

ALASKA STATE LEGISLATURE
HOUSE TRANSPORTATION STANDING COMMITTEE

March 25, 2003

1:32 p.m.

MEMBERS PRESENT

Representative Jim Holm, Co-Chair
Representative Beverly Masek, Co-Chair
Representative Hugh Fate
Representative Vic Kohring
Representative Dan Ogg
Representative Mary Kapsner
Representative Albert Kookesh

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

SENATE BILL NO. 77

"An Act naming the William Ransom Wood Centennial Bridge in Fairbanks."

- MOVED SB 77 OUT OF COMMITTEE

CS FOR SENATE CONCURRENT RESOLUTION NO. 1(FIN)

Relating to economic development generated by new road construction and to the design and construction of the Hot Springs Loop Road to connect Chena Hot Springs and Circle Hot Springs, of a highway along the Bradfield/Iskut Rivers transportation corridor, of the Knik Arm Crossing, of a road from Iliamna Bay to Pile Bay, and of other roads and highways.

- MOVED HCS CSSCR 1(TRA) OUT OF COMMITTEE

HOUSE BILL NO. 173

"An Act relating to a fee on studded tires; and providing for an effective date."

- HEARD AND HELD

HOUSE BILL NO. 156

"An Act increasing the motor fuel tax and repealing the special tax rates on blended fuels; and providing for an effective date."

- SCHEDULED BUT NOT HEARD

HOUSE BILL NO. 170

"An Act increasing certain motor vehicle registration fees; and providing for an effective date."

- SCHEDULED BUT NOT HEARD

PREVIOUS ACTION

BILL: SB 77

SHORT TITLE: WILLIAM RANSOM WOOD CENTENNIAL BRIDGE

SPONSOR(S): SENATOR(S) WILKEN

Jrn-Date	Jrn-Page		Action
02/19/03	0227	(S)	READ THE FIRST TIME - REFERRALS
02/19/03	0227	(S)	STA
03/06/03		(S)	STA AT 3:30 PM BELTZ 211
03/06/03		(S)	Moved Out of Committee
03/06/03		(S)	MINUTE(STA)
03/10/03	0448	(S)	STA RPT 3DP
03/10/03	0448	(S)	DP: STEVENS G, COWDERY, DYSON
03/10/03	0448	(S)	FN1: ZERO(DOT)
03/12/03	0475	(S)	RULES TO CALENDAR 3/12/2003
03/12/03	0476	(S)	READ THE SECOND TIME
03/12/03	0476	(S)	ADVANCED TO THIRD READING UNAN CONSENT
03/12/03	0476	(S)	READ THE THIRD TIME SB 77
03/12/03	0476	(S)	PASSED Y19 N- E1
03/12/03	0480	(S)	TRANSMITTED TO (H)
03/12/03	0480	(S)	VERSION: SB 77
03/14/03	0531	(H)	READ THE FIRST TIME - REFERRALS
03/14/03	0531	(H)	TRA
03/14/03	0548	(H)	CROSS SPONSOR(S): FATE, STOLTZE
03/19/03	0591	(H)	TRA REFERRAL WAIVED
03/19/03	0596	(H)	CROSS SPONSOR(S): LYNN
03/24/03	0621	(H)	RETURNED TO TRA COMMITTEE
03/25/03		(H)	TRA AT 1:30 PM CAPITOL 17

BILL: SCR 1

SHORT TITLE: SUPPORT ROADS/HOT SPRINGS LOOP ROAD

SPONSOR(S): SENATOR(S) WILKEN

Jrn-Date	Jrn-Page		Action
01/21/03	0012	(S)	READ THE FIRST TIME - REFERRALS
01/21/03	0012	(S)	STA, TRA, FIN
02/11/03		(S)	STA AT 3:30 PM BELTZ 211
02/11/03		(S)	Moved CSSCR 1(STA) Out of Committee
02/11/03		(S)	MINUTE(STA)
02/12/03	0169	(S)	STA RPT CS FORTHCOMING 3DP 2NR
02/12/03	0169	(S)	DP: TAYLOR, COWDERY, DYSON;
02/12/03	0169	(S)	NR: GUESS, HOFFMAN
02/12/03	0169	(S)	FN1: ZERO(DOT)
02/14/03	0186	(S)	STA CS RECEIVED NEW TITLE
02/18/03		(S)	TRA AT 1:30 PM BUTROVICH 205
02/18/03		(S)	Moved CSSCR 1(STA) Out of Committee
			MINUTE(TRA)
02/19/03	0221	(S)	TRA RPT CS(STA) 2DP 3NR
02/19/03	0221	(S)	DP: COWDERY, THERRIAULT;
02/19/03	0221	(S)	NR: WAGONER, OLSON, LINCOLN
02/19/03	0221	(S)	FN1: ZERO(DOT)
02/27/03		(S)	FIN AT 9:00 AM SENATE FINANCE 532
02/27/03		(S)	Moved CSSCR 1(FIN) Out of Committee
02/27/03		(S)	MINUTE(FIN)
02/28/03	0297	(S)	FIN RPT CS 6DP 1NR NEW TITLE
02/28/03	0297	(S)	DP: GREEN, WILKEN, TAYLOR, HOFFMAN,
02/28/03	0297	(S)	OLSON, STEVENS B; NR: BUNDE
02/28/03	0297	(S)	FN1: ZERO(DOT)
03/05/03	0360	(S)	RULES TO CALENDAR 3/5/2003
03/05/03	0360	(S)	READ THE SECOND TIME
03/05/03	0360	(S)	FIN CS ADOPTED UNAN CONSENT
03/05/03	0360	(S)	COSPONSOR(S): TAYLOR, DYSON, STEVENS G,
03/05/03	0360	(S)	STEVENS B, COWDERY, HOFFMAN, GREEN
03/05/03	0360	(S)	AM NO 1 FAILED Y7 N12 E1
03/05/03	0361	(S)	AM NO 2 FAILED Y8 N11 E1
03/05/03	0362	(S)	PASSED Y17 N1 A1 E1
03/05/03	0362	(S)	ELLIS NOTICE OF RECONSIDERATION
03/06/03	0417	(S)	RECON TAKEN UP - IN THIRD READING
03/06/03	0418	(S)	PASSED ON RECONSIDERATION Y16

