

ALASKA STATE LEGISLATURE
SENATE TRANSPORTATION STANDING COMMITTEE

February 15, 2007

1:35 p.m.

MEMBERS PRESENT

Senator Albert Kookesh, Chair
Senator John Cowdery, Vice Chair
Senator Donny Olson
Senator Bill Wielechowski

MEMBERS ABSENT

Senator Gary Wilken

COMMITTEE CALENDAR

SENATE BILL NO. 41

"An Act repealing the fee imposed on the sale of studded tires."

MOVED CSSB 41(L&C) OUT OF COMMITTEE

SENATE BILL NO. 15

"An Act extending the termination date for the Board of Marine Pilots; and providing for an effective date."

MOVED CSSB 15(TRA) OUT OF COMMITTEE

SENATE BILL NO. 49

"An Act relating to commemorative license plates celebrating Alaska's 50th anniversary as a state; and providing for an effective date."

MOVED CSSB 49(STA) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: SB 41

SHORT TITLE: REPEAL STUDED TIRE FEE

SPONSOR(S): SENATOR(S) WIELECHOWSKI

01/16/07	(S)	PREFILE RELEASED 1/5/07
01/16/07	(S)	READ THE FIRST TIME - REFERRALS
01/16/07	(S)	L&C, TRA, FIN
01/25/07	(S)	L&C AT 1:30 PM BELTZ 211
01/25/07	(S)	Heard & Held
01/25/07	(S)	MINUTE(L&C)
01/25/07	(S)	MINUTE(L&C)
01/30/07	(S)	L&C AT 1:30 PM BELTZ 211

01/30/07 (S) -- Rescheduled to 02/01/07 --
 02/01/07 (S) L&C AT 2:00 PM BELTZ 211
 02/01/07 (S) Moved CSSB 41(L&C) Out of Committee
 02/01/07 (S) MINUTE(L&C)
 02/02/07 (S) L&C RPT CS 4DP 1DNP NEW TITLE
 02/02/07 (S) DP: ELLIS, DAVIS, STEVENS, HOFFMAN
 02/02/07 (S) DNP: BUNDE
 02/15/07 (H) TRA AT 1:30 PM CAPITOL 17

BILL: SB 15

SHORT TITLE: BOARD OF MARINE PILOTS
 SPONSOR(s): SENATOR(s) THERRIAULT

01/16/07 (S) PREFILE RELEASED 1/5/07
 01/16/07 (S) READ THE FIRST TIME - REFERRALS
 01/16/07 (S) TRA, L&C, FIN
 01/30/07 (S) TRA AT 2:00 PM BUTROVICH 205
 01/30/07 (S) -- Meeting Canceled --
 02/15/07 (H) TRA AT 1:30 PM CAPITOL 17

BILL: SB 49

SHORT TITLE: COMMEMORATIVE PLATES: STATEHOOD ANIV.
 SPONSOR(s): SENATOR(s) STEVENS

01/16/07 (S) READ THE FIRST TIME - REFERRALS
 01/16/07 (S) STA, TRA, FIN
 01/23/07 (S) STA AT 9:00 AM BELTZ 211
 01/23/07 (S) Moved CSSB 49(STA) Out of Committee
 01/23/07 (S) MINUTE(STA)
 01/24/07 (S) STA RPT CS 3DP 2NR SAME TITLE
 01/24/07 (S) DP: MCGUIRE, STEVENS, GREEN
 01/24/07 (S) NR: FRENCH, BUNDE
 01/30/07 (S) TRA AT 2:00 PM BUTROVICH 205
 01/30/07 (S) -- Meeting Canceled --
 02/15/07 (H) TRA AT 1:30 PM CAPITOL 17

WITNESS REGISTER

JOHANNA BALES
 Excise Auto group
 Anchorage, AK
POSITION STATEMENT: Spoke in favor of SB 41

GREG WICHCHICH
 Anchorage, AK
POSITION STATEMENT: Spoke in favor of SB 41

DUANE BANNOCK, Director
Division of Motor Vehicles
Department of Administration
1300 W Benson Blvd.
Anchorage AK 99503.
POSITION STATEMENT: Spoke in favor of SB 49

GAIL PHILLIPS, Chair
Alaska Statehood Celebration Commission
Department of Commerce, Community, and Economic Development
Homer, Alaska
POSITION STATEMENT: Spoke in favor of SB 49

SENATOR GENE THERRIAULT
Alaska State Capitol
Juneau, AK 99801-1182
POSITION STATEMENT: Sponsor of SB 15

RICK URION, Director
Division of Corporations, Business, and Professional Licensing
Department of Commerce, Community & Economic Development
PO Box 110800
Juneau, AK 99811-0800
POSITION STATEMENT: Spoke in favor of SB 15

ACTION NARRATIVE

CHAIR ALBERT KOOKESH called the Senate Transportation Standing Committee meeting to order at [1:35:47 PM](#). Present at the call to order were Senators Cowdery, Wielechowski, Olson, and Chair Kookesh.

