

ALASKA STATE LEGISLATURE
HOUSE TRANSPORTATION STANDING COMMITTEE

February 10, 2011

1:07 p.m.

MEMBERS PRESENT

Representative Peggy Wilson, Chair
Representative Lance Pruitt, Vice Chair
Representative Eric Feige
Representative Craig Johnson
Representative Cathy Engstrom Munoz
Representative Max Gruenberg
Representative Pete Petersen

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE BILL NO. 10

"An Act relating to the registration fee for noncommercial trailers and to the motor vehicle tax for trailers."

- HEARD & HELD

HOUSE BILL NO. 102

"An Act suspending the motor fuel tax; and providing for an effective date."

- HEARD & HELD

HOUSE BILL NO. 57

"An Act authorizing municipalities and nonprofit organizations to sponsor a program to encourage the safe use of bicycles as a mode of transportation, and amending the duties of the Department of Transportation and Public Facilities to include administration of state funds appropriated for that purpose."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 10

SHORT TITLE: NONCOMMERCIAL TRAILER REGISTRATION FEE

SPONSOR(s): REPRESENTATIVE(s) STOLTZE, KELLER

01/18/11 (H) PREFILE RELEASED 1/7/11
01/18/11 (H) READ THE FIRST TIME - REFERRALS
01/18/11 (H) TRA, FIN
02/10/11 (H) TRA AT 1:00 PM CAPITOL 17

BILL: HB 102

SHORT TITLE: SUSPENDING MOTOR FUEL TAX
SPONSOR(s): RULES BY REQUEST OF THE GOVERNOR

01/18/11 (H) READ THE FIRST TIME - REFERRALS
01/18/11 (H) TRA, FIN
02/10/11 (H) TRA AT 1:00 PM CAPITOL 17

BILL: HB 57

SHORT TITLE: BICYCLE PROGRAM
SPONSOR(s): SEATON

01/18/11 (H) PREFILE RELEASED 1/7/11
01/18/11 (H) READ THE FIRST TIME - REFERRALS
01/18/11 (H) TRA, FIN
02/10/11 (H) TRA AT 1:00 PM CAPITOL 17

WITNESS REGISTER

DARRELL BREESE, Staff
Representative Bill Stoltze
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented HB 10 on behalf of the prime sponsor, Representative Bill Stoltze.

WHITNEY BREWSTER, Director
Division of Motor Vehicles (DMV)
Department of Administration (DOA)
Anchorage, Alaska

POSITION STATEMENT: Testified and answered questions during the discussion of HB 10.

MARC LUIKEN, Commissioner
Department of Transportation & Public Facilities (DOT&PF)
Juneau, Alaska

POSITION STATEMENT: Answered questions during the discussion of HB 10.

MARC LUIKEN, Commissioner
Department of Transportation & Public Facilities (DOT&PF)

Juneau, Alaska

POSITION STATEMENT: Answered questions during the discussion of HB 102.

JOHANNA BALES, Deputy Director
Tax Division, Anchorage Office
Department of Revenue (DOR)
Anchorage, Alaska

POSITION STATEMENT: Testified and answered questions during the discussion of HB 102.

BOB HAJDUKOVICH, Chief Executive Officer (CEO)
ERA Aviation
Fairbanks, Alaska

POSITION STATEMENT: Testified during the discussion of HB 102.

REPRESENTATIVE PAUL SEATON
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: As prime sponsor, presented HB 57 and answered questions during the discussion of the bill.

JEFF OTTESEN, Director
Division of Program Development
Department of Transportation & Public Facilities (DOT&PF)
Juneau, Alaska

POSITION STATEMENT: Testified and answered questions during the discussion of HB 57.

ACTION NARRATIVE

[1:07:23 PM](#)

CHAIR PEGGY WILSON called the House Transportation Standing Committee meeting to order at 1:07 p.m. Representatives P. Wilson, Feige, Gruenberg, and Petersen were present at the call to order. Representatives Johnson, Munoz, and Pruitt arrived as the meeting was in progress.

HB 10-NONCOMMERCIAL TRAILER REGISTRATION FEE

[1:08:07 PM](#)

CHAIR P. WILSON announced that the first only order of business would be HOUSE BILL NO. 10, "An Act relating to the registration fee for noncommercial trailers and to the motor vehicle tax for trailers."

