

HOUSE FINANCE COMMITTEE  
April 21, 2006  
9:00 a.m.

CALL TO ORDER

Co-Chair Meyer called the House Finance Committee meeting to order at [9:00:59 AM](#).

MEMBERS PRESENT

Representative Kevin Meyer, Co-Chair  
Representative Bill Stoltze, Vice-Chair  
Representative Richard Foster  
Representative Mike Hawker  
Representative Jim Holm  
Representative Mike Kelly  
Representative Beth Kerttula  
Representative Carl Moses  
Representative Bruce Weyhrauch

MEMBERS ABSENT

Representative Mike Chenault, Co-Chair  
Representative Reggie Joule

ALSO PRESENT

Senator Fred Dyson; Ryan Makinster, Staff, Senator John Cowdery; Mike Neely, Diamond Parking, Anchorage; Patrick Gamble, President and CEO, Alaska Railroad Corporation; Bill O'Leary, Vice President, Finance, Alaska Railroad Corporation; Representative Carl Gatto

PRESENT VIA TELECONFERENCE

Dan Coffee, Ernouf and Coffee, Anchorage; John Torgerson, Deputy Commissioner for Aviation, Department of Transportation and Public Facilities; John Steiner, Assistant Attorney General, Department of Law

SUMMARY

CSSB 54(FIN)

"An Act amending protective order statutes for crimes involving stalking to include crimes involving sexual assault and sexual abuse, to provide for other relief ordered by a court, to add the protective orders to a centralized registry, to prevent denial solely for a lapse of time, and to require notification of the court of known civil or criminal actions involving the petitioner or respondent; relating to notifications to victims of sexual assault and to

mandatory arrest for crimes involving violation of protective orders and violation of conditions of release; and amending Rule 65, Alaska Rules of Civil Procedure."

CSSB 54 (FIN) was REPORTED out of Committee with a "do pass" recommendation and with two zero fiscal notes by the Department of Administration, a zero fiscal note by the Department of Corrections, a zero fiscal note by the Department of Law, and two fiscal notes by the Department of Public Safety.

SB 304 "An Act relating to the privileges of airport parking shuttles and to fees or charges imposed on a person who is not a lessee or holder of a privilege to use the property or a facility of an airport."

SB 304 was heard and HELD in Committee for further consideration.

SB 308 "An Act authorizing the Alaska Railroad Corporation to issue revenue bonds to finance rail transportation projects that qualify for federal financial participation; and providing for an effective date."

SB 308 was heard and HELD in Committee for further consideration.

[9:01:09 AM](#)

CS FOR SENATE BILL NO. 54(FIN)

"An Act amending protective order statutes for crimes involving stalking to include crimes involving sexual assault and sexual abuse, to provide for other relief ordered by a court, to add the protective orders to a centralized registry, to prevent denial solely for a lapse of time, and to require notification of the court of known civil or criminal actions involving the petitioner or respondent; relating to notifications to victims of sexual assault and to mandatory arrest for crimes involving violation of protective orders and violation of conditions of release; and amending Rule 65, Alaska Rules of Civil Procedure."

SENATOR FRED DYSON explained that the bill has never had a negative vote so far. He related that the head of the sexual assault unit in Anchorage requested this bill because some judges would not grant a protective order to a rape victim because it was not mentioned in the code. This bill corrects that. It also cleans up other areas in protective orders.

Senator Dyson noted that Section 10 has a provision regarding protective orders and prior violations.

[9:04:49 AM](#)

Representative Weyhrauch thanked the sponsor for providing the corrections contained in the bill.

Senator Dyson reported that there are several supporters of the bill present today who are willing to testify if needed.

Representative Stoltze noted appreciation for the bill and especially Section 10, which applies to court systems.

Co-Chair Meyer noted the six fiscal notes.

[9:07:42 AM](#)

Representative Foster MOVED to REPORT CSSB 54 (FIN) out of committee with individual recommendations and the accompanying fiscal notes. There being NO OBJECTION, it was so ordered.

CSSB 54 (FIN) was REPORTED out of Committee with a "do pass" recommendation and with two zero fiscal notes by the Department of Administration, a zero fiscal note by the Department of Corrections, a zero fiscal note by the Department of Law, and two fiscal notes by the Department of Public Safety.

[9:08:34 AM](#)

SENATE BILL NO. 304

"An Act relating to the privileges of airport parking shuttles and to fees or charges imposed on a person who is not a lessee or holder of a privilege to use the property or a facility of an airport."