			N2 E1 A1
03/06/03	0421	(S)	TRANSMITTED TO (H)
03/06/03	0421	(S)	VERSION: CSSCR 1(FIN)
03/07/03	0458	(H)	READ THE FIRST TIME - REFERRALS
03/07/03	0458	(H)	TRA
03/19/03	0595	(H)	CROSS SPONSOR(S): LYNN
03/25/03		(H)	TRA AT 1:30 PM CAPITOL 17

BILL: HB 173

SHORT TITLE:FEE FOR STUDED TIRES
SPONSOR(S): RLS BY REQUEST OF THE GOVERNOR

Jrn-Date	Jrn-Page		Action
03/05/03	0447	(H)	READ THE FIRST TIME - REFERRALS
03/05/03	0447	(H)	TRA, FIN
03/05/03	0448	(H)	FN1: (REV)
03/05/03	0448	(H)	GOVERNOR'S TRANSMITTAL LETTER
03/11/03		(H)	TRA AT 2:00 PM CAPITOL 17
03/11/03		(H)	Heard & Held MINUTE(TRA)
03/18/03		(H)	TRA AT 1:30 PM CAPITOL 17
03/18/03		(H)	Heard & Held
03/18/03		(H)	MINUTE(TRA)
03/25/03		(H)	TRA AT 1:30 PM CAPITOL 17

WITNESS REGISTER

TIM LAMKIN, Staff
to Senator Gary Wilken
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented sponsor statement for SB 77 on behalf of Senator Gary Wilken, the bill's sponsor.

SENATOR GARY WILKEN
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented sponsor statement for SCR 1.

MIKE STREDNY
Fairbanks, Alaska

POSITION STATEMENT: Testified on his own behalf in opposition to SCR 1.

CHUCK McGEE, U.S. Representative

for Ugigrip

Denver, Colorado

POSITION STATEMENT: Testified in opposition to HB 173.

LORENA SKONBERG, Consumer Awareness Manager

Alaska Native Health Board

Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 173, and answered questions from the members.

RICHARD NORDNESS, Executive Director

Northwest Tire Dealers Association

Kennewick, Washington

POSITION STATEMENT: Testified in opposition of HB 173, and answered questions from the members.

LYNN ALESHIRE, Consulting Engineer

University of Alaska Anchorage

Anchorage, Alaska

POSITION STATEMENT: Testified on HB 173 and provided the members with details of a study conducted by the University of Alaska Anchorage.

KEVIN EASLEY, Sales Manager

American Tire Store

Anchorage, Alaska

POSITION STATEMENT: Testified in opposition to HB 173, and answered questions from the members.

BRYAN McMAHAN

American Tire and Auto

Fairbanks, Alaska

POSITION STATEMENT: Testified in opposition to HB 173.

JANENE SIKKINK

American Tire Warehouse

Fairbanks, Alaska

POSITION STATEMENT: Testified in opposition to HB 173.

JAMES TEWALT

Fairbanks, Alaska

POSITION STATEMENT: Testified in opposition to HB 173.

PIO COTTINI

Palmer, Alaska

POSITION STATEMENT: Testified in opposition to HB 173

RICK GILMORE, Operations Manager
Johnson Tire Service
Anchorage, Alaska

POSITION STATEMENT: Testified in opposition to HB 173.

DAVID SNYDER
Wasilla, Alaska

POSITION STATEMENT: Testified in opposition to HB 173.

BRUNO WESSEL
(Address not provided)

POSITION STATEMENT: Testified in opposition to HB 173.

BILL CORBUS, Commissioner
Department of Revenue
Juneau, Alaska

POSITION STATEMENT: Testified on HB 173, and answered questions from the members.

JOHN MacKINNON, Deputy Commissioner of Highways & Public Facilities
Department of Transportation & Public Facilities
Juneau, Alaska

POSITION STATEMENT: Testified on HB 173 and answered questions from the members.

ACTION NARRATIVE

TAPE 03-12, SIDE A

Number 0001

CO-CHAIR JIM HOLM called the House Transportation Standing Committee meeting to order at 1:32 p.m. Representatives Holm, Fate, Kohring, Ogg, and Kapsner were present at the call to order. Representatives Masek and Kookesh arrived as the meeting was in progress.

SB 77-WILLIAM RANSOM WOOD CENTENNIAL BRIDGE

[Contains discussion of HB 147]

CO-CHAIR HOLM announced that the first order of business would be SENATE BILL NO. 77, "An Act naming the William Ransom Wood Centennial Bridge in Fairbanks."

Number 0115

CO-CHAIR HOLM mentioned that HB 147, the companion bill to SB 77, was heard in the House Transportation Standing Committee meeting [on March 11, 2003].

Number 0181

TIM LAMKIN, Staff to Senator Gary Wilken, Alaska State Legislature, presented SB 77 on behalf of the bill's sponsor, Senator Wilken. He stated that SB 77 names a pedestrian bridge in Fairbanks in honor of Dr. William Ransom Wood, considered by many to be a true visionary and leader in Alaska.

Number 0215

CO-CHAIR HOLM told the members that Dr. Wood was a mentor of his and was a tremendous force in helping Alaska grow; he concurred with the need for this honor.

Number 0240

REPRESENTATIVE FATE noted that Senator Wilken was a driving force in the honoring of Dr. Wood. Representative Fate said that Dr. Wood was one of the motivators behind the building of this pedestrian bridge, and the bridge was a well-thought-out project that was needed in Fairbanks. He said that Dr. Wood could have retired outside of the state after serving as the president of the University of Alaska for 13 years, but instead chose to remain in Alaska, became the mayor of Fairbanks, and was an honored citizen. He said this legislation was a fitting way to honor Dr. Wood's efforts.

Number 0372

REPRESENTATIVE FATE moved to report SB 77 out of committee with individual recommendations and the accompanying fiscal note. There being no objection, SB 77 was reported out of the House Transportation Standing Committee.

