

**ALASKA STATE LEGISLATURE**  
**SENATE TRANSPORTATION STANDING COMMITTEE**

May 3, 2022

1:34 p.m.

**MEMBERS PRESENT**

Senator Robert Myers, Chair  
Senator Mike Shower, Vice Chair  
Senator Peter Micciche  
Senator Jesse Kiehl

**MEMBERS ABSENT**

Senator Click Bishop

**COMMITTEE CALENDAR**

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 166(FIN)

"An Act relating to the issuance of vehicle registration plates; and providing for an effective date."

- MOVED SCS CSHB 166(TRA) OUT OF COMMITTEE

SENATE BILL NO. 170

"An Act relating to the Alaska marine highway system; establishing the Alaska Marine Highway Corporation; and providing for an effective date."

- HEARD & HELD

**PREVIOUS COMMITTEE ACTION**

BILL: HB 166

SHORT TITLE: ONE LICENSE PLATE PER VEHICLE

SPONSOR(S): REPRESENTATIVE(S) MCCABE

04/07/21	(H)	READ THE FIRST TIME - REFERRALS
04/07/21	(H)	TRA, FIN
04/20/21	(H)	TRA AT 1:00 PM BARNES 124
04/20/21	(H)	Heard & Held
04/20/21	(H)	MINUTE(TRA)
04/27/21	(H)	TRA AT 1:00 PM BARNES 124
04/27/21	(H)	Moved HB 166 Out of Committee
04/27/21	(H)	MINUTE(TRA)

04/28/21 (H) TRA RPT 2DP 2DNP 3NR  
 04/28/21 (H) DP: MCKAY, MCCABE  
 04/28/21 (H) DNP: HANNAN, SPOHNHOLZ  
 04/28/21 (H) NR: CRONK, DRUMMOND, HOPKINS  
 03/02/22 (H) FIN AT 9:00 AM ADAMS 519  
 03/02/22 (H) Heard & Held  
 03/02/22 (H) MINUTE(FIN)  
 03/07/22 (H) FIN AT 9:00 AM ADAMS 519  
 03/07/22 (H) -- MEETING CANCELED --  
 03/07/22 (H) FIN AT 1:30 PM ADAMS 519  
 03/07/22 (H) Moved CSHB 166(FIN) Out of Committee  
 03/07/22 (H) MINUTE(FIN)  
 03/09/22 (H) FIN RPT CS(FIN) NEW TITLE 3DP 1DNP 3NR  
 03/09/22 (H) DP: LEBON, JOHNSON, EDGMON  
 03/09/22 (H) DNP: JOSEPHSON  
 03/09/22 (H) NR: ORTIZ, WOOL, MERRICK  
 04/26/22 (H) CALL FOR THE QUESTION UC  
 04/26/22 (H) CALL FOR THE QUESTION AM 1 UC  
 04/26/22 (H) MOTION TO TABLE FAILED Y3 N34 E3  
 04/27/22 (H) TRANSMITTED TO (S)  
 04/27/22 (H) VERSION: CSHB 166(FIN)  
 04/29/22 (S) READ THE FIRST TIME - REFERRALS  
 04/29/22 (S) TRA, FIN  
 05/03/22 (S) TRA AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 170

SHORT TITLE: MARINE HIGHWAY CORPORATION

SPONSOR(s): TRANSPORTATION

01/21/22 (S) READ THE FIRST TIME - REFERRALS  
 01/21/22 (S) TRA, L&C, FIN  
 02/17/22 (S) TRA AT 1:30 PM BELTZ 105 (TSBldg)  
 02/17/22 (S) Heard & Held  
 02/17/22 (S) MINUTE(TRA)  
 02/22/22 (S) TRA AT 1:30 PM BELTZ 105 (TSBldg)  
 02/22/22 (S) Heard & Held  
 02/22/22 (S) MINUTE(TRA)  
 03/17/22 (S) TRA AT 1:30 PM BELTZ 105 (TSBldg)  
 03/17/22 (S) Heard & Held  
 03/17/22 (S) MINUTE(TRA)  
 03/22/22 (S) TRA AT 1:30 PM BELTZ 105 (TSBldg)  
 03/22/22 (S) Heard & Held  
 03/22/22 (S) MINUTE(TRA)  
 03/24/22 (S) TRA AT 1:30 PM BELTZ 105 (TSBldg)  
 03/24/22 (S) Heard & Held  
 03/24/22 (S) MINUTE(TRA)  
 03/29/22 (S) TRA AT 1:30 PM BELTZ 105 (TSBldg)