RYAN MAKINSTER, STAFF, SENATOR JOHN COWDERY, said he is representing the Senate Transportation Subcommittee. Under Alaska law, commercial vehicles that deliver people to the airport fall into one of six general categories: limos, tour buses, standard bus service, off-airport shuttles, off-airport car rental shuttles and courtesy vehicles. Depending on the vehicle's classification, a fee is charged depending on the access to the airport. Under statute, these fees are supposed to be reasonable and uniform for the same class of privileges and services, and to be established with due regard to the property and improvements used and the expense of operation by the state. He emphasized that the fees are to be uniform.

Mr. Makinster related that recently the Department of Transportation proposed regulations which would charge off-airport valet parking services a tax equal to 8 percent of their gross revenues, or over \$100,000 per year. Currently, they are being charged a yearly rate based on the number of shuttles they have, or about \$2,500 per year. The proposed regulations would also require a private entity without a lease agreement to open their books to show gross sales. The sponsor of the bill disagrees with this idea.

Mr. Makinster noted that the purpose of the bill is not to set rates, but to clarify the law so that the rates are reasonable and uniform and based on use, not on a percentage of gross revenue.

Representative Hawker asked for an explanation of the fiscal note. Mr. Makinster replied that it is a zero note. It is not a cost to the state, but is funded through landing fees. The airlines don't have a problem with it.

[9:14:10 AM](#)

Representative Hawker related that the current fiscal note suggests that the fiscal burden would be shifted to the airlines. He maintained that that is not an accurate statement because the bill would not allow DOT or the airport to shift the burden from the airlines, where it currently exists, to the rental car facility. Mr. Makinster agreed.

Representative Hawker cited in the description of the fiscal note, "the bill would undermine changes the legislature enacted last year to AS 02.15.090H and one to provide the financing mechanism customer facility charge for the Anchorage Airport rental car facility currently under construction." He asked if the bill would undermine changes made last year. Mr. Makinster replied that the on-airport car rental companies would assume all costs for that unit. The language in the fiscal note seems to be in direct violation of the promise made last year. The reassurance was made last year that the cost would only be absorbed by those using the new airport rental center. Representative Hawker suggested that the drafter of the fiscal note amend it.

[9:18:16 AM](#)

MIKE NEELY, DIAMOND PARKING, ANCHORAGE, testified in support of the bill. He described the facility and the land trade and purchase involving the Municipality of Anchorage. He pointed out that Diamond Parking owns the former Spenard Community dump and has developed it into a facility with a capacity to park nearly 1,200 vehicles at a cost of \$12

million. Diamond Parking sells service. People park their cars at their facility, are picked up at their car, and transported to the airport, then picked up again when they return. Diamond Parking is open 24 hours a day, 365 days a year, employing 25 to 30 people, with an annual payroll of half a million dollars. To do business at the airport, Diamond Parking is currently required to have ramp passes for each of the shuttle buses to drive onto airport property. They purchase 5 annual passes at \$500 each, which is a fair rate and compares to rates charged to for similar service.

Mr. Neely reported that in addition to the ramp pass expense, the airport is seeking a percentage of the gross revenue. Based on projections for 2006, this amount could be as high as \$120,000 and would be the difference between profit and loss. He opined that it is not fair. All other businesses that pick up and drop off customers from off-airport facilities are charged a flat fee. Diamond Parking has been trying to come to an agreement with the airport. He spoke of two other facilities, one in Salt Lake City and one in Spokane. In Spokane a flat fee is paid. In Salt Lake City the fee is paid on a per-trip basis. Both methods are fair.

Mr. Neely related that Diamond Parking has proposed two solutions, a per car fee and a per bus trip fee. Seattle, Portland and Salt Lake City use the per bus trip fee. Diamond Parking also proposed to install the equipment, but both methods were flatly rejected in favor of the status quo of 8 percent.

[9:23:52 AM](#)

DAN COFFEE, ERNOUF AND COFFEE, ANCHORAGE, concurred with Mr. Neely's testimony. He reported that the airport's attitude is "but for the airport there would be no off-airport parking". He maintained that state statute says that people will be charged commensurate with the amount of airport they use. He disagreed that the airport is entitled to a percentage of gross proceeds of anything that does business with the airport. The current law needs to be followed. He stated that airport parking already has a competitive advantage, and has taken the easy way out by taking 8 percent of the gross profit. He requested that the committee address this issue. He addressed the fiscal note and the parking garage. He spoke of past ownership in a car rental. He dispelled the fear that car rentals would move off airport.

Representative Stoltze asked about the process for administrative appeal. Mr. Coffee described the in-house procedure that allows an aggrieved party to challenge a regulation prior to going to court. So far, only a hearing officer has been appointed and there has been no hearing. Representative Stoltze said it is not likely to be resolved soon.

Co-Chair Meyer mentioned the zero fiscal note by the Department of Transportation and Public Facilities.

JOHN TORGERSON, DEPUTY COMMISSIONER FOR AVIATION, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, reported that there is another pending fiscal note. He stated that the Department remains opposed to the bill. He appreciated the amendments made by the House Transportation Committee. He questioned the intent of Section 2.

