

ALASKA STATE LEGISLATURE
SENATE STATE AFFAIRS STANDING COMMITTEE

March 28, 2013

9:01 a.m.

MEMBERS PRESENT

Senator Fred Dyson, Chair
Senator Cathy Giessel, Vice Chair
Senator John Coghill
Senator Bill Wielechowski

MEMBERS ABSENT

Senator Bert Stedman

COMMITTEE CALENDAR

SENATE BILL NO. 73

"An Act authorizing municipalities to exempt from tax, by ordinance approved by the voters in the municipality, the real property that is the primary residence of a resident who is the widow or widower of a person who was killed while in the military service of the United States; and providing for an effective date."

- HEARD & HELD

HOUSE CONCURRENT RESOLUTION NO. 4

Proclaiming May 15 to be Hmong-American Veterans Memorial Day.

- MOVED HCR 4 OUT OF COMMITTEE

SENATE BILL NO. 45

"An Act setting special registration fees for alternative fuel vehicles; and providing for an effective date."

- MOVED SB 45 OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: SB 73

SHORT TITLE: PROPERTY TAX EXEMPTION/MILITARY WIDOW(ER)

SPONSOR(s): SENATOR(s) MEYER

03/11/13	(S)	READ THE FIRST TIME - REFERRALS
03/11/13	(S)	CRA, STA

03/19/13 (S) CRA AT 3:30 PM BUTROVICH 205
03/19/13 (S) -- Meeting Postponed to 3/26/13 --
03/26/13 (S) CRA AT 3:30 PM BUTROVICH 205
03/26/13 (S) Moved CSSB 73(CRA) Out of Committee
03/26/13 (S) MINUTE (CRA)
03/27/13 (S) CRA RPT CS 4DP NEW TITLE
03/27/13 (S) DP: MICCICHE, EGAN, HOFFMAN, GIESSEL
03/28/13 (S) STA AT 9:00 AM BUTROVICH 205

BILL: HCR 4

SHORT TITLE: HMONG-AMERICAN VETERANS DAY

SPONSOR(S): REPRESENTATIVE(S) LEDOUX

02/15/13 (H) READ THE FIRST TIME - REFERRALS
02/15/13 (H) MLV
03/12/13 (H) MLV AT 1:00 PM CAPITOL 120
03/12/13 (H) Moved Out of Committee
03/12/13 (H) MINUTE (MLV)
03/13/13 (H) MLV RPT 6DP 1AM
03/13/13 (H) DP: SADDLER, HUGHES, GRUENBERG,
HIGGINS, FOSTER, LEDOUX
03/13/13 (H) AM: REINBOLD
03/18/13 (H) TRANSMITTED TO (S)
03/18/13 (H) VERSION: HCR 4
03/19/13 (S) READ THE FIRST TIME - REFERRALS
03/19/13 (S) STA
03/28/13 (S) STA AT 9:00 AM BUTROVICH 205

BILL: SB 45

SHORT TITLE: FEE/TAX EXEMPTION FOR CERTAIN VEHICLES

SPONSOR(S): SENATOR(S) MCGUIRE

02/06/13 (S) READ THE FIRST TIME - REFERRALS
02/06/13 (S) STA, FIN
02/28/13 (S) STA AT 9:00 AM BUTROVICH 205
02/28/13 (S) Heard & Held
02/28/13 (S) MINUTE (STA)
03/28/13 (S) STA AT 9:00 AM BUTROVICH 205

WITNESS REGISTER

EDRA MORLEDGE, Staff
Senator Kevin Meyer
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Introduced SB 73 on behalf of the sponsor.

SENATOR KEVIN MEYER
Alaska State Legislature
Juneau, Alaska
POSITION STATEMENT: Sponsor of SB 73.

RACHEL WITTY, Assistant Attorney General
Labor and State Affairs Section
Department of Law
Anchorage, Alaska
POSITION STATEMENT: Answered questions related to SB 73.

KATHIE WASSERMAN, Executive Director
Alaska Municipal League
Juneau, Alaska
POSITION STATEMENT: Testified on SB 73.

SUSAN TOW, representing herself
Anchorage, Alaska
POSITION STATEMENT: Testified in favor of including same sex domestic partners in SB 73.

PAT CARLSON, Director of Assessing
Fairbanks North Star Borough
Fairbanks, Alaska
POSITION STATEMENT: Testified about problems with SB 73.