SCR 1-SUPPORT ROADS/HOT SPRINGS LOOP ROAD

CO-CHAIR HOLM announced that the next order of business would be CS FOR SENATE CONCURRENT RESOLUTION NO. 1(FIN), Relating to economic development generated by new road construction and to the design and construction of the Hot Springs Loop Road to connect Chena Hot Springs and Circle Hot Springs, of a highway along the Bradfield/Iskut Rivers transportation corridor, of the

Knik Arm Crossing, of a road from Iliamna Bay to Pile Bay, and of other roads and highways.

Number 0410

SENATOR GARY WILKEN, Alaska State Legislature, sponsor of SCR 1, began his testimony by saying he wanted the committee to consider what is possible in Alaska if there is courage to look ahead and build roads that would benefit residents, visitors, and entrepreneurs interested in developing land that is touched or accessed by the proposed roads. He said there are six roads that have been proposed for consideration and/or evaluation in this resolution. Senator Wilken began his PowerPoint presentation with a map of the proposed Hot Springs Loop Road, and oriented the committee by pointing out locations such as Chena Hot Springs, Circle Hot Springs, Fairbanks, the Steese National Conservation Area, Circle, and the Yukon River access. He said the loop road would connect Chena Hot Springs, a well-developed year-round tourist resort, to Circle Hot Springs; the trip could then become a two- or three-day trip in which one night is spent at each location.

SENATOR WILKEN continued with a map of the second of the six proposed roads, the Bradfield/Iskut River Transportation Corridor. He oriented the committee to locations such as Wrangell and the Cassiar Highway. He said "this little piece of road" bypasses thousands of miles and connects Alaska with the [rest of the] world through the Alcan Highway and provides an alternate route from the road that goes through Skagway and Haines. He said there would be one tunnel, and instead of the flow going north, the flow would come south through the Alcan Highway.

SENATOR WILKEN proceeded to describe the third proposed road, the Knik Arm Crossing. He noted that many people are already familiar with this project, and said that this is a billion-dollar project that opens up areas in the Anchorage area for development.

SENATOR WILKEN went on to describe the proposed Pile Bay Road, pointing out Homer on the map, and saying that the project would provide fishermen access to two different fisheries. He told the members that the Department of Transportation & Public Facilities (DOT&PF) has a good presentation on this project, and explained that this road would require a couple of bridges and involves some "nasty stretches." However, it opens up the area to residents, and the commercial fishing industry, and it would

also be a great drive for tourists. He added that it is about 14 miles from Pile Bay to Iliamna Bay.

SENATOR WILKEN then showed a slide of the proposed 15-mile Donlin Creek Road, and pointed out the Kuskokwim River and Donlin Creek. He told members that there are gold resources and other minerals in that area and, a generation from now, it will transform the Southwestern area of Alaska, which is in need of industrial development. He said the way he sees it, this is, comparatively speaking, a road to Fort Knox [mine] which, by providing access, would be of benefit.

Number 0864

SENATOR WILKEN completed his presentation with the proposed sixth road; the 2.5-mile Rock Creek Access Road near Nome. He said the road leads across the peninsula to a gold mining area.

SENATOR WILKEN reiterated that there is a common thread running through all of the proposed six roads that are included in SCR 1. That common thread addresses the following three criteria: "1) Do they benefit the existing population? 2) Do they provide opportunity for tourists? 3) Do they allow development of the roads that they provide access to, or are they contiguous?"

CO-CHAIR MASEK thanked Senator Wilken for the maps provided [as a PowerPoint presentation and in the committee packets] and for the presentation of the proposed roads projects. She asked if SCR 1 would include a specified listing that would indicate to whom the resolution would be forwarded.

SENATOR WILKEN replied that although this had not been addressed, the list would be the "standard distribution list," from the President on down.

CO-CHAIR MASEK wondered about the feasibility of the Hot Springs Loop Road, noting that the terrain near Chena Hot Springs was hilly, and the area includes a lot of wetlands.

SENATOR WILKEN said that the road does not go quite to Chena Hot Springs, but is within 5 or 10 miles of [Chena] Hot Springs. He said there is a preliminary run - there are some R.S. 2477 trails through the area that are available, if "we assert them." He said, "The topography appears to accept a road, with normal road-building possibilities." Senator Wilken noted that a study was done in the 1980s on this project.

Number 1027

REPRESENTATIVE OGG offered an amendment regarding a road that would open up the west side of Kodiak Island. He said this road would be of benefit to residents in the area, would contribute to increased tourism, and should also support the fisheries industry - thereby meeting the three criteria that Senator Wilken referred to earlier. The written amendment read [original punctuation provided]:

p.4 Line 8, ADD:

FURTHER RESOLVED that the Alaska State Legislature supports the completion of the identified needed improvements prioritized by the Alaska DOT STIP program for the realignment, reconstruction and providing of hard surface to Anton Larsen Bay Road on Kodiak Island.

REPRESENTATIVE FATE said he understands the amendment and that there are other roads being proposed throughout the state that are short and connect villages in rural Alaska. He questioned whether this amendment would entertain other similar proposals, or if it pertained to this specific road. Representative Fate asked if this project had already been surveyed, proposed, or was in need of funding. He asked Representative Ogg for further clarifying information.

REPRESENTATIVE OGG said the road does exist; however, it is in very poor shape and is in need of funding.

REPRESENTATIVE FATE said he was speaking to the concurrent resolution as well as to the amendment. He said the roads that were included in SCR 1 were examples of roads with the highest needs and did not pertain to roads that have already been funded or earmarked, or where the design had been completed. He questioned the appropriateness of incorporating this amendment into SCR 1.

SENATOR WILKEN said the intent of the SCR 1 is to highlight new roads that would be over and above what exists today. He said he has had numerous requests to include upgraded roads, which is what Representative Ogg's amendment appears to be. He stated that this resolution is not about upgrading roads; it is about new roads. He noted that because of an existing trail, there has been some discussion regarding the Pile Bay Road. However, a new road would probably have to be built, since the project

requires two major bridges. Senator Wilken said that regarding the kinds of projects suggested by Representative Ogg, including them might in effect be "to jumpstart the STIP [Statewide Transportation Improvement Program]," which is to be avoided. He said he suspects that this road is or should be in the STIP process, where it would undergo an annual review and scoring process. He said if it is an existing road, efforts should be made to get it moved up in the STIP process so that it can be funded through traditional means, rather than highlighting it in a resolution that is really meant to highlight new roads that are of a more grandiose scale.

