

ALASKA STATE LEGISLATURE
SENATE STATE AFFAIRS STANDING COMMITTEE

March 29, 2012

9:01 a.m.

MEMBERS PRESENT

Senator Bill Wielechowski, Chair
Senator Joe Paskvan, Vice Chair
Senator Albert Kookesh
Senator Kevin Meyer
Senator Cathy Giessel

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

SENATE BILL NO. 206

"An Act enacting the Interstate Mining Compact and relating to the compact; relating to the Interstate Mining Commission; and providing for an effective date."

- HEARD & HELD

HOUSE BILL NO. 316

"An Act relating to military facility zones in the state; relating to the development of housing in military facility zones; relating to the financing of projects in military facility zones; and providing for an effective date."

- HEARD & HELD

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 271(TRA) AM

"An Act relating to commercial motor vehicle requirements."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 206

SHORT TITLE: INTERSTATE MINING COMPACT & COMMISSION

SPONSOR(S): SENATOR(S) GIESSEL

02/21/12 (S) READ THE FIRST TIME - REFERRALS
02/21/12 (S) STA, FIN

03/29/12 (S) STA AT 9:00 AM BUTROVICH 205

BILL: HB 316

SHORT TITLE: MILITARY FACILITY ZONES

SPONSOR(S): REPRESENTATIVE(S) THOMPSON

02/08/12 (H) READ THE FIRST TIME - REFERRALS
02/08/12 (H) MLV, STA
02/16/12 (H) MLV AT 1:00 PM CAPITOL 120
02/16/12 (H) Moved Out of Committee
02/16/12 (H) MINUTE(MLV)
02/17/12 (H) MLV RPT 2DP 1NR 1AM
02/17/12 (H) DP: LYNN, THOMPSON
02/17/12 (H) NR: MILLER
02/17/12 (H) AM: CISSNA
02/28/12 (H) STA AT 8:00 AM CAPITOL 106
02/28/12 (H) Moved Out of Committee
02/28/12 (H) MINUTE(STA)
02/29/12 (H) STA RPT 5DP 1NR 1AM
02/29/12 (H) DP: JOHANSEN, PETERSEN, P.WILSON,
KELLER, LYNN
02/29/12 (H) NR: GRUENBERG
02/29/12 (H) AM: SEATON
03/05/12 (H) TRANSMITTED TO (S)
03/05/12 (H) VERSION: HB 316
03/06/12 (S) READ THE FIRST TIME - REFERRALS
03/06/12 (S) STA
03/29/12 (S) STA AT 9:00 AM BUTROVICH 205

BILL: HB 271

SHORT TITLE: COMMERCIAL MOTOR VEHICLE REQUIREMENTS

SPONSOR(S): REPRESENTATIVE(S) KELLER, PRUITT

01/17/12 (H) PREFILE RELEASED 1/13/12
01/17/12 (H) READ THE FIRST TIME - REFERRALS
01/17/12 (H) TRA
02/21/12 (H) TRA AT 1:00 PM CAPITOL 17
02/21/12 (H) Moved CSHB 271(TRA) Out of Committee
02/21/12 (H) MINUTE(TRA)
02/22/12 (H) TRA RPT CS(TRA) NT 5DP 1NR
02/22/12 (H) DP: PRUITT, MUNOZ, PETERSEN, GRUENBERG,
P.WILSON
02/22/12 (H) NR: FEIGE
03/02/12 (H) TRANSMITTED TO (S)
03/02/12 (H) VERSION: CSHB 271(TRA) AM
03/05/12 (S) READ THE FIRST TIME - REFERRALS
03/05/12 (S) TRA, STA

03/20/12 (S) TRA AT 1:00 PM BUTROVICH 205
03/20/12 (S) Moved CSHB 271(TRA) am Out of Committee
03/20/12 (S) MINUTE(TRA)
03/21/12 (S) TRA RPT 4DP
03/21/12 (S) DP: KOOKESH, THOMAS, MENARD, HUGGINS
03/29/12 (S) STA AT 9:00 AM BUTROVICH 205

WITNESS REGISTER

ED FOGELS, Deputy Commissioner
Department of Natural Resources
Anchorage, Alaska

POSITION STATEMENT: Provided information related to SB 206.

