

ALASKA STATE LEGISLATURE
SENATE TRANSPORTATION STANDING COMMITTEE

May 1, 2007

1:33 p.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

SENATE BILL NO. 136

"An Act relating to certain municipal service areas that provide road services."

HEARD AND HELD

CS FOR HOUSE BILL NO. 185(CRA)

"An Act relating to certain municipal service areas that provide road services."

HEARD AND HELD

SENATE JOINT RESOLUTION NO. 7

Opposing the enactment of the provisions in the Next Generation Air Transportation System Financing Reform Act of 2007 that impose air traffic control user fees, increase aviation fuel and aviation gas taxes, reduce airport funding, and reduce Congressional oversight of the Federal Aviation Administration.

HEARD AND HELD

CS FOR HOUSE JOINT RESOLUTION NO. 18(TRA)

Opposing the enactment of the provisions in the Next Generation Air Transportation System Financing Reform Act of 2007 that impose air traffic control user fees, increase aviation fuel and aviation gas taxes, reduce airport funding, and reduce Congressional oversight of the Federal Aviation Administration.

HEARD AND HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 136

SHORT TITLE: MUNICIPAL ROAD SERVICE AREAS

SPONSOR(S): SENATOR(S) THOMAS

03/23/07 (S) READ THE FIRST TIME - REFERRALS
03/23/07 (S) CRA, TRA
04/05/07 (S) CRA AT 3:30 PM BELTZ 211
04/05/07 (S) -- MEETING CANCELED --
04/10/07 (S) CRA AT 3:30 PM BELTZ 211
04/10/07 (S) -- MEETING CANCELED --
04/13/07 (S) SPONSOR SUBSTITUTE INTRODUCED-REFERRALS
04/13/07 (S) CRA, TRA
04/17/07 (S) CRA AT 3:30 PM BELTZ 211
04/17/07 (S) Moved SSSB 136 Out of Committee
04/17/07 (S) MINUTE(CRA)
04/18/07 (S) CRA RPT 3DP 1NR
04/18/07 (S) DP: OLSON, THOMAS, WAGONER
04/18/07 (S) NR: KOOKESH
04/24/07 (S) TRA AT 1:30 PM BUTROVICH 205
04/24/07 (S) Heard & Held
04/24/07 (S) MINUTE(TRA)
05/01/07 (S) TRA AT 1:30 PM BUTROVICH 205

BILL: HB 185

SHORT TITLE: MUNICIPAL ROAD SERVICE AREAS

SPONSOR(S): REPRESENTATIVE(S) COGHILL

03/12/07 (H) READ THE FIRST TIME - REFERRALS
03/12/07 (H) CRA, TRA
03/22/07 (H) CRA AT 8:00 AM BARNES 124
03/22/07 (H) Heard & Held
03/22/07 (H) MINUTE(CRA)
03/27/07 (H) CRA AT 8:00 AM BARNES 124
03/27/07 (H) Moved CSHB 185(CRA) Out of Committee
03/27/07 (H) MINUTE(CRA)
03/28/07 (H) CRA RPT CS(CRA) 2DP 4NR
03/28/07 (H) DP: DAHLSTROM, FAIRCLOUGH
03/28/07 (H) NR: NEUMAN, OLSON, SALMON, LEDOUX
04/12/07 (H) TRA AT 1:30 PM CAPITOL 17
04/12/07 (H) Moved CSHB 185(CRA) Out of Committee
04/12/07 (H) MINUTE(TRA)
04/13/07 (H) TRA RPT CS(CRA) 2DP 2NR
04/13/07 (H) DP: FAIRCLOUGH, JOHANSEN
04/13/07 (H) NR: DOOGAN, NEUMAN
04/24/07 (H) TRANSMITTED TO (S)
04/24/07 (H) VERSION: CSHB 185(CRA)
04/25/07 (S) READ THE FIRST TIME - REFERRALS