CO-CHAIR HOLM concurred with Senator Wilken.

Number 1347

REPRESENTATIVE OGG withdrew his amendment.

CO-CHAIR HOLM asked Co-Chair Masek if she wanted to offer a conceptual amendment to ensure that the resolution would go to the federal authorities so that the Denali Commission, or whoever needs to know, would be advised.

CO-CHAIR MASEK said she would be willing to offer an amendment, but would rather leave that decision to the discretion of Senator Wilken.

SENATOR WILKEN said this was an oversight, and he would have Tim [Lamkin] work with Co-Chair Masek by reviewing other resolutions.

CO-CHAIR MASEK concurred that they could proceed in that manner.

REPRESENTATIVE KOOKESH asked if there had been any discussion with the owners of Chena Hot Springs or Circle Hot Springs, as the committee had heard in previous testimony [meeting of 2/6/03] that the owners had not been contacted. He asked if this situation had been corrected.

SENATOR WILKEN responded that he had spoken with [the owners] last fall. He reported that their concern was "why are we talking about building \$100-million roads when we can't take care of the roads that we have today." Senator Wilken said this was a valid point. He added that if U.S. Representative Don Young and U.S. Senator Ted Stevens were successful, Alaska would start receiving \$450 million a year in no-match grant money, for six years. The money would come through the Denali Commission

and the Rural Road Initiative. He said that the people of Alaska need to set forth, and "these are roads that we ought to at least consider." He said two things need to be done: "1) we need to pledge to maintain the roads that we have, and 2) at the same time have the courage to look to spend this money wisely. [This is money] that's going to be given to us; [this is money] that this state probably will not have the opportunity to access [again] for probably another 50 or 100 years."

SENATOR WILKEN repeated that the roads in existence need to be maintained and at the same time new roads need to be built. He said the owners are "on board with this" and appreciate the efforts being made to make their areas accessible as tourist destinations.

Number 1514

MIKE STREDNY, noting that he was a member of the Trails Advisory Commission, said he was speaking in opposition to SCR 1 on his own behalf. He said he was not in favor of building the proposed Hot Springs Loop Road because of difficulties with maintenance. He said that there have been difficulties with maintaining the Steese Highway. Mr. Stredny stated that the funding was cut and then restored at half of the level by the governor. He noted that the Chena and Circle Hot Springs do not have trouble drawing summer tourists. He noted that these roads would "trash" the Circle-Fairbanks Trail, which is now 100 years old, and that there are prior rights to be considered. He indicated that the resort owners are not that interested in the roads, and the driving force seems to be to "spend the money because we're going to get it." He commented that there is not sufficient foresight on how to maintain the roads. (Indisc.) doesn't suit roads very well. He pointed out that it will take an act of Congress to approve of crossing Birch Creek and the wetlands, and that the project will cost a lot of money.

MR. STREDNY continued by saying when "you open it up" there are things to think about like hunting, for example. Mentioning Representatives Fate and Holm, he said that the Representatives are elected because of their support for hunting, and he said he believes things need to be "balanced a little bit." He concluded his testimony by asking Senator Wilken to clarify his previous comment referring to Fort Knox.

SENATOR WILKEN responded that his earlier comment was comparing the Donlin Creek Road from the Kuskokwim River to the Donlin Creek gold deposit, to the access road from the Steese Highway

to Fort Knox. He said the implication was that Fort Knox is to Fairbanks what Donlin Creek will be to the lower Kuskokwim Delta, that is, economic development with good jobs and a good property tax base.

Number 1651

REPRESENTATIVE KOHRING moved to report [CSSCR 1(FIN)], as amended, out of committee with individual recommendations and the accompanying zero fiscal note. There being no objection, HCS CSSCR 1(TRA) was reported from the House Transportation Standing Committee.

The committee took an at-ease at 2:10 p.m.

HB 173-FEE FOR STUDED TIRES

CO-CHAIR HOLM announced that the next order of business would be HOUSE BILL NO. 173, "An Act relating to a fee on studded tires; and providing for an effective date." [A proposed committee substitute (CS), Version 23-GH1127\D, Kurtz, 3/12/03, had been adopted on 3/18/03.]

Number 1731

CHUCK MCGEE, U.S. Representative for Ugigrip, testified in opposition to HB 173, noting that Ugigrip is a tire stud manufacturer. He referred to written materials submitted to the committee and then provided the following testimony:

Ugigrip is in opposition to HB 173. We understand the need for Alaska to evaluate the benefits and costs to tire-stud usage. Although tire studs do damage roads - we know that - the safety provided to Alaska's constituents and cost savings from accident avoidance is well documented. Stud manufacturers have made numerous product improvements to minimize road damage over the years. Unfortunately, any fee that is imposed on studded tires will force consumers to abandon using studded tires.

MR. MCGEE testified:

The average weight of all stud tires used is now 20 percent lighter today than it was 10 years ago. There have been quite a few changes. The newer generation of tire studs are really designed to minimize pavement

contact by rocking excessively. This design reduces road wear. Another factor leading to less impact by studded snow tires is that the average snow tire today uses approximately 100 studs, verses 120 studs used on older styles of snow tires. These changes really do reduce road wear.

Number 1862

MR. MCGEE continued:

Safety to the motorist is important to everyone. Studded tires on wet ice are still 30 percent better than the new generation of studless tires in braking and 50 percent better in acceleration. This is the conclusion of a test performed in 1999 by the leading automotive publication in Sweden and Finland. The most comprehensive investigation on the tire studs was performed by VTI, the Swedish [National] Road and [Transport] Research Institute in 1989. The VTI documented that a winter without tire studs would increase accident costs significantly more than the cost to repair roads damaged by studs.

Your constituents will benefit from not having a fee on tire studs. Motorists choose to use tire studs because the product has proven to them that they can avoid accidents in slick conditions with studded snow tires. Besides the tangible cost savings studs can provide to everyone, it is difficult to place a value on a product that may save a human life.

REPRESENTATIVE FATE asked about the reference to a Swedish study indicating that the cost of having non-studded tires was balanced out by the cost in safety to individuals. He asked for further detailed research and figures relative to that study.