1:08:24 PM

DARRELL BREESE, Staff, Representative Bill Stoltze, Alaska State Legislature, on behalf of the prime sponsor of HB 10, Representative Bill Stoltze, explained that HB 10 relates to registration fees for noncommercial trailers. During the 20th Legislature the legislature passed a bill granting permanent trailer registration for commercial trailer owners. This bill would offer the same permanent registration to consumers and owner of noncommercial trailers.

MR. BREESE offered one secondary effect should provide additional efficiency and help streamline the Division of Motor Vehicles (DMV) processing of trailer registrations. He remarked that another measure before the legislature would also offer similar changes to motor vehicles. He pointed out that this bill would still allow noncommercial trailer owners to opt to use the biennial registration method to pay fees rather than the permanent registration.

CHAIR P. WILSON, in response to Representative Gruenberg, clarified that the bill heard by the House State Affairs Standing Committee technically was not a companion bill since that bill refers to motor vehicles.

1:11:15 PM

MR. BREESE, in response to Chair P. Wilson, agreed that the fees would increase to \$100 for the permanent registration of noncommercial trailers. He explained the process to determine the registration fee amount. The sponsor's goal attempts to cover costs by projecting an estimated cost for someone who has owned a trailer for 10 years. Thus, the fees included in this bill would probably be close to \$100. He further explained that the DMV did not project the number of trailers that these fees may apply to since people often register a trailer, park it, and only re-register the trailer when the owner needs to use the trailer again. This is unlike a car since people tend to keep their vehicles currently registered. While using a 10 year ownership seemed reasonable the fees in HB 10 are not based on any statistical data. In response to Chair Wilson, he reported that commercial vehicle registration fees currently are a one-time \$20 fee. He related his understanding that the intent of the enabling legislation for commercial trailers are also based on the owner paying increased taxes and higher fees for the truck operation. However, noncommercial trailer fees were not

adjusted since no additional taxes are associated with the fees. In further response to Chair Wilson, he answered that the fees for commercial trailers are a flat \$20 fee and are not based on the number of axles.

[1:14:17 PM](#)

REPRESENTATIVE FEIGE asked for DMV's costs to register one trailer.

MR. BREESE said he was unsure.

CHAIR P. WILSON noted that someone from the DMV would be testifying later who could answer that question.

[1:14:41 PM](#)

REPRESENTATIVE GRUENBERG referred to page 3, line 18 of HB 10. He asked which statutes are being repealed in this subsection.

MR. BREESE referred to page 3, lines 2-4 of HB 10. He said that this language is being reinserted in another part of the statute.

REPRESENTATIVE GRUENBERG asked for clarification on the fees. He asked whether the fees for noncommercial vehicles on page 3, line 1 of HB 10 would apply if the person decided to pay the biennial fees. If the person decided to apply for permanent registration fees, the fees listed on page 3, line 14 of HB 10 would apply. He offered his belief that the permanent one-time fee would be \$51 as opposed to \$17 for an annual fee.

MR. BREESE, referred to page 2, beginning on line 13 of the bill to the chart, "Tax According to Age of Vehicle." He advised that the chart calculates the taxes for the vehicle depending on the vehicle's age. The fee for a vehicle, such as a motorcycle [line 19] would be \$17 in the first year but would drop to \$4 in the eighth year. He agreed that the biennial registration for every year past the eighth year would be \$4 for a motorcycle. He also agreed that on page 3, line 14 of HB 10, the fee of \$51 refers to the permanent one-time fee.

[1:17:20 PM](#)

REPRESENTATIVE MUNOZ asked why the fee structure for commercial fees is different than those for noncommercial vehicles.

MR. BREESE explained that owners of commercial vehicles currently pay a higher tax registration and tax rate based on the weight of the vehicle and the number of axles. He stated that the flat fee for noncommercial vehicles is a structure that was used in the enabling legislation. This bill is consistent with the enabling legislation, which is to charge the bulk of the fees for a commercial vehicle rather than to charge a fee for the vehicle being towed. An owner is already paying registration fees for his/her truck so an extra charge would not be passed on for the vehicle registration in this bill.

