

HOUSE FINANCE COMMITTEE
February 6, 2001
1:39 PM

TAPE HFC 01 - 21, Side 1
TAPE HFC 01 - 21, Side 2
TAPE HFC 01 - 22, Side 1

CALL TO ORDER

Co-Chair Williams called the House Finance Committee meeting to order at 1:39 PM.

MEMBERS PRESENT

Representative Eldon Mulder, Co-Chair
Representative Bill Williams, Co-Chair
Representative Con Bunde, Vice-Chair
Representative John Davies
Representative Carl Moses
Representative Richard Foster
Representative John Harris
Representative Bill Hudson
Representative Ken Lancaster
Representative Jim Whitaker

MEMBERS ABSENT

Representative Eric Croft

ALSO PRESENT

Representative Norman Rokeberg; Senator Robin Taylor; Eddy Jeans, Manager, School Finance, Department of Education and Early Development; Tom Bringham, Director, Division of Statewide Planning, Department of Transportation & Public Facilities; Sarah Keenay, Southeast Alaska Conservation Council, Juneau; Frank Dillon, Executive Vice President, Alaska Trucking Association, Anchorage.

PRESENT VIA TELECONFERENCE

Debbie Ossiander, Anchorage School District, Anchorage.

SUMMARY

#HB8

HB 8 An Act establishing the Legislative Road Development Task Force; and providing for an effective date.

CS HB 8 (FIN) was reported out of Committee with a "do pass" recommendation and with a fiscal note by the Legislative Affairs Agency.

#HB90

HB 90 An Act relating to reimbursement of municipal bonds for school construction; and providing for an effective date.

HB 90 was HEARD and HELD in Committee for further consideration.

#HB90

HOUSE BILL 90

An Act relating to reimbursement of municipal bonds for school construction; and providing for an effective date.

Co-Chair Mulder explained that HB 90 would correct a technical error to HB 281, Chapter 130, SLA 2000, the school capital funding and bond debt reimbursement bill. The bill intended to provide bond debt reimbursement for several bond obligations previously approved by voters. Several districts had voters approved bonds prior to securing approval from the Commissioner of the Department of Education and Early Development. The action would preclude them from securing intended reimbursement under the provisions of last year's bill.

He added that HB 90 would correct that technical error and that it would not expand any authorizations previously provided. It would simply allow those intended to receive bond debt reimbursement to do so. He advised that the legislation would affect the Municipality of Anchorage and the Northwest Arctic Borough.

Co-Chair Mulder noted that there was another amendment to the proposed legislation. He requested that the bill be held in Committee for further work.

Representative Harris referenced Page 4, Line 19, pointing out a typographical error; the "P" should be changed to "O". Co-Chair Mulder agreed, noting that the technical change and would be made by the legal drafters.

EDDY JEANS, MANAGER, SCHOOL FINANCE, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT, commented in response to queries made by Representative Whitaker and Representative J. Davies, indicating that the bill would not change the reallocation structure. He added that he was not aware of any school districts opposed to the idea.

Co-Chair Williams directed that HB 90 would be HELD in Committee for further consideration.

#HB8

HOUSE BILL NO. 8

An Act establishing the Legislative Road Development Task Force; and providing for an effective date.

REPRESENTATIVE NORMAN ROKEBERG explained that HB 8 would establish a Legislative Pioneer Road Development Task Force whose duties would include:

- Research existing plans for road development in the State;
- Identify roads that are important to Alaska's future economic development;
- Study feasibility of developing or upgrading roads in order to promote future economic development;
- Determine availability and source of funds to develop or upgrade those roads;
- Review alternative funding sources for ongoing maintenance; and
- Establish a priority ranking for projects to develop or upgrade the roads identified by the Task Force.

Representative Rokeberg noted that the Task Force would include various memberships as described in the legislation. He commented that without having a better transportation infrastructure, many areas in Alaska cannot be developed to their fullest potential. The legislation proposes to establish roads for consideration. Many of these roads have been discussed by previous legislatures and the discussions have impressed a need for "forward thinking". He suggested that this legislation would provide that.

Representative Rokeberg affirmed that Alaska must get roads "up and going" in order to benefit the entire State. Both natural resource development and tourism will benefit from such a project. He recommended that the Task Force should complete their work and make recommendations by January 2002.

Vice-Chair Bunde MOVED to adopt the committee substitute work draft #22-LS0102\J, Utermohle, 2/5/01. There being NO OBJECTION, the committee substitute was adopted.

Representative Davies asked for an itemized list of the changes made to the work draft.

Vice-Chair Bunde listed the changes:

- Page 2, Line 4, adding one member who resides in a rural area;

- Page 3, Line 18, adding the Shelter Cove Road; and
- Page 3, Line 28, the repealed date language.