MR. MCGEE said that those figures were included in the information packet provided to the committee. He said the results showed about a 4-to-1 ratio, relating to what it would cost in terms of accidents versus the actual cost of road maintenance. Mr. McGee emphasized that it was a sizable amount and that the study was very comprehensive; several million dollars was spent on it, and it is probably the most recent comprehensive study done. He reiterated that he has that information in the packet for the members to evaluate and determine the accuracy of the study.

REPRESENTATIVE FATE requested the receipt of that information.

MR. MCGEE stated that additional information which was included in the studies that were done in Sweden and a lot of other northern European countries showed the "baggage" of this studded tires versus the non-studded tire debate.

CO-CHAIR HOLM asked for his comments on siped tires.

MR. MCGEE responded that [siping tires] really does help in traction in all conditions, whether it be wet, snow-packed, or iced conditions. All tires now have more siping than tires in the past. One of the problems experienced in the past was that when old snow tires were studded with a heavy block on the tire, it created a situation with the stud not performing well in wet and dry conditions. He noted that a recent study showed that studded tires stop even better on wet pavement than the non-studded new generation of tires.

Number 2067

CO-CHAIR HOLM opined that there are only three states left that still use studded tires, and that Canada does not have studded tires. He asked Mr. McGee why Alaska should not move down the same path.

MR. MCGEE responded that Co-Chair Holm's statement is not accurate. There are actually 20 states that use studded tires including Colorado, Utah, Oregon, California, Washington, Idaho, and quite a few of the eastern states. He pointed out that the only states that really do not allow studded tires are a couple in the Midwest that had bad experiences that go back to the '60s. Mr. McGee said he believes there are a couple of provinces in Canada that do allow studs. He said that there may be someone else who can comment on that point.

REPRESENTATIVE KOHRING clarified earlier comments by saying that every province in Canada, with the exception of Ontario, allows studded [tires]. He also pointed out that there have only been six states that have either outlawed or greatly reduced the use of studded tires.

Number 2162

LORENA SKONBERG, Consumer Awareness Manager, Alaska Native Health Board, testified in support of HB 173, and answered

questions from the members. She said the Alaska Native Health Board passed a resolution supporting this legislation because they believe it will increase state revenue to assist in meeting the needs of Alaskans in a physically turbulent atmosphere.

REPRESENTATIVE KAPSNER asked Ms. Skonberg if the board knew that the money that comes from this tax does not go back to the Department of Transportation & Public Facilities to make the state any safer, but just goes into the general fund.

MS. SKONBERG responded that she is not sure if the Alaska Native Health Board understands that, but will pass that information on to them.

REPRESENTATIVE KOHRING referred the members to information in their packets that strongly suggests that safety is an issue, and if the state were to ban studs it could increase the incidence of accidents, medical-related costs, and deaths on the highways. He explained that it is important that Ms. Skonberg be aware of that point as well, and offered to forward the information to her.

Number 2238

RICHARD NORDNESS, Executive Director, Northwest Tire Dealers Association, testified in opposition of HB 173, and answered questions from the members. He explained that he is testifying on behalf of their Alaskan members, saying that the association is very concerned about the safety issues and the use of studded tires, which is of great concern to the members and customers. The association members believe that studded tires are an important safety factor for most Alaskan residents. That is why they are opposed to HB 173, because the imposed \$10 tax on studded tires in Alaska would have a negative effect on winter driving in the state and would take the safety of having studded tires away from many of the residents who could not afford the \$10-per-tire or \$40-per-set tax. He pointed out that this could lead to more accidents, property damage, injuries, and deaths. He said this tax would be a hardship on people all over the state because many of these folks need the studded tires to get back and forth to work and home.

MR. NORDNESS explained that another reason why Northwest Tire Dealers Association is opposed to the bill is because it would force tire dealers to become tax collectors. The members of the association are retailers providing goods and services to customers and really do not want to be the ones to spread the

bad word to customers that they will be forced to spend an addition \$40 for snow tires.

MR. NORDNESS suggested the members look into the current studded snow tire laws in Washington and Oregon. There are over 500 members in Washington and Oregon who have worked with legislators there to develop a lighter-weight stud that has an effect on the wear on the road. He explained that there are studies on the use of lighter-weight studs and that he would be happy to provide the committee with copies of them.

TAPE 03-12, SIDE B

Number 2370

MR. NORDNESS explained that Alaska is using a heavier-weight stud than what is currently in use in Washington and Oregon. He said he would be happy to provide any additional information from the manufacturers to the committee that they might need on these studs. Mr. Nordness asked the member to support a lighter-weight stud, rather than putting a heavy tax on studded tires.

REPRESENTATIVE FATE asked if there is a large markup between a studded and non-studded tire. He asked if this will reduce sales and result in a loss in income.

MR. NORDNESS replied that there is not a big markup in the studded tire industry. He explained that their big concern is the safety of their customers because there are people out there that definitely need to use the studded tires. Mr. Nordness also mentioned Mr. McGee's earlier reference to the studless tire that is being tested and said although that tire has improved considerably, it still does not have the starting and stopping traction that studded tires have.

CO-CHAIR HOLMS asked if his organization is opposed to the fee for studded tires.

MR. NORDNESS responded that they are opposed to HB 173 as it stands right now.

Number 2244

LYNN ALESHIRE, Consulting Engineer, University of Alaska Anchorage, testified that she is under contract with the University of Alaska Anchorage and has been part of a study funded by the last legislature to evaluate socioeconomic effects

of studded tire use in Alaska. She told the members that the interim report has been sent to Senator Cowdery. Ms. Aleshire told the members that her main concern with HB 173 is the underlying assumption that studded tires are a financial burden to the state because of the damage they cause to pavement. She told the members that it is her opinion, after working on the study, that that assumption is premature at best, and more than likely entirely incorrect.

MS. ALESHIRE explained that her portion of the research involved reviewing 43 studies and publications which dealt with traffic safety and economic impacts of studded tire usage. She went on to say these papers were from the United States, Canada, Europe, and Japan. She summarized some of the interim findings of the study by telling the members that with only one exception, every paper concluded that studded tires reduced injuries, deaths, and accident rates. The second finding was that Nordic countries and Washington state and Oregon have restricted stud weight and quantity without affecting safety, but greatly reducing pavement wear by as much as half. She explained that snow tires tend to polish already slippery pavement surfaces, [that studded tires would rough up], which greatly increases accident rates.

