

**ALASKA STATE LEGISLATURE
HOUSE TRANSPORTATION STANDING COMMITTEE**

March 27, 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

MEMBERS ABSENT

Representative Albert Kookesh

OTHER LEGISLATORS PRESENT

Representative Bruce Weyhrauch

COMMITTEE CALENDAR

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."

- MOVED CSHB 156(TRA) OUT OF COMMITTEE

HOUSE BILL NO. 173

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

- MOVED CSHB 173(TRA) OUT OF COMMITTEE

HOUSE BILL NO. 81

"An Act relating to motor vehicle emissions; and providing for an effective date."

- MOVED HB 81 OUT OF COMMITTEE

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."

- SCHEDULED BUT NOT HEARD

PREVIOUS ACTION

BILL: HB 156

SHORT TITLE: INCREASE MOTOR FUEL TAX

SPONSOR(S): RLS BY REQUEST OF THE GOVERNOR

Jrn-Date	Jrn-Page		Action
03/05/03	0424	(H)	READ THE FIRST TIME - REFERRALS
03/05/03	0424	(H)	TRA, FIN
03/05/03	0424	(H)	FN1: ZERO(DEC)
03/05/03	0424	(H)	FN2: (REV)
03/05/03	0424	(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 MINUTE(TRA)
03/25/03		(H)	TRA AT 1:30 PM CAPITOL 17
03/25/03		(H)	Scheduled But Not Heard
03/27/03		(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 MINUTE(TRA)
03/25/03		(H)	TRA AT 1:30 PM CAPITOL 17
03/25/03		(H)	Heard & Held MINUTE(TRA)
03/27/03		(H)	TRA AT 1:30 PM CAPITOL 17

BILL: HB 81

SHORT TITLE:MOTOR VEHICLE EMISSIONS INSPECTION

SPONSOR(S): REPRESENTATIVE(S)MEYER

Jrn-Date	Jrn-Page		Action
02/07/03	0148	(H)	READ THE FIRST TIME - REFERRALS
02/07/03	0148	(H)	TRA, STA
03/27/03		(H)	TRA AT 1:30 PM CAPITOL 17

WITNESS REGISTER

ERIC MUSSER, Staff
to Representative Beverly Masek
Alaska State Legislature
Juneau, Alaska
POSITION STATEMENT: Presented Amendment 3 to HB 156.

JOHN MacKINNON, Deputy Commissioner
of Highways & Public Facilities
Office of the Commissioner
Department of Transportation & Public Facilities (DOT&PF)
Juneau, Alaska
POSITION STATEMENT: Provided information pertaining to HB 156.

REPRESENTATIVE KEVIN MEYER
Alaska State Legislature
Juneau, Alaska
POSITION STATEMENT: Presented the sponsor statement for HB 81.

CHARLES R. HOSACK, Deputy Director
Division of Motor Vehicles,
Department of Administration
Anchorage, Alaska
POSITION STATEMENT: Testified in support of HB 81 and answered
questions.

CYNTHIA L.HEIL, Section Manager
Mobile Sources Section
Department of Environmental Conservation
POSITION STATEMENT: Answered questions pertaining to HB 81.

JAMES ARMSTRONG, Coordinator
Anchorage Metropolitan Area Transportation Solutions
Anchorage, Alaska
POSITION STATEMENT: Testified in support of HB 81.

RON G. KING, Program Manager
Air Non-Point & Mobile Sources Program
Department of Environmental Conservation
Juneau, Alaska

POSITION STATEMENT: Testified in support of HB 81 and answered questions.

ACTION NARRATIVE

TAPE 03-13, SIDE A

Number 0001

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

HB 156-INCREASE MOTOR FUEL TAX

CO-CHAIR MASEK announced that the first order of business would be 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."

CO-CHAIR MASEK clarified that in a previous meeting, Amendment 1 had passed and Amendment 2 had been withdrawn. Therefore, Amendment 3 [labeled 23-GH1118\A.2, Kurtz, 3/26/03] was before the committee. Amendment 3 read:

Page 1, line 1, following "**fuel tax**":

Insert "**, relating to the fund into which the proceeds of the motor fuel tax is paid,**"

Page 4, following line 13:

Insert new bill sections to read:

"* Sec. 3. AS 43.40.010(g) is amended to read:

