

ALASKA STATE LEGISLATURE
SENATE TRANSPORTATION STANDING COMMITTEE

March 21, 2013

1:32 p.m.

MEMBERS PRESENT

Senator Dennis Egan, Chair
Senator Fred Dyson, Vice Chair
Senator Anna Fairclough
Senator Click Bishop
Senator Hollis French

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE BILL NO. 56

"An Act excluding motorcycles and motor-driven cycles from the passenger vehicle rental tax; and providing for an effective date."

- MOVED HB 56 OUT OF COMMITTEE

HOUSE BILL NO. 46

"An Act relating to regulations adopted by the Department of Administration waiving the commercial motor vehicle driving skills test for certain drivers with military commercial motor vehicle experience."

- MOVED HB 46 OUT OF COMMITTEE

SENATE BILL NO. 13

"An Act relating to bonds of the Knik Arm Bridge and Toll Authority; relating to reserve funds of the authority; relating to taxes and assessments on a person that is a party to an agreement with the authority; and establishing the Knik Arm Crossing fund."

- MOVED SB 13 OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HB 56

SHORT TITLE: PASSENGER VEHICLE RENTAL TAX

SPONSOR(s): REPRESENTATIVE(s) HOLMES, T.WILSON

01/16/13 (H) PREFILE RELEASED 1/11/13
01/16/13 (H) READ THE FIRST TIME - REFERRALS
01/16/13 (H) TRA, FIN
02/19/13 (H) TRA AT 1:00 PM BARNES 124
02/19/13 (H) Moved Out of Committee
02/19/13 (H) MINUTE(TRA)
02/20/13 (H) TRA RPT 5DP 1NR
02/20/13 (H) DP: LYNN, JOHNSON, GATTIS, ISAACSON,
P.WILSON
02/20/13 (H) NR: KREISS-TOMKINS
02/28/13 (H) FIN AT 1:30 PM HOUSE FINANCE 519
02/28/13 (H) Moved Out of Committee
02/28/13 (H) MINUTE(FIN)
03/01/13 (H) FIN RPT 8DP 1NR
03/01/13 (H) DP: COSTELLO, GARA, KAWASAKI, HOLMES,
MUNOZ, T.WILSON, THOMPSON, STOLTZE
03/01/13 (H) NR: AUSTERMAN
03/05/13 (H) TRANSMITTED TO (S)
03/05/13 (H) VERSION: HB 56
03/11/13 (S) READ THE FIRST TIME - REFERRALS
03/11/13 (S) TRA, FIN
03/19/13 (S) TRA AT 1:30 PM BUTROVICH 205
03/19/13 (S) -- Meeting Postponed to 3/21/13 --
03/21/13 (S) TRA AT 1:30 PM BUTROVICH 205

BILL: HB 46

SHORT TITLE: WAIVE CDL SKILL TEST FOR CERTAIN VETERANS

SPONSOR(s): REPRESENTATIVE(s) SADDLER

01/16/13 (H) PREFILE RELEASED 1/7/13
01/16/13 (H) READ THE FIRST TIME - REFERRALS
01/16/13 (H) STA, TRA
02/12/13 (H) STA AT 8:00 AM CAPITOL 106
02/12/13 (H) Moved Out of Committee
02/12/13 (H) MINUTE(STA)
02/13/13 (H) STA RPT 6DP
02/13/13 (H) DP: HUGHES, ISAACSON, KREISS-TOMKINS,
GATTIS, KELLER, LYNN
02/19/13 (H) TRA AT 1:00 PM BARNES 124
02/19/13 (H) Moved Out of Committee
02/19/13 (H) MINUTE(TRA)
02/20/13 (H) TRA RPT 6DP
02/20/13 (H) DP: LYNN, JOHNSON, KREISS-TOMKINS,
GATTIS, ISAACSON, P.WILSON
03/01/13 (H) TRANSMITTED TO (S)

03/01/13 (H) VERSION: HB 46
03/04/13 (S) READ THE FIRST TIME - REFERRALS
03/04/13 (S) STA, TRA
03/12/13 (S) STA AT 9:00 AM BUTROVICH 205
03/12/13 (S) Moved HB 46 Out of Committee
03/12/13 (S) MINUTE(STA)
03/13/13 (S) STA RPT 5DP
03/13/13 (S) DP: DYSON, WIELECHOWSKI, COGHILL,
GIESSEL, STEDMAN
03/19/13 (S) TRA AT 1:30 PM BUTROVICH 205
03/19/13 (S) -- Meeting Postponed to 3/21/13 --
03/21/13 (S) TRA AT 1:30 PM BUTROVICH 205

BILL: SB 13

SHORT TITLE: KNIK ARM BRIDGE AND TOLL AUTHORITY

SPONSOR(s): SENATOR(s) HUGGINS

01/16/13 (S) PREFILE RELEASED 1/11/13
01/16/13 (S) READ THE FIRST TIME - REFERRALS
01/16/13 (S) TRA, FIN
03/14/13 (S) TRA AT 1:30 PM BUTROVICH 205
03/14/13 (S) Heard & Held
03/14/13 (S) MINUTE(TRA)
03/21/13 (S) TRA AT 1:30 PM BUTROVICH 205

WITNESS REGISTER

REPRESENTATIVE LINDSAY HOLMES

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Sponsor of HB 56.

