

ALASKA STATE LEGISLATURE
HOUSE TRANSPORTATION STANDING COMMITTEE

February 26, 2013

1:04 p.m.

MEMBERS PRESENT

Representative Peggy Wilson, Chair
Representative Doug Isaacson, Vice Chair
Representative Eric Feige
Representative Lynn Gattis
Representative Bob Lynn
Representative Jonathan Kreiss-Tomkins

MEMBERS ABSENT

Representative Craig Johnson

COMMITTEE CALENDAR

HOUSE BILL NO. 109

"An Act naming bridge number 670, over the Kasilof River on the Sterling Highway, the Michael G. Wiley Bridge."

- MOVED HB 109 OUT OF COMMITTEE

HOUSE JOINT RESOLUTION NO. 10

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

- MOVED HJR 10 OUT OF COMMITTEE

HOUSE BILL NO. 123

"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, to the vehicle rental tax, and to other fees and taxes related to motor vehicles; creating the Alaska Transportation Panel; and providing for an effective date."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 109

SHORT TITLE: NAMING MICHAEL WILEY BRIDGE
SPONSOR(s): REPRESENTATIVE(s) SEATON

02/11/13 (H) READ THE FIRST TIME - REFERRALS
02/11/13 (H) TRA, FIN
02/26/13 (H) TRA AT 1:00 PM BARNES 124

BILL: HJR 10

SHORT TITLE: CONST. AM: TRANSPORTATION FUND
SPONSOR(s): REPRESENTATIVE(s) P.WILSON

02/15/13 (H) READ THE FIRST TIME - REFERRALS
02/15/13 (H) TRA, JUD, FIN
02/26/13 (H) TRA AT 1:00 PM BARNES 124

BILL: HB 123

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

02/15/13 (H) READ THE FIRST TIME - REFERRALS
02/15/13 (H) TRA, FIN
02/26/13 (H) TRA AT 1:00 PM BARNES 124

WITNESS REGISTER

REPRESENTATIVE PAUL SEATON
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Testified as sponsor of HB 109.

BRENT JOHNSON
Kasilof, Alaska

POSITION STATEMENT: Testified during the discussion of HB 109.

HOLLY NAGASAKO
Clam Gulch, Alaska

POSITION STATEMENT: Testified during the discussion HB 109.

ROBERT CORREIA
Kasilof, Alaska

POSITION STATEMENT: Testified during the discussion of HB 109.

PAUL SHADURA, Member
Kenai Peninsula Fisherman's Association (KPFA)
Kasilof, Alaska

POSITION STATEMENT: Testified in support of HB 109.

DAVID THOMAS, Member
Board of Directors
Homer Electric Association, Inc. (HEA)
Homer, Alaska

POSITION STATEMENT: Testified in support of HB 109.

AVES THOMPSON, Executive Director
Alaska Trucking Association, Inc. (ATA)
Anchorage, Alaska

POSITION STATEMENT: Testified during the discussion of HJR 10.

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

POSITION STATEMENT: Testified in support of HJR 10 and HB 123.

JOHN MACKINNON, Executive Director
Associated General Contractors of Alaska (AGC-AK)
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HJR 10 and HB 123.

REBECCA ROONEY, Staff
Representative Peggy Wilson
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented a section-by-section analysis of HB 123 on behalf of the sponsor, Representative Peggy Wilson.

ACTION NARRATIVE

[1:04:49 PM](#)

CHAIR PEGGY WILSON called the House Transportation Standing Committee meeting to order at 1:04 p.m. Representatives Kreiss-Tomkins, Feige, Lynn, Isaacson and P. Wilson were present at the call to order. Representatives Gattis arrived as the meeting was in progress.

HB 109-NAMING MICHAEL WILEY BRIDGE

[1:05:31 PM](#)

CHAIR P. WILSON announced that the first order of business would be HOUSE BILL NO. 109, "An Act naming bridge number 670, over the Kasilof River on the Sterling Highway, the Michael G. Wiley Bridge."