(g) The proceeds of the revenue from the tax on all motor fuels, except as provided in (e), (f), and (j) of this section, shall be paid into a state fund entitled "highway maintenance revenue fund" and shall be used [DEPOSITED IN A SPECIAL HIGHWAY FUEL TAX ACCOUNT IN THE STATE GENERAL FUND. THE LEGISLATURE MAY APPROPRIATE FUNDS FROM IT] for expenditure by the Department of Transportation and Public Facilities directly or as matched with available federal-aid highway money for maintenance of highways,

construction of highway projects and ferries included in the program provided for in AS 19.10.150, including approaches, appurtenances, and related facilities and acquisition of rights-of-way or easements, and other highway costs including surveys, administration, and related matters. All departments of the state government authorized to spend funds collected from taxes imposed by this chapter shall perform, when feasible, all construction or reconstruction projects by contract after the projects have been advertised for competitive bids, except that, when feasible, arrangements shall be made with political subdivisions to carry out the construction or reconstruction projects. If it is not feasible for the work to be performed by state engineering forces, the commissioner of transportation and public facilities may contract on a professional basis with private engineering firms for road design, bridge design, and services in connection with surveys. If more than one private engineering firm is available for the work the contracts shall be entered into on a negotiated basis.

* **Sec. 4.** AS 43.40.010(h) is amended to read:

(h) All motor fuel tax receipts shall be paid into the highway maintenance revenue fund or into the general fund, as appropriate. If paid into the general fund, the receipts shall be [AND] distributed to the proper accounts in the general fund. Valid motor fuel tax refund claims shall be paid from the highway maintenance revenue fund or from the related [FUEL] tax account in the general fund, as appropriate."

Renumber the following bill sections accordingly.

Page 4, following line 22:

Insert new bill sections to read:

"* **Sec. 6.** AS 43.40.070 is amended to read:

Sec. 43.40.070. Refund warrants. Upon approval of a refund claim by the department, a warrant shall be drawn on the highway maintenance revenue fund or from the related [FUEL] tax account in the general fund, as appropriate, in favor of the applicant in the amount of the claim.

* **Sec. 7.** The uncodified law of the State of Alaska is amended by adding a new section to read:

CONTINGENT EFFECT. This Act takes effect only if a constitutional amendment proposed by the Twenty-

Third Alaska State Legislature repealing sec. 7, art. IX, Constitution of the State of Alaska, is adopted by the voters under sec. 1, art. XIII, Constitution of the State of Alaska."

Renumber the following bill section accordingly.

Page 4, line 23:

Delete "July 1, 2003"

Insert "on the effective date of the constitutional amendment specified in sec. 7 of this Act."

Number 0203

ERIC MUSSER, Staff to Representative Beverly Masek, Alaska State Legislature, spoke to the effect of Amendment 3, saying that if a highway maintenance revenue fund was established within the general fund, it would dedicate all of the proceeds of the motor fuel tax to a dedicated fund for the express use of highway road maintenance.

Number 0240

MR. MUSSER continued that Section 6 sets up the refund mechanism that pays a refund from the same revenue fund. The biggest impact is in Section 7, in which the current effective date is contingent upon voter approval of a constitutional amendment that allows for dedicated funds. Currently, Article [IX], Section 7, prohibits express dedicated revenue except for those dedications that existed prior to statehood. He said that a separate resolution would be introduced tomorrow and read across [the House floor] that would put the question to the voters, if passed.

Number 0392

REPRESENTATIVE KOHRING moved to adopt Amendment 3 [text provided previously]. There being no objection, Amendment 3 was adopted.

Number 0420

REPRESENTATIVE KAPSNER offered Conceptual Amendment 4. She referred to Sarah Gilbertson's previous testimony [meeting of 3/18/03] in which it was mentioned that 43 percent of the roads in Alaska are maintained by municipalities. Representative Kapsner said that out of the states that have a motor fuel tax,

four states do not share their portion of the tax with municipalities. She said it could be argued that Alaska does share because of municipal assistance and revenue sharing. However, because a dedicated fund [would] exist, she asked if the committee would be in favor of allocating 31 percent of what is garnered in taxes to go back to the municipalities.

Number 0520

CO-CHAIR MASEK asked how Conceptual Amendment 4 would change the dynamics of the bill, now that Amendment 3 had been adopted.

MR. MUSSER offered his understanding that the Conceptual Amendment would ensure a fair distribution of those maintenance funds to communities that do not have the base. He said he believed that there was no preclusion that would prohibit any of the revenues from being disbursed; there would still be regional operations and management processes through the Department of Transportation & Public Facilities (DOT&PF.) He said the funding mechanism does not distinguish between local or organized municipalities.

Number 0594

CO-CHAIR MASEK objected to Conceptual Amendment 4, saying that HB 156 had already gone through considerable changes and that the House Finance Committee would be dealing with the administration of funding.