SB 41-REPEAL STUDED TIRE FEE

CHAIR KOOKESH announced SB 41 to be up for consideration.

[1:36:35 PM](#)

SENATOR WIELECHOWSKI, sponsor of SB 41, explained that it would repeal the \$5 retail fee on the sale of studded tires. The fee has had a damaging impact on small businesses selling tires, and working families. Research shows that studded tires positively impact the Alaskan economy, and the tax defers people from buying them.

[1:39:03 PM](#)

SENATOR COWDERY asked for the cost associated with collecting the fee.

SENATOR WIELECHOWSKI deferred the question to the administration. The state does pay for one full time position, but he didn't know that it would be eliminated.

SENATOR OLSON said that studded tires increase road maintenance fees.

SENATOR WIELECHOWSKI said he would provide a copy of a study that showed that costs are incurred by studded tires, and said that technology has significantly minimized studded-tire damage, which is mostly done when people use them in the summer. He said repealing the tax is a way to give back to working families in Alaska.

SENATOR OLSON asked if the state is paying the tax as well.

SENATOR WIELECHOWSKI didn't have the answer.

[1:43:33 PM](#)

SENATOR COWDERY commented that he doesn't use studded tires.

SENATOR WIELECHOWSKI reiterated that there are a number of studies indicating that accidents drop when studded tires are allowed. In fact studs break up the ice and make the roads safer for non stud users.

SENATOR COWDERY stated his belief that lightweight studs are just as damaging as heavy ones.

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JOANNA BALES, Supervisor for the Excise Auto Group, confirmed Senator Wielechowski's testimony and said the primary complaint about the tax is that this is the only one levied at the retail level.

She said that one tax technician was hired to deal with the tire tax, but that they wouldn't necessarily lose their job if the tax was repealed, and there would be a savings of \$56,000 to the state. Also, the state is exempt from the tax, although it is using heavyweight studs on its DOT and state vehicles. Complaints have been made about this disparity.

SENATOR OLSON asked if federal or commercial vehicles are exempt as well.

MS. BALES replied that federal vehicles are exempt but not commercial ones. She confirmed that the administration is in favor of repealing the fee, which earned \$1.5 million in the first full year of its implementation.

SENATOR OLSON remarked that the governor's announced reduction in the state budget would bring about cuts in other departments, and asked for plans to make up for the shortfall.

MS. BALES said she didn't have that information.

SENATOR OLSON said that the state won't be saving any money if the tax technician is kept on the payroll, and asked if any other taxes are being proposed.

MS. BALES answered that the cruise ship passenger tax will bring in more money, and that the tire tax technician would take a position working for that project.

SENATOR COWDERY commented on tire damage to asphalt and said the problem lies with the mix used in making asphalt.

SENATOR OLSON said that the problem may be that projects are going to the lowest bidder.

SENATOR COWDERY said that it is not the fault of the contractors, because the DOT provides the specifications.

[1:54:05 PM](#)

GREG WICHICH, an Anchorage small business owner, said that he has been collecting the fee from his customers and submitting it to the state. The system has been difficult to administer, and the state online payment system is burdensome to his staff and his customers. The tax penalizes people who try to be safe on the state's roads, which doesn't make sense.

SENATOR OLSON asked about the difference between a retail level tax and a sales tax.

MR. WITCHICH said he couldn't answer that question.

SENATOR OLSON asked if Mr. Witchich has been subject to penalties as a result of the difficulty of paying this tax.

MR. WICHICH replied yes and explained his particular situation.

SENATOR COWDERY asked if he received a fee for collecting the tax.

MR. WITCHICH answered yes if it is timely. He reiterated he doesn't understand why the public should want to tax itself in this way.

[1:59:47 PM](#)

SENATOR WIELECHOWSKI commented that the governor hasn't included the tax receipts in her current budget.

SENATOR COWDERY made a motion to move SB 41 from committee with individual recommendations and attached fiscal note(s). There being no objection, CSSB 41(L&C) moved from committee.

SB 15-BOARD OF MARINE PILOTS

CHAIR KOOKESH announced SB 15 to be up for consideration.

[2:02:48 PM](#)

SENATOR THERRIAULT, sponsor of SB 15, explained that the bill extends the Board of Marine Pilots by eight years, to 2015. When dealing with sunset dates he typically defaults to the auditors' recommendation. He noted that the packets distributed to the committee should contain the auditors' report and that Pat Davidson, Legislative Auditor, was available to respond to questions. He said the "audit shop" had been watching a number of issues related to the operation of the board including random drug testing of marine pilots.

SENATOR COWDERY asked if an eight year extension was standard.

SENATOR THERRIAULT replied that extensions were shorter in the past, but the legislature decided that the frequency of the sunset dates was shorter than it needed to be. The suggestion was that the sunsets should be extended.

[2:06:42 PM](#)

RICK URION, Director of the Division of Corporations, Business, and Professional Licensing for the Department of Commerce, Community, & Economic Development (DCCED), stated his support

for SB 15. The Board of Marine Pilots has completed its audit period, and all suggestions that the auditors made were appropriately addressed. The board provides a valuable service and it ought to be continued, he stated.

