

HOUSE FINANCE COMMITTEE
January 29, 2004
1:41 P.M.

TAPE HFC 04 - 16, Side A

CALL TO ORDER

Co-Chair Williams called the House Finance Committee meeting to order at 1:41 P.M.

MEMBERS PRESENT

Representative John Harris, Co-Chair
Representative Bill Williams, Co-Chair
Representative Kevin Meyer, Vice-Chair
Representative Mike Chenault
Representative Eric Croft
Representative Hugh Fate
Representative Richard Foster
Representative Mike Hawker
Representative Reggie Joule
Representative Bill Stoltze

MEMBERS ABSENT

Representative Carl Moses

ALSO PRESENT

Representative Bruce Weyhrauch; Peter Ecklund, House Finance Committee Staff, Representative Bill Williams; Sue Stancliff, Staff, Representative Speaker Pete Kott; Linda Sylvester, Staff, Representative Bruce Weyhrauch; Michael Kendall, Commander, Chief of Search & Rescue, 17th Coast Guard District; Michael Swanson, 17th Coast Guard District Boating Safety Assistant

PRESENT VIA TELECONFERENCE

Janis Hales, Department of Revenue, Anchorage; Sue Hargis, United States Coast Guard, Juneau

SUMMARY

HB 93 An Act relating to boating safety; repealing secs. 3, 5, 7, 9, 11, 14, 16, 18, 20, 23, 26, 27, and 30, ch. 28, SLA 2000; and providing for an effective date.

CS HB 93 (FIN) was reported out of Committee with a "no recommendation" recommendation and with a new fiscal note by the Department of

Administration and a new zero note by Department of Revenue.

HB 347 An Act exempting taxicabs from the passenger vehicle rental tax; and providing for an effective date.

HB 347 was HEARD and HELD in Committee for further consideration.

#HB93

HOUSE BILL NO. 93

An Act relating to boating safety; repealing secs. 3, 5, 7, 9, 11, 14, 16, 18, 20, 23, 26, 27, and 30, ch. 28, SLA 2000; and providing for an effective date.

Co-Chair Williams inquired if the sponsor of the bill wanted to make a statement of clarification regarding the legislation.

REPRESENTATIVE BRUCE WEYHRAUCH noted that the U.S. Coast Guard was present to answer any questions of the Committee.

Co-Chair Harris referenced language on Page 2, Section 4, "a boat that is not equipped with mechanical propulsion" and asked if a sailboat of any length would be exempt.

MICHAEL KENDALL, COMMANDER, CHIEF OF SEARCH & RESCUE, 17TH COAST GUARD DISTRICT, JUNEAU, responded that it would be exempt and would not be a problem for the Coast Guard. If the boat had a kicker or dysfunctional motor, it could fall under the provision.

Co-Chair Harris questioned why the Coast Guard would want to exempt them. Commander Kendall responded that it does not make a difference to the Coast Guard. Co-Chair Harris acknowledged that it would not be affecting the Coast Guard.

Co-Chair Harris asked why the sunset is not being extended so the law remains as currently written.

MICHAEL SWANSON, 17TH COAST GUARD DISTRICT BOATING SAFETY ASSISTANT, JUNEAU, noted that would not be a problem except that it would need to be "revisited" again at the end of that sunset.

Co-Chair Harris asked if consideration had been given to extending only the sunset. Representative Weyhrauch advised that the reason he introduced the bill was because of the large presence of the Coast Guard in this region and the requested it. He pointed out that he also had assumed Representative Bill Hudson's seat who supported the

legislation. The program demonstrates a positive fiscal impact on Alaska. The law has been proven to save lives.

Co-Chair Harris warned that the issue goes beyond the sunset concern and that the bill does indicate some exemptions. He referenced the correspondence from the Alaska Outdoor Council (AOC), voicing concern regarding the exemptions. (Copy on File). He inquired if it would be better to deal with a "no sunset" provision as the exemptions will end up costing the State money.

LINDA SYLVESTER, STAFF, REPRESENTATIVE BRUCE WEYHRAUCH, advised that the exemption is projected to cost the State \$30 thousand dollars. She pointed out that the issue of including or not including the motorized boats has become an emotional concern for everyone and suggested that it is a "sensitivity issue". Some people feel strongly that it would not be good policy to require registration of boats not used often.