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REPRESENTATIVE MUNOZ asked whether the analogy would also be the same for noncommercial vehicles.

MR. BREESE agreed that some consistency would be achieved, but to be perfectly consistent would require rewriting the whole section for non-commercial vehicles and "that's a bigger pie than we were trying to cut at this time," he said.

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REPRESENTATIVE GRUENBERG referred to the title, which is "An Act relating to the registration fee for noncommercial trailers and to the motor vehicle tax for trailers." He referred to page 1, lines 12-14, to proposed Section 2 of HB 10, which applies only to noncommercial trailers. He reiterated that subsection (j) refers only to noncommercial vehicles.

MR. BREESE answered that subsection (j) reads, "When a person registers a trailer not used or maintained for the transportation of person or property for hire or for other commercial use..." He explained that this subsection means that if the purpose is not for commercial use that this provision would apply.

REPRESENTATIVE GRUENBERG agreed, noting the language is a double negative, so he initially missed the intent.

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WHITNEY BREWSTER, Director, Division of Motor Vehicles (DMV), Department of Administration (DOA), addressed an earlier question by Representative Feige. She responded that she did not have a definitive answer to how much it costs the agency to process a trailer renewal but she estimated the staff time for a

renewal transaction would be about three minutes. She thought an initial registration transaction may take about seven minutes to complete. She pointed out the clerks processing these transactions fall in the payroll ranges of range 10-12. She estimated the time needed to process noncommercial trailers would be included as part of the scope of their regular job duties. She explained that online transactions cost the state about \$1 per transaction and including the credit card fees charged would amount to two percent of the total transaction. Thus, transaction fees would cost about \$2 on noncommercial trailer registration fees of \$30. In response to Chair P. Wilson, she answered that the motor vehicle fees collected are deposited to the general fund. In further response to Chair P. Wilson, she agreed that the revenue collected would increase in the first two years and then would decrease every year thereafter.

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REPRESENTATIVE FEIGE asked how many trailer applications were anticipated per year.

MS. BREWSTER answered that the DMV processes about 5,000 new trailer applications per year. In further response to Representative Feige, she responded that due to the small numbers of registrations, the DMV does not anticipate a decrease or reduction in staff levels.

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CHAIR P. WILSON recalled that the DMV's costs of operation are taken directly from the revenue it collects.

MS. BREWSTER responded that the DMV is a receipt-supported services organization, which means that the DMV's funding is based on the amount of revenue it generates. In response to Chair P. Wilson, she explained that the DMV operates on an annual amount of \$16.5 million. The proposed bill would not sufficiently impact the DMV to affect its operating funds. She added that the DMV's receives approximately \$68.5 million annually in total revenue.

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MS. BREWSTER advised that this program would be a fairly simple program to administer at the DMV. In response to Representative Johnson, she answered that the DMV is neutral on HB 10.

MARC LUIKEN, Commissioner, Department of Transportation & Public Facilities (DOT&PF), stated the Department of Transportation & Public Facilities (DOT&PF) does not have a position on HB 10 at this time.

[1:28:00 PM](#)

CHAIR P. WILSON after first determining no one else wished to testify closed public testimony on HB 10. She explained that the bill would be discussed at a subsequent hearing.

[1:28:41 PM](#)

HB 102-SUSPENDING MOTOR FUEL TAX

CHAIR P. WILSON announced that the next order of business would be HOUSE BILL NO. 102, "An Act suspending the motor fuel tax; and providing for an effective date."

[1:28:46 PM](#)

MARC LUIKEN, Commissioner, Department of Transportation & Public Facilities (DOT&PF), introduced Johanna Bales from the Department of Revenue (DOR). He said that the proposed tax suspension is one of many measures the governor is putting forth to improve the economic health of Alaskans. Suspending the motor fuel tax demonstrates a consistent tax policy, just as modifying Alaska's Clear & Equitable Share (ACES) would potentially lower the tax burden on oil companies. The governor would like to lower the tax burden for individual Alaskans, as well, he said. He related that suspending the motor fuel tax would provide immediate tax relief for every citizen in every community throughout the state. He explained that the amount saved would vary depending on the type of fuel purchased but most consumers should save up to \$.08 per gallon when fueling their vehicles or airplanes. Many Alaska communities deal with the highest energy costs in the nation. This proposed bill represents one step this administration is taking to improve Alaskans' daily living expenses. This bill would provide a temporary reduction in the cost of motor fuel while efforts continue to find long-term solutions to higher energy costs. Some people have speculated that suspending the motor fuel tax may impact Alaska's federal funding for transportation. However, the state's motor fuel tax has no relationship to Federal Highway Administration (FHWA) funds. Thus, suspending the motor fuel tax will have no impact on Alaska's current