ALBERT CLOUGH, Deputy Commissioner of the DCCED and Chair of the Marine Pilots Board, stated that the board fully supports extending the sunset date, but it has no opinion on the length of the extension.

CHAIR KOOKESH asked Pat Davidson to discuss the length of the extension.

PAT DAVIDSON, Auditor for the Division of Legislative Audit (DLA), relayed that several years ago the suggested extension time for boards and commissions changed from four years to eight years. The sunset notion relates to whether or not a board or commission should remain in existence, but when there is a 4 year rotation only operational efficiencies are addressed to the exclusion of continuation issues.

MS. DAVIDSON said the DLA recommended a six year extension for the Board of Marine Pilots. However, a concern was that the board membership includes marine pilots, industry, and public members, and there have been issues related to marine pilots and the Executive Branch Ethics Act and less directly with industry members. The result is that there is not a sufficient balance between industry and marine pilots.

She said that the division conducted a survey of pilots and industry members and found that both wanted the board to remain involved in rate setting, so a six-year extension was suggested so that the division would be able to look back and see if some of the rate-setting issues were resolved.

[2:11:00 PM](#)

SENATOR WIELECHOWSKI asked if the audit division supports an eight-year extension.

MS. DAVIDSON replied that that it recommended the shorter extension but that it is the legislature's decision.

SENATOR COWDERY asked her to expand upon the audit's recommendations.

MS. DAVIDSON said there were three operational issues: random drug testing, the administration and sample pool of which should be improved; the issue of vacant positions which led to delayed investigations; and competency in performance monitoring and peer review which the survey showed to be ineffective.

[2:14:28 PM](#)

SENATOR THERRIAULT said he was comfortable with the auditors' six-year recommendation.

SENATOR OLSON asked if an amended bill would impact the fiscal note.

SENATOR THERRIAULT answered that it likely would not, as the fiscal note only accounts for five years.

SENATOR OLSON asked if audits were done by the auditory staff or contracted out.

SENATOR THERRIAULT replied that most audits are done in-house.

CHAIR KOOKESH moved to adopt Amendment 1, changing the extension of the Board of Marine Pilots from eight years to six years. There being no objection, Amendment 1 was adopted.

CHAIR KOOKESH closed public testimony and asked the committee for final comments.

SENATOR OLSON asked if the marine pilots had weighed in on the issue of six versus eight years.

CHAIR KOOKESH said there had been a discussion with the pilots and he didn't hear any objection.

[2:18:14 PM](#)

SENATOR OLSON motioned to report SB 15, as amended, from committee with individual recommendations and attached fiscal note(s). There being no objection, CSSB 15(TRA) moved from committee.

SB 49 COMMEMORATIVE PLATES: STATEHOOD ANIV.

CHAIR KOOKESH announced SB 49 to be up for consideration. Before the committee was CSSB 49(STA).

[2:20:32 PM](#)

DOUG LETCH, Staff to Senator Gary Stevens, Sponsor of SB 49, said the bill creates a commemorative license plate to celebrate the 50th anniversary of statehood, which happens in 2009. The legislature created the Alaska Statehood Celebration Commission, which recommended that a commemorative license plate be issued. SB 49 would give the Division of Motor Vehicles statutory authority to issue this special license plate. He noted that the packets contain a letter of support from Gail Phillips, the chair of the commission. There is a zero fiscal note.

SENATOR OLSON asked if there would be an additional fee for the commemorative plates.

[2:24:20 PM](#)

DUANE BANNOCK, Director of the Division of Motor Vehicles, Department of Administration (DOA), said that there would be a \$5 fee if someone wanted to replace their current license plate with the commemorative plate. He further explained that the registration fee is oftentimes confused with the license plate fee. In fact, the commemorative plate, which will be considered standard issue, is free; it's the registration of the vehicle that incurs the fee. Specialty plates do incur a fee, but nobody pays for the standard plate.

SENATOR COWDERY asked who designed the commemorative plate.

MR. BANNOCK replied that the design was created by the Statehood Celebration Commission. He explained that the fiscal note is zero because the new design is simply a substitute so the money already in the budget would go to pay for the new design.

[2:26:19 PM](#)

GAIL PHILLIPS, Chair of the Alaska Statehood Celebration Commission, said the commission has been working with the Department of Motor Vehicles for some time to develop the commemorative plate. Several years ago there was a logo contest for the statehood celebration and that was incorporated into the license plate. The artist is from Sitka.

SENATOR OLSON asked when the plates will be available to the public.

MS. PHILLIPS said the plate will be the standard issue from January 2, 2008 through the end of 2009.

SENATOR COWDERY moved to report CSSB 49(STA) from committee with individual recommendations and attached fiscal note(s). There being no objection, the motion carried.

There being no further business to come before the committee, Chair Kookesh adjourned the meeting at [2:29:24 PM](#).