

ALASKA STATE LEGISLATURE
HOUSE TRANSPORTATION STANDING COMMITTEE

March 15, 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. 64

"An Act relating to permanent motor vehicle registration; and providing for an effective date."

- MOVED CSHB 64(TRA) OUT OF COMMITTEE

HOUSE BILL NO. 10

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

- MOVED CSHB 10(TRA) OUT OF COMMITTEE

HOUSE BILL NO. 131

"An Act establishing the Alaska Community and Public Transportation Advisory Board and relating to a long-range community and public transportation plan; and providing for an effective date."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 64

SHORT TITLE: PERMANENT MOTOR VEHICLE REGISTRATION

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) STA, FIN
 02/10/11 (H) STA AT 8:00 AM CAPITOL 106
 02/10/11 (H) Moved Out of Committee
 02/10/11 (H) MINUTE(STA)
 02/11/11 (H) STA RPT 2DP 2NR 3AM
 02/11/11 (H) DP: KELLER, LYNN
 02/11/11 (H) NR: JOHANSEN, GRUENBERG
 02/11/11 (H) AM: P.WILSON, SEATON, PETERSEN
 02/11/11 (H) TRA REFERRAL ADDED AFTER STA
 02/24/11 (H) TRA AT 1:00 PM CAPITOL 17
 02/24/11 (H) Heard & Held; Assigned to Subcommittee
 02/24/11 (H) MINUTE(TRA)
 03/11/11 (H) TRA AT 3:30 PM BELTZ 105 (TSBldg)
 03/11/11 (H) -- Public Testimony --
 03/15/11 (H) TRA AT 1:00 PM CAPITOL 17

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
 02/10/11 (H) Heard & Held
 02/10/11 (H) MINUTE(TRA)
 02/24/11 (H) TRA AT 1:00 PM CAPITOL 17
 02/24/11 (H) Heard & Held; Assigned to Subcommittee
 02/24/11 (H) MINUTE(TRA)
 03/11/11 (H) TRA AT 3:30 PM BELTZ 105 (TSBldg)
 03/11/11 (H) -- Public Testimony --
 03/15/11 (H) TRA AT 1:00 PM CAPITOL 17

BILL: HB 131

SHORT TITLE: COMMUNITY AND TRANSPORTATION ADV. BOARD

SPONSOR(s): REPRESENTATIVE(s) MUNOZ

01/28/11 (H) READ THE FIRST TIME - REFERRALS
 01/28/11 (H) TRA, FIN
 03/15/11 (H) TRA AT 1:00 PM CAPITOL 17

WITNESS REGISTER

DAVID BREMER, Staff
 Representative Pete Petersen

Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented the subcommittee comments on HB 10 and HB 64.

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

POSITION STATEMENT: Answered questions on behalf of one of the prime sponsors of HB 64.

RICK GIFFORD, Manager
Kodiak Island Borough (KIB)
Kodiak, Alaska

POSITION STATEMENT: Testified during the discussion of HB 64.

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

POSITION STATEMENT: Testified during the discussion of HB 64.

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

POSITION STATEMENT: Testified during the discussion of HB 64.

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

POSITION STATEMENT: Answered questions on behalf of one of the prime sponsor of HB 10.

KENDRA KLOSTER, Staff
Representative Cathy Munoz
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Testified during the discussion of HB 131.

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

POSITION STATEMENT: Answered questions during the discussion of HB 131.

ERIC TAYLOR

Statewide Plan & Transit
Division of Program Development
Department of Transportation & Public Facilities (DOT&PF)
Juneau, Alaska

POSITION STATEMENT: Testified and answered questions during the discussion of HB 131.

DAVID LEVY, Executive Director
Alaska Mobility Coalition (AMC)
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 131.

MARIE DARLIN, Coordinator
AARP Capital City Task Force
Juneau, Alaska

POSITION STATEMENT: Testified during the discussion of HB 131.

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

POSITION STATEMENT: Testified during the discussion of HB 131.

ACTION NARRATIVE

[1:07:04 PM](#)

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

HB 64-PERMANENT MOTOR VEHICLE REGISTRATION

[Contains brief discussion of HB 10, a related bill that affects noncommercial trailer registration fees.]

[1:07:51 PM](#)

CHAIR P. WILSON announced that the first order of business would be HOUSE BILL NO. 64, "An Act relating to permanent motor vehicle registration; and providing for an effective date."