Ms. Sylvester added that from the federal perspective, a portion of the proceeds come from motor fuel taxes, which connects it and makes sense that it is a federal regulation. She advised that the priority was to keep the Boating Safety Program in tact. She reiterated that the legislation has picked up heated opposition in the Interior.

Co-Chair Harris questioned how the Interior would be affected. Ms. Sylvester mentioned the inclusion requirement for the non-motorized boats. She added that Representative Holm, Chairman for the House Transportation Committee had added that exemption.

Representative Stoltze MOVED to AMEND Page 2, Section 3, changing the effective date to June 30th, 2008, making it a five-year effective date and then making the appropriate change to the title.

Co-Chair Williams OBJECTED for discussion purposes, asking that if the law takes effect immediately, would that be the date used.

Representative Weyhrauch explained that it would become effective by signature of the Governor and noted that there is no effective date listed in Section 4. It would be immediate.

Co-Chair Harris pointed out that it would require a three-quarter vote otherwise, it would be 90-days from the time of the signature.

Representative Hawker asked Representative Stoltze about the amendment and if the current Section 30 would trigger a different repealer, taking effect based on one of two sets

of circumstances, either the passage of July 1st, 2005 or the 90-days after the signature. He asked if it was the intent that the repealer trigger only the June 30th, 2008 date. Representative Stoltze believed that there was a complicated series of effective dates and that the way in which the bill was drafted reflects that. He hoped that the conceptual amendment was "broad" enough to provide "leeway" for the drafter.

PETER ECKLUND, HOUSE FINANCE COMMITTEE STAFF, REPRESENTATIVE BILL WILLIAMS, explained that in current law, the sunset date is July 1st, 2005. The conceptual amendment would change that to July 1st, 2008, leaving the second repealer that deals with receipt of the federal receipts. He reiterated that there would still be two mechanisms in place.

Representative Stoltze MOVED to AMEND the amendment, changing the date to July 1st, 2010. Co-Chair Williams WITHDREW his OBJECTION.

Representative Hawker OBJECTED to ask the sponsor if that would be an acceptable amendment. Representative Weyhrauch replied it would.

Representative Hawker WITHDREW his OBJECTION.

Representative Croft OBJECTED. He disagreed with keeping the bill in its current form with the 2010 date. He emphasized that the bill should not have a sunset as it clearly is saving lives.

Representative Croft WITHDREW his OBJECTION and Amendment #1 was ADOPTED.

Representative Foster MOVED to report CS HB 93 (FIN) out of Committee with individual recommendations and with the accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

CS HB 93 (FIN) was reported out of Committee with a "no recommendation" and with a new fiscal note by the Department of Administration and a new zero note by the Department of Natural Resources.

#HB347

HOUSE BILL NO. 347

An Act exempting taxicabs from the passenger vehicle rental tax; and providing for an effective date.

Representative Croft MOVED to ADOPT Amendment #1, #23-LS1311\D.7, Kurtz, 1/29/04. Co-Chair Williams OBJECTED.

Representative Croft explained that the amendment would address the concern with the U-Hauls. He noted that vehicles over 10,000# would be exempt not only the ones over 26,000#, primarily used commercially. The amendment removes a narrow category of trucks and provides a "tighter" definition.

At-Ease: 2:03 P.M.
Reconvene: 2:06 P.M.

Representative Croft corrected, Amendment #1 does not address the U-Haul issue, but primarily changes the 26,000# to the 10,000# limit. A new class of trucks would be exempt and it would solve the concern brought forward by the Trucking Association. He added, apparently, U-Hauls do not fit into the commercial motor vehicle category.

Co-Chair Williams maintained his objection.

Co-Chair Harris asked how much revenue the State would lose through adoption of the amendment. Representative Croft responded that the taxpayers would save \$400 thousand dollars.

SUE STANCLIFF, STAFF, REPRESENTATIVE SPEAKER PETE KOTT, deferred to Co-Chair William objection.

Co-Chair Williams reminded members that the intent of the legislation was to help taxi cab drivers. He was concerned with the repercussions of changing language in the bill.