1:05:51 PM

REPRESENTATIVE PAUL SEATON, Alaska State Legislature, testifying as sponsor, stated that HB 109 would name a bridge number 670 that crosses the Kasilof River in honor of Michael G. Wiley. Mr. Michael G. Wiley was a long-time member of the community who served in many capacities. He was a Kenai-Peninsula Borough (KPB) assembly member and a member of the Kenai Board of Equalization. He served on the school board, on the Board of Directors for the Homer Electric Association, Inc. (HEA). He also worked as a teacher with Tustumena Elementary School and Nanwalek Elementary School. He was an active member of the Kenai Peninsula Garden Club and donated food annually to the food bank, as well as being an active member of the Kenai Historical Society. Many people recognized his untimely passing this last year and would like to honor him as an upstanding member of the community. He suggested other members of the community could testify on this since he has only just touched on Mr. Wiley's accomplishments. He related Mr. Wiley was very active in alternative energy and promoted energy security on the Kenai Peninsula. He asked members for their support for HB 109 to honor Mr. Michael G. Wiley.

CHAIR P. WILSON answered that Mr. Wiley sounds like he was very active in his community.

1:08:44 PM

BRENT JOHNSON stated he met Mike Wiley in 1968. He became acquainted with Mike Wiley from his work with the Kasilof Historical Association (KHA). Mike Wiley faithfully worked to restore cabins and even cut trees from his own property and worked with crews to help restore cabins for the KHA. As president of the Cook Inlet Aquaculture Association (CIAA), he related that he also served with Mike. Additionally, Mike Wiley subsequently became a board member of the CIAA in 2004 and in 2007 served as vice president as well as in many other capacities for that organization. He related that he has researched and written a biography on Mr. Mike Wiley and during this process discovered that wherever Mike Wiley went he was well liked and the children he taught also enjoyed learning from him. Mike Wiley served as a volunteer for the Moose Pass fire department and drove a school bus in Seward. Wherever he lived Mike Wiley rolled up his sleeves, got involved, and was willing to work for his community, he said.

1:11:12 PM

REPRESENTATIVE LYNN asked whether the bridge sign should read Mike or Michael.

MR. JOHNSON deferred to the family to decide.

HOLLY NAGASAKO, speaking as Mr. Wiley's daughter, said that Michael G. Wiley would be preferable for the bridge sign. She said the expression "home is where the heart is" was evident in her dad's life. She said from the day he came to Alaska in 1966 until he died, Alaska was his home and Alaska was where his heart was. He made a commitment to make a difference in the state and he was able to do so. As an educator, he gave his all to the communities where he taught. When he lived in the Bush his home was often considered the community center.

MS. NAGASAKO said her father provided encouragement, support, and opportunities to many children and their families wherever he taught. He worked continuously as a member of many nonprofits and private sector initiatives to make the state a better place. He held several elective offices and worked tirelessly to represent his constituents. He believed in citizen participation and encouraged many residents to become involved. He made decisions based on facts and sought out the best practices, whether he was creating lifelong learners, fishing, working on the Alaska pipeline, preserving historic sites and buildings, or looking at alternative energy sources. He worked not only to meet the objectives and goals of those endeavors, but he also advocated for the less privileged. She said this is a great honor for her family to have this [bill] considered.

1:13:53 PM

ROBERT CORREIA stated he has been a resident of Kasilof for over 50 years. He has known many old timers, but this effort to put Michael G. Wiley's name on the Kasilof Bridge is all about public service. He acknowledged that many reasons exist for a community to recognize someone to honor them on the one and only bridge, but this person [Michael G. Wiley] is someone who was dedicated to this community and may be remembered forever because of his service. He said that great Alaskans often give a lot to their community, but no gift is greater than public service. Mike Wiley's list of public service spanned over forty years, ranging from teacher to school board, borough assembly to HEA board, from serving the CIAA to Kenai Peninsula Fishermen's

Fund, and from serving on the Kasilof Historical Association to the gardening club, and the list goes on, he said. In addition to Mike's own commitment to volunteerism, he was a persistent and tireless recruiter of others. He encouraged many people to serve and make a difference and numerous people currently are involved because of Mr. Wiley. Please help us recognize this extraordinary Alaskan. He urged members to please support HB 109.