NANCY HULL

Alaska Motorcycle Adventure

Anchorage, Alaska

POSITION STATEMENT: Testified in favor of HB 56

JOHANNA BALES, Deputy Director

Tax Division

Department of Revenue

Anchorage, Alaska

POSITION STATEMENT: Answered questions related to HB 56.

REPRESENTATIVE DAN SADDLER

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Sponsor of HB 46.

MARC SAN SOUCI, Regional Liaison
U.S. Department of Defense
Tacoma, Washington
POSITION STATEMENT: Expressed support for HB 46.

LAWRENCE BETHEL, Pacific Region President
U.S. Army
Anchorage, Alaska
POSITION STATEMENT: Testified in support of HB 46.

AVES THOMPSON, Executive Director
Alaska Trucking Association
Anchorage, Alaska
POSITION STATEMENT: Testified in support of HB 46.

AMY ERICKSON, Director
Division of Motor Vehicles
Department of Administration
Anchorage, Alaska
POSITION STATEMENT: Testified in support of HB 46.

SENATOR CHARLIE HUGGINS
Alaska State Legislature
Juneau, Alaska
POSITION STATEMENT: Sponsor of SB 13.

TOM BRICE, Lobbyist
Alaska District Council of Labors
Juneau, Alaska
POSITION STATEMENT: Testified in support of SB 13.

PAUL GROSSI, Lobbyist
Ironworkers Union
Juneau, Alaska
POSITION STATEMENT: Testified in support of SB 13.

JODY SIMPSON, Staff
Senator Charlie Huggins
Alaska State Legislature
Juneau, Alaska
POSITION STATEMENT: Responded to questions on SB 13.

ACTION NARRATIVE

[1:32:12 PM](#)

CHAIR DENNIS EGAN called the Senate Transportation Standing Committee meeting to order at 1:32 p.m. Present at the call to order were Senators Dyson, Fairclough, French, and Chair Egan.

HB 56-PASSENGER VEHICLE RENTAL TAX

[1:33:38 PM](#)

CHAIR EGAN announced that the first order of business would be HB 56.

REPRESENTATIVE LINDSAY HOLMES, sponsor of HB 56, gave a brief overview of the bill that tries to help some of the small businesses in the state that rent motorcycles who are currently subject to a 10 percent rental tax. She explained that back in 2003 when the tax was passed there was no discussion about it and it wasn't clear whether motorcycles fell into the category of "passenger vehicle." The Department of Revenue didn't even realize until 2008 that there even were companies in the state that were renting motorcycles and when they did subjected them to the 10 percent tax.

Because of the climate in Alaska motorcycles are only rented about 90 days out of the year and need to be stored the rest of the time. The average cost to rent one is \$180-\$210 day. Packages are sold to bring people up to ride motorcycles around the state and when they do, they stay in hotels, eat in restaurants and spend money. This bill would exempt motorcycles from the definition of "passenger vehicles" thereby exempting them from the tax.

CHAIR EGAN noted a letter from Alaska Motorcycle Adventures in their packets.

NANCY HULL, Alaska Motorcycle Adventures, said they rent their motorcycles from the Anchorage area, and 2013 will be their 20th season there. She supported HB 56, because the rental tax affects both motorcycle rentals and Alaska tourism in general. To offset the high vehicle rental tax, her customers choose to rent for fewer days or choose to go somewhere else on the planet. The season of 90 days is very limited, and their rental rates are extremely high. She urged them to get these people to Alaska and send them to McCarthy and Chicken where they spend their tourist dollars in locally owned businesses.

She added that she heard someone in Whitehorse was going to start renting motorcycles again, and with the number of Europeans coming over from Frankfurt it would be real easy for

them to get off in Whitehorse rather than continuing on to Anchorage. As soon as there is a rental company in Whitehorse they will definitely go for the best motorcycle rate or the lowest cost they can get, and that would mean a lot fewer dollars for the Alaska tourist economy. She would rather that they land here first and then go to the Yukon, so the dollars stay here.

[1:40:44 PM](#)

SENATOR DYSON asked if Canadian businesses face any different rules for renting motorcycles.

MS. HULL said yes and explained that Canadians can rent in Alaska but they are not allowed to take rented vehicles back into Canada.