Representative Rokeberg stated that he did not object to the addition of Cove Road, however, he believed that moving the date back to March 15th could be problematic. He recommended compromising by adding a February 15th date. Additionally, Representative Rokeberg indicated that he would prefer the Task Force representation more from rural Alaska. He believed that the committee substitute had replaced the rural member. He counseled the Committee how dangerous that could be.

Co-Chair Williams acknowledged that he was not settled on the date, and that he foresaw more and more people wanting to participate on the Task Force.

Representative Davies voiced his concern with the make-up of the Task Force membership. He believed that the membership was heavily weighted toward development interests.

Representative Rokeberg mentioned the Resource Development Council (RDC) membership.

Representative Hudson commended the attempt of the legislation to develop a broad view on road systems throughout the State. He inquired if there had been similar action taken on the Railroad extension question.

Representative Rokeberg did not know the answer to that.

Representative Lancaster questioned why Railroads had not been included in the legislation. He pointed out his amendment.

Representative Rokeberg understood the intent of the amendment, however, acknowledged that many groups wanted representation. He agreed that could be a good addition, however, it might dilute the intention of the legislation. He believed that the focus of the Task Force should make order and prioritize road concerns.

SENATOR ROBIN TAYLOR voiced support for the legislation. He stated that no roads had been built in his Senate district during the referenced time span. There were over 3,000 miles of road built by the United States Forest Service on the Prince of Wales Island during that same period of time. Senator Taylor emphasized that there should be a meaningful transportation system throughout the State.

He commented on the history of the Whittier Road and Tunnel and the 15 years that it took to build that road. He reminded members that Senator Ted Stevens has appropriated

millions of dollars to Department of Transportation & Public Facilities and to date, not one inch of road has been built on the Bradfield Road proposal.

Senator Taylor applauded the House Finance Committee for considering this issue, while urging consideration of a better road system throughout the State of Alaska.

Co-Chair Mulder inquired about the logging roads being built in Senator Taylor's district.

Senator Taylor explained that those roads were being built in Senator Austerman's district and that they were being done by the Army Corps of Engineers. He reminded Committee members that a road runs twenty-four hours a day, while ferries run a few times a week.

Representative Whitaker asked how Senator Taylor would characterize the problem.

Senator Taylor responded that there are good employees that work at Department of Transportation & Public Facilities; however, the Governor and his staff condition them. The Administration does not want any new roads built, but would rather build a new high-speed ferry for \$60 million dollars.

Representative Whitaker inquired if Senator Taylor was calling it "gubernatorial resistance". Senator Taylor interjected that any road building discussion is usually "killed" by the Governor, which is reflected in the Statewide Transportation Improvement Program (STIP) agenda each year.

Representative Davies inquired if 100% of the people in Southeast Alaska want a road built. Senator Taylor explained that it would never be 100%. He stressed that the people of the communities want to be heard and that access should happen. He reiterated that there could never be 100% agreement.

Representative Harris agreed in part with Senator Taylor that the Task Force should not be expanded to large. He agreed that the project needs to move forward in order to help promote economic development within the State. Representative Harris suggested that the bill be streamlined so that the project could move forward, stressing that the State will need to be committed to add funding to make this happen.

Vice-Chair Bunde asked if the way the roads were listed indicated their priority. Representative Rokeberg interjected that the Task Force would be responsible for creating the priorities.

Vice-Chair Bunde commented that the Task Force costs would not be expensive, however, the cost of building the roads would be. He agreed that the voice of the citizens throughout the State, should be heard. He recommended someone who is not interested in road concerns be added to the Task Force membership.

Representative Rokeberg disagreed with Vice-Chair Bunde. He pointed out that the Task Force would not supercede any environmental or other concerns. He believed that to invite someone from the community that wants to "stop" road building could be problematic.

Vice-Chair Bunde addressed the Task Force and the fiscal responsibilities associated with their actions.

Representative Hudson recommended that a Task Force of that size should provide an updated status of roads throughout the State. He agreed that type of information was important for good public policy, while referencing the road to Atlin and the State's inability to get Canada's approval. Representative Hudson agreed that the Task Force would be a "good" thing to use to determine the status of the road system throughout the State.

Representative Davies asked what kind of economic factors would be considered by the Task Force and if those concerns would be restricted to roads only.

Representative Rokeberg advised that the manner in which the bill was drafted, the membership would be determined through the Committee process. He noted the amendment, which spoke to those concerns. He proposed that the "needs" of each community should determine how the Task Force would rate each area.

Co-Chair Williams referenced the committee substitute and commented that RDC does have a broad spectrum of membership throughout the private sector. He noted that the committee substitute asked that the Task Force report back at the beginning of the year, rather than the original requested date of March 15th.