MS. ALESHIRE pointed to two recent studies from Japan and Finland that have produced similar results. The Japanese banned studs on Hokkaido in the early 1990s. Their main motive was air pollution, followed by pavement wear. In 2002, they conducted a benefit-cost analysis before and after their prohibition. She told the members what they found is that banning studs caused a net increase in costs to the Japanese government agencies for two reasons. The first reason is that without studs the pavement requires much greater surface applications of salt and sand. They found it required 15 times the amount necessary than when studded tires were used. This cost alone was much greater than the savings in implementing this ban. The second reason they found is that there is a much greater incidence of injury-and-death accidents without studded tires on Hokkaido. This caused an added burden to the state and the quality of life to the people of Hokkaido. The increase was 2.2 times more injuries and deaths due to accidents.

Number 2190

MS. ALESHIRE told the members that [Finland] has restricted studded tire use that is similar to Alaska's [current regulations], but with the added restriction of stud weight and the number of studs per tire. Their study has projected costs

where stud use declined or was prohibited, and their findings were the same as the Japanese. There was a net increase in expense for the same reasons.

MS. ALESHIRE commented that Washington state and Oregon modeled their legislation after [Finland] without doing extensive accident research of their own. She pointed out that Alaska has done no analysis of accident data, so it is difficult to make conclusions. Ms. Aleshire suggested to the members that they model Alaska's statutes after those of Finland or have Alaska do research on its own. She summarized that further study is necessary in several areas including what the real cost is in pavement repair.

REPRESENTATIVE KOHRING corrected his comment earlier when he said that this bill bans studded tire use. The bill does not ban studded tire use. He clarified his comments by saying that the tax on studded tires may have the effect of discouraging use of studded tires due to the increased cost.

CO-CHAIR HOLM responded that Representative Kohring's conclusion is only an assumption and he is not necessarily in agreement with it. He commented that every time he fills up the gas tank in his truck, it costs \$40. He said that he would not jeopardize his children or grandchildren by driving around in an unsafe fashion.

CO-CHAIR HOLM reiterated that this does not prohibit studded tire use and is simply a tax to repair the highways.

Number 2082

KEVIN EASLEY, Sales Manager, American Tire Store, testified in opposition to HB 173, and answered questions from the members. He told the members that he has heard the argument that studless tires perform as well as studded tires and said in some cases they do. The problem is that the cost of studless tires is \$40 to \$60 higher than the cost of the studded tires. The majority of the public does not buy [studless tires] now because they cost a lot more and because they are concerned with their safety in driving with a studless tire. He pointed out that the highways get smoother with use from the lack of studded tires, which makes roads more dangerous. Mr. Easley mentioned the ruts in the roads and said he is not convinced that these ruts are caused from studded tires; he believes they may be caused by the regular high traffic volume. He questioned whether the state has done any studies on this and explained that there are

examples of road surfaces that were surfaced in the spring and have ruts in the summertime, prior to studded tire use. For example, Fifth Avenue in Anchorage in 1997 or 1998 and the Seward Highway in 1999 to 2000 [were surfaced in the spring and had ruts in the summer], he said.

MR. EASLEY asked the members if this bill is being put through as a fee so the public cannot vote on it and shoot it down because citizens do not want new taxes. In closing, Mr. Easley told the members that he is all for preserving the roads, but to have to charge \$88 for a snow-tire changeover is absurd, and he believes there must be another way. He said he has a report called "The Options Of Reducing Stud Related Pavement Wear," dated September 1996, by the Department of Transportation & Public Facilities, and told the members the findings are very interesting. The state's own report indicates that lightweight studs offers the same stopping protection as older, heavier studs and lasts just as long. Another finding in the study shows that requiring the use of the lighter-weight studs can reduce pavement wear up to 50 percent. The use of stone, asphalt, and concrete mix, which contains a higher percentage of coarse aggregate, can reduce wear up to 25 percent to 50 percent.

CO-CHAIR HOLM asked Mr. Easley if he is in favor or opposed to the bill, and if he believes tires will not sell if this bill is passed.

MR. EASLEY responded that he is not in favor of the bill. He asked if this fee would be charged every time a customer came in to have his or her tires changed.

CO-CHAIR HOLM clarified that point, saying that the fee is only charged on new tires.

Number 1894

BRYAN McMAHAN, American Tire Warehouse, testified in opposition to HB 173. He told the members that he is opposed to the bill because he believes it is poorly written. He said he wonders what the point of the legislation is. Mr. McMahan told the members there are conflicting reports on the extent of damage done by studded tires on the road surfaces. One report shows that the damage is caused by snow-and-ice removal vehicles that are equipped with steel grader blades that are bouncing, chipping, and sparking as they move along. He said he believes there are better ways to raise money for the state than to pass

laws that unfairly penalize a group of vehicle owners who are trying to equip their vehicles so they can drive as safely as possible. He recommended a \$50 to \$100 road-use fee that could be collected when the vehicle is registered, with no exceptions. He suggested another option: implement a statewide sales tax that reaches all consumers, military, vacation travelers, and visitors. Mr. McMahan told the committee he believes the policy of burdening the business and property owners has gone on too long. In closing, he said he supports other methods of revenue generation, but not a studded tire fee.

Number 1784

JANENE SIKKINK, American Tire Warehouse, testified in opposition to HB 173. Ms. Sikkink told the committee she is testifying as a lifelong Alaskan, business owner, homeowner, and employee of American Tire Warehouse. She said she is opposed to HB 173 because she is opposed to singling out one group of citizens to bear the burden of revenue collection. Ms. Sikkink said the fee is way too high and not proportional to an individual's purchase. It does not capture individuals who bring in studded tires on their vehicles from other states. She said since the local, state, and federal government is exempted from this fee, the tax would not reach those who are creating the greatest damage to the roadways. Ms. Sikkink pointed out that this fee in some cases requires consumers to pay up to 25 percent in a tax for a purchase to ensure their safety. She said she agrees with the previous speaker that a statewide sales tax should be levied at 2 percent or 3 percent.