03/29/22 (S) -- MEETING CANCELED --  
 03/31/22 (S) TRA AT 1:30 PM BELTZ 105 (TSBldg)  
 03/31/22 (S) -- MEETING CANCELED --  
 04/05/22 (S) TRA AT 1:30 PM BELTZ 105 (TSBldg)  
 04/05/22 (S) Heard & Held  
 04/05/22 (S) MINUTE(TRA)  
 04/12/22 (S) TRA AT 1:30 PM BELTZ 105 (TSBldg)  
 04/12/22 (S) -- MEETING CANCELED --  
 05/03/22 (S) TRA AT 1:30 PM BELTZ 105 (TSBldg)

**WITNESS REGISTER**

REPRESENTATIVE KEVIN MCCABE  
 Alaska State Legislature  
 Juneau, Alaska

**POSITION STATEMENT:** Sponsor of HB 166.

JULIE MORRIS, Staff  
 Representative Kevin McCabe  
 Juneau, Alaska

**POSITION STATEMENT:** Presented the sectional analysis for HB 166 on behalf of the sponsor.

ANDY MILLS, Legislative Liaison  
 Office of the Commissioner  
 Department of Transportation and Public Facilities (DOTPF)  
 Juneau, Alaska

**POSITION STATEMENT:** Answered questions on HB 166.

CAPTAIN JOHN FALVEY, General Manager  
 Marine Highway System  
 Department of Transportation and Public Facilities (DOTPF)  
 Ketchikan, Alaska

**POSITION STATEMENT:** Answered questions during the hearing on SB 170.

**ACTION NARRATIVE**

1:34:07 PM

**CHAIR ROBERT MYERS** called the Senate Transportation Standing Committee meeting to order at 1:34 p.m. Present at the call to order were Senators Kiehl, Micciche, and Chair Myers. Senator Shower arrived as the meeting was in progress.

**HB 166-ONE LICENSE PLATE PER VEHICLE**

[1:34:34 PM](#)

CHAIR MYERS announced the consideration of CS FOR HOUSE BILL NO. 166(FIN) "An Act relating to the issuance of vehicle registration plates; and providing for an effective date."

[1:34:58 PM](#)

REPRESENTATIVE KEVIN MCCABE, Alaska State Legislature, Juneau, Alaska, sponsor of HB 166, paraphrased the sponsor statement.

[Original punctuation provided.]

HB166 would direct the DMV to reduce issuance of the number of vehicle license plates from two to one rear plate.

HB166's main focus is the cost savings to the State of Alaska's budget. It would conserve resources of many departments and bring Alaska in line with other states moving to a single plate requirement. As of today, twenty other states no longer require vehicles to have a license plate mounted on the front. Nebraska and Iowa are the in the midst of doing the same for their residents.

The manufacturers of many new gas-powered vehicles do not provide a location to put a plate on the front bumpers. New, important safety technology such as proximity and traffic sensors are present on the front grills of modern cars which can be obstructed and damaged by attempts to install a front plate. Removing the front plate maintains a car's health by allowing the designed airflow to occur, thereby meeting the component cooling requirements. Eliminating front plates protects the aesthetic contours of the vehicle. With new electric vehicles, the most noticeable difference is the elimination of the grill. Their front ends are not only packed with sensor technology, they require far less ventilation which allows the manufacturer to increase the overall size of the interior of the vehicle in leg room for passengers or larger storage and trunk areas. Custom and classic cars simply did not come with a provision for a front plate.

[1:36:50 PM](#)

REPRESENTATIVE MCCABE continued to paraphrase the sponsor statement.

The single plate and registration tab will still be required on the rear of the vehicle thereby continuing to assist law enforcement officers in their public safety work. The rear plate and registration tab will remain visible to the human eye, bodycams, dashboard cams, security cameras and other personal video surveillance systems. Alaska is known for its strong police-community relationship and this bill will further protect residents, law enforcement and their mutual trust from any incident that might escalate from a no front plate violation.

[1:37:22 PM](#)

REPRESENTATIVE MCCABE stated that he counted the number of vehicles without a front plate when driving from Big Lake to Anchorage and found that about one in ten vehicles did not have a front license plate or mud obscured it. Typically, people can't read the license plate in their rearview mirror because the plate is below the horizon of the tailgate or the rear of the vehicle.

REPRESENTATIVE MCCABE related that it would be a "fix it" ticket and it does not generate any revenue for the Department of Public Safety (DPS). He reported that DPS reported the citations issued, including one in 2018, one in 2019, five in 2020, nine in 2021, and one in 2022. He suggested that the state could save production and distribution costs for mailing license plates.