SENATOR DYSON said people will get off the boat in Anchorage, fly to Whitehorse and rent an RV and come back and get the rest of their family.

MS. HULL said law applies to any rented vehicle of any type.

MS. HULL said that some customers have asked her for a non-logoed motorcycle that they take to the boarder and just hope they will be able to go through as if it's a friend's motorcycle.

SENATOR FRENCH asked Ms. Bales to comment on the relatively modest fiscal note.

[1:44:32 PM](#)

JOHANNA BALES, Deputy Director, Tax Division, Alaska Department of Revenue, said when the original vehicle rental tax was passed, motorcycle rentals weren't recognized; once that was discovered they spoke with the Department of Law who said that motorcycles do fall under the definition of a "passenger vehicle." So they reached out to the companies and brought them into compliance. Based on most other taxes the state brings in, this is fairly insignificant and is a bit difficult for the rental car companies. They have no official opinion on the bill, but at the same time they want to provide as much information as they can and believe it is an "immaterial amount of revenue."

SENATOR BISHOP joined the committee.

SENATOR DYSON moved to report HB 56 from committee with individual recommendations and attached fiscal note(s). There being no objection, the motion carried.

[1:47:08 PM](#)

At ease from 1:47 to 1:48 p.m.

HB 46-WAIVE CDL SKILL TEST FOR CERTAIN VETERANS

[1:48:38 PM](#)

CHAIR EGAN brought the meeting back to order and announced the hearing of HB 46.

REPRESENTATIVE DAN SADDLER, sponsor of HB 46, introduced the bill. He said Alaskans who have honed their driving skills in service to our country in uniform deserve to have their experience validated and respected in the civilian world. HB 46 helps recent Alaskan veterans get jobs and helps Alaska businesses get qualified drivers by acknowledging military drivers already have safe driving skills.

He said that about 63,000 service members had military jobs involving truck driving in most recent years and it is one of the top specialties in the armed services. Many of the industries in Alaska - tourism, construction, oil field work, retail - require drivers to have a commercial driver's license (CDL). Recent federal law allows states to waive the road skills test for the CDL if military drivers have recent driving experience and a clean driving record. They, of course, must still pass the knowledge test, the division test and the physical test.

The federal Motor Carrier Safety Administration is encouraging states to allow such waivers. As of January 9, 2013, 34 states have waived the test for military and 10 other states are working on such waivers and 7 do not current accept the waivers.

HB 46 directs the Department of Administration to adopt regulations in accordance with the federal standards to allow the State of Alaska to issue such waivers. HB 46 means jobs for Alaska veterans and qualified drivers for Alaska businesses.

CHAIR EGAN opened public testimony.

[1:51:14 PM](#)

MARC SAN SOUCI, Regional Liaison, U.S. Department of Defense, expressed support for HB 46. He said in the past couple of years

25 states had enacted new laws to help grant our veterans credit towards licensing in occupations such as the CDL. The heavy and tractor trailer driving career field in the military is in the top ten of all occupations specialties in all of the military and the second highest occupation in the Army and the Marines. The Department of Labor and Occupational Network online partnership forecasts the truck driving field as one of the brightest outlook fields with a faster than average job growth rate of 20-28 percent over the next 10 years.

He also pointed out that the military training has already been paid for by our tax dollars. There will be almost 1 million new veterans by 2016.

1:53:23 PM

LAWRENCE BETHEL, Pacific Region President, Association U.S. Army, supported HB 46. Thirty-four other states have provided this waiver to the military. Most typically they have substituted two years of commercial motor vehicle safe driving in the military for the skills test and apply this rule up to 90 days after separation from active duty for Guard Reserve or the Coast Guard.

He said the military in Alaska separates anywhere from 250-300 veterans per month, mostly at Joint Base Elmendorf Richardson (JBER). Typically 10 to 20 percent of veterans intend to remain in Alaska. Their reasons include veteran friendly residents and benefits, great job opportunities, great fishing and winter fun, and a family friendly environment with good schools, low crime and a clean environment. About 22 of those JBER soldiers per month have achieved their Army driver's badge and many of them are combat soldiers.

In general, Alaska law requires CDLs on operating vehicles in excess of 2,600 pounds and those transporting hazardous materials or when operating vehicles with 16 or more passengers. Waiver of the CDL road test for qualifying military in Alaska will assist them in numerous ways. It offers well-paid employment in a growing career field across the country. Service members will be able to feel secure in their career choice. This career in Alaska pays well with a median average hourly rate of \$24.23, per US Department of Labor 2011 figures. It is also an attractive part-time work option for military who are completing degrees or certifications.