Co-Chair Mulder agreed that changing the date was a good move. If the Task Force proves to be effective, then the Legislature could take action to extend its life.

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Representative Davies commented that construction of the roads would be the cheap part, as construction of the roads would be done mostly with federal funding. He stressed that upkeep would be the expensive aspect and asked if the State

could afford those costs. He reminded members how much the Legislature has been cutting the maintenance funding.

Co-Chair Mulder reiterated that roads could bring economic development to the State.

Co-Chair Williams interjected that the Committee could have this debate later during the meeting.

Representative Rokeberg stressed that it is important to recognize that economic development does have costs and that Alaska has had minimal economic development for many years. He believed that the comments of Senator Taylor were to the point of concern.

Representative Davies criticized, noting that the entire State infrastructure rests on oil. Oil does not provide enough solid funding to increase the infrastructure as proposed. Oil cannot support the development, unless it is complimented with a statewide tax.

Co-Chair Williams reiterated that these concerns would be debated before the bill moves from Committee.

TOM BRINGHAM, DIRECTOR, DIVISION OF STATEWIDE PLANNING, DEPARTMENT OF TRANSPORTATION & PUBLIC FACILITIES, indicated some of the concerns of the Department:

- The Department questions what is the best place to spend the money that is available;
- The Department questions where would the money come from to maintain the proposed roads. He spoke to the reality of the maintenance budget, and how new roads would be given negative points;
- He noted that the Regional Transportation Plan extensively involves each of those communities. He stressed that the proposal does not take into consideration public involvement; and
- That with any single purpose road, some sort of transportation must be attached with it.

Mr. Bringham corrected comments made by Senator Taylor and his reference to the fact that no roads had been built by the Department in Southeast Alaska. The Southeast Plan includes a road from Wrangell to Fool's Inlet. Mr. Bringham expounded that the Canadians did not support the concept of the Bradfield Road, thus, the Department did not pursue it. The federal government does not want the State to build a road that stops at the border.

Co-Chair Williams suggested that the Task Force would be commissioned initially to provide "fact finding". Then the Legislature could determine if funds were available. He

addressed the single purpose issue, noting that concern would be the Task Force work agenda.

Representative Hudson stated that the proposed legislation could allow the Legislature a fresh opportunity to evaluate potential transportation concerns throughout the State.

Representative Foster asked if the objection rests in the fact that the bill would circumvent public involvement. He thought that other task forces worked closely with the public. He did not understand the objection to the proposal.

In response to comments by Representative Foster, Representative J. Davies explained that there is not enough State money to implement the concepts of the proposed legislation. He stated that there would not be much public input with passage of the legislation.

Representative Davies questioned the idea of "pioneer roads" and how much development would be included in that concept. He assumed that type of road would be primitive.

Mr. Brigham explained that a pioneer road would be federally fundable and would be built at a 20 M.P.H. standard. He stated that it would be similar to a logging road and would be used to haul freight. He added that it would be difficult to use it as a public passage road. Mr. Brigham stressed that the road to Cascade Point would not be a perspective pioneer road.

SARAH KEENAY, SOUTHEAST ALASKA CONSERVATION COUNCIL (SEACC), JUNEAU, voiced support of the concerns made by local residents and Taku River watershed users, who would be impacted by construction of a road from Juneau to Atlin, British Columbia. She noted that there had been tremendous controversy surrounding the proposed road in the watershed area. Serious concerns have been raised regarding the impact on the Taku River's annual \$10 million dollar commercial fishery.

Representative Foster asked if SEACC would support the bill if that concern were not included. Ms. Keenay replied that she would need to check that out with the Director of SEACC.

FRANK DILLON, EXECUTIVE VICE PRESIDENT, ALASKA TRUCKING ASSOCIATION, ANCHORAGE, voiced support for the bill. He believed that it would not compete with the Department of Transportation & Public Facilities to prioritize roads, but rather would provide an opportunity to get people together to determine the transportation and infrastructure needs throughout the State.

Some of the development throughout Alaska would be important to the entire State. He believed that the group should include different members from various communities and that the process should not exclude anyone from the anti-road viewpoint.

Mr. Dillon believed that the Task Force could create more probability that a formal structure would be created.

Vice-Chair Bunde asked about the comments regarding the road to Prudhoe Bay.

Mr. Dillon did not foresee a road developed in that area. A road anywhere takes seven years before "the dirt is actually turned". He hoped that U.S. Congressman Don Young would be taking that into consideration with the next serious highway bill.

In response to concerns voiced by Vice-Chair Bunde, Mr. Dillon stated that without forming a Task Force to raise the level of attention, there would be no movement forward. He did not know how maintenance would be addressed.