STEVE VAN SANT, State Assessor
Division of Community and Regional Affairs
Department of Commerce, Community and Economic Development
Anchorage, Alaska
POSITION STATEMENT: Answered questions related to SB 73.

JEFFREY MITTMAN, Executive Director
Alaska Civil Liberties Union
Anchorage, Alaska
POSITION STATEMENT: Testified on SB 73.

SCOTT RUBY, Director
Division of Community and Regional Affairs
Department of Commerce, Community, and Economic Development
Anchorage, Alaska
POSITION STATEMENT: Testified on SB 73.

REPRESENTATIVE GABRIELLE LEDOUX
Alaska State Legislature
Juneau, Alaska
POSITION STATEMENT: Sponsor of HCR 4.

DIRK MOFFAT, Staff
Representative Gabrielle LeDoux
Alaska State Legislature
Juneau, Alaska
POSITION STATEMENT: Testified on HCR 4.

CHARLIE MOUA, President
Special Guerilla Unit - Veterans and Family of USA - California
Sacramento, California
POSITION STATEMENT: Testified in favor of HCR 4.

ARTHUR YANG, Advisor
Special Guerrilla Unit Veterans and Family of USA - Alaska
Anchorage, Alaska
POSITION STATEMENT: Testified in favor of HCR 4.

PASERT LEE, President
Hmong Alaska Community
Anchorage, Alaska
POSITION STATEMENT: Testified in favor of HCR 4.

GENEVIEVE WOJTUSIK, Staff
Senator Lesil McGuire
Alaska State Legislature
Juneau, Alaska
POSITION STATEMENT: Presented information related to SB 45.

CURTIS THAYER, Deputy Commissioner
Office of the Commissioner
Department of Administration
Anchorage, Alaska
POSITION STATEMENT: Explained the fiscal note for SB 45.

HOWARD LENOX, Regional Director
Government Affairs-Western Region
General Motors
Sacramento, California
POSITION STATEMENT: Testified in support of SB 45.

ACTION NARRATIVE

9:01:19 AM

CHAIR FRED DYSON called the Senate State Affairs Standing Committee meeting to order at 9:01 a.m. Present at the call to order were Senators Wielechowski, Coghill, and Giessel, and Chair Dyson.

SB 73-PROPERTY TAX EXEMPTION/MILITARY WIDOW(ER)

[9:02:06 AM](#)

CHAIR DYSON announced that the first order of business would be SB 73.

EDRA MORLEDGE, Staff, Senator Kevin Meyer, sponsor of SB 73, introduced the bill on behalf of the sponsor. She explained that SB 73 provides a property tax exemption for widows and widowers of military service members. The bill came about because of a constituent of Senator Meyers, Theresa Dayton, who lost her husband who was in the military. She referred to a letter of support for Ms. Dayton in members' packets. She related that in 2012, Ms. Dayton worked hard with the Municipality of Anchorage to pass Proposition 7, which would exempt the first \$150,000 of property taxes for surviving military spouses; however, the proposition cannot take effect until the legislature amends AS 29.45.030(e).

MS. MORLEDGE related that SB 73 amends the aforementioned statute so that Proposition 7 can take effect and so any other municipality can do the same thing.

CHAIR DYSON noted the arrival of Senator Meyer.

MS. MORLEDGE continued to explain that the bill is intended to support the families of service members who die while serving their country and to encourage the families to remain in Alaska. It is not an unfunded mandate, but allows municipalities the statutory language needed to provide this exemption, should they wish to. She noted there is a zero fiscal note from the Department of Commerce, Community and Economic Development.

MS. MORLEDGE offered to explain the changes between the original bill and the CS, version N.

[9:04:52 AM](#)

SENATOR GIESSEL moved to adopt CS for SB 73, version N, as the working document. There being no objection, it was so ordered.

MS. MORLEDGE described the changes from the original version of the bill, which was modeled on previous legislation. The CS does not limit the exemption to those 60 years and older as the original bill did. The CS was also tightened up regarding what it means to be killed in the military. It now states that the provision applies to a member of the armed forces of the United

States who died because of illness or injury suffered while serving on active duty or complications relating to the treatment of the illness or injury suffered while on active duty. The language mirrors another statute and is clearer, according to the Department of Law. Also, the definitions of widow and widower were clarified.