MS. SIKKINK told the members that she believes American Tire Warehouse will be perceived negatively by its customers because it will be forced to collect money [taxes]. She pointed out that the \$1,200 fee the company would be allowed to keep each year would not account for the lost revenue in tire sales and studding, or the loss of goodwill from its customers. Another point she wanted to make is that some individuals will put the tires on themselves, and in doing so incorrectly, could cause a lot of accidents, raise the cost of insurance, and not achieve what the committee is intending. Ms. Sikkink closed her comments by saying she is opposed to HB 173.

Number 1687

JAMES TEWALT testified in opposition to HB 173 because he believes it is unfair. He said to put a flat fee on studded tires with a price that can range from \$30 up to \$170 means that

people who can only afford smaller economy tires would end up paying a much higher percentage of the fee. He pointed out that some people will not purchase studded tires, thereby causing a safety issue. Another point, he said, is that if there is \$5 million worth of damage done to roads, then the larger, more expensive tires on heavier vehicles that cause more damage should require a higher fee.

Number 1635

PIO COTTINI testified in opposition to HB 173. He told the members he believes that roads that were paved in the 1970s and early 1980s need to be looked at by Department of Transportation & Public Facilities to determine the type of asphalt mix that was used. For example, he said he lives on Bishop Road in Palmer; it was paved in 1970, and it was paved with Venezuelan oil, which was a very high-quality oil for its asphalt. He said nowadays the [paving companies] are using poor quality oil. Another example is Knik-Goose Bay [Road], which was also paved in the 1970s, and if the members look at these roads they will see that after 30 years of use, they have minor rutting.

MR. COTTINI pointed out that the Palmer Wasilla Highway was resurfaced this summer and the ruts are already showing before fall or before studded tires have even driven on the road. Mr. Cottini said while this bill may generate money for the state, he does not believe it is fair to tax the studded tire users because they are not the total cause of [road damage]. He recommended that the Department of Transportation & Public Facilities chip up the old roads, remelt it, and reapply it, as it may be a better thing to do than to put poor quality asphalt and oil back on the roads. Mr. Cottini said he believes that the Department of Transportation & Public Facilities has weakened its specifications so much that the asphalt will not hold up to either regular tires or studded tires. He summarized that he believes the \$10 fee per tire is too much and that it is unfair to penalize the studded tire users.

REPRESENTATIVE KOHRING expressed his agreement with Mr. Cottini's comments. He said he believes that there is a problem with the quality of asphalt being used on the roadways. The Matanuska-Susitna area have many roads that were paved many years ago, and despite heavy use, are still in good shape. He reiterated his belief that the committee should look at the quality of pavement and not just blame the studs for the damage to the roads.

Number 1485

RICK GILMORE, Operations Manager, Johnson Tire Service, testified in opposition to HB 173. He told the members that Johnson Tire Service has six stores in Alaska, and Mr. Johnson [the owner] is opposed to this bill. He reiterated his agreement with comments made by the American Tire [Warehouse] representative on the use of lightweight studs and the fact that they do 50 percent less damage to the roads. He explained that Johnson Tire Service has been voluntarily using the lightweight studs, which are 1.1 gram or less, for nine years and at considerable expense to the company. Mr. Tony Barter from Department of Transportation & Public Facilities went to Finland in the 1990s, where he gained some very valuable information on how much less damage the lightweight studs do to the roads compared with conventional steel studs, he commented. Mr. Gilmore expressed his belief that the bill is not well thought out. He summarized his comments by saying that if the members wanted to do a tax, they might consider using a \$2.50 fee for every tire that is sold in Alaska in order to make it fair to everyone.

Number 1417

MIKE STREDNY testified in support of HB 173. He explained that he works on the roads, runs a grader, and sees firsthand the damage studded tires do to the roads. Mr. Stredny agreed with the point that was made concerning the poor quality of asphalt being used in surfacing roads. He pointed out that Chena Hot Springs Road was widened just a couple of years ago and is an excellent example because the lowest quality of material was used in that project, and the road shows it. Mr. Stredny said he would support a fee on studded tires, but how that should be done is unclear to him because after hearing testimony, he believes it is a lot more involved than he originally thought.

Number 1354

DAVE SNYDER, Operator, Diversified Tire, testified in opposition to HB 173. He told the members that he testified at an earlier meeting [House Transportation Standing Committee, March 18, 2003] and wanted to point out that [George Leaser, Maintenance and Operations Manager, Southcentral District, Northern Region, Department of Transportation & Public Facilities], who spoke right after him, gave the members incorrect information. This concerns him, he said, because he is hearing the information provided being repeated as though it is accurate. One point he

mentioned about a machine that tests for studded tire wear should not be considered accurate because the machine is faulty. Mr. Snyder expressed his desire to be a tire dealer, not a tax collector. He also questioned the notion that \$2 million would be raised by implementing this fee, but he said he believes there are a lot of Alaskans out there that will not pay the fee and the result will be that a lot of people's safety will be jeopardized.

Number 1259

BRUNO WESSEL testified in opposition to HB 173. Mr. Wessel told the committee that he has been in the tire-studding business since its inception in the late 1960s, is a member of the National Safety Council, and participated in the Scandinavian Tire Organization. He said the reason he is opposed to the tax is that it will reduce the use of studded tires for people who really need them. Contrary to comments made earlier, Canada does not have a ban on studded tires; Ontario does, but in every other province it is allowed, he said. He also pointed out that most states in the snowbelt allow studded tires. There are four states that ban [studded tire use], which are Wisconsin, Minnesota, Michigan, and Illinois. He commented that it is very misleading to say 20 states ban studded tires, because this count includes states like Hawaii and Florida, where it is not even possible to buy a snow tire.

MR. WESSEL explained that VTI stands for the [Swedish National Road and Transport Research Institute], and VTT [Technical Research Centre of Finland] is a similar organization in Finland. He said that those are two branches that he has worked with extensively on the studded tire issue for the last 20 years. There is a conclusion that there is a roadwear issue that is associated with studded tires; however, roadwear has been reduced by over 75 percent in the last 20 years. The reason for this improvement is a combination of lighter-weight studs, radial-ply tires, lower-weight vehicles, lower speeds, and that the highway departments are using a better quality of asphalt for paving.