federal highway or airport funding levels. Additionally, Alaskans also fund significantly more for transportation than is collected in the state motor fuel tax revenues, he said.

1:31:04 PM

COMMISSIONER LUIKEN explained that in the proposed FY 12 budget, \$328.5 million is set aside for the DOT&PF's operating budget and another \$117 million in general fund dollars will supplement the capital budget. He concluded that figure represents almost 12 times more than is collected in the motor fuel tax. The federal tax, which is also paid at the pump, contributes to the Federal Highway Administration Trust Fund (FHWA). These funds are redistributed back to the states via formulas set forth in the federal bills related to highways and airport improvement. He advised that these formulas have nothing to do with whether a state collects a separate motor fuel tax since there is no federal requirement for states to collect a gas tax to support transportation. He asked whether the Congress would retaliate for Alaska suspending this motor fuel tax and answered that "it's unlikely." He pointed out that at least four states have suspended their motor fuel taxes prior to the most recent surface transportation bill, Safe, Accountable, Flexible and Efficient Transportation Equity Act of 2004 (Safetea Lu), which went into effect in 2005. He remarked that those states saw an increase in federal highway aid. He commented on a recent Juneau Empire article, addressing this subject. The article quoted as saying, "It's difficult to assert that Alaska needs more money when it contributes little itself and is seeking to reduce that." He referred to charts in member's packets.

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COMMISSIONER LUIKEN offered that this chart demonstrates that Alaskans have consistently funded transportation out of the state's general funds in lieu of funding other worthy state interests. The chart shows that since Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) went into effect in 2005, the state has funded over \$300 million for transportation in five of the six years, peaking in FY 07 at \$600 million. He related suspending the motor fuel tax would affect the state's budget in that it may equate to a decrement in the budget. He referred to the capital budget, reporting that 76 percent is derived from federal receipts. The remaining 24 percent is derived from the state's general fund and other sources such as the International Airport System (IAS) receipts, bonds, Alaska Industrial

Development and Export Authority (AIDEA) dividend funds and Highway Working Capital funds for the state equipment fleet. The general fund and the state capital budget are derived from the same source that funds 56 percent of the DOT&PF's operating budget. He said that is what it is: a general fund. He referred again to the newspaper article indicated that the state would be forfeiting \$40 million in state transportation funding. However, he argued that since no direct link between the motor fuel tax revenue and the DOT&PF's budget. He concluded that one could not make a link between the motor fuel tax and the DOT&PF's budget. He asserted that suspending the motor fuel tax in 2008 did not impact the department's budget nor will it impact the DOT&PF's budget now. In fact, suspending the motor fuel tax would significantly impact Alaska's economy. It will benefit many of our largest industries, including the largest employer, the fishing industry. The United Fisherman of Alaska (UFA) indicated suspending the motor fuel tax would benefit to thousands of fishermen statewide. Trucking and aviation industries and consumers will also profit, he said. The DOT&PF received letters of support from the Alaska Air Carriers Association, indicating the economic benefits this suspension of the motor fuel tax would have on hundreds of Alaska's rural commercial air carriers. Additionally, Alaska Airlines provided a letter of support for this bill, as did the National Federation of Independent Businesses. He said, "The bottom line: right now there is no compelling need to collect a motor fuel tax - at this time." Suspension of the tax benefit every Alaskan in every community, while some will gain more than others, but it will be meaningful to all since this money is returned to Alaskans' pockets, he also said.