[1:15:47 PM](#)

PAUL SHADURA, Member, Kenai Peninsula Fisherman's Association (KPFA), stated that he is speaking today on behalf of the KPFA, which represents many of the 735 Cook Inlet Setnet fishermen. He said Mr. Mike Wiley was a member for 26 years. He was a past president of KPFA in 2005-2006. He related that Mike Wiley was a setnet fisherman in the Cook Inlet area for 42 years. He was a tireless volunteer for the community as a commercial fisherman, educator, utility director, Kenai Peninsula Borough (KPB) assemblyman, and as member of the Kenai Historical Society, the CIAA, and other endeavors. He attested that Mike was always there for those who were less fortunate or who just needed a hand up in life. This organization - the KPFA - believes no higher honor can be given to a person who dedicated his life to community service than community recognition. He asked the committee to please support HB 109 to rename the bridge over the Kasilof River after Michael G. Wiley.

[1:17:30 PM](#)

DAVID THOMAS, Member, Board of Directors, Homer Electric Association, Inc. (HEA), stated that he served with Michael G. Wiley, who demonstrated his vast experience in education as a teacher, in Alaska's waters as a fisherman, and in the community as a volunteer, friend, helper, father, and grandfather. Using sincerity and good humor, he became a consistent and fierce advocate for fish, the downtrodden, renewable energy, and the use of good grammar in all of the HEA's documents. He offered his support for HB 109, to rename the bridge after Michael G. Wiley.

[1:18:34 PM](#)

CHAIR P. WILSON, after first determining no one else wished to testify, closed public testimony on HB 109.

[1:18:52 PM](#)

CHAIR P. WILSON asked whether the community would place its own sign or if the fiscal note will be necessary.

REPRESENTATIVE SEATON said he has not been informed and DOT&PF plans to place the sign. Thus he hasn't attempted to remove the fiscal note; however, community members may decide to donate an artistic sign.

CHAIR P. WILSON suggested the committee may zero out the fiscal note.

[1:19:38 PM](#)

REPRESENTATIVE ISAACSON moved to report HB 109 out of committee with individual recommendations and the accompanying fiscal note, which was zeroed out. There being no objection, HB 109 was reported from the House Transportation Standing Committee.

CHAIR P. WILSON confirmed the committee did zero out the fiscal note.

[1:20:29 PM](#)

The committee took an at-ease from 1:20 p.m. to 1:23 p.m.

[Chair P. Wilson turned the gavel over to Vice Chair Isaacson.]

HJR 10-CONST. AM: TRANSPORTATION FUND

[Contains discussion of HB 123.]

[1:23:36 PM](#)

VICE CHAIR ISAACSON announced that the next order of business would be HOUSE JOINT RESOLUTION NO. 10, Proposing amendments to the Constitution of the State of Alaska creating a transportation infrastructure fund.

[1:23:42 PM](#)

REPRESENTATIVE P. WILSON, testifying as sponsor of HJR 10, began by explaining the reason the state should create an Alaska Transportation Infrastructure Fund (ATIF). She stated that in FY 14, 79 percent of Alaska's transportation funding will be derived from the federal government, which is reduced from 84 percent of federal funding for transportation in FY 10. The state currently has \$20 billion in backlog for transportation

projects as well as \$700 million in deferred maintenance projects. The state cannot even keep up with maintenance needs let alone its other transportation needs. She reported that the federal government has passed a new two-year highway bill, MAP 21. The overall federal funding remains consistent with the Federal Highway Administration's (FHWA) Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) funding; however, funding for roads not on the national highway program has been cut by 50 percent. Alaska only has eight roads on the national highway program - the least in the nation - which means that Alaska will see substantially less funding for borough or city roads, she said. This will happen since categories of funding have been reduced and the FHWA is much more restrictive than in the past. In fact, Alaska's U.S. Congressional delegation has told the legislature that Alaska needs to rely less on the federal government and should start shouldering some of the burden of improving its transportation infrastructure. Federal funding has been diminishing in many other areas, which translates into the general fund dollars also shrinking, making every department's portion less, as well. This resolution is about meeting the ever growing transportation needs. She asked how Alaska will keep up when it cannot even keep up with its transportation maintenance, let alone financing new roads.

[1:26:32 PM](#)

REPRESENTATIVE P. WILSON related that over the past four years this transportation committee has listened to the DOT&PF, grassroots organizations, and transportation companies to identify challenges in transportation in Alaska's geographically diverse state. This committee traveled to villages and viewed rural airports and rode Alaska's urban highways to see the challenges with respect to safety and deferred maintenance. This committee heard from the Alaska Municipal League (AML) and the Matanuska-Susitna Borough (MSB), who have teamed together to contract an independent study on the fiscal challenges of transportation. This committee has heard from the National Conference of State Legislatures (NCSL) to hear solutions other states have implemented to address their transportation problems. She pointed out that Larry Persily, Federal Coordinator for Alaska Natural Gas Transportation Projects, has put together a list of all the transportation funding options available to address the fiscal shortfalls of our long range transportation plan and his list is in members' packets. The culmination of all those hours of committee hearings, travel, and research has resulted in a three-part solution.

