

ALASKA STATE LEGISLATURE
SENATE STATE AFFAIRS STANDING COMMITTEE

March 17, 2016
8:59 a.m.

MEMBERS PRESENT

Senator Bill Stoltze, Chair
Senator John Coghill, Vice Chair
Senator Charlie Huggins
Senator Lesil McGuire
Senator Bill Wielechowski

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

SENATE BILL NO. 144

"An Act relating to relocation assistance for federally assisted projects and programs; and providing for an effective date."

- HEARD & HELD

SENATE JOINT RESOLUTION NO. 1

Proposing amendments to the Constitution of the State of Alaska relating to the Alaska permanent fund, establishing the earnings reserve account, relating to the permanent fund dividend, and requiring the permanent fund dividend be at least equal to the amount that would be calculated under current law.

- BILL HEARING CANCELED

SENATE BILL NO. 128

Proposing amendments to the Constitution of the State of Alaska relating to the Alaska permanent fund, establishing the earnings reserve account, relating to the permanent fund dividend, and requiring the permanent fund dividend be at least equal to the amount that would be calculated under current law.

- BILL HEARING CANCELED

SPONSOR SUBSTITUTE FOR SENATE BILL NO. 114

Proposing amendments to the Constitution of the State of Alaska relating to the Alaska permanent fund, establishing the earnings reserve account, relating to the permanent fund dividend, and requiring the permanent fund dividend be at least equal to the amount that would be calculated under current law.

- BILL HEARING CANCELED

PREVIOUS COMMITTEE ACTION

BILL: SB 144

SHORT TITLE: RELOCATION ASSISTANCE FOR FED. PROJ/PROG

SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

01/19/16	(S)	READ THE FIRST TIME - REFERRALS
01/19/16	(S)	STA, FIN
03/17/16	(S)	STA AT 9:00 AM BUTROVICH 205

WITNESS REGISTER

STEVE HATTER, Deputy Commissioner
Alaska Department of Transportation and Public Facilities
Juneau, Alaska

POSITION STATEMENT: Provided an overview and answered questions regarding SB 144.

HEATHER FAIR, State Right-of-Way Chief
Alaska Department of Transportation and Public Facilities
Juneau, Alaska

POSITION STATEMENT: Answered questions regarding SB 144.

ACTION NARRATIVE

8:59:06 AM

CHAIR BILL STOLTZE called the Senate State Affairs Standing Committee meeting to order at 8:59 a.m. Present at the call to order were Senators Coghill, Huggins, Wielechowski, and Chair Stoltze.

SB 144-RELOCATION ASSISTANCE FOR FED. PROJ/PROG

8:59:29 AM

CHAIR STOLTZE announced the consideration of SB 144.

9:00:03 AM

STEVE HATTER, Deputy Commissioner, Alaska Department of Transportation and Public Facilities (DOT), Juneau, Alaska, explained that the purpose of SB 144 was to bring Alaska's right-of-way statute in compliance with new federal law. He said when right-of-ways are acquired for public transportation purposes, federal law requires the department to compensate property owners: value of the property as well as providing appropriate relocation benefits to displaced families, businesses, and farms.

He set forth that SB 144 was about relocation assistance. He revealed that under the federal initiative known as "Moving Ahead for Progress in the 21st Century Act" (MAP-21), qualifying for reimbursement would be easier and the maximum relocation assistance available for affected parties increased. He noted that MAP-21 was passed by the federal government in 2012.

He summarized that SB 114 would provide greater equity to Alaskans impacted by relocation, bring the department into full compliance with MAP-21, and clarified the department's relocation assistance for DOT project teams, contractors, and regulators.

[9:01:40 AM](#)

CHAIR STOLTZE asked that Mr. Hatter address projects that might be impacted by SB 144.

MR. HATTER answered that SB 144 would have applied to a few projects from the past. He explained that DOT tries to minimize relocating people. He said DOT project designers and engineers try very hard not to impact people's lives.

CHAIR STOLTZE asked that a specific project involving relocation be addressed.

[9:02:55 AM](#)

HEATHER FAIR, State Right-of-Way Chief, Alaska Department of Transportation and Public Facilities, Juneau, Alaska, replied that she cannot think of a project that occurred in the past two years. She reiterated that DOT tries not to relocate families, businesses, or farms.

CHAIR STOLTZE pointed out that challenges had occurred in the past on making property owners whole. He remarked that he found it hard to believe that with all of the projects the state had done in the past that DOT representatives could not identify

projects with challenges. He noted that the committee was pushing through the legislation as a DOT priority.