Number 0600

REPRESENTATIVE KAPSNER reiterated, for Representative Fate's benefit, that the committee had passed Amendment 3, which sets up a dedicated fund. She explained that [Conceptual Amendment 4] asks that consideration be given to allocating 31 percent of the dedicated fund to the municipalities because municipalities maintain 43 percent of the roads in the state.

CO-CHAIR MASEK reiterated that her objection to the amendment was due to the bill having already been "gone over quite a bit" and also because the issue could be dealt with in the House Finance Committee.

Number 0663

CO-CHAIR HOLM said he was curious as to the suggested amount of 31 rather than 43, since 43 percent of the roads are in the municipalities.

REPRESENTATIVE KAPSNER replied that the amount was derived from the findings put forth by the Alaska Legislative Digest, indicating that the average amount that was shared, from among the 50 states, was an amount of 31 percent; she said she wanted to go with the average. She added, "We could make an amendment to the amendment to make it more, if you'd like."

REPRESENTATIVE FATE asked if there was any present allocation to the communities.

REPRESENTATIVE KAPSNER replied that there wasn't, and that Alaska is one of only five states that does not allocate to communities, based on motor fuel tax.

Number 0750

JOHN MacKINNON, Deputy Commissioner of Highways & Public Facilities, Office of the Commissioner, Department of Transportation & Public Facilities (DOT&PF), said that he was not speaking for the administration, from DOT&PF's perspective, but wanted to add that Alaska operates differently from the other states. He explained that in Alaska and in Puerto Rico, federal highway funding from the federal motor vehicle fuel tax does get used in communities. He said he believed that almost 43 percent of the total federal allotment is used for community transportation and for Trails and Recreation Access for Alaska (TRAAK) projects. He said the balance is used for Alaska Highway System roads and National Highway System roads. He pointed out that although the contributions don't go towards maintenance on an annual basis for snow removal and road upkeep, the state contributes to local roads in communities to rebuild those roads as part of community construction projects. He said that Alaska has the ability and does contribute a tremendous amount of the share of federal highway funding, relative to other states.

REPRESENTATIVE FATE asked if 31 percent or any significant percentage would have an impact on maintenance, which he assumed was the intent.

MR. MacKINNON said that as long as the maintenance needs were made up through the general fund rather than the dedicated fund, there would be no impact on DOT&PF, and it might help the

municipalities. He said that the department has a need of about \$60 million a year just to take care of winter and summer highway maintenance. He said that presently that amount is derived from general fund sources, and as long as the amount was "made up one way or another," the state highways would be maintained.

CO-CHAIR MASEK noted that there was \$50 million in addition to that amount.

REPRESENTATIVE FATE said, regarding the amount required for maintenance, if there were dedicated funds to be added or if something happened so that there was a restriction in general funds, then that dedicated fund could possibly make up part of those maintenance dollars, thereby giving more flexibility to how general fund monies could be spent.

Number 0997

CO-CHAIR HOLM offered that if the 31 percent requirement were put in statute, there would be no flexibility. However, without that language in statute, the legislature would have the flexibility to allocate funds, in any combination, to DOT&PF or to the municipalities.

CO-CHAIR HOLM asked what amount would be reasonable to consider, given the differing needs and the diversity within the state. He asked if it made sense to specify a given percentage of the motor vehicle tax, and if so, what that number would be.

MR. MacKINNON replied that he had the same question, specifically, how to dedicate a portion to the municipalities. He commented that the largest percentage of revenue would be generated from Central Alaska and asked if this meant that most of [the revenue] would be returned to that area. He said that without the dedication, the legislature would have the flexibility of putting revenue where it was needed.

Number 1084

REPRESENTATIVE KAPSNER offered that her calculations indicated that having a 20-cent motor fuel tax generates \$69 million for the state. From Mr. MacKinnon's comment that the state needs \$60 million for road upkeep, she suggested that perhaps 3.3 percent instead of 31 percent could be appropriated because that percentage amount would account for the \$9 million leftover.

She said that this could be an offering to the municipalities and could be changed later.

CO-CHAIR HOLM respectfully suggested that this had no merit, because of there being no justification for it.

REPRESENTATIVE KAPSNER responded that she was trying to accommodate the concerns of the municipalities, in light of the 43 percent upkeep of the roads, while also being respectful of DOT&PF's need for \$60 million for summer and winter maintenance. She pointed out that the tax generates \$69 million, leaving a remainder of \$9 million that could possibly go to the municipalities. She explained that \$9 million calculates out to be 3.3 percent of what is generated from the tax.