GREGORY CONRAD, Executive Director
Interstate Mining Compact Commission (IMCC)
Washington, D.C.

POSITION STATEMENT: Provided information related to SB 206.

TIM MUSGROVE, representing himself
Soldotna, Alaska

POSITION STATEMENT: Testified in support of SB 206.

JIM DUFFIELD, Chairman
Alaska Miners' Association
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 206.

ASHELY BROWN, Assistant Attorney General
Oil, Gas & Mining Section
Department of Law
Anchorage, Alaska

POSITION STATEMENT: Answered questions related to SB 206.

REPRESENTATIVE STEVE THOMPSON
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Sponsor of HB 316.

THOMAS STUDLER, Staff
Representative Steve Thompson
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Provided information related to HB 316 on behalf of the sponsor.

CRAIG CAMPBELL, President and CEO

Alaska Aerospace Corporation
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 316.

MCHUGH PIERRE, Deputy Commissioner
Department of Military & Veterans Affairs
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 316.

ERIN HAVELOCK, Multi-Family Underwriter Supervisor
Alaska Housing Finance Corporation
Anchorage, Alaska

POSITION STATEMENT: Answered questions related to HB 316.

REPRESENTATIVE WES KELLER
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Sponsor of HB 271.

JIM POUND, Staff
Representative Wes Keller
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Summarized HB 271 on behalf of the sponsor.

DAN BREEDEN, Director
Division of Measurement Standards & Commercial Vehicle
Enforcement
Department of Transportation
Anchorage, Alaska

POSITION STATEMENT: Provided information related to HB 271.

SCOTT HICKS, Vice President-Operations
Alaska West Express and
Vice President
Alaska Trucking Association
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 271.

ANMEI GOLDSMITH, Assistant Attorney General
Transportation Section
Department of Law
Anchorage, Alaska

POSITION STATEMENT: Answered questions related to HB 271.

ACTION NARRATIVE

[9:01:44 AM](#)

CHAIR BILL WIELECHOWSKI called the Senate State Affairs Standing Committee meeting to order at 9:01 a.m. Present at the call to order were Senators Giessel, Kookesh, Paskvan, Meyer, and Chair Wielechowski.

SB 206-INTERSTATE MINING COMPACT & COMMISSION

[9:01:53 AM](#)

CHAIR WIELECHOWSKI announced that the first bill to come before the committee would be SB 206, which would incorporate the Interstate Mining Compact in state statute and authorize Alaska to participate fully in the Interstate Mining Commission. This commission is a multi-state organization that represents the natural resource interests of its member states. It was created in 1970 with the entry by four states. Since then, 19 additional states have joined the compact, and five additional states have become associate members. Alaska is presently an associate member. This is the first hearing on the bill.

SENATOR CATHY GIESSEL, sponsor of SB 206, presented an overview of the bill. She referred to a chart in members' packets, Interstate Compacts and Commissions in Alaska Statute. She noted that Alaska belongs to at least 23 interstate compacts and commissions. She explained that the bill was an opportunity to demonstrate leadership in resource development. Becoming a full member of the Interstate Mining Compact Commission (IMCC) would give Alaska voting rights.

She pointed out that Alaska has a large deposit of rare earth elements, which will become an issue on the national scene in the near future. She noted the bill enjoys bi-partisan support.

CHAIR WIELECHOWSKI requested a sectional analysis.

SENATOR GIESSEL explained each section of the bill. She related that lines 5-7 say that the Interstate Mining Compact contained in this section is enacted into law. Article 1 finds the importance of mining to the state and proposes to support environmentally sound mining. Article 2 is the definition section. Article 3 is state programs and it ensures that a member state has adequate mining regulations. Article 4 is about powers of the commission to study, make recommendations, and gather and disseminate information on mining-related issues. Article 5 creates the commission. Article 6 allows the commission to establish advisory, technical, and regional committees. Article 7 details how the commission's finances are

to be handled. The fiscal note comes from this area. The budget is apportioned to the state members and is based on the value of mined products.