[9:07:09 AM](#)

At ease

[9:07:56 AM](#)

SENATOR KEVIN MEYER, sponsor of SB 73, related that the legislation would apply to only five people. He commented that he didn't know why people join the military because of the inadequate life insurance offered. He explained that Anchorage put this issue on the ballot in 2012 and it passed; however, it cannot be implemented until a statute change is made.

[9:09:34 AM](#)

CHAIR DYSON asked if there was a legal opinion from Anchorage regarding the need to modify the state statute.

MS. MORLEDGE referred to an item in the packet - the Anchorage ordinance, which specifies the statute must be changed. She noted that there is a similar statute that allows a municipality to exempt property tax for widows and widowers, but it states that the person must be serving on active duty while eligible for hostile fire or imminent danger pay. Senate Bill 73 does not use that language and requires a vote of the people before the exemption is allowed, which the other statute does not.

[9:11:18 AM](#)

SENATOR WIELECHOWSKI asked for a definition of active duty service.

MS. MORLEDGE responded that legislative research came up with many definitions. The sponsor wished the definition to be broader than what was in current statute. For example, SB 73 would apply to the family of a person who contracted malaria and died, but was not necessarily in combat.

SENATOR WIELECHOWSKI asked if all branches are covered, including the National Guard and the Coast Guard.

MS. MORLEDGE said yes.

SENATOR WIELECHOWSKI asked if the language "who dies because of illness or injury" refers 100 percent to death caused by their military service.

MS. MORLEDGE clarified that the intent is if the person died as a result of their active duty experience.

[9:14:23 AM](#)

CHAIR DYSON assumed that the legislature is making it possible for the municipalities to enact their own propositions and the municipalities can set the criteria.

SENATOR MEYER agreed. He said he did not want the state to hinder municipalities' flexibility to apply their own guidelines.

SENATOR GIESSEL noted she worked on another bill that used the terms "active duty" and "overseas," which also apply to "in Alaska." She clarified that illness or injury experienced while on active duty applies to those serving at home. She concluded the bill is very broad.

MS. MORLEDGE said that is the intent of the bill. She gave an example of a constituent whose husband was killed in Alaska.

[9:16:04 AM](#)

RACHEL WITTY, Assistant Attorney General, Labor and State Affairs Section, Department of Law, answered questions related to SB 73. She commented that she did not have an answer about whether the cause of death had to be a substantial factor or a contributing factor.

CHAIR DYSON asked if the statute change is needed.

MS. WITTY said, based on Anchorage's ordinance, it is needed.

CHAIR DYSON asked if current statute allows a municipality to provide relief for certain people on property taxes.

MS. WITTY replied that if it is not one of the categories included under the current statute, which is limited to persons 65 and older, or a disabled veteran, or a widow or widower, aged 60 or more, of a person 65 or older, it is needed. The municipalities were not able to give the exception to military widows or widowers of someone who was killed who was not 65 or older or a disabled veteran.

[9:18:27 AM](#)

CHAIR DYSON looked at AS 29.45.050 and read subsection (s), "a municipality may by ordinance partially or wholly exempt from taxation, a real property owned and occupied as a permanent place of abode by resident who is the widow or widower of a member of the armed services injured on active duty." He opined that municipalities could have provided for the exemption under those tighter conditions in current code. He asked if that was correct.

MS. WITTY said she believed that to be correct. She suggested that someone else from the Department of Law could clarify that issue.

CHAIR DYSON said the bill broadens the scope and is probably necessary to accomplish the sponsor's intent.

SENATOR WIELECHOWSKI asked if the bill would only affect five people in Anchorage.

MS. WITTY deferred to Marty McGee, the Anchorage assessor, to answer. She understood that the bill would have a relatively minor effect.

SENATOR MEYER noted that the number was attained by the assessor.

SENATOR WIELECHOWSKI asked if that was in only Anchorage.

SENATOR MEYER said that was correct.

[9:21:41 AM](#)

KATHIE WASSERMAN, Executive Director, Alaska Municipal League, testified on SB 73. She said she appreciates that the bill is optional. She also wondered if this provision was already in statute and she maintained that AS 29.45.050(s) was broader than SB 73 in that it allows a municipality to partially or wholly exempt someone from taxation. She thought most municipalities did not have "wiggle room" to exempt anyone from property taxes.