REPRESENTATIVE MCCABE stated that this bill would not affect jobs because the Division of Motor Vehicles contracts with the license plate maker. He noted that Fairbanks and Wasilla police departments and the Alaska State Troopers have no position on the bill. He reported that Ohio implemented this and reported that there was no impact to Ohio's troopers.

[1:38:52 PM](#)

REPRESENTATIVE MCCABE continued to paraphrase the sponsor statement.

[Original punctuation provided.]

In Alaska's precarious budget situation, it is more important than ever to trim the budget where we can and ensure our state's fiscal health in years to come.

Let's make common sense changes such as outlined in HB166 that will provide for even the smaller budget cost-saving measures.

[1:39:57 PM](#)

JULIE MORRIS, Staff, Representative Kevin McCabe, Juneau, Alaska, presented the sectional analysis for HB 166 on behalf of the sponsor, which read:

Section 1: Amends AS 28.10.108(g) to make all references to "plates" and "registration" singular.

Section 2: Amends AS 28.10.108(h) to make all references to "plates" singular.

Section 3: Amends AS 28.10.155(a) to make all references to "plates" singular.

Section 4: Grammatically amends AS 28.10.161(a) to conform with the singular intent of the bill.

Section 5: Amends AS 28.10.161(b) adds conforming language for a singular plate.

Section 6: Adds a subsection to AS 28.10.161 that provides an individual or organization the option to return a plate should they be issued two plates.

Section 7: Grammatically amends AS 28.10.181(b) to conform with the singular intent of the bill.

Section 8: Amends AS 28.10.181(j) to make all references to "plates" singular.

Section 9: Amends AS 28.10.121(d)(9) to make all references to "plates" singular.

Section 10: Amends AS 28.10.441 to make all references to "plates" singular.

Section 11: Outlines an immediate effective date.

MS. MORRIS explained that Sections 1-10 grammatically conform to make all references to "plates" singular. Section 6 allows an individual or organization to return a license plate if two

plates were issued. Section 11 provides for an immediate effective date.

[1:41:10 PM](#)

SENATOR MICCICHE asked if a person could have two plates.

SENATOR MCCABE responded that HB 166 provides a provision for the individual to order a second license plate, similar to ordering a personalized plate for a small fee.

[1:42:04 PM](#)

CHAIR MYERS opened public testimony; he found none and closed public testimony on HB 166.

[1:42:55 PM](#)

CHAIR MYERS moved to adopt Amendment 1, work order 32-LS0403\B.4.

32-LS0403\B.4  
Radford  
5/2/22

#### AMENDMENT 1

OFFERED IN THE SENATE  
TO: CSHB 166(FIN)

BY CHAIR MYERS

Page 3, line 13:

Delete "rear plate"

Insert "(A) rear plate for noncommercial vehicles; or  
(B) front plate for commercial vehicles."

Page 3, line 17:

Delete "rear"

Insert "(A) rear of the vehicle for which it is issued for a noncommercial vehicle; or  
(B) front of the vehicle for which it is issued if the vehicle is a commercial vehicle."

Page 3, following line 18:

Insert a new bill section to read:

"\* **Sec. 7.** AS 28.10.171(a) is amended to read:

(a) When two registration plates are issued for a vehicle, they shall be attached to the vehicle for which issued, one in front and the other in the rear. When one registration plate is issued, it shall be attached to the

(1) rear of the vehicle for which issued for a noncommercial vehicle; or  
(2) front of the vehicle for which issued if the vehicle is a commercial vehicle."

Renumber the following bill sections accordingly.

[1:42:58 PM](#)

SENATOR MICCICHE objected for discussion purposes.

[1:43:02 PM](#)

CHAIR MYERS explained that he reviewed how HB 166 would affect commercial vehicles, noting that he had no issue with going to one plate. He said mud often obscures the back license plate on commercial vehicles. He stated that commercial enforcement officers use the front license plate to log the vehicle into their computer system. He indicated that DOT&PF prefers to have the license plate located on the front of the commercial vehicle and Amendment 1 would make that change.

[1:44:01 PM](#)

SENATOR MICCICHE removed his objection.

CHAIR MYERS asked if he would reinstate his objection.

[1:44:12 PM](#)

SENATOR MICCICHE objected for discussion purposes.

[1:44:24 PM](#)

CHAIR MYERS explained that the Department of Transportation and Public Facilities (DOTPF) suggested a conforming change to Amendment 1.

[1:44:41 PM](#)

CHAIR MYERS moved to adopt Conceptual Amendment 1 to Amendment 1.

[1:44:44 PM](#)

SENATOR MICCICHE objected for discussion purposes.

[1:44:49 PM](#)

CHAIR MYERS stated Conceptual Amendment 1 to Amendment 1:

On page 3, line 20, to the definition of commercial vehicle, it will read, "commercial motor vehicle" per AS 19.10.399.