MR. MacKINNON commented that as it is presently written, it would be up to the discretion of the legislature to allocate any leftover monies in that dedicated fund to the municipalities.

CO-CHAIR MASEK said that the [Matanuska-Susitna] Borough is organized to use property taxes; the borough uses monies that are paid into the road service areas to then maintain the borough's roads. She added that she wasn't sure how this information impacted Conceptual Amendment 4.

MR. MacKINNON stated that the allocation would be difficult because there are municipalities and communities that have not only property tax, but sales tax as well, while some areas have neither. He said that those [taxes] go into, among other things, the maintenance of roads.

REPRESENTATIVE OGG said he thought the idea had merit. However, in listening to the figures and percentages mentioned during the discussion, he suggested that the issue be considered in the House Finance Committee. He said that attempting to "try to figure out a percentage right here and now, with what limited time that we have, just seems hasty."

Number 1255

A roll call vote was taken. Representatives Kohring and Kapsner voted in favor of Conceptual Amendment 4. Representatives Fate, Ogg, Holm, and Masek voted against it. Therefore, Conceptual Amendment 4 failed by a vote of 2-4.

Number 1299

CO-CHAIR MASEK asked if there was any further discussion of HB 156.

REPRESENTATIVE KOHRING stated that he was opposed to HB 156, although he thought that the amendment which dedicated monies and set up the highway maintenance fund was a step in the right direction. He said he thought emphasis should be placed on reform within the bureaucracy, spending reduction, and government efficiency. He said this bill was one of many tax proposals put forth by the governor that should be put on the back burner until effectiveness and efficiency within the government was first evaluated. He suggested that consideration be given to figuring out ways to contribute to offsetting the deficit in terms of spending reductions, rather than raising taxes. He said that he thought this effort to be premature and therefore he would object to HB 156.

Number 1363

REPRESENTATIVE FATE said this bill would impact his district and that he understands that fuel taxes are low, but he wanted it on record that even though he wouldn't hold the legislation from moving forward, he didn't particularly like the 20-cent increase and thought it would be detrimental to people in his district. He said this was an "awfully huge step right from the start, although we do need some revenues," and he suggested that this amount would be too severe for this type of a tax. He said that there should be some kind of an increase, but questioned whether it should be 20 cents.

REPRESENTATIVE KAPSNER said she was not in favor of HB 156, not because additional revenue were not needed, but because it puts an unfair burden on rural communities. She stated that communities pay a very high cost; some are paying \$4.00 or \$4.50 per gallon. She pointed out that when the price of fuel goes up, the communities feel the impact, but when the price goes down, the pumps in the communities do not reflect that change. Furthermore, she said that many of the communities in rural Alaska don't have roads, don't benefit from road construction, and yet will still be paying the tax. She assessed that most people will not access the form [on line] or have it mailed to them. She said she looked at the rebate form and it is fairly complicated; she stated that she would oppose the bill.

Number 1459

CO-CHAIR HOLM moved to report HB 156, as amended, out of committee with individual recommendations and the accompanying fiscal notes.

Number 1469

REPRESENTATIVE KAPSNER objected.

A roll call vote was taken. Representatives Fate, Ogg, Holm, and Masek voted in favor of reporting HB 156, as amended, from committee. Representatives Kohring and Kapsner voted against it. Therefore, CSHB 156(TRA) was reported out of the House Transportation Standing Committee by a vote of 4-2.

HB 173-FEE FOR STUDDED TIRES

Number 1518

CO-CHAIR MASEK 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."

CO-CHAIR MASEK informed the committee that public testimony had been closed on HB 173.

The committee took an at-ease from 2:05 to 2:10 p.m.

CO-CHAIR MASEK clarified that the proposed committee substitute (CS) for HB 173, Version D, had been adopted in the previous meeting [3/18/03]. Therefore, Version D [work draft 23-GH1127\D, Kurtz, 3/12/03] was before the committee.

Number 1600

CO-CHAIR HOLM offered Amendment 1, 23GH1127\D.2, Kurtz, 3/27/03, which read as follows:

Page 1, line 1:
Delete "**studded**"

Page 1, line 7:
Delete "**Studded tire**"
Insert "**Tire**"
Delete "\$10"
Insert "\$2.50"

Page 1, line 8:

Delete "studded"

Page 1, lines 9 - 10:
Delete all material.

Reletter the following subsections accordingly.

Page 1, line 12:
Delete "or service"

Page 1, lines 13 - 14:
Delete "or of the installation of studs"

Page 2, line 2:
Delete "or installation"

Page 2, line 8:
Delete "or services"

Page 2, line 11:
Delete "(1)"

Page 2, lines 11 - 12:
Delete "studded tires or a person who installs studs
on motor vehicle tires for a fee;"
Insert "tires."