04/25/07 (S) TRA
05/01/07 (S) TRA AT 1:30 PM BUTROVICH 205

BILL: SJR 7

SHORT TITLE: OPPOSE CHANGES IN FED AVIATION LAWS

SPONSOR(s): SENATOR(s) OLSON

04/25/07 (S) READ THE FIRST TIME - REFERRALS
04/25/07 (S) TRA
05/01/07 (S) TRA AT 1:30 PM BUTROVICH 205

BILL: HJR 18

SHORT TITLE: OPPOSE FED AVIATION FUEL TAX INCREASE

SPONSOR(s): REPRESENTATIVE(s) JOHANSEN

04/05/07 (H) READ THE FIRST TIME - REFERRALS
04/05/07 (H) TRA
04/12/07 (H) TRA AT 1:30 PM CAPITOL 17
04/12/07 (H) Heard & Held
04/12/07 (H) MINUTE(TRA)
04/19/07 (H) TRA AT 1:30 PM CAPITOL 17
04/19/07 (H) Moved CSHJR 18(TRA) Out of Committee
04/19/07 (H) MINUTE(TRA)
04/20/07 (H) TRA RPT CS(TRA) NT 5DP
04/20/07 (H) DP: FAIRCLOUGH, DOOGAN, NEUMAN,
KOHRING, JOHANSEN
04/24/07 (H) TRANSMITTED TO (S)
04/24/07 (H) VERSION: CSHJR 18(TRA)
04/25/07 (S) READ THE FIRST TIME - REFERRALS
04/25/07 (S) TRA
05/01/07 (S) TRA AT 1:30 PM BUTROVICH 205

WITNESS REGISTER

Grier Hopkins, staff to Senator Thomas
Alaska State Capitol
Juneau, AK

POSITION STATEMENT: Presented SB 136.

Carol Beecher, staff to Representative Coghill
Alaska State Capitol
Juneau, AK

POSITION STATEMENT: Presented HB 185.

Sandra Wilson, representing herself
Juneau, AK

POSITION STATEMENT: Opposed to HB 185.

Renee Broker, attorney
Fairbanks North Star Borough
Fairbanks, AK

POSITION STATEMENT: Available for questions on HB 185.

Tammy Wilson, representing herself
Fairbanks, AK

POSITION STATEMENT: Opposed to HB 185.

Ginny Austerman, staff to Senator Olson
Alaska State Capitol
Juneau, AK

POSITION STATEMENT: Presented SJR 7 and commented on HJR 18.

Sonia Christiansen, staff to Representative Johansen
Alaska State Capitol
Juneau, AK

POSITION STATEMENT: Presented HJR 18.

Andrew Cebula, Executive Vice-President of Government Affairs
Aircraft Owners and Pilots Association
Washington, DC

POSITION STATEMENT: Supported of HJR 18

Tom George, Alaska representative
Aircraft Owners and Pilots Association
Fairbanks, AK

POSITION STATEMENT: Supported of HJR 18.

Wilfred Ryan, president
Alaska Air Carriers Association
Anchorage, AK

POSITION STATEMENT: Supported of HJR 18

DEE HANSON, Executive Director
Alaska Airmen's Association
Anchorage, AK

POSITION STATEMENT: Supported HJR 18.

ACTION NARRATIVE

CHAIR ALBERT KOOKESH called the Senate Transportation Standing Committee meeting to order at [1:33:17 PM](#). Present at the call to order were Senators Cowdery, Olson, Wielechowski, and Chair Kookesh.

SB 136-MUNICIPAL ROAD SERVICE AREAS
CSHB 185(CRA)-MUNICIPAL ROAD SERVICE AREAS

CHAIR KOOKESH announced the consideration of SB 136.

GRIER HOPKINS, staff to Senator Thomas, sponsor of SB 136, said that the bill would be substituted by its partner bill from the other body, HB 185.

CHAIR KOOKESH asked if a committee substitute would be introduced to combine the two bills.

MR. HOPKINS said that he hadn't heard so.

CHAIR KOOKESH announced the committee would hear SB 136 and HB 185 simultaneously. He didn't intend to move either today.

SENATOR COWDERY commented that the House bill would be more appropriately dealt with.

CHAIR KOOKESH agreed.

[1:35:24 PM](#)

CAROL BEECHER, staff to Representative Coghill, sponsor of HB 185, said the bill provides boroughs with a means of altering existing road service area boundaries to ensure taxpayer fairness among residents of service areas. A service area is a taxing jurisdiction within a borough that has been established to provide special services such as road maintenance or fire protection. These services are requested and approved by voters residing within a specific area. State law permits borough residents living outside a service area to use service area roads for their sole or legally required access. These residents derive a direct benefit equal to residents within the service area, yet they can refuse to contribute to the costs of construction or maintenance of these roads by voting down any annexation attempt. These state mandated annexation votes typically fail as individuals are reluctant to join a service area when they can instead use these maintained roads for free. HB 185 amends state law by allowing a service area to annex property that uses its roads for their sole or legally required access without a separate vote of the property to be annexed. A second issue arises where residents of a service area are required to pay into a service area even though they do not utilize the service area roads for access to their property. Service areas, however, are often reluctant to vote to remove

property from the service area because it effectively raises taxes on the remaining property owners. HB 185 amends state law by allowing a borough assembly to exercise its judgment to alter, by ordinance, a service area boundary to exclude a property that does not use service area roads as its sole or legally required access.

