

ALASKA STATE LEGISLATURE
SENATE TRANSPORTATION STANDING COMMITTEE

April 7, 2009

1:59 p.m.

MEMBERS PRESENT

Senator Albert Kookesh, Chair
Senator Linda Menard, Vice Chair
Senator Bettye Davis
Senator Kevin Meyer
Senator Joe Paskvan

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

SENATE BILL NO. 14

"An Act expanding the motor fuel tax suspension period."

MOVED SB 14 OUT OF COMMITTEE

HOUSE JOINT RESOLUTION NO. 9

Designating the Alaska Aviation Heritage Museum located at 4721 Aircraft Drive in Anchorage as the official headquarters for the State of Alaska's Centennial of Flight Celebration.

MOVED SCS HJR 9(TRA) OUT OF COMMITTEE

SENATE BILL NO. 34

"An Act directing the Department of Transportation and Public Facilities to prepare a report on the feasibility of using compressed natural gas to power vehicles in the state, including vehicles owned or operated by the state, and including in that study, if warranted, a pilot program proposal for powering some vehicles owned or operated by the state with compressed natural gas."

MOVED SB 34 OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: SB 14

SHORT TITLE: EXTEND MOTOR FUEL TAX SUSPENSION

SPONSOR(S): SENATOR(S) DAVIS

01/21/09 (S) PREFILE RELEASED 1/9/09

01/21/09 (S) READ THE FIRST TIME - REFERRALS
01/21/09 (S) L&C, TRA, FIN
03/10/09 (S) L&C AT 1:30 PM BELTZ 211
03/10/09 (S) Heard & Held
03/10/09 (S) MINUTE(L&C)
03/24/09 (S) L&C AT 1:30 PM BELTZ 211
03/24/09 (S) Scheduled But Not Heard
03/26/09 (S) L&C AT 1:30 PM BELTZ 211
03/26/09 (S) Moved SB 14 Out of Committee
03/26/09 (S) MINUTE(L&C)
03/27/09 (S) L&C RPT 3DP 1AM
03/27/09 (S) DP: PASKVAN, DAVIS, MEYER
03/27/09 (S) AM: THOMAS
04/07/09 (S) TRA AT 1:00 PM BUTROVICH 205

BILL: HJR 9

SHORT TITLE: CENTENNIAL OF FLIGHT CELEBRATION

SPONSOR(s): REPRESENTATIVE(s) FOSTER

01/28/09 (H) READ THE FIRST TIME - REFERRALS
01/28/09 (H) TRA
03/24/09 (H) TRA AT 1:00 PM CAPITOL 17
03/24/09 (H) Moved Out of Committee
03/24/09 (H) MINUTE(TRA)
03/25/09 (H) TRA RPT 6DP
03/25/09 (H) DP: JOHANSEN, MUNOZ, DOOGAN, JOHNSON,
GRUENBERG, WILSON
03/30/09 (H) TRANSMITTED TO (S)
03/30/09 (H) VERSION: HJR 9
04/01/09 (S) READ THE FIRST TIME - REFERRALS
04/01/09 (S) TRA
04/07/09 (S) TRA AT 1:00 PM BUTROVICH 205

BILL: SB 34

SHORT TITLE: COMPRESSED NATURAL GAS FOR STATE VEHICLES

SPONSOR(s): SENATOR(s) DYSON

01/21/09 (S) PREFILE RELEASED 1/9/09
01/21/09 (S) READ THE FIRST TIME - REFERRALS
01/21/09 (S) TRA, ENE, FIN
04/07/09 (S) TRA AT 1:00 PM BUTROVICH 205

WITNESS REGISTER

TOM OBERMEYER, Staff
to Senator Davis
Alaska Capitol Building

POSITION STATEMENT: Introduced SB 14 on behalf of the sponsor.

PAUL LABOLLE, Staff
to Representative Richard Foster
Alaska Capitol Building
Juneau AK

POSITION STATEMENT: Introduced HJR 9 on behalf of the sponsor.

GAYLE PHILLIPS, former member
Alaska Legislature and President
Alaska Aviation Museum Board of Directors
Anchorage AK

POSITION STATEMENT: Spoke in support of HJR 9.

SENATOR FRED DYSON
Alaska State Legislature
Juneau AK

POSITION STATEMENT: Sponsor of SB 34.