Page 2, lines 13 - 15:
Delete all material.

Number 1702

CO-CHAIR HOLM explained the changes addressed in Amendment 1 and also told the committee that the amount of \$2.50 was revised to \$2.00 [on page 1, line 7, of the bill]. He said that in response to previous testimony indicating problems with the bill's initial taxation efforts, and from hearing Representative Fate's concerns with not wanting to encourage people to take chances with their safety, the idea behind Amendment 1 was to tax all of the tires to help to produce monies for the maintenance of the highways. He referred to the "Annual Tire Purchases in the State," included in the committee packet, pointing out that there are annual purchases of \$1,250,000 and also that the governor's request is for several million dollars.

Number 1738

REPRESENTATIVE FATE clarified that the \$2.50 amount was a suggestion, not from him, but from a witness who testified at a previous meeting.

CO-CHAIR HOLM informed the committee that if this amendment was adopted, about \$2.5 million would be added to the general fund.

Number 1760

REPRESENTATIVE KAPSNER asked if subsection (b) would be deleted in its entirety.

CO-CHAIR MASEK confirmed that there would be a deletion of subsection (b) [page 1, lines 9-10, of the bill] which reads: "A fee of \$10 a tire is imposed on the installation of studs for a fee on a motor vehicle tire in the state."

Number 1813

CO-CHAIR MASEK asked [if there was any objection] to Amendment 1. There being no objection, Amendment 1 was adopted.

Number 1843

CO-CHAIR HOLM moved to report CSHB 173, Version 23-GH1127\D, Kurtz, 3/12/03, as amended, out of committee with individual recommendations and the accompanying fiscal note.

Number 1854

REPRESENTATIVE KOHRING objected. He said that this was an example of putting the "cart before the horse" regarding a revenue measure proposed by the governor. He told the committee that before consideration of such measures, there should be a careful evaluation of governmental expenditures and a review of how those expenditures could be cut, so that those savings could be used towards such things as road maintenance. He said that in addition to having a philosophical concern with HB 173, he was also concerned for his constituents because of their being charged for studded tires as well as being charged additional monies for motor fuel.

Number 1913

A roll call vote was taken. Representatives Fate, Ogg, Holm, and Masek voted in favor of reporting CSHB 173, Version D, as amended, from committee. Representatives Kapsner and Kohring

voted against it. Therefore, CSHB 173(TRA) was reported out of the House Transportation Standing Committee by a vote of 4-2.

HB 81-MOTOR VEHICLE EMISSIONS INSPECTION

CO-CHAIR MASEK announced that the next order of business would be HOUSE BILL NO. 81, "An Act relating to motor vehicle emissions; and providing for an effective date."

Number 1962

REPRESENTATIVE KEVIN MEYER, Alaska State Legislature, as sponsor of HB 81, said the bill has to do strictly with the "I/M program" [inspection and maintenance program for automobile emissions] and that it is only in the cities of Anchorage and Fairbanks. He said the need for streamlining the bill was brought to his attention due to input from Anchorage, Fairbanks, the Department of Environmental Conservation (DEC), and the AMATS [Anchorage Metropolitan Area Transportation Solutions] program. He said the bill streamlines the motor vehicle emissions testing process, improves the enforcement process by the I/M programs, and enhances consistency among the various departments that oversee the program.

REPRESENTATIVE MEYER said the fine is being raised from \$200 to \$500. The average cost of an I/M inspection is \$250. However, with more costly repairs running up to \$2,000, the current fine of \$200 is an economic incentive for not complying with the program. He explained that the reason that Anchorage and Fairbanks have this program is due to their being in violation of the Clean Air Act. This bill removes the requirement that alternative fuel vehicles don't need to have an I/M inspection. It was thought that those [alternative fuel vehicles] were using clean-burning fuels, like natural gas - and they are. However, if the vehicle is not maintained, it can still pollute the air.

REPRESENTATIVE MEYER stated that there are several loopholes in the vehicle registration and I/M programs. For example, vehicle registration can be renewed but a car must have a current and valid emission inspection. This bill attempts to correlate the inspection and registration processes so that they happen at the same time. The current scenario causes enforcement problems; this bill attempts to achieve more fairness.