CHAIR WIELECHOWSKI asked about the fiscal note.

SENATOR GIESSEL said that Mr. Fogels would speak to the fiscal note.

She continued with Article 8, which describes that states must enact the compact to participate and must repeal the act to withdraw. Article 9 maintains that the compact does not limit, repeal, or supersede any state laws. Article 10 provides that all phrases, clauses, sentences, and provisions are severable. She related that the bill concludes with a provision for an alternate, requirements for bylaws and amendments, and an immediate effective date.

[9:10:57 AM](#)

ED FOGELS, Deputy Commissioner, Department of Natural Resources, provided information related to SB 206. He pointed out that mining activity has increased in the state. There are now seven major operating mines in Alaska, which are strong economic contributors. He opined that DNR is doing a good job of permitting those mines. He spoke of the controversy and the questioning of the permitting process. As part of a permitting review, the state has been asked to look at how it collaborates with the federal side of the permitting process, as well as finding out how other states do their permitting. He said that IMCC can help Alaska work with both of those issues.

He provided the history of the state's association with IMCC. Alaska has been an associate member for six years. IMCC brings together the environmental regulatory programs and the mining programs from 24 states and is a very robust information exchange. IMCC carries the full weight of 24 states when it goes to Washington, D.C., to testify in Congress or to approach a federal agency.

He gave an example of the Environmental Protection Agency (EPA) and their pending decision to provide bonding for hard rock mining. The issue relates to the Super Fund Law. Mining is the first to be considered. There is a risk if EPA takes over the responsibility for bonding for hard rock mining that it would negatively impact the state's ability to regulate mining. He stated that IMCC has done a great job of bringing mining states together to meet with the EPA in an effort to work on a

solution. He said he was the governor's representative to the IMCC.

[9:15:22 AM](#)

CHAIR WIELECHOWSKI asked what benefits Alaska would get from full membership.

MR. FOGELS explained that after five or six years the state has to make a decision whether to become a full member because it no longer can be an associate member. He described the benefits of full membership, such as being able to vote and sit on committees. The more full members IMCC has, the more powerful the voice in Washington, DC.

SENATOR PASKVAN asked how Alaska's membership contribution would rate compared to other states. He understood that 50 percent of membership dues is based on the value of the state's ores.

MR. FOGELS explained that the first half of membership dues is pro-rated equally to all member states, and the second half is pro-rated base on the state's mineral valuation. He suggested asking Greg Conrad for more details.

[9:18:00 AM](#)

SENATOR PASKVAN noted a favorable letter from the Council of Alaska Producers. He asked if industry contributes to the membership fees, or if there is a policy against that.

MR. FOGELS reported that industry does not contribute to IMCC. It is an organization of state governments that pay dues.

SENATOR KOOKESH said he was interested in more information about the dues structure.

MR. FOGELS pointed out that IMCC dues would not continue to increase; the state would pay more of the share as the mining industry grows. The cap is structured on IMCC's annual budget.

SENATOR PASKVAN asked if Nevada was a member.

MR. FOGELS said Nevada is not a member. He related that the IMCC began with the coal states in the East Coast in the 60's and 70's. Now, Western states are associate members. Alaska is the first to consider full memberships. He said there was growing interest for IMCC in non-coal states.

[9:22:22 AM](#)

SENATOR GIESSEL clarified the states' membership status using a chart.

CHAIR WIELECHOWSKI asked if there are any negatives to Alaska's joining the IMCC.

MR. FOGELS didn't see any downsides except for the fiscal cost. The IMCC does not bind states to anything, but is more of an advisory commission.

CHAIR WIELECHOWSKI asked for examples of issues IMCC has dealt with in the past that Alaska would have wanted to weigh in on.

MR. FOGELS brought up the EPA bonding issue and also issues related to the merger of the Office of Surfaces Mining with the Bureau of Land Management. The proposed merger was being conducted without state input. He also listed federal hard rock mining issues and key federal legislation, such as the Good Samaritan legislation, which would allow non-profits to clean up old mine sites.

