

**ALASKA STATE LEGISLATURE
HOUSE TRANSPORTATION STANDING COMMITTEE**

February 17, 2011

1:22 p.m.

MEMBERS PRESENT

Representative Peggy Wilson, Chair
Representative Lance Pruitt, Vice Chair
Representative Eric Feige
Representative Craig Johnson
Representative Pete Petersen

MEMBERS ABSENT

Representative Cathy Engstrom Munoz
Representative Max Gruenberg

COMMITTEE CALENDAR

HOUSE JOINT RESOLUTION NO. 4

Proposing amendments to the Constitution of the State of Alaska creating a transportation infrastructure fund.

- HEARD AND HELD

HOUSE BILL NO. 30

"An Act relating to the transportation infrastructure fund, to local public transportation, to the municipal harbor facility grant fund, to motor fuel taxes, to the motor vehicle registration fee, to driver's license fees, to identification card fees, to the studded tire tax, and to the vehicle rental tax; and providing for an effective date."

- HEARD AND HELD

PREVIOUS COMMITTEE ACTION

BILL: HJR 4

SHORT TITLE: CONST. AM: TRANSPORTATION FUND

SPONSOR(S): REPRESENTATIVE(S) P.WILSON, THOMPSON

01/18/11	(H)	PREFILE RELEASED 1/7/11
01/18/11	(H)	READ THE FIRST TIME - REFERRALS
01/18/11	(H)	TRA, JUD, FIN
02/15/11	(H)	TRA AT 1:00 PM CAPITOL 17
02/15/11	(H)	Heard & Held

02/15/11 (H) MINUTE(TRA)
02/17/11 (H) TRA AT 1:00 PM CAPITOL 17

BILL: HB 30

SHORT TITLE: DEDICATED TRANSPORT FUND/PUB TRANSPORT
SPONSOR(s): REPRESENTATIVE(s) P.WILSON, THOMPSON

01/18/11 (H) PREFILE RELEASED 1/7/11
01/18/11 (H) READ THE FIRST TIME - REFERRALS
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02/15/11 (H) Heard & Held
02/15/11 (H) MINUTE(TRA)
02/17/11 (H) TRA AT 1:00 PM CAPITOL 17

WITNESS REGISTER

BARBARA HUFF TUCKNESS, Director
Governmental and Legislative Affairs
Teamsters Local 959
Anchorage, Alaska

POSITION STATEMENT: Testified during the discussion of HB 30.

DON ETHERIDGE, Lobbyist
Alaska State AFL-CIO
Juneau, Alaska

POSITION STATEMENT: Testified in support of HB 30.

KATHIE WASSERMAN, Executive Director
Alaska Municipal League (AML)
Juneau, Alaska

POSITION STATEMENT: Testified during the discussion of HB 30 and HJR4.

BONNIE FOLZ, Administrative Manager
City of King Cove
King Cove, Alaska

POSITION STATEMENT: Testified during the discussion of HB 30.

JACK SHAY
Ketchikan, Alaska

POSITION STATEMENT: Testified during the discussion of HB 30 and HJR 4.

TOM GEORGE
Alaska Regional Representative
Aircraft Owners & Pilots Association (AOPA)

Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 30.

JERRY VANDERGRIFF, Vice Mayor

City of Whittier

Whittier Alaska

POSITION STATEMENT: Testified in support of HB 30.

WHITNEY BREWSTER, Director

Division of Motor Vehicles (DMV)

Department of Administration (DOA)

Anchorage, Alaska

POSITION STATEMENT: Testified during the discussion of HB 30.

TIMOTHY ROONEY, Borough Manager

City and Borough of Wrangell

Wrangell, Alaska

POSITION STATEMENT: Testified in support of HB 30.

MITCHELL HRACHIAR

Homer, Alaska

POSITION STATEMENT: Testified during the discussion of HB 30.

KEVIN POMEROY, Member

Laborers Local 942

Fairbanks, Alaska

POSITION STATEMENT: Testified in support of HB 30.

JAMES MCKAY

Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 30.

SABRINA MARTINO, Member

Laborers Local 341

Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 30 and HJR 4.

RON AXTELL, Member

Laborers Local 341

Wasilla, Alaska

POSITION STATEMENT: Testified in support of HB 30 and HJR 4.