LUCKY SCHULTZ, Staff
to Senator Dyson
Alaska Capitol Building
Juneau AK

POSITION STATEMENT: Provided information related to SB 34.

ACTION NARRATIVE

[1:59:13 PM](#)

CHAIR ALBERT KOOKESH called the Senate Transportation Standing Committee meeting to order at 1:59 p.m. Present at the call to order were Senators Meyer, Davis, Menard and Kookesh. Senator Paskvan joined the committee soon thereafter.

SB 14-EXTEND MOTOR FUEL TAX SUSPENSION

[1:59:46 PM](#)

CHAIR KOOKESH announced the consideration of SB 14.

TOM OBERMEYER, Staff to Senator Davis, sponsor of SB 14, said the bill extends the motor fuel tax suspension period an additional 2 years. The suspension was initiated during times of high fuel prices and was designed to help stimulate the economy in Alaska. However, Alaska continues to pay some of the highest motor fuel prices in the nation; it affects the price of all goods that are shipped to the state.

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Air and cruise travel to Alaska is also declining because of the current recession. Extending the suspension of the motor fuel tax will have a major impact on the enormous quantities of fuel consumed in the transport of goods and people in Alaska. It will encourage cargo carriers to maintain flights and cargo hubs in Alaska, and it will encourage air and cruise lines to reduce fares to stimulate demand.

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CHAIR KOOKESH noted that Johanna Bales with the Department of Revenue is available to answer questions.

SENATOR MEYER said he voted in favor of the bill in the previous committee and he will be a do pass today. This is a bill that will help both urban and rural Alaska. However, he would note that DOT would like the fuel tax to increase from 8 cents to 16 cents or 32 cents to provide money for repairing and building roads. At some point this will have to be addressed.

SENATOR KOOKESH closed public testimony and asked for a motion.

SENATOR MENARD moved to report SB 14 from committee with individual recommendations and attached fiscal note(s). There being no objection, SB 14 moved from the Senate Transportation Standing Committee.

HJR 9-CENTENNIAL OF FLIGHT CELEBRATION

[2:05:04 PM](#)

SENATOR KOOKESH announced the consideration of HJR 9.

PAUL LABOLLE, Staff to Representative Richard Foster, sponsor of HJR 9, stated that this resolutions designates the Alaska Aviation Heritage Museum as the official headquarters for the centennial flight celebration, which will occur in 2013.

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GAYLE PHILLIPS, former member of the Alaska Legislature and President of the Alaska Aviation Museum Board of Directors, urged the committee to pass HJR 9. Approval of the resolution provides time for the board to work with other aviation entities throughout the state to plan for this significant anniversary in Alaska's aviation history, she said. The board also will work with other museums of flight throughout the country and world to prepare for their participation in Alaska's celebration of motorized flight. The celebration will enhance the Alaska economy and visitor industry.

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SENATOR PASKVAN joined the committee.

SENATOR KOOKESH closed public testimony and opened committee discussion.

SENATOR PASKVAN said his staff reminded him that the first flight in Alaska took place at an exhibition in Fairbanks on July 4, 1913, and he wonders why that isn't reflected in the resolution.

MS. PHILLIPS said she doesn't know why that information isn't included in the resolution because that is an acknowledged fact.

MR. LABOLLE suggested he make a friendly conceptual amendment.

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SENATOR PASKVAN moved a conceptual amendment to recognize that the first flight in Alaska occurred July 4, 1913 at an exhibition in Fairbanks Alaska.

SENATOR KOOKESH found no objection and announced that the conceptual amendment is adopted.

SENATOR MEYER moved to report HJR 9 with the conceptual amendment and zero fiscal note from committee with individual recommendations. There being no objection, SCS HJR 9(TRA) moved from the Senate Transportation Standing Committee.

At ease at 2:10 pm.

SB 34-COMPRESSED NATURAL GAS FOR STATE VEHICLES

[2:11:20 PM](#)

SENATOR KOOKESH announced the consideration of SB 34.

SENATOR FRED DYSON, sponsor of SB 34, said compressed natural gas (CNG) often is overlooked as an energy source, and anyone paying attention to energy needs realizes that almost none of the alternative sources work for the transportation sector. Technology for battery-powered and hydrogen-fueled vehicles hasn't come as far as everyone hoped it would when it was initially considered 10-15 years ago, but CNG is making an impact in the transportation industry. In Argentina 85 percent of the public vehicles are CNG powered and the states of Texas

and Utah are currently running fleets of buses that are powered by CNG.