[9:25:25 AM](#)

GREGORY CONRAD, Executive Director, Interstate Mining Compact Commission (IMCC), provided information related to SB 206. He explained that in today's regulatory climate in Washington, DC, it is important for states to have a say. IMCC is an important entity when dealing with federal requirements. He listed several issues that IMCC has testified on, such as Good Samaritan Protections, stream protection requirements for surface coal mining operations, hard rock financial assurance requirements, and the impacts on the federal budget on state grant programs. He noted in IMCC's annual report, recommendations on many issues which are developed by the states. Without the input of the states, none of this would be possible. The ability to speak with one voice on common concerns gives meaning to IMCC's purpose.

He addressed a specific matter as to why Alaska should become a full member of IMCC. He listed the advantages of membership: a formal vote, committee memberships, and access to communications and programs. He continued to say that Congress and federal agencies will recognize Alaska's interest in issues as a member of IMCC. He said participation opens avenues. He noted that IMCC is focused solely on mining issues.

[9:30:14 AM](#)

CHAIR WIELECHOWSKI asked about financial implications to Alaska with the increase of mines in the state and how that might affect IMCC dues.

MR. CONRAD explained that dues are based on the value of mineral production based on figures provided by the U.S. Geological Survey for non-coal, and by Energy Information Administration figures for coal. The dues are proportioned over two years. The dues cap is two times the equal share amount allocated among the states. For 2014 and 2015 the maximum amount any one state would pay would be \$57,000. Currently, Alaska's dues would be about \$35,000 to \$40,000. They could increase up to the cap as it is reached. He noted that West Virginia's share was \$72,000, but the cap brought them down to \$57,000. He concluded that Alaska would not be one of the larger dues-paying states.

[9:33:10 AM](#)

CHAIR WIELECHOWSKI asked what IMCC's total budget was.

MR. CONRAD related that the information is found in IMCC's annual report, which he offered to make available. He believed that IMCC's projected expenses for FY 2014 and FY 2015 were about \$520,000.

CHAIR WIELECHOWSKI inquired how many staff IMCC employs.

MR. CONRAD said two.

[9:33:51 AM](#)

SENATOR PASKVAN asked why Nevada was not a member.

MR. CONRAD reported that Nevada has made a request to its governor to join IMCC. IMCC is also working with Montana and Arizona to join. In the past, during the first 20 years, IMCC was not involved in hard rock issues. Currently, Western States have expressed an interest in becoming members. IMCC's strategic plan now includes Western States' issues.

SENATOR PASKVAN asked if there have been policy issue reasons for states' not joining.

MR. CONRAD related that the only concern has been related to fiscal expense, but not to policy issues. Most states realize that membership dues are reasonable.

[9:37:45 AM](#)

TIM MUSGROVE, representing himself, Soldotna, Alaska, testified in support of SB 206. He urged the committee to continue responsible development of mining-related natural resources by joining IMCC as a full member.

[9:38:43 AM](#)

JIM DUFFIELD, Chairman, Alaska Miners' Association, testified in support of SB 206. He said he has seen the benefits of IMCC in other states. He encouraged full membership in IMCC.

CHAIR WIELECHOWSKI asked if membership would bind the state or have any negative ramifications.

[9:40:09 AM](#)

ASHELY BROWN, Assistant Attorney General, Oil, Gas & Mining Section, Department of Law, answered questions related to SB 206. She replied that no new laws would have to be enacted. She referred to Article 3 which she opined is sufficient to fulfill the terms of the compact. Article 9 states that nothing in the compact shall be construed to limit, repeal, or supersede any laws of the state. She stated that the bill would not limit sovereignty. There is an option for the state to withdraw from the compact.

SENATOR PASKVAN asked if IMCC was an advisory group that addresses issues of importance to the mining industry.

MR. FOGELS clarified that it is an advisory body for the states, not for the industry, as they deal with mining issues.

CHAIR WIELECHOWSKI closed public testimony. He set SB 206 aside.

