

**ALASKA STATE LEGISLATURE**  
**HOUSE TRANSPORTATION STANDING COMMITTEE**

April 14, 2005  
1:35 p.m.

**MEMBERS PRESENT**

Representative Jim Elkins, Co-Chair  
Representative Vic Kohring  
Representative Mark Neuman  
Representative Bill Thomas  
Representative Mary Kapsner  
Representative Woodie Salmon

**MEMBERS ABSENT**

Representative Carl Gatto, Co-Chair

**COMMITTEE CALENDAR**

HOUSE BILL NO. 199

"An Act excluding certain trucks from the definition of 'passenger vehicle' for purposes of the passenger vehicle rental tax; and providing for an effective date."

- MOVED HB 199 OUT OF COMMITTEE

HOUSE BILL NO. 209

"An Act establishing the Aviation Advisory Board; and providing for an effective date."

- MOVED HB 209 OUT OF COMMITTEE

HOUSE BILL NO. 239

"An Act relating to the powers and duties of the Department of Transportation and Public Facilities; repealing the requirement for a long-range program for highway construction and maintenance; and repealing a requirement that public facilities comply with energy standards adopted by the Department of Transportation and Public Facilities."

- MOVED HB 239 OUT OF COMMITTEE

HOUSE BILL NO. 266

"An Act relating to offenses and penalties for violation of vehicle weight limitations; prohibiting the use of a violation of a vehicle weight limitation for certain personal automobile

insurance actions; amending Rule 43.6, Alaska Rules of Administration; and providing for an effective date."

- MOVED CSHB266 (TRA) OUT OF COMMITTEE

**PREVIOUS COMMITTEE ACTION**

BILL: HB 199

SHORT TITLE: EXEMPT UHAULS FROM VEHICLE RENTAL TAX

SPONSOR(s): REPRESENTATIVE(s) KOTT

03/04/05	(H)	READ THE FIRST TIME - REFERRALS
03/04/05	(H)	TRA, STA, FIN
03/07/05	(H)	STA REFERRAL REMOVED
04/12/05	(H)	TRA AT 1:30 PM CAPITOL 17
04/12/05	(H)	Scheduled But Not Heard
04/14/05	(H)	TRA AT 1:30 PM CAPITOL 17

BILL: HB 209

SHORT TITLE: AVIATION ADVISORY BOARD

SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

03/07/05	(H)	READ THE FIRST TIME - REFERRALS
03/07/05	(H)	CRA, TRA, FIN
03/23/05	(H)	CRA REFERRAL WAIVED
04/12/05	(H)	TRA AT 1:30 PM CAPITOL 17
04/12/05	(H)	Scheduled But Not Heard
04/14/05	(H)	TRA AT 1:30 PM CAPITOL 17

BILL: HB 239

SHORT TITLE: POWERS/DUTIES DOTPF/TRANSPORTATION PLAN

SPONSOR(s): TRANSPORTATION BY REQUEST

03/30/05	(H)	READ THE FIRST TIME - REFERRALS
03/30/05	(H)	TRA, FIN
04/12/05	(H)	TRA AT 1:30 PM CAPITOL 17
04/12/05	(H)	Scheduled But Not Heard
04/14/05	(H)	TRA AT 1:30 PM CAPITOL 17

BILL: HB 266

SHORT TITLE: VEHICLE WEIGHTS AND INSURANCE

SPONSOR(s): TRANSPORTATION

04/08/05	(H)	READ THE FIRST TIME - REFERRALS
04/08/05	(H)	TRA, JUD, FIN
04/12/05	(H)	TRA AT 1:30 PM CAPITOL 17
04/12/05	(H)	Failed To Move Out Of Committee

04/12/05 (H) MINUTE(TRA)  
04/14/05 (H) TRA AT 1:30 PM CAPITOL 17

**WITNESS REGISTER**

MICHAEL O'HARE, Staff  
to Representative Pete Kott  
Alaska State Legislature  
Juneau, Alaska

POSITION STATEMENT: Presented HB 199 on behalf of Representative Kott, sponsor.

JOHN NORRIS, President  
U-Haul Company of Alaska  
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 199.

JOHANNA BALES, Excise Audit Manager  
Tax Division  
Department of Revenue  
Juneau, Alaska

POSITION STATEMENT: Answered questions on HB 199.

NONA WILSON, Legislative Liaison  
Department of Transportation & Public Facilities  
Juneau, Alaska

POSITION STATEMENT: Testified in support of HB 209.

KIP KNUDSON, Deputy Commissioner of Aviation  
Department of Transportation & Public Facilities  
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 209.