ACTION NARRATIVE

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CHAIR PEGGY WILSON called the House Transportation Standing Committee meeting to order at 1:22 p.m. Representatives P. Wilson, Johnson, Feige, and Pruitt were present at the call to order. Representative Petersen arrived as the meeting was in progress.

HJR 4-CONST. AM: TRANSPORTATION FUND
HB 30-DEDICATED TRANSPORT FUND/PUB TRANSPORT

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CHAIR P. WILSON announced that the first order of business would be, HOUSE BILL NO. 30, "An Act relating to the transportation infrastructure fund, to local public transportation, to the municipal harbor facility grant fund, to motor fuel taxes, to the motor vehicle registration fee, to driver's license fees, to identification card fees, to the studded tire tax, and to the vehicle rental tax; and providing for an effective date."

CHAIR P. WILSON also announced the committee would also take up HOUSE JOINT RESOLUTION NO. 4, Proposing amendments to the Constitution of the State of Alaska creating a transportation infrastructure fund.

CHAIR P. WILSON explained that the committee would take public testimony on these two measures. She pointed out that members have a sectional for HB 30 and the proposed Alaska Transportation Infrastructure Fund (ATIF) "ATIF Payout Rates." She reported that additional language has been submitted by the Department of Transportation & Public Facilities (DOT&PF).

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BARBARA HUFF TUCKNESS, Director, Governmental and Legislative Affairs, Teamsters Local 959, offered her belief that this is proactive legislation to move Alaska forward. She stated that U.S. Congressman Young has worked diligently to obtain federal funding for road projects in Alaska. She supported the concept of moving this dedicated fund forward. She concluded by asking members when the last road was built in the past 30 years in the State of Alaska.

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DON ETHERIDGE, Lobbyist, Alaska State AFL-CIO, stated he wanted to go on record in support of HB 30. He answered the previous speaker by stating that it has been a long time since roads have

been built in Alaska. He reported that as a member of the Juneau Harbor Board, he has found the harbors in the state are in atrocious condition and the state need additional funds to fix them.

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KATHIE WASSERMAN, Executive Director, Alaska Municipal League (AML), reported that every time the municipal elected officials meets transportation is listed as one of their top priorities, including roads, harbors, and facilities. The AML is an active member of the National Association of Counties. The AML spends countless hours attending national Transportation Committee meetings. After speaking with U.S. Congressman Don Young, the AML has been made aware that the current administration is funding more mass transit than other transportation projects. Therefore, Alaska is at a disadvantage as compared to other states, she said. She also referred to a study conducted by Cambridge Systematics, Inc., which identifies transportation needs as a top priority, in particular to ensure that the funding gap is filled as federal funds diminish. She pointed out that the state also needs to prepare for a natural gas line and additional oil development so it must gear up for additional people yet the state currently has difficulty in maintaining its roads, she said.

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BONNIE FOLZ, Administrative Manager, City of King Cove, related she is testifying on behalf of Mayor Henry Mack who is still on a fishery in the Gulf of Alaska. The City of King Cove supports these two important transportation bills and encourages members to pass these bills. The city owns a 12 mile local and state road system, two large boat harbors and deep water docks. She related that over \$30 million in capital investments were used to build these structures using federal, state, and local government funds. The City of King Cove has been willing to contribute significant municipal funding matches. Currently, about 15 percent of its \$4 million annual budget is spent on maintenance and operations for its facilities. The city does not have sufficient reserve funds for repairs and upgrades to its transportation infrastructure, she said. The city recently raised harbor and water fees by 35 percent. Additionally, the city current imposes a four percent sales tax and two percent fish tax. The City of King Cove, through its contributions to marine fuel and fish taxes, contributes \$2 million annually to the state's general fund. The city expects a return on its

contributions by receiving future maintenance and capital funds for its transportation facilities, which are key assets to its long-term socio-economic sustainability. She offered her belief that the state needs additional financial programs to support transportation needs particularly in rural Alaska. She urged members to pass HB 30 out of committee.

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JACK SHAY, Ketchikan, Alaska, related he has lived in Alaska for 51 years and has served in various capacities, including serving on the school board, the Ketchikan Gateway Borough (KGB) and the city council. He said he previously served in the capacity of city mayor and KGB mayor. He currently serves on the Board of Directors of the AML. He echoed the thoughts of many other testifiers that the Alaska Marine Highway System (AMHS) is not only a vital link to communities but also provides a vital link to the state's transportation system. He commended Chair P. Wilson for sponsoring HB 30 and the resolution, HJR 4. He remarked that the AMHS provides a link to interior Alaska.