[1:37:26 PM](#)

SENATOR COWDERY asked if the last paragraph of the bill means that the borough can make a ruling on the issue.

MS. BEECHER replied yes, and referenced a part of the bill that will allow a property owner not using the service area roads to be removed from the area so as to not pay for a service they're not using.

SENATOR COWDERY replied that the issue seems to be creating a statewide law to address a local problem.

MS. BEECHER replied that Anchorage has reported similar problems.

[1:38:59 PM](#)

SENATOR OLSON asked if other areas of the state were having similar problems with the service areas.

MS. BEECHER replied that other districts were having issues of the same sort.

SENATOR OLSON asked for the bill's effect on commercial road users.

[1:39:46 PM](#)

MS. BEECHER said that if a property is not using the service area as a sole or legally required access, they could petition to be removed from the area.

CHAIR KOOKESH asked if there is any opposition to the bill.

MS. BEECHER replied that there was someone in the audience who wanted to testify.

[1:40:39 PM](#)

SANDRA WILSON, representing herself, said that the bill is unfair; it bases the amount people pay for their road services on the worth of their houses. The bill was written for Fairbanks, and it's not a solution for issues statewide. She gave several examples of ways the borough might abuse or improperly use the bill.

[1:42:24 PM](#)

SENATOR COWDERY asked for clarification of a point made by Ms. Wilson.

MS. WILSON replied that tax amounts should be set, not based on house worth.

SENATOR COWDERY asked for her thoughts on vacant lots.

MS. WILSON said that currently the tax is based on mill rates for property value.

SENATOR COWDERY said that the public uses the road whether they live there or not.

MS. WILSON replied that was correct.

[1:43:29 PM](#)

SENATOR WIELECHOWSKI asked if Ms. Wilson was questioning the fairness of tax payments, and said that the bill doesn't address that issue.

MS. WILSON agreed, but said that the bill doesn't make the issue any fairer.

SENATOR WIELECHOWSKI said that there may be certain people using an area without paying for it, and they should do so.

MS. WILSON said that everyone in the district should pay the same amount.

SENATOR WIELECHOWSKI said that the bill has nothing to do with that issue, and clarified that he was talking about whether people should pay or not.

[1:44:54 PM](#)

SENATOR OLSON said that if there's only one driver then it doesn't matter how many cars they own.

MS. WILSON explained that taxes should depend on how many people in a home drive.

SENATOR OLSON said that that logic isn't common regarding property taxes.

MS. WILSON said that a gallon of milk costs the same for everyone.

SENATOR OLSON replied that the logic isn't the same.

MS. WILSON replied that all boroughs determine taxes in different ways, and the bill isn't a solution for the whole state.

[1:46:42 PM](#)

SENATOR WIELECHOWSKI asked which districts the bill doesn't work for.

MS. WILSON replied that a gentleman from Kenai who testified in a previous meeting pointed out how it would not work for his area.

SENATOR WIELECHOWSKI said that in his understanding it worked fine. He asked if there's a way the city of Fairbanks could fix the issue without changing the bill.

MS. WILSON said that the issue needs to be addressed locally.

SENATOR WIELECHOWSKI asked how that could be done.

MS. WILSON replied that a local ordinance could be used.

SENATOR WIELECHOWSKI pointed out that the issue is governed by state law.

MS. WILSON said that road service methods change for each borough.

[1:47:56 PM](#)

SENATOR WIELECHOWSKI said that a local solution would be preferable, but it appears that state law does not allow for that.

SENATOR COWDERY said that state law was in place when the original areas were annexed. He added that he sympathizes with the Fairbanks people, and the issue is local.

SENATOR OLSON asked for clarification on the issue.

[1:49:11 PM](#)

SENATOR WIELECHOWSKI repeated that a local solution would be ideal, but he's not convinced there is one available.

CHAIR KOOKESH said that there was a representative from the Fairbanks North Star borough available for questions.