Co-Chair Harris asked if the amendment would only deal with vehicles that are rented and without inclusion of a driver. Representative Croft did not know. Co-Chair Harris thought that would make a big difference. He believed that a vehicle with a driver would be excluded.

Vice Chair Meyer asked what type of trucks were being addressed in the amendment. Representative Croft did not want to exempt big 6,000#-7,000# vehicles. The bill would not change that as it only effects those between 10,000#-26,000#.

A roll call vote was taken on the motion.

IN FAVOR: Joule, Chenault, Croft
OPPOSED: Hawker, Meyer, Stoltze, Fate, Williams,
Harris

Representative Foster and Representative Moses were not present for the vote.

The MOTION FAILED (3-6).

Representative Croft MOVED to ADOPT Amendment #2, #23-LS1311\D.6, Kurtz, 1/29/04. Co-Chair Williams OBJECTED.

Representative Croft explained that Amendment #2 would address concerns with the U-Hauls used primarily to transport personal property.

Co-Chair Williams reminded members that the bill is intended to be a revenue generating measure and that the choice to use a U-Haul would be personal.

A roll call vote was taken on the motion.

IN FAVOR: Joule, Croft
OPPOSED: Hawker, Meyer, Stoltze, Chenault, Fate,
 Foster, Williams, Harris

Representative Moses was not present for the vote.

The MOTION FAILED (2-9).

Co-Chair Harris referenced the letter from the Alaska Trucking Association, Inc. (Copy on File). He read the definition that the bill uses for commercial motor vehicles: "All vehicles over 26,000# are exempt from the user fee". He noted that large portions of equipment within that pound range would be subject to the user fee. Co-Chair Harris asked if the bill would tax semi-trucks or trailers used for commerce in the 10,000#-26,000# range.

Ms. Stancliff did not believe they would be taxed. She noted that the Department of Revenue provided information regarding the 10,000#-26,000# range with a small number of vehicles falling into it such as the Ford F-350 and the Ram 3500. There are a small number of commercial pick-ups on the North Slope that fall into that category, as do the U-Hauls. She did not know about semi-trucks or flat bed trucks and recommended that the Department of Revenue answer that question.

Co-Chair Harris asked if he owned a trucking company and wanted to rent a semi-truck, weighing that amount, would the company pay a rental tax on that semi even though they are a trucking company. Ms. Stancliff did not know the answer. Co-Chair Harris stressed that this is important information.

Ms. Stancliff recommended calling the Department of Revenue. Co-Chair Harris interjected that those truck owners currently pay tax and that the proposed tax should not be added.

JANIS HALES, (TESTIFIED VIA TELECONFERENCE), DEPARTMENT OF REVENUE, ANCHORAGE, noted that in AS 28.4100, it is clarified that a commercial motor vehicle is a motor vehicle that is a combination of a motor vehicle and one or more vehicles. A semi-truck is a motorized car as well as a semi-trailer and would weigh over 26,000#.

Co-Chair Harris asked what would happen if the second trailer was not rented. Ms. Hales did not know how much a semi alone would weigh. Usually, the Department would look at the entire unit. Co-Chair Harris stressed that there are a number of trucking companies in the State that provide their own trailers. Ms. Hales stated that if only the semi was rented, it would be taxable as the law is currently written.

Co-Chair Harris clarified that if the vehicle was used to haul commerce around the State, would it then be taxed. Ms. Hales reiterated that it would as the bill is currently written.

Representative Croft pointed out that Amendment #1 addresses not only the poundage but also the concern for "commercial purposes". He believed that the amendment could provide a "fix".

Representative Hawker understood that the facts could be easily determined and reminded members that the Gross Vehicle Weight (GVW), which is greater than the dry weight of the vehicle, was being discussed.

Vice Chair Meyer commented that the car rental tax was not unique to the State of Alaska. He thought that it would be easy to document.

Co-Chair Harris MOVED to HOLD the bill in Committee until that information is clarified. There being NO OBJECTION, the bill was held.

HB 347 was HELD in Committee for further consideration.

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ADJOURNMENT

The meeting was adjourned at 2:24 P.M.