MR. HATTER specified that SB 144 would allow for compliance with higher federal limits and provide DOT with an opportunity to be fairer to Alaskans within the federal statute.

CHAIR STOLTZE asked if there had been situations where the state treasury made people more whole through the general fund, appropriations, or DOT appropriations.

MR. HATTER answered that he was not aware of any cases.

[9:05:20 AM](#)

MS. FAIR detailed that incidences had occurred where general funds were used to pay for "administrative settlements" in order to minimize legal costs for acquisition or relocation cases that went beyond fair market value.

CHAIR STOLTZE noted that the Briggs Bridge built over Eagle River in 1992 had right-of-way acquisitions that displaced people during an economic downturn. He remarked that SB 144 would provide DOT with more leverage for relocation, but inquired if consideration was given to relocation projects during a downturn in the economy.

[9:07:07 AM](#)

SENATOR MCGUIRE joined the committee meeting.

SENATOR HUGGINS noted that the time frame for making displacement payments was reduced from 180 days to 90 days. He asked that Mr. Hatter address the change.

MR. HATTER answered that the time change was a result of MAP-21 and DOT's intent to comply with federal law.

SENATOR HUGGINS asked that Ms. Fair address sections in the bill that referenced mortgage and expense payments for a displaced person.

[9:09:16 AM](#)

MS. FAIR explained that the federal code set forth assistance for mortgage and expense payments based upon a person that owns versus a tenant that rents.

SENATOR HUGGINS asked Ms. Fair to verify that the provisions would provide aid to the property owner.

MS. FAIR answered correct. She specified that the provisions were designed to allow more people to qualify for benefits.

SENATOR WIELECHOWSKI noted that there was a zero fiscal note in the operating budget, but Ms. Fair mentioned that the increased relocation costs would be absorbed within the existing capital program funding and the bill was retroactive to October 1, 2014. He asked how much the state would be paying out from 2014 until the present.

MS. FAIR answered that the amount was estimated to be \$12,000.

SENATOR WIELECHOWSKI asked if Mr. Hatter had a sense of what the annual cost would be.

[9:10:58 AM](#)

MR. HATTER answered that estimating for the future was difficult. He reiterated that project designers would work very hard not to relocate people.

CHAIR STOLTZE noted that Section 3 and Section 4 deleted expense limits of \$10,000 and \$22,500. He asked what the state's exposure would be due to the limit deletion.

MR. HATTER answered that limitations were dictated by the federal limits and changes would occur through federal legislation. He specified that the deletion would not require DOT to come back and update legislation each time the federal limits are changed.

[9:13:04 AM](#)

CHAIR STOLTZE noted that local governments had administrated some road projects in the past. He asked if DOT intended to have the legislation apply to entirely state-funded projects as well.

MS. FAIR answered yes. She asserted that the intent was to treat everyone fairly for both state and federal projects.

CHAIR STOLTZE asked if possible litigation costs would fall into a relocation expense.

MR. HATTER explained that the relocation expense was specific to moving and litigation was a separate piece.

CHAIR STOLTZE asked if an activity like raising livestock on a farm would have an impact on whether a project moves forward due to relocation issues.

[9:15:39 AM](#)

SENATOR COGHILL noted that Section 2 in the bill would repeal and reenact fixed payments for moving expenses. He asked that Ms. Fair explain Section 2.

MS. FAIR answered that Section 2 simplified the language in reference to federal code. She said the change lessens the opportunity for misinterpretation or duplication of errors. She detailed that the same provisions were still in place, but the federal government increased the amount that someone can receive in terms of actual moving expenses in a onetime-fixed payment. She specified that SB 144 allows DOT to not have to come back to the Legislature when changes were made to the federal code.

[9:17:28 AM](#)

SENATOR COGHILL asked what would happen if the code number was changed.

MR. HATTER explained that DOT worked closely with the Federal Highway Administration to make sure the state complied. He reiterated that the intent was to update the statute so that DOT was in compliance and did not have to come back year after year as things change.

SENATOR COGHILL noted that he feared linking to federal code because sometimes the state finds itself in awkward positions.

[9:19:05 AM](#)

CHAIR STOLTZE asked that DOT return to a future committee meeting to address historical relocation issues. He specified that the committee wants to know what the potential costs and obligations are for the state.

MR. HATTER replied that DOT would comply with Chair Stoltze's request.

[9:21:29 AM](#)

CHAIR STOLTZE announced that SB 144 would be held in committee.

[9:22:07 AM](#)

There being no further business to come before the committee, Chair Stoltze adjourned the State Affairs Committee at 9:22 a.m.