Representative Davies believed that the State would be better off focusing maintenance dollars on existing structures. He asked if the Alaska Trucker's Association would be willing to help provide some kind of support for the road systems throughout the State.

Mr. Dillon acknowledged that the Alaska Truckers Association does support a fuel tax to help maintain roads. He noted that he has requested that taxes be increased on the industry several times. With regards to building the roads, one concept is if no one were to benefit, it would not pay to build that specific infrastructure. The State cannot build roads for work development only; there must be a goal of economic enhancement produced throughout the State.

Vice-Chair Bunde MOVED to adopt Amendment #1, #22-LS0102\F.2, Utermohle, 2/6/01. He requested that questions be referred to the bill's sponsor.

Representative Rokeberg stated that the amendment would strengthen the direction for the Task Force and what they would need to accomplish. The issue would be forced to either make or not make the federal government recognize the State's rights regarding rights-of-way.

Representative Davies spoke in support of the amendment because of the reference to R.S. 2477. In response to concerns voiced by Representative J. Davies, Representative Rokeberg point out that there are no current cases enforcing the State's rights at this time.

There being NO OBJECTION, Amendment #1 was adopted.

Representative Lancaster WITHDREW Amendment 2.

Representative Davies MOVED to ADOPT Amendment #3, 22-LS010\F.3, Utermohle, 2/6/01. Co-Chair Williams OBJECTED.

Representative Davies spoke in support of the amendment. He maintained that the amendment would delete the need for a Task Force and would be more directed on cost effectiveness. He pointed out that Subsection B would provide that any municipality could nominate roads in the same manner.

Representative Hudson pointed out that there was no fiscal note accompanying the amendment. He questioned if the Department supported it. Representative J. Davies was not aware if the Department had seen the amendment.

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Representative Davies stated that he did not think that there would be a great expense to the Department, pointing out that much of the infrastructure currently is in place.

Representative Rokeberg objected to the amendment. He felt that the heart of the amendment would cut out the essential parts of the bill. He believed that the present process does not work with the Statewide Transportation Improvement Program (STIP). He observed that the legislation could state that the goal of the Department of Transportation and Public Facilities was to build a certain number of roads; however, he believed that it would be better to make it more specific.

Representative Davies maintained that the amendment would determine that the Legislature be the constituency for the rural areas. He stressed that the evaluation process would be up-front and that there are experts in the Department to do that work. He reiterated that the Department is prepared to provide the economic evaluation and stated that the amendment could address policy direction.

Co-Chair Williams understood the problem to be that the Department does not want to do the work at this time. Representative J. Davies argued that was not what he understood.

Representative Hudson suggested that what is being proposed is a two-part process. The proposed legislation would involve expanding the awareness of all the potential roads and presenting a list of the roads to the Legislature. The second part of the consideration would be the Legislature reconciling the determined facts and defining public policy.

Representative Davies believed that the first step could be skipped and that the Legislature should provide the policy direction at this time.

Representative Whitaker pointed out that the information for the policy position might be different from the existing policy. He stressed that the Task Force would need to find reasons why it will work.

A roll call vote was taken on the MOTION to adopt Amendment #3.

IN FAVOR: Davies, Moses
OPPOSED: Bunde, Foster, Harris, Hudson, Lancaster,
 Whitaker, Mulder, Williams

Representative Croft was not present for the vote.

The MOTION FAILED (2-8).

Co-Chair Mulder MOVED to report CS HB 8 (FIN) out of Committee with individual recommendations and with the accompanying fiscal note.

Co-Chair Mulder WITHDREW the MOTION so that the Committee could review the fiscal note.

Co-Chair Mulder restated the MOTION to MOVE the bill from Committee.

Representative Moses OBJECTED for a comment. He applauded the sponsor for coming up with the legislation. He pointed out that the first road on the list, noting that road was in much better shape fifty years ago than it is now. He stressed that the State cannot and does not maintain the current road systems. Representative Moses emphasized the need for a long-range fiscal plan.

Representative Davies associated with the comments voiced by Representative Moses. He believed that the intent of the bill would raise Alaskan's expectations without satisfying them. He hoped that the sponsor's intent would provide for a long-range fiscal plan.

Vice-Chair Bunde agreed with the two previous speakers and voiced his concern with the backlog of deferred maintenance problems throughout the State of Alaska. He advised that any pioneer roads should be focused on economic development.

Representative Moses WITHDREW his OBJECTION. There being NO further OBJECTION, CS HB 8 (FIN) was reported out of Committee.

CS HB 8 (FIN) was reported out of Committee with a "do pass" recommendation and with a fiscal note by Legislative Affairs Agency dated 1/29/01.

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ADJOURNMENT

The meeting was adjourned at 3:30 P.M.