[1:49:51 PM](#)

RENEE BROKER, attorney for the Fairbanks North Star borough, clarified that the bill imposes a fair standard making property owners eligible for movement into or out of a service area based on road use. The bill is fully supported by Fairbanks service areas because a property should belong to the service area in which the owner drives. The legislation restores constitutional rights for altering service boundaries logically, and the bill is following state law. The amount of tax paid for different-sized families is not an issue that can be fixed in this bill. The borough worked with the municipality of Anchorage on the bill because of similar problems in that area. The problem is not only urban.

[1:54:27 PM](#)

SENATOR WIELECHOWSKI said that there had been testimony that the issue should be resolved at a local level, and asked if that was possible.

MS. BROKER replied that it absolutely is not, and gave an example of why.

[1:55:20 PM](#)

SENATOR COWDERY asked if road service areas were changed within statute.

MS. BROKER replied that was correct.

[1:55:57 PM](#)

TAMMY WILSON, representing herself, said that the issue could be taken care of locally; when subdivisions are created they have to be stringently planned. Before they're approved, they should be dealt with in terms of road service areas. The issue isn't one that should be solved in hindsight. She explained that she lives on a private road in Fairbanks that's not maintained, yet the city wants to put her into a road service area; she explained the process she went through to try to not become part of a service area, and how she should not have been included in the road service area.

She added that most of the examples of affected areas were small groups of houses; she has heard that a lot of the issue is because gravel pits are springing up behind subdivisions. She suggested adding a simple definition of private versus public road to the bill.

[2:00:53 PM](#)

SENATOR WIELECHOWSKI said that he finally understood the issue, and asked how the private road maintenance was funded.

MS. WILSON replied that they collect money door-to-door and maintain the road themselves.

SENATOR WIELECHOWSKI said that he understood her concern, and asked for clarification on the effects of the bill on her road.

MS. WILSON replied the bill shows that the borough doesn't even understand what they should and should not include in road service areas.

[2:02:37 PM](#)

SENATOR WIELECHOWSKI said that it seems that individual road maintenance fees would go down if more people lived on the road and paid the same amount of taxes.

MS. WILSON replied that everyone pays the same amount for road maintenance. She added that the other point of the issue is that there's no distinction between a private and public road in the bill or anywhere in state law.

[2:04:33 PM](#)

ED MAHONEY, representing himself, said that he heard that his language of concern was taken out of the bill, and if that was the case he had no further problem with the bill. If it was not, he would maintain his opposition.

CHAIR KOOKESH said that the committee would hold HB 185 [CSHB 185(CRA)] and SB 136.

SJR 7-OPPOSE CHANGES IN FED AVIATION LAWS

[2:06:41 PM](#)

CHAIR KOOKESH announced SJR 7 to be under consideration.

[2:07:10 PM](#)

SENATOR COWDERY made a motion to adopt the proposed committee substitute to SJR 7, labeled 25-LS0887\E, Version E, as the working document of the committee. There being no objection, the motion carried.

GINNY AUSTERMAN, staff to Senator Olson, sponsor of SJR 7, said that it is in effect the same bill as HJR 18. Senator Olson supports that bill and would like it to move forward.

SENATOR COWDERY asked if she would prefer to move the House bill.

MS. AUSTERMAN replied yes.

SJR 7 was held in committee.

HJR 18 OPPOSE FED AVIATION FUEL TAX INCREASE

CHAIR KOOKESH announced the consideration of HJR 18. [CSHJR 18(TRA) was before the committee.]

[2:08:04 PM](#)

SONIA CHRISTENSEN, staff to Representative Johansen, sponsor of HJR 18, said that the resolution is in opposition to the provisions in the Federal Aviation Administration (FAA)'s Next Generation Transportation System Reform Act.

[2:08:39 PM](#)

SENATOR COWDERY moved to adopt the proposed Senate committee substitute to HJR 8, labeled 25-LS0830\L, as the working document of the committee. There being no objection, version L was before the committee.

MS. CHRISTIANSEN repeated her statement regarding the bill's opposition to the FAA Next Generation Transportation System Reform Act. Because of Alaska's geography the state depends uniquely and heavily on aviation for transport of goods and people. The proposed legislation will make this all much more expensive; the FAA should not have the proposed power over Alaska's airports.

[2:10:25 PM](#)

SENATOR COWDERY commented that the first version of the resolution related to jet airplanes.

MS. CHRISTIANSEN explained that the changes were recommended by Senator Olson's office.