CHAIR MYERS explained that the statutes contain two definitions for commercial vehicles. The definition in paragraph (2) relates to trucks and buses, and the other definition relates to using a motor vehicle for a commercial purpose.

[1:45:37 PM](#)

SENATOR MICCICHE asked whether the definition of commercial motor vehicle would exclude trailers.

CHAIR MYERS answered that it would depend on the trailer size because trailers weighing over 10,000 pounds were considered commercial motor vehicles.

[1:45:56 PM](#)

SENATOR MICCICHE asked how a front license plate would be affixed to a commercial trailer.

[1:46:11 PM](#)

ANDY MILLS, Legislative Liaison, Office of the Commissioner, Department of Transportation and Public Facilities (DOTPF), Juneau, Alaska, responded that the trailer plate would be affixed on the back of the trailer, but the commercial motor vehicle towing the trailer would have the license plate affixed to the front of the vehicle. This would avoid having the plate between the commercial motor vehicle and the trailer. These commercial motor vehicles use the scales and are not the smaller types of trucks that deliver flowers or other business goods.

CHAIR MYERS stated that trailers were covered elsewhere in statute. He noted that trailers currently are only required to have one plate.

[1:47:27 PM](#)

SENATOR MICCICHE removed his objection.

CHAIR MYERS found no further objection, and Conceptual Amendment 1 to Amendment 1 was adopted.

[1:47:38 PM](#)

CHAIR MYERS stated that Amendment 1, as amended, was before the committee.

[1:47:43 PM](#)

SENATOR MICCICHE removed his objection.

[1:48:04 PM](#)

CHAIR MYERS found no further objection, and Amendment 1, as amended, was adopted.

[1:48:00 PM](#)

SENATOR MICCICHE moved to report the committee substitute (CS) for HB 166(FIN), work order 32-LS0403\B, as amended, from committee with individual recommendations and attached fiscal note(s).

CHAIR MYERS found no objection, and SCS CSHB 166(TRA) was reported from the Senate Transportation Standing Committee.

[1:48:32 PM](#)

At ease

**SB 170-MARINE HIGHWAY CORPORATION**

[1:52:01 PM](#)

CHAIR MYERS reconvened the meeting and announced the consideration of SENATE BILL NO. 170 "An Act relating to the Alaska marine highway system; establishing the Alaska Marine Highway Corporation; and providing for an effective date."

[SB 170 was previously heard on 2/17/22, 2/22/22, 3/17/22, 3/22/22, 3/24/22, and 4/5/22.]

[1:52:22 PM](#)

SENATOR KIEHL moved to adopt Amendment 1, work order 32-LS0528\W.5.

32-LS0528\W.5  
Bannister

3/29/22

**AMENDMENT 1**

OFFERED IN THE SENATE  
TO: SB 170

BY SENATOR KIEHL

Page 5, lines 11 - 13:

Delete "[BOATS AND VESSELS OF THE MARINE HIGHWAY SYSTEM;

(iv)]"

Insert "boats and vessels of the Alaska marine highway system;

(iv)"

Page 5, lines 15 - 16:

Delete "and boats and vessels of the Alaska marine highway system"

[1:52:29 PM](#)

CHAIR MYERS objected for discussion purposes.

[1:52:33 PM](#)

SENATOR KIEHL explained that Amendment 1 would retain the major projects of the boats and vessels of the Alaska Marine Highway System (AMHS) in the Percent for Art Program. He stated that public art is good for the general public, Alaskans, and visitors to Alaska. It is beneficial to Alaska's economy because Alaskan artists bid on these projects, making the public spaces better places to be. These projects offer opportunities for communities to educate visitors about Alaska and Alaska's cultural history. Amendment 1 would retain AMHS in the existing program.

[1:53:28 PM](#)

SENATOR MICCICHE remarked that a percentage of revenue has been directed towards the arts since the ancient Greeks and Romans.

SENATOR KIEHL related his understanding that the Roman Republic did not fund public art but relied on ultra-wealthy patrons. He recalled that when Rome entered its imperial period, it provided public funding for the arts.

[1:54:43 PM](#)

CHAIR MYERS stated that he was unsure whether the Alaska Railroad Corporation was covered by the Percent for Art Program.

SENATOR KIEHL answered that he was unsure.

CHAIR MYERS expressed his interest in knowing whether ARRC was subject to the Percent for Art Program since it is a state corporation.

SENATOR KIEHL offered to bring up Amendment 1 later on in the meeting.

[1:55:39 PM](#)

SENATOR MICCICHE wondered whether this would add to the fiscal note and if the one percent for art was included in the overall construction cost.