CHAIR P. WILSON asked Representative Petersen to report on the work the subcommittee did on the motor vehicle and trailer registration fee bills.

1:08:21 PM

REPRESENTATIVE PETERSEN referred to the subcommittee work on HB 10 and HB 64 and indicated the subcommittee met and have made suggestions to the committee for consideration. He asked his staff to provide details.

DAVID BREMER, Staff, Representative Pete Petersen, Alaska State Legislature, explained the changes the subcommittee recommended, which he said are incorporated into a proposed committee substitute for the committee's consideration. He stated that the subcommittee suggested removing the language in proposed subsection (b) that referred to the lesser of five times the rate or \$100, and replaced it with "three times the rate" which would apply to the registration fee rate and the Motor Vehicle Registration Tax (MVRT) collection. The subcommittee suggested adding a new section, proposed section 4, which would allow a municipality to establish a permanent MVRT. A municipality could charge more or less than the three times set in subsection (b) of the bill.

MR. BREMER reported the subcommittee considered issues with respect to collections budgeting discussed at prior committee hearings for both the vehicle registration and noncommercial trailer registration. He stated that the state revenues would increase for two years, but revenues would drop off for each year thereafter. Currently, emissions tests (I/M) are required in Anchorage. Owners would still be required to obtain emissions test and present the results to the DMV at the time of renewal. Older vehicles are most likely to fail I/M testing, and someone who has permanent registration may move into an I/M area and there is no way to verify the vehicle can comply with the IM requirements. Owners in I/M areas would still be required to obtain I/M testing.

1:13:30 PM

MR. BREMER related that HB 64 is based on Montana's law, which allows for permanent motor vehicle registration based on a fee of five times the vehicle registration rate for vehicles that are 11 years old. The subcommittee suggests inserting language eight years old and three times the rate. Once a vehicle reaches 14 years, a municipality would begin to lose revenue.

The benchmark arrived at is a combination of the vehicle age and a multiplier of the registration rate. He said that 34 years is the point at which the bill becomes revenue neutral. Montana permanent registration also applies to light vehicles only, or vehicles of one ton or less whereas the proposed HB 64 would apply to all vehicles. Montana provides the county treasurer the authority to collect the motor vehicle tax. In Alaska, the tax is an MVRT, which is not collected by municipalities. However, the bill allows a municipality to establish a permanent MVRT. In the original HB 64, motorcycle fees were set higher than the MVRT. The subcommittee removed the lesser of five times the rate or \$100, which addresses the motorcycle fee issue, he said.

MR. BREMER recalled the issue of safety, noting that people may wish to drive their motor vehicle longer, which could lead to an increase in the number of unsafe cars on the roadway. Permanent registration is not transferable, but is not enforceable unless a driver is pulled over by law enforcement. Some members expressed concern over liability issues if a vehicle with permanent registration is sold and not reregistered. This issue is not easily detected unless the person is involved in a vehicular accident.

[1:16:10 PM](#)

MR. BREMER related a concern with respect to DMV funding, which is receipt based funding. If the DMV revenues decreased to a level below the necessary funding level, the legislature would need to enact a new funding mechanism for the DMV's day-to-day operations.

MR. BREMER highlighted the current Municipality of Anchorage (MOA) tax cap limits the amount of taxes the MOA can collect. This bill would increase MVRT revenues in the first two years significantly with a corresponding property tax decrease. In year three and thereafter, MVRT revenues would significantly decrease, which could adversely affect MOA property tax rates. The MOA's tax cap is calculated annually based on all tax revenues collected, including property tax, liquor taxes, tobacco taxes. As MVRT tax income decreases property taxes would increase.

MR. BREMER related that the subcommittee discussed potential amendments to HB 64. The first amendment was proposed and withdrawn for further discussion by the full committee. The subcommittee considered on page 1, line 12 of HB 64 to replace

"eight" with "fourteen" to push back the eligibility date of vehicles to lessen potential revenue loss. He reiterated that the amendment was proposed, discussed, and withdrawn.

MR. BREMER stated the subcommittee considered on page 2, lines 5-6 of HB 64, to replace "three" with "six" times the permanent registration fees to increase permanent registration cost and reduce revenue loss. This amendment was considered and withdrawn. Finally, the subcommittee considered on page 2, line 29 of HB 64 to replace 2012 with 2014 to allow municipalities to set a permanent MVRT. The municipality must file a notice of change by January 1 of the preceding year in which the tax change would take effect. A municipality may not change the amount of the tax imposed more than once every two years. Some municipalities set their MVRT last year and would need the effective date adjusted to enact a permanent motor vehicle registration tax without incurring a drastic loss of revenue.