SENATOR COGHILL asked if Ms. Wasserman heard the debate regarding Proposition 7 in Anchorage.

MS. WASSERMAN said no.

SENATOR WIELECHOWSKI recalled that a similar bill passed recently.

MS. WASSERMAN said Fairbanks North Star Borough passed an ordinance to broaden exemptions several years ago.

SENATOR COGHILL said AS 29.45.050 was passed in 2008.

[9:24:37 AM](#)

SUSAN TOW, representing herself, testified in favor of including same sex domestic partners in the bill. She related that she served 22 years of honorable service in the United States Air Force. She provided her military history and her personal history. She noted the potential value of the benefits provided by this legislation for her and her family. She detailed a number one fear that families such as hers will not be taken care of. She concluded that gay and lesbian military families must be included in the provisions of SB 73.

CHAIR DYSON thanked Ms. Tow for her service.

[9:27:51 AM](#)

PAT CARLSON, Director of Assessing, Fairbanks North Star Borough, testified about problems with SB 73. He noted that he is also a Vietnam veteran with the Coast Guard. He described significant changes between the optional exemptions adopted by the Fairbanks North Star Borough and the mandatory provisions of SB 73. He said version N, changes the impact from a relatively small one to a much larger one by increasing the number who could benefit. There is no age limit and no way for municipalities to correct or modify the terms. He stated that Fairbanks has 716 disabled vets under the mandatory exemption program, which equals about \$100 million in assessed value or about \$1.5 million in revenue exempted. There is the potential for the new version of the bill to greatly increase that amount. He maintained that SB 73 is not a local option and cannot be modified without further legislative action. He called it an unfunded mandate. He noted that he supports the concept, but not the increase in local liability.

[9:31:20 AM](#)

SENATOR WIELECHOWSKI questioned Mr. Carlson's statement that the statute is mandatory and has no age limit. He stated that the widow or widower has to be 60 years or older. He read on page 1, lines 10-14, "A municipality may by ordinance approved by the voters grant the exemption under this subsection to the widow or widower under 60 years of age." He asked why Mr. Carlson thought the bill was mandatory.

MR. CARLSON said he was reading from the original bill. He maintained that the bill is mandatory because it modifies AS 29.45.030(e), which is mandatory language. He said AS 29.45.050(s) is a local option.

SENATOR COGHILL suggested "adding an 'a' and a 'b' under subsection (e)." He agreed that there is no age limit on "or to a resident." He agreed with Mr. Carlson's second point and suggested line 13 could be modified to clarify whether there is an age limit.

CHAIR DYSON agreed that was a "good catch."

[9:33:40 AM](#)

STEVE VAN SANT, State Assessor, Division of Community and Regional Affairs, Department of Commerce, Community and Economic Development, answered questions related to SB 73. He agreed that Mr. Carlson is correct. He understood the intent of the CS is to remove the 60-years-of-age limitation because veterans are much younger today. He noted a difference between the two statutes, AS 29.45.030(e) and AS 29.45.050(s). The law under the latter (s) is more pointed and directly aimed at those who have died in the line of duty, while (e) is broader. He estimated that previous to version N, SB 73 would have had a statewide effect on taxes in less than a dozen cases; now he is not sure.

SENATOR WIELECHOWSKI requested further clarification.

MR. VAN SANT replied, as version N now reads, it could apply to more people.

CHAIR DYSON asked for an approximation of how many it could affect.

MR. VAN SANT thought it could apply to less than 50 people, but he said it is difficult to guess.

[9:36:51 AM](#)

SENATOR COGHILL asked what would happen if someone died due to illness while serving on active duty.

MR. VAN SANT said the original bill could have covered anyone who had a ski accident and died. He noted he has not seen version N to see if the language was tightened up.

CHAIR DYSON asked who decides who qualifies for the tax exemption.

MR. VAN SANT said it is up to the local assessor's office. The Alaska Association of Assessing Office would draft a standard so all municipalities handle the issue the same way, as was done with other exemption programs.

CHAIR DYSON asked if Mr. Van Sant dealt with the issue while he was in Anchorage.

MR. VAN SANT said yes, regarding senior citizen exemptions.

[9:39:16 AM](#)

CHAIR DYSON commented that figuring out someone's age is easier than determining if their death was caused directly or indirectly by combat exposure.