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TOM GEORGE, Alaska Regional Representative, Aircraft Owners & Pilots Association (AOPA), stated that the AOPA has approximately 4,800 members statewide that use their aircraft for recreational and business transportation. He offered support for HB 30 and HB 31 [HB 31 is not on the calendar]. He asked to speak to the aviation portion of the system. He offered his belief that the capital programs are almost exclusively federally funded by the Airport Improvement Program (AIP). The federal funds pay approximately 95 percent of the project costs and the sponsor, typically the State of Alaska, pays the remaining five percent. The AOPA believes a state fund is needed since the federal reauthorization bill, which includes airport funding, is currently being considered by the U.S. Congress. While the outcome of the federal funding is uncertain, efforts have been made to change the federal allocation which could adversely impact available funds to improve Alaska's airports statewide. Additionally, the federal funds come "with strings attached" so federal standards can add substantial costs, he said. The federal government's priorities do not necessarily meet Alaska's needs so it can be difficult to fund projects in small rural communities. The FAA requires airports must be built with funds that meet a set of federal standards. The federal standards add substantial cost to projects. He recalled previous testimony by the Department of

Transportation & Public Facilities (DOT&PF) that it can build state funded projects at a much reduced cost when it does not need to adhere to the federal standards. It is important that the state's funding complements the federal funding.

CHAIR P. WILSON commented on the importance of essential air service in Alaska. She said that at this time Hawaii and Alaska's funding for airports is in the federal reauthorization bill.

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JERRY VANDERGRIFF, Vice Mayor, City of Whittier, stated that the City of Whittier was granted ownership of its small boat harbor in 2004. At that time the harbor was in questionable condition and in the past seven years it has continued to deteriorate despite regular maintenance. The City of Whittier must replace the harbor as it has become increasingly unsafe. He reported that the state provided approximately \$3.5 million to improve the harbor, which was totally insufficient. He said rebuilding the harbor will cost \$10 million, but the city's population is only 152 residents. However, 97 percent of the harbor slips are owned by Anchorage residents, with a waiting list of over 400 people. Funding the harbor rebuild is a major burden for Whittier's residents. Sixteen years ago the state also granted Whittier 640 acres in Shotgun Cove. The City of Whittier faces a deadline to improve and develop this land, and must sell it to private owners or the state will take back the land. Shotgun Cove represents the potential for the City of Whittier's growth. Thus far, approximately two of the eight mile road to Shotgun Cove has been built. These bills would go a long way to help the City of Whittier to fund these projects, as well as to provide maintenance funds for its harbors and facilities. He pointed out that the city receives an average of 30 feet of snow per year so road maintenance is a major project. Both the harbor project and Shotgun Cove project are projects that were initiated by the state. He urged passage of HB 30 and HB 31 [HB 31 was not before the committee].

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WHITNEY BREWSTER, Director, Division of Motor Vehicles (DMV), Department of Administration (DOA), responded to a question at a prior hearing on whether HB 30 would provide sufficient funds for the DMV to operate. She said HB 30 would provide sufficient funds for the DMV to operate.

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TIMOTHY ROONEY, Borough Manager, City and Borough of Wrangell, stated that he recently was in Juneau about Wrangell's top capital improvement priorities. He reported that six of its top 12 priorities are for road projects totaling over \$9 million dollars. One additional \$9.5 million project is for its harbor improvements. He stated that due to the shrinking federal funds as well as the "strings attached to the federal funds" that the City and Borough of Wrangell supports HB 30 and HB 31. He urged members to pass HB 30 from committee. He also agreed with earlier comments made on the importance of the AMHS to the state.