Number 2126

REPRESENTATIVE MEYER testified that HB 81 clarifies which emission program requirements must be met when the ownership of a vehicle is transferred. For example, when the title is being transferred and the vehicle is a 1987 model or older - a car that was thought to pollute the most - the vehicle must have an existing emissions inspection that is not more than two years old, or have a certificate of inspection that shows that the vehicle is not in compliance. Under current statute, these vehicles have to maintain a certificate that is not more than 12 months old. This bill eliminates the extraneous testing requirements for those vehicles. It also offers a consumer protection clause because of the decal on the windshield; when buying a used car, someone will be able to tell more easily if the vehicle has been inspected. Representative Meyer said that the Department of Administration is the only department that enforces the emissions program; this bill also involves DEC and the municipalities of Anchorage and Fairbanks in the enforcement process.

Number 2156

CO-CHAIR MASEK said that there wasn't a fiscal note accompanying HB 81. [She received confirmation from the committee aide that a fiscal note had already been requested from the Division of Motor Vehicles (DMV).]

REPRESENTATIVE MEYER commented that HB 81 does not have a House Finance Committee referral. He said he doesn't think there is any impact to the state because the program is paid for by the fees.

Number 2213

CHARLES R. HOSACK, Deputy Director, Division of Motor Vehicles, Department of Administration, said the division does not administer the emission inspection program but is the enforcement arm of the program. He stated that when the program was first initiated, it was a fairly simple process; there had to be an emissions inspection or else DMV would not register the vehicle. Over the years, a number of provisions pertaining to ownership have created confusion, not only for DMV but also for customers. He acknowledged that it is almost impossible for a consumer to know if a car is in need of an emissions inspection or not. This bill takes a "major leap forward" for customers by removing confusion and unnecessary inspections; it simplifies the program because it is based on the registration. He explained that if a person owns a car in either Anchorage or

Fairbanks and the car requires an inspection, that inspection must occur every two years before DMV will register the car. He said a fiscal note was prepared and there is no cost involved to DMV; it is a zero fiscal note. He stated that DMV supports this bill and believes it will benefit the state and will help DMV customers.

Number 2285

REPRESENTATIVE FATE wondered what would happen if someone wanted to buy an automobile that had been sitting in a yard - a vehicle that worked but was past the designated two-year time period and therefore didn't have a [valid] emission sticker on the windshield. He inquired as to what would happen if the owner of the car was an out-of-state student or, for one reason or another, couldn't get the car to an emission station for re-certification; he asked how the penalty would be enforced. He noted that the penalty would now be \$500 rather than \$200, and asked if it would be the buyer or the seller who would be responsible for having the emissions inspection completed if the transaction [for buying the car] had been handled through the [U.S. Postal Service].

Number 2339

MR. HOSACK replied that the person who actually registers the car would be responsible for obtaining the emissions inspection. He said this law takes away the requirement of needing a separate emissions inspection at the time of a change in ownership. He stated that even if the car sits for one, two, or three years, when the time comes to register the car, the owner at that time is the person responsible for providing DMV with proof of a current emission inspection.

CO-CHAIR HOLM asked how a seasonal waiver would be accommodated by the two-year requirement.

TAPE 03-13, SIDE B

MR. HOSACK said that a seasonal waiver would be in lieu of the emissions inspection and would be a method of compliance for those vehicles that are not driven during the cold-weather months. He said that the seasonal waivers are accepted but would need to be provided at each registration renewal.

Number 2383

CO-CHAIR HOLM referred to a particular situation in which the seasonal waiver pertains to a vehicle registered in Fairbanks that has been taken out of state. He said this is a "Catch-22" situation because a tag cannot be obtained because the vehicle is registered in Fairbanks, yet a seasonal waiver cannot be obtained because it is not in Fairbanks, and an emissions inspection cannot be obtained because emissions aren't tested in Arizona. He asked what to do in this situation.

Number 2365

MR. HOSACK said there is another process called the "outside use waiver" that is similar to the seasonal inspection. It is used by college students, the military, and people who own motor homes outside of the state. He said that these "waivered" certificates can be obtained through the mail, from either the Fairbanks borough or the Anchorage municipality, and are then submitted to DMV before the registration is processed.

REPRESENTATIVE FATE asked how many \$200 violations have occurred annually over the past several years.

Number 2329

CYNTHIA L. HEIL, Section Manager, Mobile Sources Section, Department of Environmental Conservation, said that currently the Municipality of Anchorage enforcement agency writes the \$200 ticket. She said that in one year over \$40,000 was collected in fines.

REPRESENTATIVE FATE calculated that this amounted to approximately 200 violations. He wondered if the number of violations would remain the same, or if raising the dollar amount from \$200 to \$500 would serve as an incentive, resulting in an increase in the number of annual violations. He commented that there was no way to answer the question at this time.