[2:11:10 PM](#)

GINNY AUSTERMAN, staff to Senator Olson, sponsor of companion bill SJR 7, explained that Senator Olson's office requested that propeller-driven and rotor-equipped aircraft be specified in the resolution.

[2:11:35 PM](#)

SENATOR WIELECHOWSKI asked if jet-driven aircraft are being excluded from the resolution.

MS. AUSTERMAN replied that jet-driven aircraft are specifically included in the federal legislation.

SENATOR WIELECHOWSKI asked if there is a reason jet-driven aircraft are being excluded.

MS. AUSTERMAN said that she couldn't answer.

CHAIR KOOKESH said that there were testifiers available.

[2:12:39 PM](#)

DEE HANSON, Executive Director of the Alaska Airman's Association, said that the association is opposed to the federal act, and explained why airplanes are so vital to Alaskans in terms of everyday life. The proposed federal act will mean that flying will become too expensive for many people who rely on it and will negatively affect flying-related businesses.

[2:15:53 PM](#)

SENATOR COWDERY asked if Ms. Hanson had the committee substitute before her.

She replied that she didn't.

SENATOR COWDERY said that the sponsor could explain the differences.

[2:16:37 PM](#)

MS. CHRISTIANSEN said that the CS adds specific language addressing the types of planes affected.

MS. HANSON said that no increase in fuel tax is a good thing for Alaska, no matter the sort of plane.

[2:18:18 PM](#)

ANDREW CEBULA, Executive Vice-President of Government Affairs for the Aircraft Owners and Pilots Association (AOPA), said that the association urges the passage of the resolution; the federal proposal is not good for the state of Alaska and its pilots and it will be expensive and will reduce state control of airports. He added that the user fees for the current aviation system are sufficient for covering its costs. Currently one doesn't have to pay a fee to fly; the FAA wants to assess fees simply for flying. It will put congress in a reduced position of authority over FAA expenditures. He mentioned that the federal bill will cut airport spending by a million dollars, and Alaskan airports shouldn't have to compete with airports across the country for funding. He commented that Alaska Representative Don Young does not support the federal act either.

[2:22:12 PM](#)

SENATOR WILKEN asked if Mr. Cebula is not against the FAA initiative, but simply the way it is funded.

MR. CEBULA replied that he is only opposed to the way the act is funded. The association has worked closely with testing the Capstone aviation program in Alaska. The Department of Transportation inspector general's office agrees that the improvements needed for the FAA system can be done using the existing tax structure.

SENATOR WILKEN asked how the money for needed aviation programs will be provided if the increases are not approved.

MR. CEBULA replied that the existing system of fuel taxes can provide the needed revenue for such projects.

SENATOR WILKEN asked if existing taxes could simply be increased rather than looking for new donors.

MR. CEBULA replied that the existing rates would provide needed revenue, and explained where current aviation taxes come from.

[2:25:11 PM](#)

SENATOR WILKEN commented that Senator Stevens supported the Capstone program which has been successful in Alaska, and asked if Alaska is being selfish in not wanting to pay increased taxes.

MR. CEBULA replied that Alaska has been a great leader in improving technology, and said that the state has been willing to help rather than selfish. Alaska has a unique aviation system, and by passing the resolution the state is saying that it has concerns that would be echoed by a lot of other states.

SENATOR WILKEN said that the state has benefited a lot from federal money, and that may put it in a bind regarding refusal to increase taxes.

[2:27:43 PM](#)

TOM GEORGE, Alaska representative to the Aircraft Owners and Pilots Association, said that the issue is not a matter of Alaskans not wanting to pay; it's just that they're taking issue with the new process. He explained how fees would change after the act if it were passed, and how they could expand significantly.

He added that the Capstone program was important to Alaska because the state has a higher accident rate than the rest of

the country, but service charges shouldn't be increased at the expense of aviation safety. Part of the federal act is establishing a board, and that would reduce congressional oversight. He asked that the committee support the resolution.

[2:31:30 PM](#)

WILFRED RYAN, president of the Alaska Air Carriers Association, said that the users of the Alaskan air system already pay their fair share of fees; the fuel tax doesn't benefit small carriers like those in Alaska. The association opposes the elements of the federal act.

[2:34:43 PM](#)

SENATOR COWDERY said that he would like to hold HJR 18.

There being no further business to come before the committee, Chair Kookesh adjourned the meeting at [2:34:56 PM](#).