SENATOR WIELECHOWSKI noted a zero fiscal note. He suggested if 50 people qualify for the exemption it would increase the amount of property tax the state would have to pay.

MR. VAN SANT replied that it would still be a zero fiscal note from the state's perspective because it is not funding the program.

SENATOR WIELECHOWSKI asked if the state pays property taxes to local municipalities.

MR. VAN SANT said no.

[9:40:36 AM](#)

JEFFREY MITTMAN, Executive Director, Alaska Civil Liberties Union (ACLU) of Alaska, testified on SB 73. He noted he has provided written testimony. He suggested a minor amendment to protect same sex military families who qualify for this exemption. He said every court has decided that it is unconstitutional to exclude those families. He asked that the committee make the amendment.

[9:42:33 AM](#)

SENATOR WIELECHOWSKI asked for clarification.

MR. MITTMAN reiterated that the widow or widower of same sex couples who were married in other states would be excluded from the tax exemption, so a change in language would be required.

CHAIR DYSON said the information is found on line 12, page 2.

SENATOR WIELECHOWSKI asked if a same sex marriage recognized in another state is recognized in Alaska, should the couple move here. He inquired if the language, as it is written, would cover that.

MR. MITTMAN explained that the Alaska Constitution would prevent recognition of same sex couples, so therefore the bill, as currently written, would not apply to those couples. He gave an example of a couple who were married at West Point and moved to Alaska.

[9:44:37 AM](#)

SCOTT RUBY, Director, Division of Community and Regional Affairs, Department of Commerce, Community, and Economic Development, testified on SB 73. He echoed Mr. Van Sant's comments.

SENATOR WIELECHOWSKI requested clarification of "active duty service" and whether it applies to National Guard members, and "injury or illness" definitions.

CHAIR DYSON added that Senator Coghill's question on page 1, line 13, "or a resident" also needs clarification.

[9:46:30 AM](#)

At ease

[9:47:34 AM](#)

CHAIR DYSON said the committee would like to have their questions answered by the Attorney General's Office and get a legal opinion in writing. He asked Ms. Morledge if she could do that by the next meeting.

MS. MORLEDGE said yes.

SENATOR WIELECHOWSKI read the language as "a member of the armed forces of the United States who dies because of illness or injuries suffered while serving on active duty service." He asked if that includes suicide. He also requested more information about proportionality.

SENATOR COGHILL said that under [AS 29.45.050] the municipalities must include requirements to determine eligibility. He suggested that language might be added.

CHAIR DYSON asked for clarification on "residency" and "age."

MS. MORLEDGE noted that one of the changes made in the CS was to remove the 60-year age limit. The sponsor wanted the provision to apply to any widow or widower.

CHAIR DYSON asked why that was not included in the first section.

MS. MORLEDGE was not clear which section Chair Dyson was referring to.

CHAIR DYSON held SB 73 in committee.

HCR 4-HMONG-AMERICAN VETERANS DAY

[9:50:41 AM](#)

CHAIR DYSON announced that the next order of business would be HCR 4.

REPRESENTATIVE GABRIELLE LEDOUX, sponsor of HCR 4, introduced the bill. She read from the following sponsor statement:

House Concurrent Resolution 4 would recognize and honor Hmong veterans who fought in support of United States military operations in the Kingdom of Laos between February 28, 1961, and May 15, 1975, by proclaiming May 15 to be Hmong-American Veterans Memorial Day.

Hmong were called "damned good fighters" by the CIA. They fought bravely in what was called the U.S. "Secret War" in Laos against some of the toughest North Vietnamese and Lao troops for 13 years and suffered casualty rates five times higher than the rate experienced by U.S. Soldiers.

The most conservative estimated numbers during the U.S. involvement in the Vietnam War are 35,000 - 40,000 brave young Hmong killed in combat; 50,000 - 58,000 wounded; and 3,000 missing in action. After the U.S. withdrawal from Southeast Asia, thousands more Hmong were killed during genocide carried out by communist forces during the Hmong attempt to flee to neighboring Thailand.

The most recent numbers set the U.S. Hmong population between 200,000 - 300,000, with the Alaska population at almost 4,700 and rising. Many Hmong have immigrated

here following the Vietnam conflict after persecution for supporting the U.S.