TOM GEORGE  
Aircraft Owners and Pilots Association  
Fairbanks, Alaska

POSITION STATEMENT: Testified in support of HB 209.

JEFF OTTESEN, Director  
Division of Program Development  
Department of Transportation & Public Facilities  
Juneau, Alaska

POSITION STATEMENT: Testified in favor of HB 239.

MICHAEL BELL  
Alaska Trucking Association  
Anchorage, Alaska

POSITION STATEMENT: Testified in opposition to some provisions of HB 266.

PAUL FUHS  
Horizon Lines  
Juneau, Alaska

POSITION STATEMENT: Testified in support of HB 266.

#### **ACTION NARRATIVE**

**CO-CHAIR JIM ELKINS** called the House Transportation Standing Committee meeting to order at [1:35:01 PM](#). Representatives Thomas, Kapsner, Neuman, and Elkins were present at the call to order. Representatives Kohring and Salmon arrived while the meeting was in progress.

#### HB 199-EXEMPT UHAULS FROM VEHICLE RENTAL TAX

CO-CHAIR ELKINS announced that the first order of business would be HOUSE BILL NO. 199 "An Act excluding certain trucks from the definition of 'passenger vehicle' for purposes of the passenger vehicle rental tax; and providing for an effective date."

MICHAEL O'HARE, Staff to Representative Pete Kott, Alaska State Legislature, said in 2003 the legislature passed House Bill 271 to generate revenue from visitors who rent vehicles. One unintended consequence was the taxation of rental trucks used to haul rental goods and household goods, he added. The bill will exclude these trucks from the rental tax.

[1:37:52 PM](#)

JOHN NORRIS, President, U-Haul Company of Alaska, Anchorage, said the original bill was intended as a tourism tax for rental passenger vehicles. He said he was surprised when he was contacted by the Department of Revenue. He noted that the tax has impacted his company's business, because 17 percent less people are using his service. For the month of March, he said, he saw a 29 percent drop in customers. He noted that consumers have other means of moving that are not taxed. A bill was passed in 2004 to exempt taxis, and HB 199 will provide the same relief for trucks, he stated.

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MR. NORRIS said 95 percent of U-haul's customers are Alaskans. The Alaska Trucking Association and the Truck Rental and Leasing

Association support the legislation, he added. Last year was the first year that his business saw a decrease in the use of rental trucks. He said his customers have told him that the tax is a significant hardship.

REPRESENTATIVE NEUMAN noted that many U-hauls work out of small businesses in Alaska. He said he rents U-hauls to deliver some of his furniture.

[1:44:20 PM](#)

JOHANNA BALES, Excise Audit Manager, Tax Division, Department of Revenue, pointed out that HB 199 impacts five taxpayers within the state, and the estimate in lost revenue is \$275,000 per year.

CO-CHAIR ELKINS asked what the five people are losing in income because of the tax.

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MS. BALES said the department has no way to estimate that.

[1:46:35 PM](#)

REPRESENTATIVE KOHRING moved to report HB 199 out of committee with individual recommendations and the accompanying fiscal notes.

There being no objection, HB 199 moved from the House Transportation Standing Committee.

[1:47:15 PM](#)

#### HB 209-AVIATION ADVISORY BOARD

CO-CHAIR ELKINS announced that the next order of business would be HOUSE BILL NO. 209 "An Act establishing the Aviation Advisory Board; and providing for an effective date."

NONA WILSON, Legislative Liaison, Department of Transportation & Public Facilities, said HB 209 is critical to Alaska's aviation infrastructure and aviation industry. The board was originally created in 2003 by Governor Murkowski with an administrative order, and it was renewed in 2004. This bill would continue the existence of the board without the need for administrative renewals.

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MS. WILSON said Anchorage and Fairbanks are international hubs, and there are 258 rural airports in Alaska. The state has the largest seaplane base in the world, six times the number of pilots per capita, and 16 times the number of aircraft per capita than the rest of the country. The Anchorage airport is the largest cargo airport in North America. The Aviation Advisory Board advises the commissioner and facilitates dialogue between the state and the aviation industry on matters of policy, management, operations, and safety. The board represents a broad cross-section of Alaska's aviation industry with a valuable combination of expertise, she concluded.

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REPRESENTATIVE SALMON asked about the purpose of the board.

MS. WILSON repeated her description of the board's purpose.

[1:51:51 PM](#)

REPRESENTATIVE SALMON asked if it makes aviation regulations.

MS. WILSON said the board would advise the commissioner on regulations. She said the board is the administration's attempt at fair and balanced representation of everybody who participates in statewide aviation.