[1:27:53 PM](#)

REPRESENTATIVE P. WILSON summarized the three part solution: One, the legislature should reinstate the dedicated transportation fund; in other words pass the Alaska Transportation Infrastructure Fund. Two, the legislature should maintain Alaska's existing transportation funding by maintaining its operational and capital budget and address the deferred maintenance backlog. Three, the DOT&PF should execute more 100 percent state-funded projects rather than using federal funds. She clarified that state-funded projects do not have to follow the highly constrictive and lengthy Federal Highway Administration (FHWA) procedures which are often expensive and time consuming. With state-funded projects, Alaska's constituents will see the direct benefits. For example, state funds were used to construct the Elmore Road extension in Anchorage, which was completed in three years rather than the ten years it normally would have taken under federal funding processes [FHWA]. This resolution, HJR 10, is not intended to diminish the state's partnership with the federal government, but its goal is to create a dedicated revenue stream in addition to the capital projects to provide for transportation needs. She emphasized that this fund is not intended to supplant capital budget funds. Additionally, the ATIF will grow as the investment returns on the fund compound.

[1:29:51 PM](#)

REPRESENTATIVE P. WILSON related the endowment would initially be seeded with \$2 billion [in general fund appropriation]. In addition to the investment returns of the endowment, HJR 10 will require revenues from fuel taxes, the Division of Motor Vehicle's fees, taxes on tires, drivers' license fees, fees for identification cards, and motor vehicle rental taxes to feed the fund. The ATIF can expect to generate approximately \$86 million in the first year and \$133 million the second year, and will increase by about \$4 million each subsequent year. She referred to a spreadsheet in members' packets developed by the Legislative Finance Division that estimates the [ATIF] fund balance and the amount that is projected to be available each year based on provisions of the enabling legislation.

[1:30:45 PM](#)

REPRESENTATIVE P. WILSON said historians have reported that the drafters of Alaska's Constitution were concerned that dedicated

funds would impair future legislatures from responding to evolving public needs. Thus the drafters created two dedicated funds: one for highways and one for water and harbors. The public's need for dependable and efficient transportation hasn't changed since the constitution was written; instead, the needs have only grown. An excerpt from the speech Governor Hickel gave for his State of the State address almost twenty years ago demonstrates that a dedicated transportation fund is not such a radical a proposal to consider. She quoted Governor Hickel as saying, "Over half the states already have one. Alaskans will receive more stable service levels with a dedicated revenue stream and if new revenues are needed, Alaskans will be assured that any new transportation fees will go to transportation." She urged members that Alaska needs to take action now. The future of the economic and social well-being of Alaska's citizens is critically dependent on a reliable transportation system. This change to Alaska's Constitution would allow a reinstatement of the dedicated transportation fund is needed to create a modern and reliable transportation system for Alaska. Transportation investment creates a competitive environment which would attract additional economic investment to grow the general fund, she said. This resolution is not the enabling statute that will define how the fund will be managed, how the funds will be distributed, or who the funds will receive the funds. She concluded by reminding committee members that this resource, [the ATIF] will allow the public to vote on recreating the ATIF. She respectfully requested the committee move HJR 10 today.

[1:32:52 PM](#)

VICE CHAIR ISAACSON said he appreciated the fact that Chair Wilson has been working on a dedicated transportation and he is delighted to help move HJR 10 forward. He recalled the Division of Motor Vehicles (DMV) will be funded such that it will not diminish the fund, but will help reduce general fund expenditures.

REPRESENTATIVE P. WILSON responded that the DMV currently is funded through the receipts it receives and [the resolution or bill] will not change the funding mechanism. In fact, the funding mechanism for fees and taxes already designated will remain the same, including fees for specialized license plates or airplane fuel taxes, she said.

[1:34:24 PM](#)

VICE CHAIR ISAACSON understood [the ATIF] is not just to provide for maintenance and operations (M&O) but will connect Alaska's communities to each other.