HB 316-MILITARY FACILITY ZONES

[9:43:23 AM](#)

CHAIR WIELECHOWSKI announced that the committee would hear HB 316, which allows the Department of Military and Veterans Affairs (DMVA) to establish "military facility zones." These are zones of economic and industrial production that help military bases fulfill their mission. The bill passed the House with great bipartisan support. About 13 percent to 17 percent of Alaska's economic activity can be attributed to military bases around the state.

REPRESENTATIVE STEVE THOMPSON, sponsor of HB 316, introduced the bill. He said that HB 316 provides a flexible tool to municipalities to stimulate businesses in Alaska that are in

close proximity to a military facility. Military facility zones create opportunities for significant benefit to Alaska and the nation. This bill is inclusive of all Alaska, urban and rural alike. These zones promote the expansion of infrastructure to benefit both military and civilian objectives.

He reported that there are 32 military installations in Alaska that have more than 24,000 active duty and reserve National Guard troops serving in Alaska, with 37,000 military family members. The annual payroll amounts to \$1.5 billion. These facilities include the U.S. Army, the U.S. Air Force, the Navy, Marine Corps, the Coast Guard, and their respective National Guard and reserve components.

He continued to say that military facility zones are successfully employed in other states, such as Virginia, Alabama, Texas, Florida, Maryland, and Arizona. They are used as vehicles to obtain and administer funds for business development specifically relating to military activities that enhance the military's mission and make military bases more efficient and effective. Military facility zones in Alaska will clearly demonstrate the state's continuing and substantive support for the armed services and help defend against the negative impacts of Alaska's regional economies and military communities should Congress choose to implement the federal Base Realignment and Closure Act (BRAC).

THOMAS STUDLER, staff, Representative Steve Thompson, provided information related to HB 316 on behalf of the sponsor. He thanked the committee for hearing the bill. He read from the following sponsor statement:

'An act relating to military facility zones in the state; relating to the development of housing in military facility zones; relating to the financing of projects in military facility zones; and providing for an effective date.' HB 316 provides a very flexible tool to municipalities to stimulate business in Alaska in the close proximity of military facilities.

HB 316 gives statutory authority to the Department of Military and Veterans' Affairs to establish 'military facility zones' within the State of Alaska. Military facility zones are designated areas in close proximity to a military base (facility) where industrial or economic development will directly enhance the base's ability to fulfill its mission.

Military facility zones are successfully employed in other states as vehicles to obtain and administer funds for business development specifically relating to military activities. Funding for such zones in Alaska may be available from the Alaska Industrial Development and Export Authority (AIDEA) and/or the Alaska Housing Finance Corporation (AHFC), or from federal New Market Tax Credits. Federal, state, or local public or private funding sources, credit, or guarantee programs can be made available directly to municipalities and boroughs that are working on specifically approved projects within a military facility zone.

Military facility zones create opportunities for significant benefits to Alaska and the nation. They will enhance economic activity near military installations and thereby facilitate economic growth and development in the state, especially where local governments are working in close partnership with their military counterparts. The zones promote expansion of infrastructure to benefit both military and civilian objectives, such as civil defense, homeland security and emergency response. They will enhance the nation's military capabilities by helping bases operate more effectively and efficiently.

Finally, military facility zones in Alaska will clearly demonstrate the state's continuing and substantive support for the armed forces.

[9:48:18 AM](#)

CHAIR WIELECHOWSKI opened public testimony.

CRAIG CAMPBELL, President and CEO, Alaska Aerospace Corporation, testified in support of HB 316, which provides ways for local communities to help military stay in Alaska. He shared his experience with military bases outside of Alaska where there are many military-related businesses right next to bases. This is not so in Alaska. Other states try to BRAC-proof their bases by creating partnerships with businesses. They make an effort to offset military costs and entice businesses to communities. He maintained that this effort should be made in Alaska in order to support the military. Alaska Aerospace supports this effort due to their involvement with missile activity. He said the bill

would make building a launch complex economically feasible to do in Kodiak.

[9:53:09 AM](#)

MCHUGH PIERRE, Deputy Commissioner, Department of Military & Veterans Affairs, testified in support of HB 316. He stated support for local communities as they bring forward the military facility zone designation.