MR. WESSEL told the members that the most important issue is that studded tires are nothing more than a safety issue. Studded tires offer a benefit to winter driving. He addressed the comment that there is only ice on the roads 6 percent of the time; however, 90 percent of the accidents occur during that 6 percent of the time. He summarized by saying that some of the percentages and figures can be very misleading. He said that

two recent studies, one done in Sweden and another in Finland, both confirm that reduced studded-tire use results in increased numbers of accidents and fatalities in the winter. Mr. Wessel expressed his aversion in being associated with any legislation that would deprive some soccer mom of the best possible product to drive on, and said there is nothing that replaces studded tires with respect to safety and traction.

CO-CHAIR HOLM assured Mr. Wessel that this bill would not ban studded tires, but would place a tax on the use of them.

MR. WESSEL commented that there are many people who cannot afford to pay the tax.

Number 0987

WILLIAM A. CORBUS, Commissioner, Department of Revenue, testified on HB 173, and answered questions from the members. He told the members that he has reviewed the proposed committee substitute and is satisfied that it addresses both the governor's intent and the necessary changes to enable the Department of Revenue to efficiently administer the fee. Commissioner Corbus told the members that HB 173 is a critical and necessary element of the governor's overall budget and investment plan for FY04. He said that Governor Murkowski's primary mission is to build a robust, growing economy and generate sufficient state revenue to fund programs and services that Alaskans need and expect. This bill will help ensure increased state revenues and may prevent the elimination or diminution of other important programs and services. Commissioner Corbus explained that a \$10 fee for each studded tire sold in Alaska beginning July 1, 2003, would be charged; businesses, tire dealers, service stations, garages, and so forth, would file monthly reports of studded tire sales and remit the fees to the Department of Revenue.

COMMISSIONER CORBUS went on to say the additional revenue to the State of Alaska would be approximately \$2,000,000. Although Alaskan businesses will be required to collect and remit the fees, this legislation allows a studded tire sellers to retain their administrative costs up to 5 percent, not exceeding \$300 per month. Commissioner Corbus said he believes this allowance is fair. He concluded his comments by saying that the minimum fee of \$10 per studded tire is necessary and essential to the governor's spending and investment plan for Alaska. He said the Department of Revenue can and will efficiently administer the fee as discussed in the department's fiscal note. Commissioner

Corbus urged the members to pass the bill from the committee today for its enactment this session.

REPRESENTATIVE FATE asked Commissioner Corbus if the administration has looked at the impact of charging a smaller fee per studded tire, rather than on each tire at the point of sale.

COMMISSIONER CORBUS responded that the Department of Revenue has not looked at that. He suggested that the Department of Transportation & Public Facilities may be better able to answer the question.

REPRESENTATIVE FATE clarified his question by saying that during testimony there was a suggestion that a reduced fee per studded tire be charged when installed, rather than just at a point of sale. He said he does not want to impair Alaskans' ability to buy studded tires.

Number 0674

JOHN MacKINNON, Deputy Commissioner of Highways & Public Facilities, Department of Transportation & Public Facilities, testified on HB 173 and answered questions from the members. He requested further clarification by asking if the question is the effectiveness of charging a \$2.50 fee every time studded tires are installed on a vehicle.

REPRESENTATIVE FATE asked if there had been any studies on using a small fee per studded tire instead of the \$10 fee that would be imposed at the point of sale.

MR. MacKINNON responded that it becomes a practical issue on collecting [the fee]. He pointed out that it is difficult to evade paying the fee when studs are installed in a tire. It is difficult for individuals to install studs in their own garage because it takes particularly specialized equipment. However, individuals can install their own tires when the tire is already on rims; then it is just a matter of taking one tire off and putting the other tire on. It would be a very difficult mechanism to put a fee in place to collect every time studs are put on a vehicle.

REPRESENTATIVE FATE commented that he was just informed that the speaker who mentioned a reduced fee [\$2.50 per tire] was referring to all tires, not just studded tires. He said he believes that people would be willing to pay a small fee.

Representative Fate said he believes collecting the fees would not be difficult, but setting up the process might be more difficult. He told the committee he believes that there has not been any evaluation of a lower fee on tires.

CO-CHAIR HOLM noted there are two types of studs, steel studs and lightweight studs. He asked if it is possible that those who produce or install the studs will change from the lightweight studs to the steel studs because of the additional fee.

MR. MacKINNON replied that as he understands it, lightweight studs are more expensive to buy than the heavy-weight [steel] studs. He said he doubted that would happen because of the cost factor. One of the major tire dealers in the state uses lighter-weight studs because they believe it is a better product and less damaging to the roads.

CO-CHAIR HOLM commented that in 1999, Co-Chair Masek had had a bill that would require tire manufacturers to use only lightweight studs. He asked if that bill would be beneficial to the program.

MR. MacKINNON responded that would help, because it would reduce the tire wear on the highways to a small degree. He explained that studded tire wear is a function of velocity or speed of the vehicle and weight of the vehicle. On higher-speed roads where there is typically more vehicle traffic, there is much greater wear. Mr. MacKinnon added that the other bill would help, but this bill actually provides revenue to the state to offset the cost of the damage done to roads.

Number 0356

REPRESENTATIVE KOHRING expressed his appreciation of the administration's efforts to raise money, even though he disagrees with this as a tax issue. He said he is concerned about the administration's efforts to implement taxes when last fall there were campaign pledges of no new taxes. Representative Kohring said he will work with the administration to cut bureaucracy in other areas.

REPRESENTATIVE OGG asked about the language in the bill that refers to exempting local, state, and federal agencies from this fee. He asked if this is a statutory requirement, and he asked why the federal government is included in the exemption [page 2, lines 5-6].

COMMISSIONER CORBUS responded that one branch of government cannot tax another branch of government.

Number 0154

CO-CHAIR HOLM announced that public testimony is closed, and the bill will be held until the next meeting of the House Transportation Standing Committee.

ADJOURNMENT

There being no further business before the committee, the House Transportation Standing Committee meeting was adjourned at 2:58 p.m.