[1:20:40 PM](#)

MR. BREMER recapped the subcommittee's work on HB 10. Currently, owners can register their commercial trailers by paying a one-time fee for permanent registration. This bill, HB 10, would offer the same consideration for owners to register noncommercial trailers. Some of the same issues were raised, but the revenue issues were minimal. The sponsor suggested incorporating language from Section 4, of 64 into HB 10, in order to allow municipalities a mechanism to collect any permanent MVRT for trailers. This provision is necessary in the event that HB 10 passes prior to passage of HB 64.

[1:21:52 PM](#)

REPRESENTATIVE PRUITT moved to adopt the proposed committee substitute (CS), labeled 27-LS0327\I, Luckhaupt, 3/14/11, as the working document. There being no objection, Version I was before the committee.

[1:22:23 PM](#)

DARRELL BREESE, Staff, Representative Bill Stoltze, Alaska State Legislature, on behalf of one of the prime sponsors of HB 64, Representative Bill Stoltze, stated that the sponsor reviewed and the agrees with the changes incorporated into the proposed CS, Version I. He also discussed the effective date change with the sponsor, who agrees since it would allow the municipalities to make an adjustment to the MVRT. Additionally, the sponsor

agreed to add the language from proposed Section 4 of HB 64 to HB 10, which would allow the permanent registration rate to be set for noncommercial trailer ownership.

[1:23:14 PM](#)

REPRESENTATIVE MUNOZ referred to the issue for the MOA. She asked if the municipality takes advantage of increased revenues and budgets the revenues over ten years whether the MOA would run into the problem of revenue shortfalls after year two of the permanent registration for motor vehicles.

MR. BREESE answered no. He discussed this with the MOA mayor's office, who advised him that so long as the MVRT is collected in 2010 but accounted for 2011-13, that the MOA would not have issues with major adjustment to the tax cap or tax revenue collected. The MOA could assign the MVRT revenue to a different year, such as 2011-2013, the revenue would affect the tax cap in the subsequent years.

[1:24:24 PM](#)

REPRESENTATIVE MUNOZ recapped the amendments the subcommittee discussed. The subcommittee did not have consensus on two amendments. She clarified that the subcommittee brought up the first amendment for discussion to push back the eligibility date to a higher level but did not reach any consensus.

[1:25:24 PM](#)

MR. BREESE, in response to Chair P. Wilson, explained that if a municipality decides to set an MVRT rate, the rate it sets would cover the municipal tax imposed for the life of the vehicle. In further response to Chair P. Wilson, he described the registration fees. Currently, Alaska statutes allow a motor vehicle registration tax (MVRT) rate to be collected on the age of the motor vehicle. As per the table set in existing statute, once a vehicle is eight years old, the rate is flat. Thus, additional MVRT is not imposed on motor vehicles eight years or older. A municipality can also elect to impose an additional MVRT, by ordinance. He recalled that currently, 16 municipalities have done so. He related a scenario in which a municipality would charge \$50 or \$100, instead of charging a fee of \$25 set in current statute. The municipality can set the rate based on the vehicle age and at a rate that a municipality determines provides adequate revenue for the municipality.

CHAIR P. WILSON asked whether a municipality could add additional fees in year nine or 10.

MR. BREESE answered that after year eight, the MVRT rate would be flat, but the provision would allow a municipality to set a fee for motor vehicle owners who elect to have permanent registration. Thus, a municipality could impose an extra fee and decide the amount of the fee required to register the vehicle permanently to keep the municipal revenue neutral. Additionally, the municipality could decide to accept the "three times" fee as currently written. The proposed Section 4 of the committee substitute (CS) for HB 64 would allow a municipality to set a certain tax for permanent motor vehicle registration. It is possible an owner could decide to wait until his/her vehicle is 12 years old before permanent registration is selected. At the point an owner selects permanent registration, any municipal fees would apply, if the municipality has passed an ordinance imposing additional one-time registration fees on motor vehicles, he said. In further response to Chair P. Wilson, Mr. Breese he reiterated the process municipalities would use to collect either three times the MVRT or another amount set by municipal ordinance for any amount it elects to adopt.