Further, this legislation honors veterans' selfless service to the country and their considerable experience operating and

maintaining a variety of complex vehicles from 13-ton light transports to fuel trucks on highways and diesels trucks with highly technical equipment, some of which is valued in excess of \$2 million. Most veterans already have considerable driving experience over remote roads to and from ranges, missile defense sites and exercise or deployments involving ports, runways and railroads. Many service members have the army drivers' badge. This badge requires a government driver's license and 8,000 miles of 12-month of accident-free driving with no traffic violations as well as approval by a lieutenant colonel or above.

The road test waiver provides a faster less-expensive route to employment and decreases transition stress for the family. It requires testing in a large vehicle, which soldiers do not have, or enrollment in a 4-hour \$500 or a \$1,000 10-hour commercial driving program. Current training programs have a wait list. Alaskan employers greatly benefit from military hires who have this extensive experience operating in underdeveloped and hostile locations. In addition, service members are self-disciplined, sensitized to continue to operate as a team with a safety focus, think on their feet and apply good judgment, and understand corporate policy's chain of command and the importance of good communication.

He summarized that Alaska benefits by retaining more veterans and adding them to the workforce as well as maintaining its reputation as one of the most supportive states for veterans. This legislation is a win/win for all parties. He concluded that Alaska veterans are 16.2 percent of the state's population, number one in the country per capita. With about 722,000 residents in 2011 that means we have about 117,000 residents that are veterans.

[1:58:58 PM](#)

SENATOR DYSON noted that Representative Saddler represents Eagle River with the highest number of military in the state-north of 25 percent. He shares the honor of representing that district and they are amongst the best citizens in the state to represent. He thanked Mr. Bethel for his work.

[2:00:05 PM](#)

AVES THOMPSON, Executive Director, Alaska Trucking Association, said the association represents nearly 200 companies that support HB 46. As an industry they welcome returning veterans and appreciate this opportunity to do something in their support. These men and women have had some of the best truck driver training available and will also have a good deal of

recent hands-on experience in driving big rigs. With the proper certifications as to a veteran's experience the association supported waiving the skills test for the issuance of a CDL. He was a veteran himself and was proud to support HB 46.

[2:01:26 PM](#)

AMY ERICKSON, Director, Division of Motor Vehicles, Department of Administration, testified in support of HB 46 saying they would have to fashion regulations to allow this to happen.

SENATOR DYSON moved to report HB 46 from committee to the next committee of referral with individual recommendations and attached fiscal note(s). There being no objection, the motion carried.

[2:02:20 PM](#)

At ease from 2:202 to 2:03 p.m.

SB 13-KNIK ARM BRIDGE AND TOLL AUTHORITY

[2:03:43 PM](#)

CHAIR EGAN announced that the final order of business would be SB 13.

SENATOR CHARLIE HUGGINS, sponsor of SB 13, introduced the bill. He noted that the MatSu has over 50 percent of the highway safety corridors in the state that have safety problems due to congested traffic that starts at 4:00 a.m. when an avalanche of vehicles heads for Anchorage. The infrastructure in SB 13 provides an avenue to start impacting some of those highway safety corridors. He said that when tourists arrive that increases the traffic headed up to Denali through these highway safety corridors.

He said if you live in Anchorage right now, big trucks haul things from the Port of Anchorage and with this infrastructure in place they will not have to drive through Anchorage.

CHAIR EGAN opened public testimony.

TOM BRICE, Lobbyist, Alaska District Council of Labors, testified in support of SB 13.

[2:09:14 PM](#)

PAUL GROSSI, Lobbyist, Ironworkers Union, testified in support of SB 13. He said building the bridge would promote jobs and lead to more development. He related a story about how one their

business manager who lives in Wasilla got caught in an eight-hour traffic jam.

SENATOR DYSON said the eight-hour traffic jam was caused by a fugitive the police were chasing. He ran over a tack strap the Troopers put out and set his car on fire in one set of lanes; then got in a gun fight and went over in the other two lanes and died, so all four lanes - some 40,000 vehicles - were plugged for eight and a half hours. There was significant economic loss and a whole bunch of very human issues including a shortage of toilet paper. It shows in the exception how much having only one route out of town can be a real problem. It's one of the many reasons they support this project.

[2:11:46 PM](#)

SENATOR FRENCH asked if the administration supported the bill.

JODY SIMPSON, staff, Senator Charlie Huggins, said she didn't know if the administration supports the bill.

SENATOR DYSON noted that the administration had been very enthusiastic about the whole process and was disappointed when funding didn't go through last year.

MS. SIMPSON added that the governor's budget has a \$10 million item in it for this project.

SENATOR DYSON SENATOR moved to report SB 13 from committee to the next committee of referral with individual recommendations and attached fiscal note. There being no objection, the motion carried.

[2:13:42 PM](#)

At ease from 2:13 to 2:15 p.m.

[2:15:00 PM](#)

There being no further business to come before the committee, Chair Egan adjourned the Senate Transportation Standing Committee at 2:15 p.m.