REPRESENTATIVE P. WILSON agreed. She explained that she hoped [the ATIF] would make a big difference to the economy of the state. She offered her belief that Alaska currently does not have enough transportation infrastructure in the state. Thus, by using the fund she hoped many Roads to Resources (R2R) projects would be finished and these projects will connect communities to one another.

VICE CHAIR ISAACSON remarked the ATIF would also possibly fund Revised Statute 2477 rights-of-way trails (R.S. 2477).

[1:35:02 PM](#)

REPRESENTATIVE KREISS-TOMKINS asked for the legal relationship between the HJR 10 and HB 123. He understood HJR 10 is necessary for the bill to take place and if the resolution passes the legislature and the voters, the [ATIF] fund would be ready to go.

REPRESENTATIVE P. WILSON answered yes; but clarified that HB 123 is the enabling legislation that provides the framework and HB 122 would appropriate the \$2 billion into the endowment fund.

[1:36:13 PM](#)

AVES THOMPSON, Executive Director, Alaska Trucking Association, Inc. (ATA) stated that the ATA is a statewide organization representing the interests of its nearly 200 member companies from Barrow to Ketchikan. He said that freight movement represents a large chunk of Alaska's economy and impacts all of us each and every day. He also said, "The simple truth is, that if you got it a truck brought it." One of ATA's top priorities is to establish a state transportation fund to invest state dollars in our transportation systems. Trucks rely on the road system to deliver the goods to ensure a safe and productive transportation system and it is necessary to fund road improvements.

MR. THOMPSON said that thousands of truck drivers are on Alaska's highways every day and it's important to keep their workplace safe and productive. Thus ATA supports a state funded transportation program that will fund Alaska's highway projects over and above current capital expenditure levels. He

understood he ATIF would also allow Alaska to focus Alaska's federal dollars on the National Highway System (NHS) in Alaska. He identified these connecting routes as ones that carry the most traffic and freight on highways in Alaska. The state has heard repeatedly that the Federal Highway Administration funding (FHWA) will be reduced in the near future. Alaska's network of highways allow for safe and efficient movement of more than 62,000 tons of freight each day and Alaska needs to continue to provide a reliable and predictable funding stream to support this system. A number of mega projects are on the horizon that will require a dependable system of freight corridors to maintain to support and maintain the flow of equipment that Alaskans will need. The ATIF will help provide the necessary funding for these roads and highways and will help meet local project needs. He stated that HJR 10 will put a vote before the people to give voters a chance to decide on whether to create a dedicated transportation fund. Transportation user fees and taxes are much easier to pay when they are used to build and maintain Alaska's highway system. He concluded by stating that ATA supports HJR 10. He urged the committee to move this resolution forward.

[1:39:04 PM](#)

BARBARA HUFF TUCKNESS, Director, Teamsters Local 959, stated the Teamsters Local 959 [Teamsters] consists of 7,000 members that strongly support HJR 10. She said that the constitutional amendment is long overdue. Additionally, she added the Teamster's support for HB 123, which ties the package together. She pointed out that the Teamsters represent members who work in the trucking industry, and other industries, including health care, mining, and telecommunications with the exception of tourism and fisheries. She indicated Alaska has experienced a lack of road systems and timeliness in receiving goods is important. She stated that some of you have had my boss in your office and heard him ask, "When's the last major road construction project that you've seen in the state?" She recalled that the answer goes back to the Pogo mine when former Governor Steve Cowper was in office. The Teamsters hope this constitution amendment will move forward. It puts in place a system that takes away Alaska's dependence on federal funding. She suggested that U.S. Congressman Don Young has worked very hard to secure federal funding for Alaska. The Teamsters believe it's time the state prepares for its own needs. Alaska should move forward with its own transportation projects, whether they are new roads or maintenance of existing roads. She reiterated Representative P. Wilson's plan for cost savings

by using state dollars on projects instead of federal [FHWA] dollars. In fact, state dollars have the ability to go farther than federal funding since Alaska doesn't have the constraints attached to its funding as does federal funding. She urged members to support HJR 10.