SENATOR DYSON said his professional experience is that virtually all diesel engines can be converted to run on some derivative of natural gas, which is hopeful for generator use in rural Alaska. It's an open argument as to whether propane or natural gas is more efficient, but he surmises that CNG is more economic for industrial users.

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SENATOR DYSON said that Anchorage had quite a few CNG and propane-powered vehicles 10-15 years ago, but there weren't any filling stations for those vehicles. Anchorage gas companies have said they will build the stations just as soon as there's a market, and the market is waiting for filling stations before buying CNG or propane-powered vehicles. He noted that in his community quite a few folks have connected their generator to their house natural gas supply for use when the commercial electric power goes down. Some folks have also tapped into their natural gas line and put in a compressor to fill their private vehicles using what's called a slow fill. Commercial applications provide a high pressure quick fill, which is needed for buses and other commercial vehicles. He related that he is trying to push the Municipality of Anchorage to purchase CNG powered buses as it replaces the current fleet, but they argue that there isn't a filling station. He asked Enstar to make it work but thus far there is no resolution.

The advantage of CNG for the transportation sector is apparent even at today's prices. As those prices go up with the expected surge in crude oil prices, the economics tilt further in favor of CNG. Also, the difference in emissions is profound, particularly for diesel. Nitrogen oxide from diesel engines is difficult to deal with and converting diesel engines to natural gas will not only affect emissions, it will also affect the regulatory environment in which they operate. As carbon trapping and trading becomes more common, using natural gas in the transportation sector will become more significant.

SENATOR DYSON related that in his area a local contractor has proposed to use the methane that's produced from the municipal landfill to supply hundreds of vehicles with fuel each day. It's a marriage made in heaven when you can solve somebody's problem and make money doing so, he said

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SB 34 proposes a Department of Transportation (DOT) task force to study the feasibility of using CNG to power vehicles in the state. He said he thinks municipal and state fleets are the logical test. In the last 15 years the technology for storage, conversions, and compressors has come forward an order of magnitude making it very practical.

SENATOR MENARD noted the fiscal note is \$75,000.

LUCKY SCHULTZ, Staff to Senator Dyson, explained that DOT wants to hire a consultant to do a proper study.

SENATOR DYSON added that the original intention was for DOT to do this in-house, but they were reluctant to take this additional project on with their existing staff.

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SENATOR KOOKESH noted that Aaron Bunker from CNG Alaska and Diana Rotkis from DOT are online to answer questions.

MR. SCHULTZ reported that CNG Alaska has estimated that the quantity of methane coming from the Anchorage land fill is equivalent to 4,000 to 5,000 gallons of gasoline per day.

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SENATOR MEYER recalled that MOA was buying natural gas powered cars and trucks in the 1990s and there was talk about extending that to buses. He asked if that effort petered out because there weren't any filling stations.

MR. SCHULTZ said the major problem was getting people to participate. There was cost associated with converting a vehicle and natural gas powered vehicles were more expensive. Things have changed dramatically in the last 10 to 15 years; technology has improved and gas and diesel prices are much higher than in the 1990s.

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SENATOR MEYER questioned why state vehicles shouldn't be required to convert to natural gas.

MR. SCHULTZ said that's the goal, but before making that commitment he'd like to hear from an expert about the costs and benefits.

SENATOR KOOKESH said thus the request for a study.

SENATOR DYSON added that somebody has to make the investment in the vehicles to create a market to put filling stations out there. The state is the logical one to do that with short-haul vehicles. The big difference now as compared to 15 years ago is the fuel cost differential, but engines that run on CNG also last longer and have lower emissions. This appears to be a win-win but somebody needs to break the logjam, he said.

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SENATOR PASKVAN commented that he hopes the study will look into the pollution issue that's related to air inversion. It's a health issue for significant areas of Alaska.

SENATOR KOOKESH, finding no further comments or questions, closed public testimony and asked the will of the committee.

SENATOR MENARD moved to report SB 34 from committee with individual recommendations and attached fiscal note(s). There being no objection, SB 34 moved from the Senate Transportation Standing Committee.

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There being no further business to come before the committee, Chair Kookesh adjourned the Senate Transportation Standing Committee meeting at 2:27 pm.