SENATOR KIEHL related his understanding that the one percent for art would reflect one percent of the total project cost.

CHAIR MYERS recalled that the Tustumena Replacement Vessel (TRV) estimate was approximately \$250 million, so one percent would be a significant amount.

CHAIR MYERS rolled Amendment 1 to the bottom of the amendments.

[1:56:59 PM](#)

SENATOR KIEHL moved to adopt Amendment 2, work order 32-LS0528\W.6.

32-LS0528\W.6  
Bannister  
3/29/22

## **AMENDMENT 2**

OFFERED IN THE SENATE  
TO: SB 170

BY SENATOR KIEHL

Page 9, line 16, following "state.":

Insert "The continued operation of the Alaska marine highway system by the corporation as provided in this chapter is an essential government function of the state."

[1:57:03 PM](#)

CHAIR MYERS objected for discussion purposes.

[1:57:09 PM](#)

SENATOR KIEHL stated that Amendment 2 would consider the continued operation of the ferries as an essential government function of the state, which matches the language in AS 42.40.010 for the Alaska Railroad Corporation (ARRC).

[1:57:36 PM](#)

CHAIR MYERS removed his objection; he found no further objection, and Amendment 2 was adopted

[1:57:45 PM](#)

SENATOR KIEHL moved to adopt Amendment 3, work order 32-LS0528\W.7.

32-LS0528\W.7  
Bannister  
3/29/22

**AMENDMENT 3**

OFFERED IN THE SENATE  
TO: SB 170

BY SENATOR KIEHL

Page 9, line 24:

Delete "designate the deputy commissioner"  
Insert "not designate another person"

[1:57:47 PM](#)

CHAIR MYERS objected for discussion purposes.

[1:57:51 PM](#)

SENATOR KIEHL explained that the bill contained disparate treatment for the two commissioners. He stated that the Department of Commerce, Community and Economic Development (DCCED) commissioner could designate someone to serve on the board, but the Department of Transportation and Public Facilities (DOTPF) commissioner could not. Amendment 3 would treat the two commissioners the same by not allowing the DOTPF commissioner to select a designee. He emphasized the importance of having DOTPF management engaged with the corporation. The bill places the corporation under the Department of Commerce, Community and Economic Development (DCCED). The commissioners must coordinate the Surface Transportation Improvement Program (STIP) and intermodal transportation structure. He offered his view that involving DOTPF at the highest level would be valuable.

[1:58:53 PM](#)

CHAIR MYERS said he was conflicted on Amendment 3. He offered his view that one reason to create the corporation was to allow the corporation to manage AMHS instead of the marine highway falling under DOTPF. He agreed that it was important for AMHS to mesh with the STIP, which could be a balancing act. He wondered whether allowing DOTPF to appoint a designee would help provide some distance.

SENATOR KIEHL acknowledged that these were fine-grained distinctions because the commissioner-designee could be a political appointee such as a deputy commissioner or division director. He stated that Amendment 3 was not meant to increase the distance but to better integrate AMHS with the department by indicating the top DOTPF official would serve on the board.

[2:00:19 PM](#)

CHAIR MYERS removed his objection; he found no further objection, and Amendment 3 was adopted.

[2:00:33 PM](#)

SENATOR KIEHL moved to adopt Amendment 4, work order 32-LS0528\W.8.

32-LS0528\W.8  
Bannister  
3/29/22

#### **AMENDMENT 4**

OFFERED IN THE SENATE BY SENATOR KIEHL  
TO: SB 170

Page 10, following line 8:

Insert a new subsection to read:

"(f) One of the members appointed under (b)(3) of this section shall be a representative of a union that represents employees of the corporation."

Reletter the following subsections accordingly.

[2:00:35 PM](#)

CHAIR MYERS objected for discussion purposes.

[2:00:38 PM](#)

SENATOR KIEHL explained that Amendment 4 would specify that one union representative serve on the board. This would match the Alaska Marine Highway Operations Board that passed the legislature last year.

CHAIR MYERS stated that he was comfortable having a current union employee serving on the board. He explained that it is often helpful to receive feedback on actual operations. He expressed concern that a union representative, who is not an

AMHS employee, serving on the board could be problematic because their interests may differ. He expressed concern that it might create adversarial relationships during contract negotiations or other conflicts of interest.

[2:02:24 PM](#)

SENATOR KIEHL pointed out that this language does not state it cannot be a current employee. He offered his view that it could create a problematic dynamic if the employee were overseeing the head of the ferry system. However, he did not believe this language was so prescriptive that it would require the union representative to be an employee of the corporation.

