

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

26. Highways, Aviation and Facilities / Northern Region Highways and Aviation Operating Bill (CCS HB 53(brf sup maj fld H), Sec. 1)

It is the intent of the legislature that the agency shall provide a report detailing the feasibility of designating the Dalton Highway an Industrial Use Highway in order to collect fees to address the road's maintenance. This report shall be provided to the Co-chairs of the Finance committees and to the Legislative Finance Division by December 20, 2025.

The Department of Transportation and Public Facilities (DOT&PF) has reviewed existing regulations governing the Industrial Use Highway (IUH) designation found under 17 AAC 35, along with the documentation for the only current IUH designation, the Klondike Highway, to review potential designation of the Dalton Highway. This review also incorporated discussions with Dalton Highway stakeholders regarding maintenance activities along the corridor. Given the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA, 23 U.S.C. § 127), enacted into law in 1991 just five years after the Klondike Highway IUH designation, a federal limit to maximum size and weight were "frozen" or grandfathered at existing levels along federally funded corridors such as the Dalton Highway. Because of this, the IUH designation is not possible without a change to federal law. A report detailing the feasibility of designating the Dalton Highway an IUH will be provided to the Co-chairs of the Finance Committees and the Legislative Finance Division by December 20, 2025. The report will provide greater detail on the IUH designation review, applicable federal limitations, basic analysis of tolling alternative, and the state of current maintenance on the Dalton Highway.

<p>Legislative Fiscal Analyst Comment: The Department provided the requested report on December 20, 2025, and it is included in this packet as Attachment 16.</p>

27. Department of Transportation Operating Bill (CCS HB 53(brf sup maj fld H), Sec. 38(b))

COMPLIANCE MAY BE DETERMINED AT A LATER DATE

It is the intent of the legislature that, for the appropriations made in sec. 5, ch. 7, SLA 2024, the Department of Transportation and Public Facilities prioritize spending federal funds and unrestricted general funds first, preserving the balance of the Alaska marine highway system fund (AS 19.65.060(a)) to the extent possible.

The appropriations listed in this intent language align with calendar year 2026, so spending has not started yet. The Department of Transportation and Public Facilities will prioritize spending based on the availability of funds and revenue but will keep this legislative intent in mind as spending occurs.

Department of Transportation and
Public Facilities

OFFICE OF THE COMMISSIONER
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THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

December 20, 2025

The Honorable Andy Josephson
Co-Chair, House Finance Committee
Alaska State Capitol Room 505
Juneau, AK 99801

The Honorable Lyman Hoffman
Co-Chair, Senate Finance Committee
Alaska State Capitol Room 518
Juneau, AK 99801

The Honorable Calvin Schrage
Co-Chair, House Finance Committee
Alaska State Capitol Room 410
Juneau, AK 99801

The Honorable Bert Stedman
Co-Chair, Senate Finance Committee
Alaska State Capitol Room 516
Juneau, AK 99801

The Honorable Neal Foster
Co-Chair, House Finance Committee
Alaska State Capitol Room 511
Juneau, AK 99801

The Honorable Donny Olson
Co-Chair, Senate Finance Committee
Alaska State Capitol Room 508
Juneau, AK 99801

Re: FY 2026 Legislative Intent Language

Dear Finance Committee Co-Chairs,

Please find below the Department of Transportation and Public Facilities' response to legislative intent language from House Bill (HB) 53.

Highways, Aviation and Facilities / Northern Region Highways and Aviation
Operating Budget (CCS HB 53(brf sup maj fld H))

It is the intent of the legislature that the agency shall provide a report detailing the feasibility of designating the Dalton Highway an Industrial Use Highway in order to collect fees to address the road's maintenance. This report shall be provided to the Co-chairs of the Finance committees and to the Legislative Finance Division by December 20, 2025.

The attached report details the feasibility of designating the Dalton Highway an Industrial Use Highway in order to collect fees to address the road's maintenance.

Thank you for your ongoing support of the Alaska DOT&PF. I look forward to continued collaboration as we work together to serve the people of Alaska. Should you have any questions or require further details, please do not hesitate to contact me.