CHAIR WIELECHOWSKI asked if the bill has an impact on Alaska Housing Finance Corporation (AHFC).

ERIN HAVELOCK, Multi-Family Underwriter Supervisor, Alaska Housing Finance Corporation, answered questions related to HB 316. He stated that the statutory authority to finance loans would not be affected; AHFC would simply be notified of the application for the military facility zone.

SENATOR PASKVAN asked about federal new market tax credits.

MR. HAVELOCK replied that the new market tax program targets commercial businesses, not private home financing.

SENATOR PASKVAN asked if the new market tax credits require the creation of a military facility zone.

MR. HAVELOCK thought that was a question better directed to Alaska Industrial Development & Export Authority (AIDEA), which handles commercial loans.

[9:56:48 AM](#)

CHAIR WIELECHOWSKI noted wording in the bill that includes AHFC.

MR. HAVELOCK responded that AHFC would be involved if an application for residential housing was presented through a corporation or through partnering lenders.

CHAIR WIELECHOWSKI inquired if low interest residential loans would be made available in a military facility zone.

MR. HAVELOCK replied that AHFC did not envision having a priority for a military facility zone.

CHAIR WIELECHOWSKI addressed the same question to the bill sponsor.

REPRESENTATIVE THOMPSON explained that there would be a need for more housing if the Marine Corp Base would expand. A corporation would make a deal with the Marine Corp and build subdivisions of housing, enabling the corporation to receive federal tax credits. AHFC would be involved in providing housing loans to persons interested in buying housing.

CHAIR WIELECHOWSKI closed public testimony.

REPRESENTATIVE THOMPSON said the bill was another tool in the tool box for communities and military base commanders to use to enhance military expansion.

CHAIR WIELECHOWSKI noted HB 316 would be set aside.

HB 271-COMMERCIAL MOTOR VEHICLE REQUIREMENTS

[9:59:55 AM](#)

CHAIR WIELECHOWSKI announced that the next bill before the committee would be HB 271, which changes the definition of commercial vehicles.

REPRESENTATIVE WES KELLER, sponsor of HB 271, introduced the bill. He related that the bill changes the definition of commercial vehicles to adapt to the new and better vehicles of today. It modernizes the law and reduces regulation on small businesses and owners of commercial vehicles.

JIM POUND, staff, Representative Wes Keller, summarized HB 271. He said that the bill would make doing business in Alaska a little easier and less costly. Transporting goods in pickup trucks and step vans is typically done by small business owners in Alaska. Those vehicles are currently classified as commercial vehicles. HB 271 will increase gross vehicle weight restrictions from the current 10,000 pounds to 14,000 pounds. Today's light-to-medium trucks are larger than when the original language in the law was written in 1999.

He gave an example of where a small business owner, currently classified as commercial, would run into problems under the current language with additional costs such as insurance, registration, inspections, and the cost of a medical exam for the vehicle operator. Change in the weight allocation makes the average one-ton pickup truck non-commercial.

He noted that the same rules apply for pilot vehicles. Many younger Alaskans are looking to get into the trucking industry

and this bill would give them an opportunity to operate a more efficient one-ton vehicle as a pilot vehicle.

10:02:24 AM

CHAIR WIELECHOWSKI requested an explanation of the technical changes.

MR. POUND reported that Section 1 deals with regulations in statutes in conjunction with federal law.

CHAIR WIELECHOWSKI asked about page 1, lines 8-10, and the purpose for removing regulations that are necessary to avoid loss or withholding of federal highway money.

DAN BREEDEN, Director, Division of Measurement Standards & Commercial Vehicle Enforcement, Department of Transportation, provided information related to HB 271. He explained that the removal of that language is to prevent the loss of federal highway funding and to make regulations that would withstand court challenges.

CHAIR WIELECHOWSKI asked what was being amended.

MR. BREEDEN clarified that the language was not clear and was challenged in court. The intent is to avoid the loss of federal highway funding.