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MITCHELL HRACHIAR reported on road conditions in Homer. He stated that when he first moved to Homer, the Diamond Ridge Road was unpaved and funds were not allocated for dust control. He explained that the road was subsequently paved primarily from federal funds, with about 10 percent derived from state funds. It seems like maintenance dollars are not materializing, he said. He reported that he recently counted 700 road cracks along Diamond Ridge Road. Although he has worked with the Kenai legislators last year to try to get funding for improvements, he has not yet seen any road crews performing crack sealing. He expressed concern over the lack of road maintenance. He stressed the importance of maintaining roads and that without adequate maintenance roads deteriorate. It costs considerably more to rebuild roads, he remarked. He supports investing in road maintenance and suggested raising the motor fuel tax to cover maintenance costs rather than receiving handouts. Local roads, such as Bear Creek in his area and 4th and 5th Avenue streets in Anchorage should be maintained by local government, which would result in less dependence on federal funds. He is not against paying taxes so long as the taxes are distributed equally, he said.

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KEVIN POMEROY, Member, Laborers Local 942, stated he is a 43 year resident of Alaska. He gave a brief history of some roads. He related that the Parks Highway was built in 1971 and the Richardson Highway began as a pack trail in the late 1800s. The Elliot Highway was completed in 1959 and the Dalton Highway was built in 1974 as a supply road for the Trans-Alaska Pipeline System (TAPS). It has been several decades since any highway

infrastructure has been built. He recalled prior testimony on how the AMHS system affects Southeast and Southcentral Alaska. In the Interior, highways and airports provide the major source of transportation along with the creation of jobs. He said that "being able to boast that we're one of the states with the largest checkbook" really doesn't help us if we do not use our wealth to create jobs. He related his understanding that increased infrastructure will ultimately bring increased development and economic benefits. He stressed his support for HB 30.

CHAIR P. WILSON said she thought the previous speaker brought up good points. She clarified that the state has the biggest checkbook but cannot use its biggest portion of revenue, which is the Alaska Permanent Fund.

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JAMES MCKAY stated he grew up in Valdez and has lived in Alaska for 35 years. He related that after his military service as a combat medic for the US Army, he spent his career as a skilled craftsman for the past 25 years. He recalled hearing considerable testimony about infrastructure at the national and local level. He offered his belief that infrastructure means better jobs, improved roads, air, and marine service. Improved infrastructure also translates to additional housing and helps small businesses along the routes. He strongly supports HJR 4 and HB 30 and hopes these measures will pass the legislature. He said passage of this legislation could help meet the needs of smaller aviation, larger hubs, the AMHS, harbors, and roads. He also said that long-term development in Alaska is important, in terms of natural resources and land, and the future of our children, depends on bills like these passing.

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SABRINA MARTINO, Member, Laborers Local 341, stated she recently graduated from a two and a half year apprenticeship program. She is an eight-year Alaskan resident and has noticed a great need for additional road construction. She related that as an apprentice she has learned first-hand road construction is a necessity. Transportation is the key to Alaska's economic growth. She reported some statistics she obtained on the internet. In 1990, Alaska's population was 550,543. In 2009, Alaska's population was estimated at 694,473, which represents a 21 percent increase over two decades. This represents three times California's seven percent growth during that same period.

In prior years about 90 percent of Alaska's transportation budget was derived from federal funds. The U.S. Congressional delegation reports Alaska will need to rely less on federal funding. She offered her belief that this bill and resolution will offset federal funds and assist the state in providing roads, ferries, and aviation necessary for safe travel. Alaska's infrastructure needs to be built to accommodate our growing state and also needs to be maintained. She pointed out icy roads and road problems such as grooves on the Glenn Highway and her appreciation for the smooth resurfaced roadways due to last year's upgrades. Passage of HB 30 and HJR 4 will help provide a multi-year funding source for planning, design, and construction of roads. She urged support for HB 30 and HJR 4.

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RON AXTELL, Member, Laborers Local 341, stressed the necessity to improve major highways in Alaska. Many of Alaska's roads are rutted and Alaska has problems maintaining its infrastructure. Financial uncertainty looming on the horizon could produce a greater strain on future budgets. This proposed fund will help reduce the pressure from outside influence of those who would like to see Alaska remain undeveloped. He said that an established fund will help Alaska have more control over how and when to proceed with specific development. Many jobs and businesses rely on transportation projects so performing work in a timely and efficient manner is "win win" for everyone. It would be a travesty for our governing body to tell its citizens that it would like to perform more development and improvements "but we just can't seem to find the money." He urged support for HB 30 and HJR 4.

[HB 30 and HJR 4 were held over.]

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ADJOURNMENT

There being no further business before the committee, the House Transportation Standing Committee meeting was adjourned at 1:57 p.m.