Finance Committee Co-Chairs

December 19, 2025

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Sincerely,

A handwritten signature in blue ink, appearing to read "Ryan Anderson".

Ryan Anderson, P.E.
Commissioner

Enclosure

cc: Alexei Painter, Director, Legislative Finance Division
 Jordan Shilling, Director, Governor's Legislative Office
 Lacey Sanders, Director, Office of Management and Budget

Department of Transportation and Public Facilities (DOT&PF) Feasibility Review of Designating the Dalton Highway as an Industrial Use Highway (IUH) per FY2026 Operating Budget Intent Language

“It is the intent of the legislature that the agency shall provide a report detailing the feasibility of designating the Dalton Highway an Industrial Use Highway in order to collect fees to address the road's maintenance. This report shall be provided to the Co-chairs of the Finance committees and to the Legislative Finance Division by December 20, 2025.”

Executive Summary

The Legislature requested an evaluation of whether the Dalton Highway should be designated as an Industrial Use Highway (IUH) to generate revenue for maintenance. An IUH designation is designed to allow oversized and overweight vehicles to operate beyond standard limits, with fees collected from those vehicles to offset the additional damage they cause. After review, the DOT&PF concludes that an IUH designation would not generate meaningful revenue for the Dalton Highway under current federal law and traffic conditions. The corridor already accommodates most industrial traffic within existing size and weight limits, and the number of loads that would qualify for IUH permits is limited. Administrative and enforcement costs would likely exceed revenue. An IUH designation is therefore not a practical mechanism for funding Dalton Highway maintenance.

Purpose of Industrial Use Highways

Industrial Use Highways are not general toll roads. They are intended to collect fees from oversized and overweight vehicles that exceed standard legal limits, with revenue dedicated to maintaining the specific corridor that bears the additional wear. An IUH designation does not authorize new fees on legal-size vehicles and is not intended as a broad revenue tool.

Dalton Highway Overview

The Dalton Highway is a 414-mile corridor connecting Livengood to Deadhorse and the North Slope oil fields. Built to support the Trans-Alaska Pipeline, it remains critical to Alaska's economy. The highway traverses remote terrain, permafrost, and mountain passes, and is maintained by seven DOT&PF camps. Although open to the public, the corridor is dominated by heavy industrial truck traffic and comes with significant capital improvement and maintenance obligations.

Legal Constraints

Federal law, under the Intermodal Surface Transportation Efficiency Act (ISTEA) of 1991, freezes vehicle size and weight limits on federally funded highways at levels in effect in 1991. Alaska's annual certification confirms compliance with these limits. An IUH designation cannot override these federal constraints without changes to federal law. The Dalton Highway already has special allowances, including increased height limits and seasonal weight shifting, reducing the pool of vehicles that would benefit from IUH permits and limited revenue potential for designation.

Revenue Experience from Existing IUH

The Klondike Highway is Alaska’s only IUH, designated in 1986. It allows higher weights under permit and collects fees based on axle loading. Annual revenues have been modest and are considered de minimis relative to maintenance needs. Even with higher traffic, a Dalton IUH would likely generate only limited revenue while requiring substantially higher administrative effort.

Klondike Highway IUH Axle Fees Collected by Year

2016	\$45,530.19	2021	\$33,747.61
2017	\$33,761.99	2022	\$13,803.30
2018	\$68,850.01	2023	\$60,668.35
2019	\$68,231.53	2024	\$25,492.04
2020	\$83,313.72	2025	\$8,791.20

Traffic Volumes and Tolling Considerations

The Dalton Highway traffic volumes (figure 1) average a few hundred vehicles per day, far below levels that would support toll infrastructure and maintenance revenue. A full toll facility feasibility study would be needed to provide a detailed analysis of costs, placement, and potential revenues. By contrast, the Whittier Tunnel benefits from clear single access points and significantly higher traffic. Implementing tolls on the Dalton may require one or more collection points, power, communications, and enforcement across a remote corridor, resulting in costs that would likely exceed revenue.