Number 2219

JAMES ARMSTRONG, Coordinator, Anchorage Metropolitan Area Transportation Solutions, said he could provide further technical information during the next week. He said that in the past, when he worked for then-Senator Donley, the penalty had been changed from \$100 to \$200, pointing out that the Environmental Protection Agency (EPA) wanted to add more enforcement to the statute.

Number 2192

RON G. KING, Program Manager, Air Non-Point & Mobile Sources Program, Department of Environmental Conservation, provided the following testimony:

The department supports HB 81 as Representative Meyer's indicated in his testimony, and I must say he did a very good job. This bill allows the department and local communities to implement the motor vehicle emissions program more efficiently.

Number 2161

A specific example that improves our operations and benefits the citizens is Section 3 of the bill. Section 3 removes the requirement for an additional test on older vehicles. Since Anchorage has not violated the air quality standard in six years and the number of older vehicles requiring repairs has diminished, it is possible to eliminate this requirement without impacting air quality.

The rest of the suggested changes in HB 81 address limitations or [provide] additional tools to improve our efficiency, which in turn will ensure equal treatment and minimize program costs while maintaining program effectiveness.

Number 2127

MR. KING continued:

The vehicle inspection program has been the cornerstone of efforts to achieve the health-based standards for carbon monoxide in both Anchorage and Fairbanks. As Anchorage and Fairbanks move into what is called "maintenance status" - meaning they have achieved the health-based standards and now must ensure that communities do not exceed those standards in the future - it is important the vehicle inspection program is effective, easy to operate, and minimizes impact on the public, as much as any regulation can.

This bill offers an opportunity to improve program efficiencies and eliminate unnecessary requirements such as the additional testing requirements for older

vehicles, which is a statute that requires a statute change.

I'd be willing to answer any questions more specific to the I/M program.

Number 2099

CO-CHAIR HOLM commented that he had served on the Fairbanks North Star Borough Assembly for three years, and during that time there were no failures with emissions control violations. He pointed out that even with those results, there has not been consideration on the part of the testers regarding the location of the testing stations within the borough. He wondered who was responsible for doing the testing, monitoring the testing, and making sure that compliance standards were being met. He mentioned that there has not been a 50- to 60-degree-below [zero] winter for some time, and that air inversions, rather than emissions control, are the direct reason for the problem. He said that in Los Angeles, testing is done at a distance from the place where a lot of emissions exist, whereas in Fairbanks testing is done right in the worst possible place, and then extrapolated to the entire area.

Number 2033

MR. KING responded that his group is not responsible for monitoring the ambient air, which he presumed was the testing to which Co-Chair Holm was referring. He said work has been done with the Fairbanks North Star Borough to establish additional monitors, located away from the downtown area. He reported that there used to be a monitor at the state office building, and one at the downtown post office. The state office building monitor has been discontinued, and he believes it has been relocated to the armory. Until construction started this year, another unit was located at Hunter School, which is situated farther away from the core downtown area. In addition, work has been done with the Fairbanks North Star Borough for a National Academy of Science review of the air quality conditions that cause violations of the standard in Fairbanks. He reported that the final report is being concluded and that the first phase requested that additional monitors be located in other areas of the community; thus the reason for the relocations.

Number 1955

MR. KING continued that the monitoring locations downtown in the "hot spot" are part of the requirements established by the EPA and that its concurrence has been obtained in order to relocate those monitors away from the central, core area. He agreed that there have not been violations in Fairbanks for the past three years, or in Anchorage for the past six years. He stated that because of that, maintenance plans are being developed to ensure that the communities continue in the same way. All of the control measures available, such as the ethanol fuel program in Anchorage or the vehicle inspection program, are under consideration for how much flexibility the programs can incorporate while continuing to demonstrate maintenance.

Number 1920

CO-CHAIR HOLM stated that he represents District 9, which encompasses downtown Fairbanks, and that "monitors 8, 9, 10, and 11" are all adjacent to Fairbanks. He said that all of the monitors are within his district and are within less than a two-square-mile area, while the City of Fairbanks is approximately a 50-square mile area. He said he suspects that given the location of the monitors, if there were "a bad year," Fairbanks would fail the tests no matter what was done, given the current location of the monitors.

Number 1820

CO-CHAIR HOLM said he would like to encourage DEC to test more appropriately so that more areas would be represented than just the core downtown area of Fairbanks. He noted that the armory is situated only about 10 blocks from Aurora Energy; Hunter School is only about two miles from the armory or from the downtown area; and other areas around town, such as Hamilton Acres, are not being tested at all. He referred again to Los Angeles, pointing out that the city is monitored from Burbank, which is out of the downtown Los Angeles area. He indicated that a broader view would be more representative than just focusing on the worst-case scenario in Fairbanks.