[9:33:14 AM](#)

Co-Chair Meyer asked about the pending fiscal note. Mr. Torgerson thought the note, which is a zero note, would be available later today. It addresses a recent amendment. Co-Chair Meyer reported about the 8 percent parking fee that is under appeal. Mr. Torgerson said a hearing officer was assigned to the case.

[9:36:08 AM](#)

REPRESENTATIVE CARL GATTO asked about the 8 percent fee as it applies to a car agency in Wasilla. He wondered at what distance a person is not considered renting a car from the airport. Mr. Torgerson replied that there is no specific distance stated in statute, but there are no fees imposed in Wasilla.

JOHN STEINER, ASSISTANT ATTORNEY GENERAL, DEPARTMENT OF LAW, addressed Representative Gatto's question. He related that there is a possible fee for that distance if the car rental agency has arranged for transportation, such as a cab. If passengers take a cab on their own, the fee would not apply.

[9:38:37 AM](#)

Representative Hawker said he would be comfortable moving the bill out of Committee upon the opportunity to see the fiscal note.

Co-Chair Meyer decided to hold the bill until the afternoon.

SB 304 was heard and HELD in Committee for further consideration.

[9:39:57 AM](#)

SENATE BILL NO. 308

"An Act authorizing the Alaska Railroad Corporation to issue revenue bonds to finance rail transportation projects that qualify for federal financial participation; and providing for an effective date."

PATRICK GAMBLE, PRESIDENT AND CEO, ALASKA RAILROAD CORPORATION, conveyed information about the bill, which calls for legislative approval for the Railroad to sell bonds not to exceed \$165 million for an acceleration of a track refurbishment. He provided background on the Alaska Railroad. In 1996 the Alaska Railroad realized it was entitled to certain federal subsidies for passenger carrying railroads. Some of the money was earmarked for rebuilding the mainline, which had been rebuilt in the 1950's after WW II.

Mr. Gamble reported that receiving annual funding from SAFETEA-LU provided an opportunity to accelerate the track refurbishment program by issuing bonds. It also shortened the project by as much as 10 years. This provides for a more reliable, safer railroad. The bond debt service would be repaid by the entitlements coming in each year, and the amount of those entitlements would not equal 50 percent of the total federal capital input.

[9:44:32 AM](#)

Mr. Gamble reported that the bond debt service would be paid for by asking the legislature for approval to sell the bonds. He reported that \$225 million has been put into the line so far. This project will not exceed \$165 million in tax-exempt bonds, and will allow for re-financing. The length of the program would be a function of three separate issuances.

Mr. Gamble referred to the trend line of derailments in the Alaska Railroad on page 4 of the handout, "Alaska Railroad Corporation - Legislative Request for Bonding Approval" (copy on file.) He reported on train accident rates on page 5. The recent work has made an impact on the downward trend of accident rates.

[9:47:51 AM](#)

Mr. Gamble referred to page 6, project information: 100 percent CWR from Anchorage to Fairbanks, all concrete ties on curves less than 6 degrees, wooden ties all upgraded to a 35-year cycle, all ballast reset, complimented by ARRC Bridge Program, and complimented by ARRC Collision Avoidance program. The project is worthwhile and affordable.

9:50:43 AM

Mr. Gamble addressed why the project is timely on pages 7 and 8. He spoke to the proposed funding on page 9. ARRC Board approval is required for each project and bond sale.

Mr. Gamble referred to the debt service graph on page 10. He pointed out the information on joint elimination on page 12.

Representative Stoltze asked if any of the money is for realigning curves. Mr. Gamble said it will be used for putting joints in curves, but not straightening them. Representative Stoltze asked about the northern route in his district. He asked about naming mileposts. Mr. Gamble said there are proposals to name more posts after past workers.

9:55:43 AM

Representative Holm mentioned that the low sulfur fuels are no longer going to be produced in Flint Hills. Mr. Gamble said this project will not be affected by that loss of revenue, but others would. Representative Holm asked about crushed rock vs. round rock. Mr. Gamble reported that all remaining round rock would be replaced by crushed granite.

9:57:33 AM

Representative Stoltze asked about Hatcher Pass Mine rock. Mr. Gamble said he has no awareness of that project. He said his company is always looking for good rock. Representative Stoltze asked for the status of negotiations at the Eklutna Quarry. Mr. Gamble spoke to a new proposal to settle a cultural issue regarding Eklutna. A memo of agreement was adopted and great progress is being made.

Co-Chair Meyer stated intent to hold the bill for amendment purposes.

SB 308 was heard and HELD in Committee for further consideration.

ADJOURNMENT

The meeting was adjourned at 10:01 AM.