1:42:20 PM

JOHN MACKINNON, Executive Director, Associated General Contractors of Alaska (AGC-AK), stated that the AGC-AK is a construction trade association comprised of 650 businesses in Alaska. He related that a state-funded transportation program is an essential element. He said his comments are relevant to both HJR 10 and HB 123. He thanked Chair P. Wilson for her support and persistence in pursuing this effort. He recalled this is the third or fourth year she has pursued a dedicated transportation fund. He acknowledged that Chair Wilson is as passionate about this issue as are many of his members. He related that he speaks from a position of knowledge and experience. He previously served as a deputy commissioner of DOT&PF in 2003-2007 and for the past five years has served as the executive director of AGC-AK. He related he has a good understanding of the current transportation program, the federal program, the state appropriation process, the transportation priorities, and problems and needs of the state. He highlighted the important aspects of the ATIF, including that it would provide substantial state funding to adequately address the needs of Alaska; a user fee program; and in HB 123, prioritization of projects based on need and not politics. The goal of a state-funded program is to increase the level of funding for transportation projects to supplement the declining federal program. A regular source of state funding allows alternatives to the federal program. Prior testifiers have indicated state dollars go further than federal dollars, he said. He offered his belief that this is not an exaggeration. He explained that the DOT&PF routinely estimates a federal dollar being worth about 75 cents compared to a state dollar. He offered his support for HJR 10 and HB 123.

1:45:02 PM

VICE CHAIR ISAACSON, after first determining no one else wished to testify, closed public testimony on HJR 10.

1:45:17 PM

REPRESENTATIVE FEIGE moved to report HJR 10 out of committee with individual recommendations and the accompanying fiscal note. There being no objection, HJR 10 was reported from the House Transportation Standing Committee.

VICE CHAIR ISAACSON returned the gavel to Chair P. Wilson.

[1:46:04 PM](#)

The committee took an at-ease from 1:46 to 1:48 p.m.

HB 123-DEDICATED TRANSPORT FUND/PUB TRANSPORT

[1:48:32 PM](#)

CHAIR P. WILSON announced that the final order of business would be HOUSE BILL NO. 123, "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, to the vehicle rental tax, and to other fees and taxes related to motor vehicles; creating the Alaska Transportation Panel; and providing for an effective date."

[1:48:53 PM](#)

REBECCA ROONEY, Staff, Representative Peggy Wilson, Alaska State Legislature, offered to provide a section-by-section analysis of the bill. She stated that HB 123 contains the enabling statutes. She explained that Section 1 relates to identification cards and directs fees which would be deposited into the ATIF.

MS. ROONEY stated that under Section 2 registration fees would be deposited to the ATIF, except for fees included in subsections (d) and (f), which relate to specialized license plates and special request plates since the revenues are for special uses. Additionally, 3 percent of the funds destined for the ATIF will be deposited into the general fund for the administration of the Alaska Mandatory Insurance Act, which the Department of Administration (DOA) would track. She explained that the goal of Section 2 is to ensure that any special designation currently receiving funds from vehicle registration fees continues to receive them.

[1:50:46 PM](#)

MS. ROONEY stated that Section 3 would require all fees collected by the DMV to be deposited to the ATIF, except for the aforementioned fees in Section 2 and fees for snowmachines. She listed the fees, including fees for permits, drivers' licenses, and test fees, all commercial vehicle license fees and test fees, and all fees associated with driving a motor vehicle. These fees include such items as reinstatement fees for revoked licenses, she said.

[1:51:18 PM](#)

MS. ROONEY related that Section 4 would amend the existing statutes to allow the watercraft fuel tax account to be used to finance the harbor facility grant fund. Since the marine fuel tax will be directed to the dedicated ATIF, the watercraft fuel tax would be deleted; however, the mechanism to appropriate to the municipal harbor facility grant fund will be addressed in a subsequent section of the bill.

MS. ROONEY characterized Section 5 as a technical amendment that renumbers the specialty license fee subsections.

[1:51:59 PM](#)

MS. ROONEY described Section 6 as the heart of the bill. This section identifies that the ATIF will consist of any appropriations to the fund. Revenue from motor fuel taxes, vehicle registrations, drivers' license fees, regular and studded tire taxes, vehicle rental taxes, and other revenue designated by the legislature will be deposited into the proposed ATIF. She highlighted that proposed AS 37.14.850 (a) (6), which read, "other revenue received from the vehicle rental tax under AS 43.52.010 and 43.52.030 specifically allows transportation user fees and taxes that have not yet been created." Thus revenue from toll roads or transit user fees would also apply and be deposited to the ATIF. The DOR is charged to manage the fund to yield at least a six percent real rate of return over time. The funds in the account at end of the year remain in the account.