SENATOR PASKVAN asked if the intent is to prevent Alaska from being potentially at risk for loss of federal highway funds.

MR. BREEDEN said it was a moot point.

CHAIR WIELECHOWSKI summarized that the current statute says that the state can only adopt regulations regarding size, weight, and load provisions, and adopting those regulations might cause the state to lose federal highway funding.

MR. BREEDEN replied that some interpret it that way.

CHAIR WIELECHOWSKI restated that HB 271 would change that and give the state more flexibility in allowing the state to adopt regulations regarding size, weight, and load provisions that may or may not affect federal highway funds.

MR. BREEDEN said yes.

CHAIR WIELECHOWSKI requested clarification of Section 2.

[10:07:00 AM](#)

MR. POUND explained that on page 1, line 14, the words "for commercial purposes" were added to clarify that it was for commercial motor vehicles. On page 2, line 7, the words "is used in the transportation of materials found by the United States Secretary of Transportation to be hazardous for purposes of 49 U.S.C 5101 - 5128" were deleted.

CHAIR WIELECHOWSKI asked why the change on page 1, line 14, was necessary.

MR. POUND explained that it clarifies that the vehicles are specifically being used for commercial purposes.

CHAIR WIELECHOWSKI asked why that was important.

MR. BREEDEN explained that there were vehicles that were not being used in commerce that are being forced to be regulated when they would not need to be.

CHAIR WIELECHOWSKI asked for the practical implication of that change.

MR. BREEDEN clarified if a person is not in commerce, then their vehicle should not be considered a commercial vehicle.

SENATOR PASKVAN asked why the word "intrastate" is used if it is referring to commerce. He suggested it should be "intrastate" and "interstate".

MR. BREEDEN said bill would only affect intrastate vehicles, because the definition of interstate commerce is still 10,000 pounds.

SENATOR PASKVAN pointed out that it was meaningless to limit it to intrastate. He reiterated that commercial purposes include interstate commerce.

MR. BREEDEN said the Federal Motor Carriers Safety Administration (FMCSA) has a clear definition of the difference between "intrastate" and "interstate". This legislation would affect intrastate vehicles only because of vehicle weight standards.

[10:09:57 AM](#)

CHAIR WIELECHOWSKI agreed with Senator Paskvan's point. He pointed out that Supreme Court has a very broad definition of "interstate", which is any commercial transaction that has been deemed by the Supreme Court to be an "interstate" transaction. He suggested having an attorney from Legislative Legal address the issue.

MR. POUND continued to explain changes in Section 2. On page 2, line 7, language was deleted because it is redundant with federal law. That same change is also made on page 3, in Section 3.

CHAIR WIELECHOWSKI asked for the rationale behind removing the words, "is used in the transportation of materials found by the United States Secretary of Transportation to be hazardous for purposes of 49 U.S.C 5101 - 5128."

MR. BREEDEN related that all hazardous material operations are under federal law already.

CHAIR WIELECHOWSKI asked why the words were included in bill in the first place.

MR. BREEDEN thought it was due to a lack of understanding.

CHAIR WIELECHOWSKI inquired about the addition of the word "motor" on page 2, line 12.

MR. POUND said it was a technical change.

CHAIR WIELECHOWSKI asked about the change on page 2, line 20, the deletion of the word "recreational."

MR. POUND explained that it was a reference to motor homes which are not commercial vehicles.

CHAIR WIELECHOWSKI asked for the definition of recreational vehicles.

MR. BREEDEN said that the definition of recreational vehicles lies with the Division of Motor vehicles and they are exempt from all things associated with commercial motor vehicles.

CHAIR WIELECHOWSKI asked for a practical implication for removing recreational vehicles from Section 3.

MR. BREEDEN clarified that the reason is simply to exempt recreational vehicles from the requirements of commercial vehicles.

CHAIR WIELECHOWSKI inquired if recreational vehicle owners are currently required to pay commercial fees.

MR. BREEDEN explained that they were considered a commercial vehicle when used for deliveries, but three years ago the FMCSA clarified language making recreational vehicles exempt from commercial regulations.