Number 1761

MR. KING said the initial monitoring that was done to establish the "non-attainment area" in Fairbanks was done as a result of what's called a "saturation monitor" a number of monitors were located throughout the area, including the North Pole. The concentrations found from that were used to draw the non-attainment area boundaries. From the time that those boundaries

were drawn in the late 1970s or the early 1980s until about three years ago, saturation monitoring had not been able to be done.

MR. KING told the committee that some additional saturation monitoring was done in Fairbanks, where about six to eight monitors were spread out in residential areas, off of Chena Pump, and in other portions of town. Once that monitoring was done, confirming that there were no violations in the downtown area, additional information was provided for DEC's maintenance efforts. He said that the requirement to focus within a community is not just on "hot spots" but also includes some of the residential areas. He said now that there have been three [good] years, efforts can be made towards reclassification, and if resources are available, the monitoring can be expanded to other areas of the community.

Number 1664

REPRESENTATIVE FATE said that some of his constituents indicated that the price for an inspection varied at different inspection stations, from being way overpriced to being normally priced. He asked if there had been any complaints of inspection stations' padding of the bill, pertaining to some of the escalated background pollutants that had been previously referred to.

Number 1602

MR. KING said that the department is the enforcement arm for the Fairbanks North Star Borough and that actions would be taken on stations or individuals. He stated that if a facility is inappropriately inspecting the vehicle or inappropriately recommending repairs, one of the requirements of the Fairbanks North Star Borough is to do a referee action in order to verify that what has been claimed is, in fact, correct.

Number 1569

MR. KING continued that if the facility is repeatedly incorrect or is especially onerous, the department will investigate and take appropriate action according to regulation. It is incumbent upon the department to ensure that citizens are not unduly affected by unscrupulous behavior, since the government is requiring that the vehicle be inspected and repaired. Mr. King said the department would take a very dim view of a facility that is intentionally padding a bill.

MR. ARMSTRONG offered that the normal procedure in Anchorage regarding noncompliance is that a person is sent a letter indicating noncompliance. He referred to the \$200 fine and the \$250-to-\$300 cost involved with fixing the difficulty, saying there is not much incentive to avoid the system. Mr. Armstrong mentioned AMAT's letter of endorsement in the committee packet in support of HB 81.

Number 1487

CO-CHAIR HOLM said he wanted to register his distrust of the system, saying that he appreciates the efforts of DEC and the efforts of those who feel that too many hydrocarbons are being burned, and therefore affecting the quality of the air. However, he said he wanted to encourage people to take personal responsibility and for DEC and EPA to "pull in their horns." He said he has lived in Fairbanks for 57 years, and some days are a lot worse than other days. In the summertime there can be bad air because it is affected by forest fires and by [Russia] and other places in the world. Because the air is subject to the whims of nature, when the air inverts, there is nothing that can be done. He said the air alerts are helpful for people who have difficulty breathing. Co-Chair Holm stated that he objects to the idea that a person is bad because of not spending \$2,500 to fix his/her car, and that at 50 degrees below [zero], discretion should be demonstrated when someone needs to get to work or go to the doctor.

Number 1372

CO-CHAIR HOLM continued that he appreciates the efforts being made to have a better society, but he has a problem with the general attitude of EPA over the past four years - during his involvement with this issue - and with the threats and berating that have resulted in inappropriate federal requirements that are being imposed on the Fairbanks North Star Borough and the Municipality of Anchorage. He said these issues need to be looked at and care needs to be taken so that something is not put into place that will affect the economy of Alaska and the growth of the Fairbanks area, in particular.

Number 1283

CO-CHAIR HOLM emphasized that Fairbanks suffers from this problem more than Anchorage or any other area in the state due to a higher concentration of vehicles, and due to it being an

area that "inverts." He urged that DEC and EPA monitor the area appropriately. He recalled that a price had been paid for MTBE [methyl tertiary butyl ether], mentioning that the percentage that had been suggested to use in gas resulted in many people getting sick; it was an expensive "test." He said he did not want Fairbanks to be a "guinea pig" and that the state needs to be careful when implementing programs that might adversely affect specific municipalities or areas.

Number 1215

CO-CHAIR HOLM moved to report HB 81 out of committee with individual recommendations and the [forthcoming zero] fiscal note. There being no objection, HB 81 was reported from the House Transportation Standing Committee.

The committee took a brief at-ease from 2:56 to 2:57 p.m.

ADJOURNMENT

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