[1:29:37 PM](#)

REPRESENTATIVE PETERSEN pointed out that the MOA's Treasurer, Cheryl Frasca, said the collection of the MVRT is based on collection rather than on budgeting. He related his understanding that the MOA is not set up to collect taxes in one year and budget it over other years.

[1:30:15 PM](#)

RICK GIFFORD, Manager, Kodiak Island Borough (KIB), stated that the KIB still has concerns with HB 64. He said it was unclear in HB 64 exactly how the MVRT will be administered and collected. He related his understanding that municipalities use the MVRT funds for abandoned vehicles, noting that the older vehicles cause problems in Kodiak. He recalled that the DMV had a similar fund and reducing the overall MVRT collected would impact the DMV's ability to assist municipalities. He expressed his concern over HB 64.

[1:32:45 PM](#)

WHITNEY BREWSTER, Director, Division of Motor Vehicles (DMV), Department of Administration (DOA), stated the CS drastically reduces the fiscal note from the DMV. She advised the FN was submitted just prior to this hearing. She highlighted that removing certain language from the bill solidifies the fees collected by the DMV.

CHAIR P. WILSON related that she has not yet received the fiscal note and asked for clarification.

MS. BREWSTER understood. The Governor's office prepared a draft fiscal note since the CS had not yet been adopted. In the first year, FY 2012 the change in revenue would increase to \$3,550,000, and revenue would increase in FY 2013 to \$4,120,000. In FY 2014, the DMV anticipates a revenue reduction of \$1.2 million, in FY 2015 the DMV anticipates a revenue reduction of \$1,500,000, in FY 2016 the DMV estimates a revenue reduction of \$1,500,000, and in FY 2017 the DMV estimates a \$1,800,000 revenue reduction. She stated that the CS dramatically changes the fiscal note. In response to Chair P. Wilson, she responded that the DMV's proposed budget is approximately \$16 million. She stressed that with the adoption of the proposed CS, the DMV does not see an impact on the DMV's budget. In further response to Chair P. Wilson, she indicated that the proposed changes will reduce the overall revenue collected, but in FY 10 the DMV collected approximately \$65.8 million in revenue, which is still substantially more than necessary to run DMV.

CHAIR P. WILSON related the revenue collected would be less revenue collected for the general fund each year.

MS. BREWSTER agreed.

[1:36:16 PM](#)

KATHIE WASSERMAN, Executive Director, Alaska Municipal League (AML), stated that she spoke to a number of municipalities prior to the meeting. Many of them indicated that the MVRT funds help with junk car removal. If this bill passes, the municipalities will need to determine how much tax to require. She said the municipalities would estimate the proposed MVRT, since it is not possible to determine how many years an older vehicle may operate. Thus, some municipalities will have shortfalls or excesses, accordingly. Additionally, municipalities would still need to adopt the tax change by ordinance and may result in some "pushback" from residents. She is most familiar with the City and Borough of Juneau, which collects \$22 per registered motor

vehicle, or basically \$11 per year. If an automobile will be on the road for an indeterminate amount of time, the municipalities express concern. The system seemed to work fine. She concluded that the municipalities are at a loss in terms of assessing the overall impact, which would likely increase personnel. She said, "The municipalities are not comfortable with this bill."

[1:38:46 PM](#)

CHAIR P. WILSON, after first determining no one else wished to testify, closed public testimony on HB 64.

[1:38:57 PM](#)

REPRESENTATIVE PETERSEN suggested considering the age of vehicle for eligibility for one-time registration. The current CS uses eight years, the Montana model uses 11 years. He wondered if the bill was moved to 11 years it may allow municipalities to be revenue neutral until motor vehicles are 17 years old. The number of motor vehicle on the roadway greater than 17 years old diminishes rather quickly, he said. Thus, it would likely have a little less effect on municipalities strapped for funding, he said.

[1:41:03 PM](#)

REPRESENTATIVE PETERSEN made a motion to adopt Conceptual Amendment 1 to HB 64. He referred to page 1, line 12 of HB 64, to change the applicable vehicle age from "eight" to 11.

REPRESENTATIVE JOHNSON objected.

REPRESENTATIVE JOHNSON related the committee spent considerable time discussing how to best accommodate the municipalities, but little time to discuss the convenience or cost savings to consumers. The point of this bill has somewhat been missed, which is to save money, time and convenience for consumers. He said it might be inconvenient for municipalities. He pointed out that any money municipalities lose is money that is saved by consumers. He maintained his objection.