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JOHANNA BALES, Deputy Director, Tax Division, Anchorage Office, Department of Revenue (DOR), stated that technically this bill would suspend the motor fuel tax for two fiscal years beginning with July 1, 2011 and ending June 30, 2013. She explained that motor fuel dealers would still need to report their highway fuel sales in order for the state to meet its reporting requirements to the FHWA on fuel consumption in Alaska, or its FHWA funding could be affected. This bill does ensure that the DOR would continue to receive its reports. She noted that Alaska's current motor fuel tax for highway use is set at \$.08, \$.05 for marine, \$.043 for jet fuel, and \$.037 for aviation fuel. At \$.08 cents per gallon, the excise tax is the second lowest in nation, yet the fuel pump costs are the second highest in the nation. She remarked that it is only more expensive to purchase fuel in

Hawaii. She said "Obviously, it's not our tax that is making Alaskans pay a lot, but this little amount of tax, if suspended, would put about \$40 million back into our economy to help Alaskans." In response to Chair Wilson, she explained that 60 percent of the revenue collected from aviation fuel tax is shared with municipal airports. She noted that the governor has requested an appropriation to replace any revenue airports may lose as a result of the tax suspension. In further response to Chair Wilson, she said the anticipated loss in aviation fuel tax to municipalities is not reflected in the fiscal note. She related that request would be handled during the budget process. She explained the DOR's fiscal note has a notation explaining the special appropriation to municipalities.

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CHAIR P. WILSON asked for an overall cost to the state to suspend the motor fuel tax.

MS. BALES answered that in terms of loss of revenue and the \$140,000 in municipal sharing, that the overall cost to implement HB 102 would be approximately \$39,140,000, since the state receives approximately \$39 million in fuel taxes. In further response to Chair Wilson, she responded that all of the motor fuel tax goes directly to the general fund.

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REPRESENTATIVE JOHNSON pointed out that his packet does not show any letters of support.

COMMISSIONER LUIKEN offered to submit them to the committee. In further response to Representative Johnson, the commissioner offered to contact the governor's office for any letters in opposition to HB 102.

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REPRESENTATIVE MUNOZ related her understanding that airports receive a portion of this tax, including Juneau and Ketchikan. She asked whether the governor including funding to the facilities during prior years when the aviation tax was suspended.

MS. BALES related the governor has indicated his assurance that an appropriation would be requested in the operating budget,

noting that in 2008, airports received an appropriation for the period when the aviation tax was suspended.

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CHAIR P. WILSON asked whether funding for this proposal was included in the Governor's FY 12 budget.

MS. BALES related her understanding that the appropriation is not included in the FY12 operating budget. She also offered to check whether the request is included in the amended budget.

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REPRESENTATIVE PRUITT asked for ways the state would "make up" for this lost revenue.

MS. BALES answered that the state current collects a significant amount of oil taxes and the treasury is "fairly healthy." She offered her belief that the governor feels that any losses would be recovered by oil taxes received in the past several years due to the high price of oil, which "incidentally" is one of the reasons that Alaskans are paying higher prices at the pump.

REPRESENTATIVE PRUITT asked whether the current budget would spend \$25 million from savings.

MS. BALES said she was uncertain.

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CHAIR P. WILSON offered her belief that thus far the state plans to use its savings account to fund a portion of the proposed FY 12 budget. She asked for the total amount of any costs to proposals that are geared to help Alaska be considered a business friendly state.

MS. BALES offered to put together some information for the committee, but she did not have any figures at this time for effects of proposed legislation.

1:44:25 PM

BOB HAJDUKOVICH, Chief Executive Officer (CEO), ERA Aviation, explained that Era Aviation represents four airlines in the state: Era Aviation, Frontier Flying Service, Hagland Aviation Services, and Arctic Circle Air Service. These airlines are

wholly owned by Alaskan investors and currently transport over 60 percent of rural passengers, transport 55 percent of the bypass mail to rural communities in Alaska and consume 5.6 million gallons of jet fuel and 500,000 gallons of aviation gasoline. This bill would have a direct impact on these airlines of over \$200,000 per year. He said, "At this point, anything helps." He offered his belief that the direction is right, that the governor hopes to save money for Alaskans and is less concerned about the impact on Alaska's savings fund at the moment. He recalled earlier comments on proposed legislation that would affect new business in Alaska. He pointed out that his business is a foundational service that is a necessity in Alaska, in particular in rural communities. Currently, the price per barrel is \$.88 over last year, which directly affects the airlines profits by \$5 million based on 5.6 million gallons of jet fuel. He equated this increase to translate to \$8.21 per passenger, per leg, based on the 600,000 passengers transported annually.