The "Secret War" is no longer a secret and recognition of these brave fighting men is long overdue. That is why I urge the passage of HCR 4 and by doing so commemorating the service of these forgotten warriors.

DIRK MOFFAT, Staff, Representative Gabrielle LeDoux, testified on HCR 4. He noted that members of the Hmong community were available to answer questions.

[9:54:13 AM](#)

CHARLIE MOUA, President, Special Guerilla Unit (SGU) - Veterans and Family of USA - California, testified in favor of HCR 4. He said there were chapters of SGU in California, Minnesota, Wisconsin, Michigan, Ohio, and Kentucky. He related that he was a former United States liaison official in Laos. He shared his military history and work with the United States Special Forces. He gave his reasons for wanting to serve with the United States to fight against the Communists in Laos. He described the duration of the SGU forces under five presidents and the organization of the SGU forces in Laos during difficult and dangerous times.

CHAIR DYSON voiced appreciation for the historic and brave role the Hmong people played in Southeast Asia. He said that HCR 4 would set aside a time to recognize the Hmong veterans and to inform the public about their heroic role and suffering.

[10:02:47 AM](#)

At ease

[10:03:05 AM](#)

ARTHUR YANG, Advisor, Special Guerrilla Unit Veterans and Family of USA - Alaska, testified in support of HCR 4.

PASERT LEE, President, Hmong Alaska Community, testified in favor of HCR 4. He thanked the bill sponsor for introducing the bill. He noted that seven people gathered to testify in support of HCR 4.

CHAIR DYSON said many Hmong are moving into Eagle River area. He said he would like to meet with those testifying some time. He said he has always felt that when the U.S. pulled out of Vietnam in the 1970's, the Hmong were abandoned and betrayed in some way. He wondered, if that is true, how the Hmong people got

beyond the anger and resentment and decided to move to the country that betrayed them.

MR. YANG explained that they had to leave Laos so they would not be executed.

CHAIR DYSON thanked Mr. Yang for choosing the U.S. He said he wished to meet with the Hmong community.

[10:06:16 AM](#)

SENATOR GIESSEL moved to report HCR 4, labeled 28-LS0504\U, from committee with individual recommendations and attached zero fiscal note. There being no objection, HCR 4 was reported from the Senate State Affairs Standing Committee.

[10:06:31 AM](#)

At ease

SB 45-FEE/TAX EXEMPTION FOR CERTAIN VEHICLES

[10:07:40 AM](#)

CHAIR DYSON announced that the final order of business would be SB 45.

GENEVIEVE WOJTUSIK, Staff, Senator Lesil McGuire, presented information related to SB 45. She offered to answer questions. She referred to an article by GM Communications dealing with how alternative fuel cars are affected by cold weather, in response to a previous question by Senator Giessel.

CHAIR DYSON requested answers to several questions that came up during the previous hearing of the bill.

MS. WOJTUSIK answered the question about the fiscal note, stating that last year's fiscal note was much lower at \$20,000 compared to this year's fiscal note which is over \$100,000. The committee noted there were not that many alternative fuel vehicles in Alaska. The sponsor is hoping that this bill will motivate more people to buy alternative fuel vehicles. She said the committee has drafted a new fiscal note reflecting last year's fiscal note.

[10:08:56 AM](#)

CURTIS THAYER, Deputy Commissioner, Office of the Commissioner, Department of Administration, explained the fiscal note for SB 45. The Department of Administration submitted a fiscal note on February 22, 2013, stating the costs to the department would be

about \$110,000 in the first year and \$25,000 in successive years. He stated that the department stands by that fiscal note and was unaware of the new fiscal note.

CHAIR DYSON noted a site where the Vehicle Identification Number (VIN) information is found for free. He asked if this bill will require the department to check every VIN number in the state.

MR. THAYER explained that the department would look at VIN numbers to see who qualifies for the special registration fee. There are programs that will run the VIN number to determine the type of vehicle. The \$110,000 was to buy the program and then \$25,000 was for the subscription. He noted that there are multiple vendors and he hoped the proposed fiscal note is on the high side. He said it is getting harder to track VIN numbers.

CHAIR DYSON commented that the people who want this exemption will identify their specific vehicle, and all that needs to be done is to interact with the manufactures. He asked if there is an identifier in the VIN number that tells if it is an alternative fuel vehicle.

MR. THAYER said there is, and a program can decipher that VIN number and process it immediately.