SENATOR KIEHL offered his view that it would be beneficial to have someone who understands ship sailings and terminal operations. He suggested that a union official serving on the board would be accountable to the employees. Amendment 4 would keep both options open.

[2:03:39 PM](#)

SENATOR MICCICHE said Amendment 4 reads that one member appointed under (b)(3) of this section shall be a representative of a union that represents employees of the corporation. He stated that subparagraph (g) allows not more than one, but subparagraph (h) does not allow a current state employee to serve. He suggested that if the committee were to pass subparagraph (f), subparagraph (h) would still not allow a current state employee to serve on the board; however, it could be a past union representative.

[2:04:17 PM](#)

SENATOR KIEHL agreed with Senator Micciche that a former employee could serve. He highlighted that the fundamental point of Amendment 4 is to require at least one union representative.

[2:04:57 PM](#)

SENATOR MICCICHE asked if a union representative could be someone who is not a current state employee.

[2:05:30 PM](#)

CAPTAIN JOHN FALVEY, General Manager, Marine Highway System, Department of Transportation and Public Facilities (DOTPF), Ketchikan, Alaska, related his understanding that the question was whether a union official could be someone not currently working as an AMHS employee.

SENATOR MICCICHE referred to the language in Amendment 4. He asked whether a representative of the union representing employees of the corporation could be someone who is not a current state employee.

CAPTAIN FALVEY answered yes. He clarified that all three unions have management representatives who are not union members sailing on AMHS vessels.

[2:06:30 PM](#)

SENATOR MICCICHE said he stands corrected. He offered his belief that it would be helpful to have past employees serving on the board, which is allowed under the current language. He stated that Amendment 4 would allow someone designated in paragraphs (1)-(6) to serve on the board but those individuals may not have the experience the committee seeks to provide. He reiterated that it would allow any union representative to serve.

[2:07:19 PM](#)

CHAIR MYERS maintained his objection.

A roll call vote was taken. Senator Kiehl voted in favor of Amendment 4, and Senators Micciche and Myers voted against it. Therefore, Amendment 4 failed by a 1:2 vote.

[2:08:01 PM](#)

SENATOR KIEHL moved to adopt Amendment 5, work order 32-LS0528\W.9.

32-LS0528\W.9  
Bannister  
3/29/22

#### **AMENDMENT 5**

OFFERED IN THE SENATE  
TO: SB 170

BY SENATOR KIEHL

Page 10, line 18:  
Delete "or former"

[2:08:07 PM](#)

CHAIR MYERS objected for discussion purposes.

[2:08:12 PM](#)

SENATOR KIEHL explained that Amendment 5 would delete "or former" from subparagraph (g). He stated that the goal was to broaden the pool. It maintains the restriction that not more than one member appointed by the governor may be a current union member whose employees work for the corporation. Removing the restriction for former members would open up the possibility of someone who sailed several seasons on AMHS vessels and later acquired skills in the private sector to serve on the board. He stated that since they once served as a union member, they would be barred from serving on the board.

[2:09:17 PM](#)

CHAIR MYERS stated that he made a fair point. He offered his view that someone who used AMHS to get into marine operations could be a valuable addition to the board.

[2:09:45 PM](#)

SENATOR MICCICHE stated he would like to have employees involved since most of them are union members. He offered his view that these former members could provide a valuable perspective to the board.

[2:10:07 PM](#)

CHAIR MYERS removed his objection; he found no further objection, and Amendment 5 was adopted.

[2:10:22 PM](#)

SENATOR KIEHL moved to adopt Amendment 6, work order 32-LS0528\W.10.

32-LS0528\W.10  
Bannister  
3/28/22

#### AMENDMENT 6

OFFERED IN THE SENATE  
TO: SB 170

BY SENATOR KIEHL

Page 12, lines 9 - 10:

Delete "board may appoint"

Insert "chief executive officer may hire"

Page 12, line 11:

Delete "an executive officer"

Insert "a chief executive officer and a chief financial officer"

[2:10:26 PM](#)

CHAIR MYERS objected for discussion purposes.

[2:10:30 PM](#)

SENATOR KIEHL explained Amendment 6 would allow the board to appoint the Chief Executive Officer (CEO) and Chief Financial Officer (CFO). Rather than the board, these officers would hire and establish the pay for other executive officers. This would allow the board the time and authority to focus on strategic management and leadership but not be involved in the corporation's day-to-day operations.

[2:11:18 PM](#)

CHAIR MYERS stated he was sympathetic to the concept of a unified executive structure.

CHAIR MYERS removed his objection; he found no further objection, and Amendment 6 was adopted.

[2:11:40 PM](#)

SENATOR KIEHL moved to adopt Amendment 7, work order 32-LS0528\W. 11.