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MR. HAJDUKOVICH remarked that the \$202,000 seems like a drop in the bucket compared to \$5 million expense increase in fuel costs, but it is significant since the offset is received in higher oil prices the state receives. The direct benefit for the proposed tax decrease is that it directly impacts Alaskans, not to the state coffers, which is critical. He said he has not seen oil prices driven by supply and demand for well over ten years. He said if the industry was more elastic the increased costs could be passed through to its customers. He also remarked that the airlines would see ebbs and flows in oil prices and prices would be changed to reflect the ebb and flow. However, the airlines have seen a progressive increase and no change in the supply or demand, or for rural communities to adapt to oil prices. He recalled a catastrophic situation, about a year and a half ago, in which oil prices peaked, noting the villages are still trying to recover. He acknowledged that the delegation wants the administration to "ante up" but he said it is the consumer who bears the cost increases, not the state. His company represents the consumers, the users of the fuel. He remarked that the governor is trying to show that it is open for business and pushing back some of the funding to the consumers is critical, he stated. He predicted that the national political scene is not going to change appreciably, that the congressional delegation will have uphill battle trying to find funding for Alaska. He offered that "we have to look after ourselves to an extent..."

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MR. HAJDUKOVICH remarked that he visited Juneau last week and was disturbed by a comment he overheard, which was that the state is fortunate that while production is down, the price of oil is high, with little to no recognition that as an end user that the industry has a "break even" point. Further, the industry could tip over since it is not possible to pass on \$150 per barrel oil prices structure. He recalled oil prices were \$39 ten years ago, that the industry could handle \$75 per barrel prices. He reported a disturbing meeting he held with U.S. Postal Service (USPS) earlier today over the future of the bypass mail system. He reported that the USPS is losing \$10 billion per year and spends \$100 million in Alaska, and lose \$70 million on that investment in Alaska. He suggested that Alaska would find continuing pressure at the federal level to find ways to be aggressive to cut funds considered to be earmarks or subsidies to Alaska. He concluded that the state needs to keep its economy moving in the right direction. He said, "Businesses that are current need to stay in business so we can be there for that uptick in the trend, so that hopefully when we're open for business for drilling or resource development, we'll still be here to take advantage of those opportunities."

1:51:02 PM

CHAIR P. WILSON recalled for the past four years the delegation members have reported that other states perceive that Alaska has not paid its fair share of its transportation funds. The delegation encouraged Alaska to show it was "stepping up to the plate" to provide its share. She remarked that other states view the state's share of funds, which are returned to the state in FHWA funding. She further recalled that Alaska has been receiving more per capita than any other state. Even though the motor fuel tax has no correlation to the FHWA funds, other states do not view it that way. She anticipates that Alaska will be receiving less in federal funds than it has in the past.

1:53:03 PM

REPRESENTATIVE FEIGE recalled years ago, he traveled through West Virginia, and it seemed every highway was named the Robert C. Byrd Memorial Highway. He remarked that many of our federal funds were as a result of the late U.S. Senator Ted Stevens, just as the West Virginia highway was named after its senior senator. He stated that the funding system has operated in this

way, and some states receive a disproportionate amount. He agreed with the previous speaker, Mr. Hajdukovich, that suspending the motor fuel tax would have a positive impact on Alaskans, and while some income would be lost on that "side of the pot" the state can recoup the revenues.

[1:55:10 PM](#)

CHAIR P. WILSON, after first determining no one else wished to testify, closed public testimony on HB 102.
[HB 102 was held over.]

HB 57-BICYCLE PROGRAM

[1:55:33 PM](#)

CHAIR P. WILSON announced that the final order of business would be HOUSE BILL NO. 57, "An Act authorizing municipalities and nonprofit organizations to sponsor a program to encourage the safe use of bicycles as a mode of transportation, and amending the duties of the Department of Transportation and Public Facilities to include administration of state funds appropriated for that purpose."