[10:14:19 AM](#)

CHAIR WIELECHOWSKI asked if it would result in recreational vehicle owners not having to buy insurance.

MR. BREEDEN said the removal of the language was further clarification to remove recreational vehicles from any commercial arena.

CHAIR WIELECHOWSKI asked if there was any practical change.

MR. BREEDEN said no.

MR. POUND referred to Section 3 as "the meat of the bill." It adds words to distinguish between vehicles greater than 10,000 pounds used for interstate commerce and vehicles greater than 14,000 pounds used for intrastate commerce in order to show the separation of the two classes of vehicles.

SENATOR MEYER said he appreciated the list of classes of vehicles which are not commercial vehicles. He asked if Class 3 trucks would also be exempted.

MR. POUND said Class 3 trucks would be exempted up to 14,000 pounds.

SENATOR MEYER gave an example of a plumber who would need a Ford 450 truck weighing 16,000 pounds in order to do business.

MR. POUND thought it would be rated as a commercial vehicle.

SENATOR MEYER suggested that the limit be raised to 16,000 pounds for non-commercial vehicles.

MR. POUND noted that the legislation was based on considering one-ton trucks and doolies.

REPRESENTATIVE KELLER added that he followed the recommendations of the Alaska Trucking Association when drafting the legislation.

[10:17:53 AM](#)

SENATOR MEYER wondered how difficult it is to obtain a DOT number.

MR. BREEDEN replied that the process of getting a U.S. DOT number for intrastate use is easy to do on line or in person. The difference between an interstate and intrastate number is \$300, with the forms being the same.

CHAIR WIELECHOWSKI asked Mr. Pound if there were any other changes in Section 3.

MR. POUND responded that redundant language was removed.

MR. BREEDEN stated support for HB 271.

[10:19:34 AM](#)

SCOTT HICKS, Vice President-Operations, Alaska West Express, and Vice President, Alaska Trucking Association (ATA), testified in support of HB 271. He related that a legislative priority of ATA's was to change the definition of intrastate commercial vehicle to reduce the regulatory burden on small businesses. He justified the need to change motor vehicle weight requirements. He talked about the current requirements for pilot vehicles, which would be changed for the better by the legislation. He urged the committee to act favorably on the bill.

[10:22:32 AM](#)

CHAIR WIELECHOWSKI noted that someone from the Department of Law could address a previous question on the bill.

ANMEI GOLDSMITH, Assistant Attorney General, Transportation Section, Department of Law, answered questions related to HB 271. She addressed the issue of intrastate versus interstate commerce. She referred to a case that found that commerce that happens within a state affects commerce that happens across state boundaries; therefore, Congress can regulate intrastate commerce. She explained that statutes that cover commercial motor vehicles make a distinction between interstate commerce and intrastate commerce. Congress says that interstate commerce will be regulated by federal law, but intrastate commerce will

not be governed by federal law. The State of Alaska can regulate intrastate commercial motor vehicles.

SENATOR PASKVAN asked if HB 271 would create a conflict with federal law for vehicles between 10,000 and 14,000 pounds.

MS. GOLDSMITH said the intent of the bill is to raise the gross vehicle weight for vehicles used only for intrastate commercial business, so she did not think so.

SENATOR PASKVAN asked what the lower weight limit is.

[10:27:51 AM](#)

MS. GOLDSMITH said she would have to double check weight regulations.

MR. BREEDEN responded that federal regulations allow states to regulate vehicles under 26,000 pounds.

CHAIR WIELECHOWSKI asked if anything in the bill could result in Alaska losing federal highway money.

MR. BREEDEN said he did not know.

CHAIR WIELECHOWSKI asked if the bill deletes statutory language regarding commercial licenses for vehicles carrying hazardous materials.

MR. BREEDEN said no. All hazardous material laws would apply regardless of the size of the vehicle.

[10:30:12 AM](#)

CHAIR WIELECHOWSKI said HB 271 would be held in committee.

[10:30:23 AM](#)

There being no further business to come before the committee, Chair Wielechowski adjourned the Senate State Affairs Standing Committee at 10:30 p.m.