32-LS0528\W.11  
Bannister  
3/29/22

#### AMENDMENT 7

OFFERED IN THE SENATE

BY SENATOR KIEHL

TO: SB 170

Page 12, line 30:

Delete "\$500,000"

Insert "\$5,000,000"

[2:11:43 PM](#)

CHAIR MYERS objected for discussion purposes.

[2:11:47 PM](#)

SENATOR KIEHL explained that Amendment 7 would slightly loosen direct board involvement regarding capital projects. The bill requires board approval for capital projects over \$500,000.

Amendment 7 would raise the limit to \$5 million. For example, the management team could decide to replace the roof on a terminal or approve significant annual service on a vessel, but it could not purchase or build a new project. It would also require board approval for periodic vessel overhauls.

[2:12:53 PM](#)

CHAIR MYERS stated that the bill was initially drafted to include \$50,000. He highlighted that the ferry system has encountered been contentious. He wanted to ensure that the board had sufficient oversight. He expressed his willingness to raise that figure to \$500,000.

[2:13:46 PM](#)

SENATOR MICCICHE suggested that the figure should be enough to counter the direction of the board. For instance, if the board decided a specific port did not require replacing the reef at the terminal because the ferry system was going to switch from regularly operating to quarterly vessel service and invest elsewhere. He asked whether adopting Amendment 7 by reducing the cap to \$5 million would allow management enough flexibility to make decisions. He offered his view that \$5 million was probably too high, but the cap should be above \$500,000. He acknowledged that it was not for vessel replacement. He expressed concern that it might cause the leadership team, the employees, to work against the board. He stated that the goal was to focus on a board-led executive team operating the system.

[2:15:29 PM](#)

SENATOR MICCICHE moved to adopt a Conceptual Amendment 1 to Amendment 7 to reduce the \$5,000,000 figure to \$2,000,000.

[2:15:36 PM](#)

CHAIR MYERS objected for discussion purposes.

[2:15:41 PM](#)

SENATOR KIEHL stated the \$5,000,000 was not a perfect figure. He stated that he did not have any objection to Conceptual Amendment 1 to Amendment 7, which would reduce the amount to \$2,000,000.

[2:16:10 PM](#)

CHAIR MYERS removed his objection; he found no further objection, and Conceptual Amendment 1 to Amendment 7 was adopted.

CHAIR MYERS stated that Conceptual Amendment 1 to Amendment 7, as amended, was before the committee.

[2:16:30 PM](#)

CHAIR MYERS removed his objection to Amendment 7; he found no further objection, and Amendment 7, as amended, was adopted.

[2:16:47 PM](#)

SENATOR KIEHL moved to adopt Amendment 8, work order 32-LS0528\W.12.

32-LS0528\W.12  
Bannister  
3/29/22

### **AMENDMENT 8**

OFFERED IN THE SENATE  
TO: SB 170

BY SENATOR KIEHL

Page 13, lines 23 - 24:

Delete "and to the corporation's acquisition or disposal of assets"

[2:16:49 PM](#)

CHAIR MYERS objected for discussion purposes.

[2:16:54 PM](#)

SENATOR KIEHL explained that Amendment 8 would remove the rationale for the board to meet in executive session to discuss the corporation's acquisition or disposal of assets. The board would be subject to the usual rules for executive sessions per the Administrative Procedures Act, which would cover any fiscal implications. He said the board could meet in executive session to open bids or negotiate contracts. He suggested that the board might hold conversations about whether to purchase or dispose of a vessel, terminal, or major facility out of the public view. He emphasized the importance of the board holding any strategic discussions in public.

[2:18:18 PM](#)

SENATOR MICCICHE wondered whether the board might wish to hold sensitive competitive discussions about acquisitions of disposable assets in executive session and come back on the

record to vote on the matter. He expressed concern that it could compromise someone's competitive position by making it public.

2:19:41 PM

SENATOR KIEHL said he did not have the Administrative Procedures Act before him but recalled that the board could go into executive sessions to discuss matters that might have a detrimental or negative impact on the finances of a government agency.

2:20:39 PM

SENATOR MICCICHE related a scenario where the Alaska Marine Highway Corporation purchased a dock from a large company; however, the corporation also had another offer from a private entity. He suggested holding conversations in executive session could protect the other competitor's financial information.

2:21:25 PM

At ease

2:22:39 PM

CHAIR MYERS reconvened the meeting.

CHAIR MYERS stated his interest in incentives for the board or chief executive officer if it was necessary to dispose or acquire assets. He expressed concern that holding public discussions about acquiring or disposing of assets might lead to leasing rather than purchasing. He related his understanding that a contract or lease could be discussed under executive session. He offered his belief that the board could end a lease in executive session since it would not be disposing of an asset.