[1:53:01 PM](#)

MS. ROONEY referred to proposed AS 37.14.860, which requires the commissioner of Department of Revenue (DOR) to prepare a report on or before September 1 to identify the amount of five percent of the average market value of the assets of the fund and 50

percent of the revenue for the previous fiscal year. In response to Chair Wilson, Ms. Rooney expanded on this provision.

MS. ROONEY explained that five percent of the market value of ATIF will be available for appropriation as well as 50 percent of all the aforementioned revenues, such as the motor fuel tax revenues and revenues collected by the DMV. She emphasized revenues from the fund will be available for appropriation each year. The September 1 report provides information for the Alaska Infrastructure Panel to identify the list of projects available. In further response to Chair Wilson, Ms. Rooney explained that 50 percent of the ATIF's revenue will remain in the fund to inflation-proof it while helping the ATIF grow at a modest rate. She referred to a spreadsheet in members' packets entitled, "Alaska Transportation Infrastructure Fund (ATIF)" that shows the cumulative infrastructure investment growth [from 2014 through 2034.]

[1:54:22 PM](#)

MS. ROONEY explained that the appropriation identified in the September 1 report will be designated for capital projects and major maintenance for transportation infrastructure. She pointed out the constitutional change in HJR 10 requires the money be spent on transportation projects; however to provide the legislature increased flexibility, the requirement that the fund be used for transportation and major maintenance is being placed in statutes. In the event the legislature needs money from the fund for operations, all that would be necessary would be a statutory change, which does not require a vote of the people. Appropriations for federal matching funds cannot be made unless the total used in that year does not exceed 20 percent. Thus, only up to 20 percent of the entire available appropriation may be used for federalized projects, she said. Specifically, this was done to squash the idea of supplanting the money used for federal matching funds. She reiterated as previous testifiers mentioned, state projects developed without the arduous federal construction mandates are cheaper and faster to build. Funds may be appropriated for roads and surface transportation, aviation, the Alaska Marine Highway System (AMHS), harbors, marine facilities, the municipal harbor facility grant fund, community transportation and transit, bike paths and trails, and the Alaska Railroad Corporation (ARRC).

[1:56:10 PM](#)

MS. ROONEY emphasized that the ATIF's revenue may not be appropriated for federal matching funds for roads and surface transportation, aviation, and the AMHS. This provision is to ensure that this new fund will not supplant proposed transportation projects in the capital budget using federal funding.

[1:56:25 PM](#)

MS. ROONEY referred to proposed AS 37.14.870 establishes June 30 as the date to determine the fair market value of the fund. Proposed AS 37.14.880 would require the commissioner of DOR to report to the legislature 10 days after start of the legislature the condition and performance value of the fund.

MS. ROONEY stated that proposed AS 37.14.890 establishes an Alaska Infrastructure Commission (AIC) to act [as an independent body] to prioritize a list of eligible transportation projects. She identified the membership will consist of the chairs of the House and Senate Transportation Committees as non-voting members; the commissioner of DOT&PF; six public members with experience one or more modes of transportation - including one member from each judicial district, and two members at large. The members would serve staggered terms and the chair will be elected from the public members by the group. All public members will serve without pay, except for travel and per diem to attend meetings. A set of criteria will be developed by the DOT&PF to help the commission prioritize the projects. The members will evaluate the project submissions and assign them a numeric score. The AIC will submit a report to the governor and the legislature no later than October 15 that would make recommendations on the next year's transportation projects to be funded from the ATIF.

MS. ROONEY related that proposed AS 37.14.899 provides a definition section [to define "fund" to mean the ATIF.]

[1:58:07 PM](#)

MS. ROONEY referred to proposed Section 7, AS 43.40.010 (e), which would retain the aviation reimbursement to the municipalities that own or operate airports. All other funds from aviation fuel would be deposited to the ATIF. Section 8 would require all motor fuel tax receipts to be deposited into the ATIF, and any refunds will be paid from the fund.

MS. ROONEY related that proposed Section 9 would remove the exception specified in AS 43.40.010(j) since it is repealed in Section 16.

MS. ROONEY stated that proposed Section 10 would instruct the motor fuel tax refund will be derived from the ATIF instead of the highway fuel tax account in the general fund.