[10:12:07 AM](#)

SENATOR WIELECHOWSKI emphasized that the fiscal note two years ago was \$20,000 with no cost thereafter; the fiscal note this year is for \$110,000 with a cost of \$25,000 every year thereafter. He said he supports the bill, but thinks the fiscal note is extremely high and unjustified.

CHAIR DYSON said he shares that opinion. He noted Mr. Thayer said it was the high limit.

[10:13:04 AM](#)

At ease

[10:13:28 AM](#)

SENATOR GIESSEL asked for clarification about the \$20 biennial registration fee on line 6, and on line 9, the \$10 annual registration fee. She suggested it was referring to one fee.

MS. WOJTUSKI agreed that they were the same fee.

[10:14:30 AM](#)

HOWARD LENOX, Regional Director, Government Affairs-Western Region, General Motors, testified in support of SB 45. He listed the types of qualified alternative fuel vehicles the fee applies to: CNG, LNG, electric and plug-in hybrid electric vehicles. He noted the national security issue due to dependence on foreign oil. He said that vehicle manufacturers are responding by producing alternative fuel vehicles. Due to their cost there is a need to encourage consumers to take action in the market place. He stressed the importance incentives play in promoting the use of alternative fuel vehicles. He said SB 45 provides such an incentive. An important aspect of the bill is that it does not pick winners or losers from a technology perspective.

He noted that Alaska will join 30 states that have some form of incentive for alternative fuel vehicles. He thanked Senator McGuire and the committee.

CHAIR DYSON pointed out that he and Senator Giessel have been working on alternative fuel issues. He asked Mr. Lenox to forward a list of incentives other jurisdictions have offered, and he requested an analysis of the hydrogen fuel vehicle.

10:18:13 AM

CHAIR DYSON asked what the committee wishes to do about the fiscal notes.

SENATOR GIESSEL noted she has more questions. She asked Mr. Thayer why the fiscal note does not address the lost revenues from the reduced registration fees.

MR. THAYER said the fiscal note is indeterminate until the number of vehicles is known.

SENATOR GIESSEL noted on page 2 of the fiscal note it says "there are currently 2,301 strictly hybrid vehicles registered." She concluded that there is some quantity that could be construed for a fiscal note. She asked what the typical registration fee is.

MR. THAYER said, depending on the vehicle, the vehicle tax is \$50 to \$60, plus the Motor Vehicle Registration Tax (MVRT), the community tax which can vary from \$18 to \$100. There is a loss of revenue to DMV, as well as to the communities.

SENATOR GIESSEL clarified that local communities would lose revenue.

MR. THAYER commented that it depends on the registration. That is why DMV was trying to quantify the cost as far as administering the program. The department does not have a position on the bill and would probably lean toward supporting the bill.

SENATOR GIESSEL noted that these are expensive cars. She asked what the average cost is.

MS. WOJTUSKI did not know.

CHAIR DYSON replied that the cheapest ones are in the \$20,000 to \$30,000 range and the most expensive are around \$750,000. He guessed that most fall into the \$25,000 to \$55,000 range.

[10:21:37 AM](#)

SENATOR GIESSEL observed that the reduction in registration fees would benefit affluent folks. She voiced concern about that.

CHAIR DYSON said it is a policy call whether this minor change will affect anyone's buying habits. The bill does send a signal that the state wants to encourage alternative fuels.

CHAIR DYSON asked if the fiscal note should be amended.

SENATOR WIELECHOWSKI said he compared last year's fiscal note to this year's. He agreed it was a policy call and said he supports the bill, but would like to see a reduced fiscal note.

SENATOR GIESSEL suggested moving the bill on to the Senate Finance Committee.

SENATOR WIELECHOWSKI said he would not object to moving the bill.

CHAIR DYSON suggested sending a cover letter along with the bill to include the committee's suggestions. He encouraged DMV to research VIN services that are available for no cost.

[10:24:37 AM](#)

SENATOR GIESSEL moved to report SB 45, version 28-LS0411\A, from committee with individual recommendations and attached DOA fiscal notes. There being no objection, SB 45 was reported from the Senate State Affairs Standing Committee.

[10:25:13 AM](#)

There being no further business to come before the committee,
Chair Dyson adjourned the Senate State Affairs Standing
Committee at 10:24 a.m.