Year	Yukon Bridge (MP 55) Monthly Average Daily Volume												AADT
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
2010	192	228	252	222	214	318	386	399	350	207	168	194	317
2011	187	224	277	217	208	346	460	441	273	177	199	207	306
2012	214	249	265	247	278	382	406	444	360	203	169	177	302
2013	204	243	295	269	215	303	378	393	321	233	218	227	302
2014	246	256	327	313	241	328	334	395	325	223	227	238	288
2015	270	267	372	307	280	356	384	383	297	197	186	209	294
2016	214	245	275	196	228	309	406	362	284	216	201	271	267
2017	154	172	205	164	194	289	319	361	319	162	155	162	221

Figure 1 - Table of Dalton Highway traffic volumes (2010-2017) at the Yukon River Bridge.

By contrast, the monthly comparison of traffic volumes during the same timeframe from the nearest continuous counting station to the Whittier Tunnel (figure 2) shows higher traffic volumes during winter months and significantly higher in the summer months.

Year	Portage Glacier Rd (MP 3) Monthly Average Daily Volume												AADT
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
2010	307	350	469	624	1445	2040	2424	2301	1366	529	303	276	1036
2011	288	345	499	653	1494	2120	2556	2074	1255	560	274	236	1030
2012	251	284	425	618	1232	2158	2364	2026	1125	522	351	265	968
2013	255	282	479	682	1350	2257	2660	2238	1163	437	284	250	1028
2014	289	336	540	701	1454	2119	2499	2091	1175	563	437	259	1039
2015	344	386	583	693	1588	2221	2551	2279	1178	534	331	275	1083
2016	291	367	594	727	1743	2224	2647	2232	1223	545	350	316	1105
2017	295	384	627	806	1594	2281	2802	2214	1228	607	354	308	1123

Figure 2 -Table of the Portage Road traffic volumes near the Whittier Tunnel (2010-2017).

Given the Whittier Tunnel revenue only covers between 20 percent and 25 percent of the overall operational costs on average, not including capital improvement project costs covered with federal-aid programs, it is very likely a toll facility on the Dalton Corridor would cost more to operate than it would collect in fees, failing to support supplemental maintenance to support the haul road.

Maintenance Needs and Costs

The Dalton Highway is a mixed gravel and asphalt corridor maintained by seven DOT&PF stations, each with a small crew responsible for roughly 65 miles of roadway. Challenges with personnel, equipment, and materials make it difficult to undertake more than routine maintenance; large projects often require “borrowing” operators from neighboring camps, which can leave other sections short-staffed. Additionally, equipment failures and delays in obtaining parts or mechanical support frequently sideline essential machinery for months at these remote camps, further straining resources. Harsh environmental conditions compound these logistical challenges. Much of the highway rests on thaw-unstable permafrost, leading to settlement, cracking, and culvert failures. Record summer rains saturate gravel surfaces, creating muddy, rutted conditions and soft spots that maintenance crews cannot fully remedy until weather conditions change, such as during freeze-up. Winter brings heavy snowdrifts on the summits and coastal plain, avalanches at Atigun Pass, and recurring aufeis (ice buildup) at multiple mile points, each demanding constant attention. Challenging geographic features such as steep grades, sharp corners, and narrow sections further complicate efforts to keep the road safe for industrial traffic.

Annual maintenance costs for the Dalton Highway corridor are approximately \$20 million when all personnel, equipment, and material costs are included, excluding facilities and capital improvements.

Capital Improvements

The DOT&PF has met regularly with various trucking community stakeholders for coordination and information sessions focused on identifying where improvements should be targeted along the Dalton Corridor to maximize investment effectiveness, evaluate maintenance strategies, and discuss potential funding approaches. As part of this effort, the DOT&PF reviewed past, current, and planned capital improvement projects—largely funded through federal programs—to improve corridor conditions and remain responsive to the needs of its primary users. Figure 3 at the end of this report presents a map developed for these discussions that details recent and planned projects on the Dalton Highway, illustrating the significant level of ongoing investment in the corridor.

Conclusion and Recommendation

An IUH designation is intended to recover costs from oversized and overweight vehicles, not to serve as a general funding mechanism. Given federal legal constraints, limited qualifying traffic, low revenue potential, and high administrative costs, an IUH designation for the Dalton Highway is not recommended at this time.