KIP KNUDSON, Deputy Commissioner of Aviation, Department of Transportation & Public Facilities, said the advisory board is critical, and the department has already gotten a lot of sage advice from it. It should be a permanent structure, he said.

REPRESENTATIVE KAPSNER asked if it already exists.

MS. WILSON said it does, and HB 209 makes it permanent.

REPRESENTATIVE KAPSNER asked who represents air carriers serving rural areas.

MR. KNUDSON said it was someone from Taquan Air in Ketchikan, Alaska.

REPRESENTATIVE NEUMAN said most boards come up for review, and asked why there wasn't a sunset date for this board.

MS. WILSON said the department would like to see the board continued, even as members and administrations change.

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MR. KNUDSON added that the board was recommended by aviation interests who didn't have adequate avenues to advise the state. It is coming from the consumers, companies, and pilots, he said.

REPRESENTATIVE NEUMAN said he thought there were always sunset clauses because things change, and the public likes to take another look at government decisions.

REPRESENTATIVE KAPSNER asked about term lengths.

MS. WILSON said she thought they were staggered three-year terms, with eleven members.

REPRESENTATIVE THOMAS said he likes the idea of it being permanent, as many boards are.

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REPRESENTATIVE SALMON asked about the member from an unorganized borough.

MR. KNUDSON said that seat is occupied by someone from Bettles Air Service. The intent is to make sure unorganized areas were covered on the board, he explained.

REPRESENTATIVE NEUMAN said he does not have a problem with permanence.

[2:00:15 PM](#)

TOM GEORGE, Aircraft Owners and Pilots Association (AOPA), Fairbanks, said AOPA has 4,600 members in Alaska, and it supports HB 209. He said aviation plays a crucial role in Alaska, and there needs to be a way for the industry to dialogue with the department as it sets policy and makes management decisions. The board members represent broad interests and geographic regions, he stated.

[2:01:36 PM](#)

REPRESENTATIVE KAPSNER moved to report HB 209 out of committee with individual recommendations and the accompanying fiscal notes.

There being no objection, HB 209 was passed out of the House Transportation Standing Committee.

[2:02:06 PM](#)

HB 239-POWERS/DUTIES DOTPF/TRANSPORTATION PLAN

CO-CHAIR ELKINS announced that the next order of business would be HOUSE BILL NO. 239 "An Act relating to the powers and duties of the Department of Transportation and Public Facilities; repealing the requirement for a long-range program for highway construction and maintenance; and repealing a requirement that public facilities comply with energy standards adopted by the Department of Transportation and Public Facilities."

JEFF OTTESEN, Director, Division of Program Development, Department of Transportation & Public Facilities (DOT), said this almost passed the legislature last year. He said it is a simple, housecleaning bill with one important provision. It was driven home by a lawsuit against the state for failing to have a full cost benefit analysis before a rural project went forward. He said any project can be litigated unless HB 239 passes.

MR. OTTESEN said that the bill takes care of things that have changed over time. He said DOT receives money from sources that are expected to be granted to local government or nonprofits, and Section 1 gives the department legal authority to issue the grants. The heart of the bill is Section 3, he said. The merging of DOT and public works was an administrative order that became statute without a legislative vote, he explained. An annual transportation plan for all modes of transportation was required at that time, but DOT can't afford to do that now. He said it also calls for a cost and benefit analysis for every project without considering the size of the project. The court ruling and lawsuit requires the cost benefit study, so every local government who nominates a project for aviation, highways, or transit will have to do the analysis. "That's not something we want them to do; that's something we're doing because the court has already ruled that the statute requires this." He said there are two letters from local government supporting the bill.

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REPRESENTATIVE NEUMAN moved to report HB 239 out of committee with individual recommendations and accompanying fiscal notes. There being no objection, HB 239 was passed out of the House Transportation Standing Committee.

HB 266-VEHICLE WEIGHTS AND INSURANCE

CO-CHAIR ELKINS asked if there was any further business to come before the committee. Upon the following motion, the committee turned its attention to HOUSE BILL NO. 266, "An Act relating to offenses and penalties for violation of vehicle weight limitations; prohibiting the use of a violation of a vehicle weight limitation for certain personal automobile insurance actions; amending Rule 43.6, Alaska Rules of Administration; and providing for an effective date."

REPRESENTATIVE THOMAS moved that the committee rescind its action in failing to report CSHB 266(TRA) from committee on April 12, 2005. There being no objection, CSHB 266(TRA) was before the committee.

