaskan businesses pay a small tax at the gas pump to support the cost of maintaining the system; a system we all use to travel to doctor appointments, transport our children to school (in normal years), travel to visit friends and family, travel to buy goods and groceries. This vitally important system supports and sustains our economy; it supports construction, tourism, fishing, oil and gas, logistics, shipping groceries, goods and services across our state.

- While the Federal Government hasn't raised motor fuel tax since 1993, 31 states have raised their motor fuel tax since 2013, recognizing they must lead in funding their state transportation infrastructure
<https://www.ncsl.org/research/transportation/2013-and-2014-legislative-actions-likely-to-change-gas-taxes.aspx>
- For many states, the federal government funds a mere 25% of their total transportation infrastructure spending, Alaska relies on the federal government for 90% of their capital transportation spending -
<https://www.enotrans.org/article/strong-growth-in-transportation-spending-by-states/>
- At \$.08 per gallon, Alaska's motor fuel tax is the lowest in the nation. It hasn't been changed in 50 years. What else has remained stagnant this long? Alaskans <https://itep.org/alaskas-motor-fuel-tax-a-national-and-historical-outlier/>

The 2022 Governor's budget is asking for \$130M to fund Highway and Aviation operations and maintenance. Alaska's motor fuel tax revenues consistently collected approximately \$41M since 2015. Given the level of revenue collected from Alaska's motor fuel excise tax and assuming \$130M is what it costs to maintain our transportation road and aviation infrastructure, it would appear Alaskans are barely funding 1/3 of this cost through the motor fuel tax.

HB104 is a step in the right direction. This modest increase in motor fuel tax will help close the gap between costs and motor fuel tax revenue collections. It will provide approximately \$40M the legislature will not need to take from Unrestricted General Funds, an account that continues to struggle to match needs across all departments.

Let's move this bill forward to the Finance Committee, then on to the entire House.

Sincerely,

Marc A. Luiken, Commissioner

Alaska Department of Transportation 2015 – 2018

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