[1:43:10 PM](#)

A roll call vote was taken. Representatives Munoz, Gruenberg, and Petersen voted in favor of Conceptual Amendment 1. Representatives Johnson, Feige, Pruitt, and P. Wilson voted

against it. Therefore, Conceptual Amendment 1 failed by a vote of 3-4.

[1:43:55 PM](#)

REPRESENTATIVE PRUITT moved to report the proposed committee substitute (CS) for HB 64, labeled 27-LS0327\I, Luckhaupt, 3/14/11, out of committee with individual recommendations and the accompanying fiscal note. There being no objection, CSHB 64(TRA) was reported from the House Transportation Standing Committee.

HB 10-NONCOMMERCIAL TRAILER REGISTRATION FEE

[1:44:54 PM](#)

CHAIR P. WILSON announced that the next 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."

REPRESENTATIVE PRUITT moved to adopt the proposed committee substitute (CS) for HB 10, labeled 27-LS00091\B, Luckhaupt, 3/14/11, as the working document. There being no objection, Version B was before the committee.

[1:45:12 PM](#)

DARRELL BREESE, Staff, Representative Bill Stoltze, Alaska State Legislature, on behalf of one of the prime sponsors, Representative Bill Stoltze, stated that the only change to the bill contained in the proposed CS is the inclusion to allow municipalities to adopt by ordinance the permanent vehicle registration rate for noncommercial trailers.

[1:46:17 PM](#)

REPRESENTATIVE PETERSEN made a motion to adopt a Conceptual Amendment to change the effective date from 2012 to 2014. He stated he misstated his amendment since the CS for HB 10 does not have an effective date. He withdrew his amendment.

REPRESENTATIVE PETERSEN made a motion to adopt a Conceptual Amendment to create an effective date for bill as 2014.

REPRESENTATIVE JOHNSON objected. He pointed out that 2014 is not a date.

CHAIR P. WILSON referred to the date in the previous bill the committee just passed out, which was January 1, 2014.

REPRESENTATIVE PETERSEN made a motion to adopt a Conceptual Amendment to create effective date for HB 10 of January 1, 2014.

REPRESENTATIVE JOHNSON raised a point of order. He said a motion is before the committee and the motion must be withdrawn

REPRESENTATIVE PETERSEN withdrew his prior motion which did not contain the date, January 1, 2014.

[1:48:30 PM](#)

REPRESENTATIVE PETERSEN made a motion to adopt a Conceptual Amendment to create an effective date in HB 10 of January 1, 2014.

REPRESENTATIVE JOHNSON objected. He asked to hear from sponsor.

MR. BREESE answered that the sponsor agrees with the inclusion of the effective date of January 1, 2014.

REPRESENTATIVE JOHNSON withdrew his objection.

There being no further objection, Conceptual Amendment 1 was adopted.

[1:49:14 PM](#)

REPRESENTATIVE PRUITT moved to report the proposed committee substitute (CS) for HB 10, labeled 27-LS00091\B, Luckhaupt, 3/14/11, as amended, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHB 10(TRA) was reported from the House Transportation Standing Committee.

HB 131-COMMUNITY AND TRANSPORTATION ADV. BOARD

[1:49:49 PM](#)

CHAIR P. WILSON announced that final order of business would be HOUSE BILL NO. 131, "An Act establishing the Alaska Community

and Public Transportation Advisory Board and relating to a long-range community and public transportation plan; and providing for an effective date."

[1:50:24 PM](#)

KENDRA KLOSTER, Staff, Representative Cathy Munoz, Alaska State Legislature, stated that the bill would create an Alaska Community and Public Transportation Advisory Board. This would assist in the development and procedural recommendations made by the Governor's Coordinated Transportation Task force in February 2010. Transportation is important to communities. This board will continue efforts to address state, federal, and local community-based transportation services. The board will continue efforts to address public and community transportation and help fill the gap in transportation for people who require more specialized travel, including senior citizens, low income individuals, persons with disabilities, and those who are transit-dependent. The Community and Transportation Advisory Board would consist of 13 members from departments within state and local governments, the Denali Commission, the Alaska Mental Health Trust Authority, nonprofits, senior citizens, persons with disabilities, and transit-dependent individuals. This broad range of membership could help facilitate communication and strategies that will benefit communities of all sizes. This bill has support from the Alaska Mobility Coalition, the Governor's Council on Disabilities and Special Education, Advisory Board on Alcoholism and Drug Abuse, the Alaska Commission on Aging, Alaska Mental Health Trust Authority, the Alaska Brain Injury Network, Suicide Prevention Council and the AARP.