MICHAEL BELL, Alaska Trucking Association (ATA), said ATA supports the insurance provision of HB 266. He said ATA doesn't support the large increase in fines in Section 2, but the proposal would be less objectionable "if confined to the highest fees to the most significant violators." He stated that 8,000 pounds or less of overweight have insignificant impacts on highways and may result from unintentional errors or lack of scales. The fees place a larger burden on the small companies, he contended. Mr. Bell said ATA does not support the shift of responsibility from the motor carriers to the shippers for violations caused by the bill of lading, because carriers have the right to seek restitution from their customers if they so choose.

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MR. BELL said for the provision dealing with the number of fines related to the number of drivers, ATA suggests an additional tier for up to 60 violations for the large companies that employ more than 200 drivers.

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REPRESENTATIVE NEUMAN said he wished the committee had the recommendations before the meeting. He said he agrees with Mr.

Bell on the fines. He said 8,000 pounds won't do significant damage. "If we just had better enforcement, we wouldn't need higher fines," he said. He suggested including ATA's letter when the bill leaves committee.

[2:14:34 PM](#)

REPRESENTATIVE KOHRING said he is not clear on ATA's position.

MR. BELL said ATA supports some of the intentions of HB 266, but it has some concerns with the increase in fees. He added that ATA would like an amendment to make 8,000 pounds the baseline and to increase fines on escalating over weights. He agrees that extra weight is detrimental to roads, but it is very difficult to be precise because of mud and snow.

REPRESENTATIVE KOHRING asked for ATA's proposed amendment.

CO-CHAIR ELKINS suggested that the House Finance Committee address the fee structure.

REPRESENTATIVE KOHRING said he has faith in the House Finance Committee, but he is uncomfortable with the high fees. Can a little excavating business hauling a dozier one block down the road be cited? he asked.

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NONA WILSON, Legislative Liaison, Department of Transportation & Public Facilities, said there are temporary permits available.

AVES THOMPSON, Director, Division of Measurement Standards and Commercial Vehicle Enforcement, Department of Transportation & Public Facilities, said permits are available, and without one, the truck would be in violation.

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REPRESENTATIVE NEUMAN asked the time and cost for a permit.

MR. THOMPSON said a permit can be obtained within the same day unless there is an extraordinary load, and fees are \$50 to \$75.

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BARBARA HUFF TUCKNESS, Director of Governmental and Legislative Affairs for Teamsters Local 959, said she represents a few truck

drivers, and the Teamsters strongly support HB 266. It is an issue of road damage and safety, and whether it is a small business or large, the rules are the rules. Running 5,000 pounds over weight is significant, and it is the motoring public that is impacted, she said. The current fee structure has become just another cost of business, she noted, and truck drivers have a good idea if the truck is 2,000 pounds over.

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MS. TUCKNESS said the proposed fines will not impact anyone not running overweight. Small or large, everyone should understand the rules of the road. There is a timely permitting process, she concluded.

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REPRESENTATIVE KOHRING said safety is important but he is nervous about adopting legislation that increases fees to this extent. He asked if there is a correlation with fee structures and overweight offences.

MS. TUCKNESS said the teamsters believe the bill would reduce violations. It is important to send the message, she said.

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REPRESENTATIVE KOHRING said he won't oppose HB 266, but he will look at what comes out of the House Finance Committee before supporting it on the floor.

REPRESENTATIVE NEUMAN said 2,000 pounds is hard to distinguish on a vehicle that runs 200,000 pounds.

REPRESENTATIVE THOMAS said a driver of a truck that is 20,000 pounds over weight should lose his or her license.

MS. TUCKNESS said she supports increasing the state's enforcement budget.

REPRESENTATIVE NEUMAN said HB 266 does nothing to the owners of the company. Truck drivers may be making \$15 hour, and may be threatened with their job if they don't haul what they are told to do.

CO-CHAIR ELKINS said that is not true.

[2:29:28 PM](#)

PAUL FUHS, Horizon Lines, Anchorage, said the ticket goes to the driver who turns it over to the owner. The driver doesn't have to pay the ticket, he said. Some companies may be overloading as a practice, putting the drivers and public at risk. The shipper or loader who lies can be held liable. Generally the driver is not the person who gets a sanction, he said.

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MR. FUHS said trucks bend the pavement when overloaded, enough to break the water seal. Running overweight at a slow speed will prevent such damage. He gave an example of a family killed by an overloaded gravel truck.

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REPRESENTATIVE THOMAS moved to report CSHB 266(TRA) out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHB 266(TRA) was reported out of the House Transportation Standing Committee.

#### **ADJOURNMENT**

There being no further business before the committee, the House Transportation Standing Committee meeting was adjourned at [2:33 PM](#)