[1:56:05 PM](#)

REPRESENTATIVE PAUL SEATON, Alaska State Legislature, testifying as prime sponsor of HB 57, explained that this bill would create a safe bicycle ridership program in DOT&PF. This bill would allow municipalities and not-for-profit organizations the opportunity to apply for grant funding for the purpose of promoting bicycle use, distribution and maintenance of bicycles, bicycle helmets, bicycle facilities, and bicycle trailers. He commented that he would request an amendment to change the dates.

[1:57:06 PM](#)

REPRESENTATIVE SEATON explained that affordable transportation has been an issue in Alaska. This bill is designed not for recreational transportation, but to promote transportation alternatives, which is why some additional things such as helmets and trailers are included. He offered that it is great to encourage people to use a bicycle to and from the grocery store, but people need to have a means to carry their groceries home. Under this program, communities would apply for funds to meet specific community needs such as a bike share program, for hubs, training programs, voucher programs, or outreach.

REPRESENTATIVE SEATON remarked that Anchorage and Juneau have bike programs. Juneau's "Bikes, Bikes, Bikes" program acquires abandoned bikes through the police department and donations from the community. A local youth center paints them one color and loans them out. He pointed to letters of support in members' packets.

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REPRESENTATIVE GRUENBERG referred to page 3, line 8 of HB 57, noting the date would be changed from 2012 to 2014. He referred to page 3, line 4, of the bill, noting the date would be changed from 2011 to 2012. He asked for clarification.

REPRESENTATIVE SEATON agreed with the date changes.

[2:00:53 PM](#)

REPRESENTATIVE GRUENBERG stated that the original bill [from a prior year] contained a bike trail program, which is not in this bill.

REPRESENTATIVE SEATON agreed that the bike trail program became problematic so the bill defers to the individual community to figure out what will work best for them.

CHAIR P. WILSON asked for clarification on the individual grant amounts. She recalled that bicycle trailers range from very simple to elaborate.

REPRESENTATIVE SEATON said he envisioned that the applicants would apply through the DOT&PF for a competitive grant to institute their community program, likely ranging from \$15,000 to 20,000. He remarked that some communities would need covered shelters or bicycle racks. The program promotes safe bicycle practices so individual communities would decide the scope of their programs. In further response to Chair Wilson, Representative Seaton agreed that Anchorage might need \$100,000 for its proposal whereas a smaller community like Wrangell would need considerably less.

[2:02:54 PM](#)

REPRESENTATIVE PETERSEN asked whether community could request funding to put racks on municipal buses to enable people to use bicycles in conjunction with public transportation.

REPRESENTATIVE SEATON answered that it would be up to the community to decide.

[2:03:41 PM](#)

REPRESENTATIVE FEIGE asked whether most communities would have the ability to pay for programs without using grants.

REPRESENTATIVE SEATON answered, "Not necessarily." He offered that many villages do not have taxing authority and some bicycles are made for gravel and dirt roads. He related the purpose is to provide an alternative stimulus for using a mode of transportation other than four wheelers and pickup trucks. This bill was not meant as solely an urban solution, but to aid transportation and to assist in diminishing Alaskan's reliance on gas and diesel fuels.

[2:04:47 PM](#)

REPRESENTATIVE JOHNSON pointed out an administrator would be appointed by the commissioner. He asked for clarification on the funding source for the grants.

REPRESENTATIVE SEATON responded that the funding source would be through the legislature and from federal matching. He commented that current trends attempt to foster pedestrian and non fuel consuming methods of transportation instead of using fuel operated vehicles. He stated that part of administrator's job would be to apply for grants, depending on the level of applicants from rural and urban communities.

[2:05:56 PM](#)

REPRESENTATIVE JOHNSON clarified that this bill would add person a person to work to obtain federal funding and request general funds for the program.

REPRESENTATIVE SEATON agreed. He said the request for funding would be for matching funds or for state funding. This bill does not allocate funds. The program would be funded using the normal budget request process.