MS. KLOSTER stated that the board's expenses will be similar to the task force currently in place. The Federal Transit Administration funding provides 90 percent of the \$110,000. The state will provide matching funds and an additional 10 percent of the funding is provided by the Alaska Mental Health Trust.

REPRESENTATIVE GRUENBERG remarked that he was glad this bill was introduced.

[1:53:14 PM](#)

JEFF OTTESEN, Director, Division of Program Development, Department of Transportation & Public Facilities (DOT&PF), deferred to Eric Taylor, who prepared the fiscal note.

ERIC TAYLOR, Statewide Plan & Transit, Division of Program Development, Department of Transportation & Public Facilities (DOT&PF), stated that he prepared the fiscal note.

[1:53:45 PM](#)

CHAIR P. WILSON asked what portion of the funding is derived from federal funds.

MR. TAYLOR estimated the Community and Transit Advisory Board funding would be as follows: \$90,000 from the Federal Transit Administration for program planning, \$10,000 in state matching funds, and \$10,000 from the Alaska Mental Health Trust Fund. In response to Chair P. Wilson, Mr. Taylor explained that typically the Federal Transit Authority requires a 20 percent match. The DOT&PF generally uses planning funds. The state receives approximately \$6.8 million to support rural transit and community transportation programs.

[1:56:16 PM](#)

CHAIR P. WILSON asked if the project would require additional staff.

MR. TAYLOR answered that the DOT&PF does not anticipate needing any additional staff.

[1:56:55 PM](#)

REPRESENTATIVE PRUITT asked if \$90,000 represents additional funds from the federal government or if the funds would be shifted towards this program.

MR. OTTESEN explained that part of the funds is deliberately set aside for planning. This is funding that pays for the planning task. For the past two years, the department has used the planning funding to conduct the work of the Governor's Task Force. This would create a permanent commission rather than a temporary task force. This funding would not change the effort but would carry forward the funding into future years. He recalled the DOT&PF has a difficult time spending all of the spending funding and typically returns some to the federal government.

REPRESENTATIVE PRUITT asked whether the DOT&PF anticipates the same level of planning funding.

MR. OTTESEN answered yes. He said if anything the federal transit funding appears to be on a growth curve. In response to Chair P. Wilson, Mr. Ottesen explained that the Governor's Coordinated Transportation Task Force has operated for a little more than one year. The previous task force was in place for about 15 months, with a gap in between. He currently chairs the existing Governor's Coordinated Transportation Task Force. He stressed that additional work needs to be done. He elaborated that coordinated transportation is about spending dollars more wisely. He stated that about 60 categories of federal funding provide transportation for injured veterans, senior citizens, persons with disabilities or who are low-income. He said it does not make sense to have all those vehicles running around, each carrying a fraction of the population, without any coordination in dispatch or motor pool. The federal government has been pushing coordinated transportation to try to reduce the spending from so many sources.

[1:59:34 PM](#)

CHAIR P. WILSON asked for clarification on the federal funding in Alaska, whether it is provided in a lump sum or is parceled out to various agencies.

MR. OTTESEN answered that the state receives Federal Transit funding in different categories, with different eligibility requirements. The DOT&PF is the only recipient of transit funds. The rest of the funding is distributed through other agencies, such as the Department of Health and Social Services (DHSS) or the Department of Military & Veterans' Affairs (DMVA). He said other separate agencies are working to ensure that coordination since everyone benefit. He said thus far the effort cuts across the silos of state government local government since they provide services for nonprofits. "Organizations tend to stay in their silos," he said.

[2:00:28 PM](#)

CHAIR P. WILSON asked whether Governor's Coordinated Transportation Task Force will be consolidated into one area, such as DOT&PF, and bill other agencies or if the service will still be in individual agencies.

MR. OTTESEN provided a "rose colored vision" such that a client from one program would use a smart card to access the coordinated vehicle the card would be read and billed back to the respective agency, including that the Department of Military

& Veterans' Affairs for a disabled veteran. He anticipated that the service would be seamless and transparent, with a computer system handling the details of the charges.

[2:02:03 PM](#)

REPRESENTATIVE GRUENBERG referred to page 2 of the DOT&PF's fiscal note. He said that the bill establishes the board, but then it says the bill increases the size of the board.