MS. ROONEY said that proposed Section 11 would require the proceeds of the vehicle rental taxes shall be deposited into ATIF. Proposed Section 12 would require tire fees and studded tire taxes also be deposited into the ATIF.

MS. ROONEY explained that Section 13 would amend the list of DOT&PF's responsibilities by adding three new items. One, the department shall promote and support local public transportation. Second, the department shall develop criteria for the AIC to use when prioritizing transportation projects eligible for funding from the ATIF. Third, the department shall develop guidelines for the Alaska Transportation Panel (ATP) to determine which projects will be funded by the department and which projects will be funded using the ATIF.

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MS. ROONEY referred to Section 14, which would establish a seven member Alaska Transportation Panel (ATP). The membership would consist of four public members, one from each of the following: Anchorage, Fairbanks, coastal rural communities, and one from interior rural areas of the state. The aforementioned members would be appointed by the governor and must have experience in transportation. Additionally, the ATP would consist of the commissioner of DOT&PF, and one member of the project evaluation board or STIP board, and the Alaska infrastructure commission.

[2:00:21 PM](#)

MS. ROONEY stated that Section 15 is a conforming [or technical] provision.

MS. ROONEY, in response to Chair Wilson, explained the Alaska Transportation Panel will evaluate projects sent to DOT&PF for funding for either federal funding projects or funding from the ATIF. She explained that the commission will evaluate the list identified for ATIF funding and set numerical scores.

[2:01:09 PM](#)

REPRESENTATIVE ISAACSON understood this panel would function similar to a municipal planning organization and would also request inclusion into the Statewide Transportation Infrastructure Plan (STIP).

MS. ROONEY answered once DOT&PF receives the request it is included in the STIP if the project is eligible for federal highway administration (FHWA) funding. The aforementioned process would allow the DOT&PF to make a decision on whether to follow the STIP process for federal funding or the ATIF process for state funding.

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MS. ROONEY stated that Section 16 would repeal the watercraft fuel tax account, the special highway fuel tax account, and the non-public highway use account within the general fund. She explained that the fees and taxes will now be deposited to the ATIF. Section 17 applies to all the revenues defined earlier in the bill.

MS. ROONEY referred to Section 18, which provides the transition during the first five years. This language requires the commissioner of DOR to determine the amount of funding available to appropriate each year. She explained that [the fund value] would equal five percent of the market value of the ATIF as of July 1, 2015 in the first year plus 50 percent of the revenue from the previous year. In subsequent years the appropriation would be five percent of the average of the fund - over two years, then three, and as applicable - through 2020. The commissioner of DOR is required to file a report on September 1 of each of the first five years identifying the funds available for appropriation, she said.

MS. ROONEY indicated that Section 19 would stagger the AIC members' terms. Section 20 would add a severability clause and Section 21 adds a contingency clause, such that the change to Alaska's Constitution [in HJR 10] must be passed by the voters before HB 123 will take effect. She pointed out to Representative Kreiss-Tomkins, who had an earlier question, how the two measures work together. In short, HB 123 would not take effect unless HJR 10 is approved by the voters, she said.

MS. ROONEY indicated that Section 22 establishes the effective date of the ATIF stream beginning when the constitutional amendment takes effect, which would be January 1, 2015.

2:03:55 PM

REPRESENTATIVE KREISS-TOMKINS asked for the projected revenues for this fund based on current revenue sources and the revenues relative to the DOT&PF's budget.

MS. ROONEY referred to a spreadsheet in members' packets entitled, "Alaska Transportation Infrastructure Fund (ATIF)" which shows the source of revenues by year, the payout rate, and the expenses. She offered her belief this fund really pays for itself plus it accumulates revenue. In the first year the total available for capital would be \$68.1 million and in the second year it is projected to increase to \$133.2 million. She related that the amount available for capital appropriation is anticipated to grow by about \$4 million per year. She explained that the projected revenues were derived from the revenue resources book. In other words, the Legislative Finance Division prepared this for the sponsor, she said.

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REPRESENTATIVE KREISS-TOMKINS understood the ATIF would grow ad infinitum until the legislature otherwise acts.

MS. ROONEY answered yes.

[HB 123 was held over.]

2:08:08 PM

ADJOURNMENT

There being no further business before the committee, the House Transportation Standing Committee meeting was adjourned at 2:08 p.m.