[2:06:48 PM](#)

JEFF OTTESEN, Director, Division of Program Development, Department of Transportation & Public Facilities (DOT&PF),

provided the background on bicycling in Alaska. He said that clearly safety is the biggest issue, in the past ten years the DOT&PF statistics indicate an average of two fatalities per year and 19 major injuries. He said two fatalities does not sound significant, but represents twice as many fatalities as road rage causes in Alaska. He reported that no one cause is paramount with many reasons for fatalities.

MR. OTTOSEN also reported that Alaska is sixth in nation as a means of using bicycles for transportation to and from work. He concluded that bicycling is important in Alaska, noting the statistics have held up over the past several census cycles. Bicycling ranges above the national average. In 2007, the DOT&PF provided a strategy in its highway safety plan to reduce crashes involving bicycles by using public education and outreach. The DOT&PF has found the federal training programs designed to teach how to train bicyclists to be safe highway users are excellent, but the means to get training out to people is necessary.

[2:09:23 PM](#)

MR. OTTOSEN referred to HB 57, noting that the bill does not mention training or education. He offered his belief that would be an important addition to the grant program. He reported that the DOT&PF has a parallel program, Safe Routes to School, which is a federally funded program limited to an area no more than two miles from the school focused on grades K-8. The program does not reach the entire population in the state. The Safe Routes to School has been successful and many communities encouraged bicycle use. He referred to a reflector distributed to members that the department hopes to place in the hands of every school age child. Every school wants these reflectors, he said. He reiterated that its program does not address high school or adults. He advised that the FHWA recommends programs focus on the five "E" aspects including engineering, education, encouragement, evaluation, and enforcement. He pointed out that HB 57 focuses on education, encouragement, and evaluation practices.

[2:11:30 PM](#)

CHAIR P. WILSON asked whether the department could absorb this program into its current program to avoid any additional general fund expenditures.

MR. OTTESEN advised that the DOT&PF programs are federally funded, so DOT&PF's staff must spend time on the eligible functions in the program. Thus, it is difficult to add in other elements to its program since staff must certify their time spent on the eligible criteria for the federally funded program.

[2:12:14 PM](#)

REPRESENTATIVE JOHNSON asked whether the DOT&PF appoints an administrator.

MR. OTTOSEN envisioned that after the first couple of years this program would require about ten percent of one staff person's time, which would represent a small fraction of existing staff time. He introduced his two staff members who are involved with bicycle programs: Steve Soenksen a Safe Routes to School Program coordinator, and Bob Laurie, a Bicycle and Pedestrian Coordinator. Both positions are federally funded and one of these two staff would be assigned the job as a ten percent duty, which would be funded by general fund monies, he said. In further response to Representative Johnson, he explained the \$40,000 in personal services. The first two years would represent 25 percent of a staff person's time to set up the program set up, perform outreach, and develop regulations. He advised that the DOT&PF has several other grant programs and recognizes the importance of elevating public awareness. It is necessary to attend meetings and conferences to help educate people on the program, which is the reason for the extra two-year effort followed by the 10 percent staff time commitment.

REPRESENTATIVE JOHNSON asked for clarification on the contractual amount.

MR. OTTOSEN answered that the contractual amounts are focused on conducting surveys, discovering how people use the program, basically to obtain feedback for the DOT&PF on how well the program is working.

[2:14:19 PM](#)

REPRESENTATIVE FEIGE asked for clarification on the contractual amount, which is for \$10,000, but increases to \$35,000 in FY 16.

MR. OTTOSEN mentioned that the DOT&PF works with the Department of Law (DOL) on its regulations so at the start of a program and every five years thereafter, the department incurs costs to prepare regulations and updating regulations. In response to

Representative Gruenberg, Mr. Ottesen agreed the department would like an educational component to the program.

REPRESENTATIVE SEATON answered that the Safe Routes to School Program provides for a training program. He related that the Department of Law has advised the bill title is for safe ridership, which would include education and training, but if the committee would prefer the title to be more specific, he would not object to amending the bill to include it.

[2:16:26 PM](#)

REPRESENTATIVE GRUENBERG recalled testimony on a version of this program last year. He offered to assist in developing similar language for HB 57.

CHAIR P. WILSON announced that she would leave public testimony open on HB 57.

[HB 57 was held over.]

[2:17:24 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Transportation Standing Committee meeting was adjourned at 2:17 p.m.