MR. OTTESEN related that the new board is functionally the equivalent of the Governor's Coordinated Transportation Task Force, which was established by administrative order.

[2:02:55 PM](#)

REPRESENTATIVE GRUENBERG referred to page 2, lines 19-20 of HB 131, which identifies one board member shall be a member who represents municipalities that operate modes of public transportation. He suggested that it may be advisable to have two members since the needs of small and large communities vary. He reiterated his support to add an additional member so the board would be a 14 member board. He asked whether six communities operate transportation.

MR. TAYLOR answered that nine communities operate transportation systems in the state.

[2:04:11 PM](#)

REPRESENTATIVE GRUENBERG asked for the population of the communities since it seems that smaller communities' needs are different than those of Anchorage. He then referred to page 3, line 7 of HB 131, noting that the board could petition the governor to remove a member if the member misses two or more meetings in a calendar year. He suggested adding "or is otherwise unable to serve."

MR. OTTESEN related the DOT&PF is neutral on bill. He understood the logic.

REPRESENTATIVE MUNOZ said that would be okay.

[2:05:30 PM](#)

REPRESENTATIVE JOHNSON appreciated the suggested change, but he pointed out that the member serves at the pleasure of the

governor so he was unsure that the clarification was needed. He explained that extenuating circumstances may require a person to miss meetings. He said he is comfortable giving the governor the authority.

CHAIR P. WILSON suggested that Representative Gruenberg work with the sponsor.

[2:06:59 PM](#)

REPRESENTATIVE JOHNSON asked how the proposed board composition correlates to the task force.

MR. TAYLOR related some differences exist in terms of the state agency representation. The current task force includes a representative from the Department of Commerce, Community & Economic Development and the Department of Education and Early Development (DOEED) but does not include the Denali Commission.

CHAIR P. WILSON commented that she could understand adding the Denali Commission.

MR. OTTESEN related the members include a representative from the nonprofit provide services and from a scheduled transit service, a smaller nonprofit in Kenai, a tribal run transit system in Sitka. He expressed some people attend but are not specifically members of the task force.

[2:08:54 PM](#)

REPRESENTATIVE JOHNSON asked whether the DOEED also has any funding sources.

MR. OTTESEN answered that the idea of the Department of Education and Early Development is largely due to their funding for school buses. In some systems, the school buses are incorporated into the idea of coordinated transportation. He stated that raises some practical issues since school buses transport children, school buses typically are not equipped with seatbelts. Some states have used school buses successfully.

REPRESENTATIVE JOHNSON agreed that school buses are not used for portions of the day so it may offer a way to better utilize the asset.

[2:10:13 PM](#)

REPRESENTATIVE GRUENBERG expressed concern that 90 percent of the funding for the proposed board is federally funded. The state cannot expect the same level of federal funding to continue. He recalled that the legislature sometimes requires a report from the department to the legislature in the event that funding changes are significant. He asked for the department's view on adding a fiscal note to require the department to notify the legislature if federal funding changes.

MR. OTTESEN answered that he could not imagine adding a fiscal note to provide that type of information. He agreed that federal funding is chaotic and difficult to predict.

REPRESENTATIVE GRUENBERG recalled whether seatbelts in school buses is an emerging issue.

CHAIR P. WILSON suggested that is a different topic.

CHAIR P. WILSON related her understanding that if funding changed the DOT&PF would bring it up during budget deliberations.

MR. OTTESEN agreed.

[2:13:41 PM](#)

DAVID LEVY, Executive Director, Alaska Mobility Coalition (AMC), stated he currently is attending a National Transit Conference in Washington, D.C. He offered the AMC is a private nonprofit membership organization that advocates for statewide public and community transportation. He related that the AMC's membership includes members from Bethel, Prince of Wales Island and "everything in between." He explained that its 97 members provide Alaskans over 7,000,000 rides to work, school, medical appointments, shopping, and for recreational opportunities. He offered the AMC's support for HB 131. The AMC has worked closely with the DOT&PF and the governor the current Coordinated Transportation Task Force. Transportation in Alaska is unique and the state needs a long-term committee to coordinate with many silos that offer transportation. He characterized HB 131 as a good first step. He expressed excitement for a permanent board to oversee statewide public and community transportation.

[2:16:11 PM](#)

REPRESENTATIVE FEIGE asked whether any federal monies are available to individual municipalities.

MR. LEVY related that four municipally run transit systems: Anchorage, Fairbanks, Ketchikan, and Juneau. A number of local nonprofits, tribal governments, and everything in between provide transportation services. A local community could apply and Mr. Taylor could provide information on that process. He offered his belief that local communities and local governments have to make that investment. He recognized the cost associated in doing so. Communities all over the state are realizing they need to figure out how to move people. Many nonprofits and tribal entities have stepped up to provide services, including the senior center in Kodiak and combined tribal and nonprofit service in Sitka, he said.

[2:18:00 PM](#)

REPRESENTATIVE FEIGE asked how many state transportation systems are profitable self-supporting or if the systems require continued funding.

MR. LEVY related that most transit systems in Alaska, as elsewhere, require some type of subsidy. In most instances local or nonprofit organizations raise funds and partner with federal, local, or tribal partnerships to survive.

REPRESENTATIVE FEIGE asked whether the organizations can survive without subsidies.

MR. LEVY pointed out this is one of the challenges, that all forms of transportation ranging from ferries to public road systems need some type of subsidy. He offered his belief that many nonprofits and communities have been creative in addressing funding. In response to Representative Johnson, Mr. Levy indicated the statewide transportation system provides 7,000,000 trips per year or almost 10,000 trips per day.

[2:19:42 PM](#)

REPRESENTATIVE JOHNSON asked how many people that represents.

MR. LEVY offered to provide the committee with a breakdown by community based on figures from an annual statewide survey.

[2:20:34 PM](#)

REPRESENTATIVE MUNOZ related her understanding that nine communities have public transit. She asked for a list of the combined nonprofit and tribal entities.

MR. LEVY answered yes. He said he has a list of state recognized transit systems in Alaska that receive pass through federal funds awarded through the competitive bid process.

2:21:44 PM

MARIE DARLIN, Coordinator, AARP Capital City Task Force, referred to a letter of support from the AARP in members' packets. She related her understanding that this recommendation comes from the Governor's Coordinated Transportation Task Force. She reported that she has heard at Alaska Commission on Aging meetings about the work the task force has accomplished. The Alaska Commission on Aging conducted a survey to plan how senior services would be addressed. One of the biggest statewide issues raised was the need for transportation and the need for coordination of transportation services, particularly in rural areas. Alaska is one of the few states without a community transportation task force such as the one HB 131 would create. She emphasized that was the point the survey identified, which is the need more coordination in our communities.

MS. DARLIN commented that transportation funding is derived from many sources, such as the funding from the Older Americans Act funding is directed to the Department of Health and Social Services (DHSS). The DHSS provides grants to various nonprofit to provide transportation services. She stressed the necessity of providing coordination of transportation services. She commended the work of the Governor's Coordinated Transportation Task Force. She expressed her hope the work will continue by a commission who could consider the broader perspective and actively coordinate the activities and the funding. She emphasized that the board should also promote public participation from consumers, including senior citizens, disabled persons, and low income individuals. She said the overall plan will serve all of the groups and communities. She supported the concept of community transportation with substantial community input to identify the needs.

2:26:30 PM

CHAIR P. WILSON pointed out her own experience traveling to Bethel and smaller surrounding communities. She said she did

not understand how disabled people could get around without cars, on boardwalks, or in muddy conditions.

MS. DARLIN remarked that each community is different. She recalled that the Commission on Aging made the same observations in Bethel. She commented that some people could not get to meals at the senior center. Although the community is working on this, the issues are problematic, she said.

KATHIE WASSERMAN, Executive Director, Alaska Municipal League (AML), introduced herself.

[2:28:23 PM](#)

REPRESENTATIVE GRUENBERG referred to page 2, lines 19-20 of HB 131 to the membership of board. He asked for her input on whether the composition was adequate.

MS. WASSERMAN offered that when the AML is invited to serve on task force or group, the AML meets and collectively decides who could best serve on a particular board. She stated that her members have the ability to represent communities of varying sizes. She did not think it was necessary to fill the proposed task force with additional members.

REPRESENTATIVE GRUENBERG expressed concern that but seems like one could perform.

MS. WASSERMAN answered yes. She stated that at times a specific municipality expresses interest in serving. She related that the AML also meets telephonically to discuss individual communities' concerns.

CHAIR P. WILSON left public testimony open on HB 131.

[HB 131 was held over.]

[2:31:15 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Transportation Standing Committee meeting was adjourned at 2:31 p.m.