SENATOR KIEHL responded that the short answer was no. He stated that the Open Meetings Act would require the board to hold general discussions in public, but the board could discuss any details in an executive session. He recalled an exception that allows matters the board to discuss matters in executive session if they could adversely affect the finances of the public entity. Thus, opening bids or considering competing offers would need to be held in an executive session. He offered his belief that no one would do business with the state if the state required firms to disclose trade secrets.

2:25:31 PM

CHAIR MYERS related his understanding that if the corporation wanted to expand service to a new community, it would need to

lease a facility. AMHC could go into executive session to select a lessee. He expressed concern that it might prejudice the discussion.

SENATOR KIEHL responded that AMHC would need to advertise to obtain offers for a lease or purchase. AMHC would hold a general public discussion about the lease or purchase, but it could discuss the details in an executive session.

[2:27:05 PM](#)

SENATOR MICCICHE asked why this provision was in the bill.

[2:27:32 PM](#)

CHAIR MYERS asked for the current process for acquiring or disposing of assets.

[2:28:00 PM](#)

CAPTAIN FALVEY answered that AMHS adheres to the procurement rules and regulations, such as when AMHS sold its fast ferries.

CHAIR MYERS asked whether the discussions were held in an executive session.

CAPTAIN FALVEY answered that AMHS went through a sealed bid process done privately.

[2:29:07 PM](#)

SENATOR KIEHL stated that currently, AMHS is an executive branch agency, but the Open Meetings Act would govern the corporation.

[2:29:25 PM](#)

CHAIR MYERS maintained his objection.

[2:29:27 PM](#)

A roll call vote was taken. Senator Kiehl voted in favor of Amendment 8, and Senators Micciche and Myers voted against it. Therefore, Amendment 8 failed by a 1:2 vote.

[2:29:58 PM](#)

SENATOR KIEHL moved to adopt Amendment 9, work order 32-LS0528\W 13.

32-LS0528\W.13  
Bannister  
3/29/22

**AMENDMENT 9**

OFFERED IN THE SENATE

BY SENATOR KIEHL

Page 17, lines 19 - 21:

Delete ", except that each sailing must show anticipated incremental revenues that meet or exceed all projected direct incremental costs of providing the service"

[2:30:02 PM](#)

CHAIR MYERS objected for discussion purposes.

[2:30:06 PM](#)

SENATOR KIEHL explained that Amendment 9 relates to the general powers of the corporation. It would delete the requirement that each sailing show anticipated incremental revenues that meet or exceed all incremental service costs. He expressed concern that with that requirement in place, the system would not have any flexibility but would need to balance the revenues for each sailing. He characterized it as a little overly prescriptive for the general goal to have the system recover its costs.

[2:31:28 PM](#)

CHAIR MYERS related that one goal was to have the Marine Highway System function more like a business. He acknowledged that in the early stages the system would probably not break even on each run and it might prevent the system from expanding or changing service.

[2:32:23 PM](#)

CHAIR MYERS removed his objection; he found no further objection, and Amendment 9 was adopted.

[2:32:40 PM](#)

SENATOR KIEHL moved to adopt Amendment 10, work order 32-LS0528\W.14.

32-LS0528\W.14  
Bannister  
3/29/22

**AMENDMENT 10**

OFFERED IN THE SENATE

BY SENATOR KIEHL

TO: SB 170

Page 18, line 27:  
Delete all material.

Renumber the following paragraph accordingly.

2:32:45 PM

CHAIR MYERS objected for discussion purposes.

2:32:48 PM

SENATOR KIEHL explained that Amendment 10 was a cleanup amendment. It would delete the language regarding subcontracting delivery of services. He referred to page 17, line 24, noting the corporation has broad discretion to enter into contracts, leases, and other agreements with carriers related to the activities and operations of the service. Thus, AMHC already has the authority to contract for services.

2:33:40 PM

CHAIR MYERS recalled holding discussions about subcontracting out a route. Although he did not think it would be a significant problem, he was inclined to leave the language in place because it would allow the corporation to temporarily hire a subcontractor, such as Allen Marine, to provide ferry services if a vessel breaks down.

2:35:09 PM

SENATOR MICCICHE offered his view that it was not duplicative, and it was important for that language to remain.

2:35:57 PM

SENATOR KIEHL withdrew Amendment 10.

2:36:42 PM

SENATOR KIEHL moved to adopt Amendment 11, work order 32-LS0528\W.15.

32-LS0528\W.15  
Bannister  
3/29/22

**AMENDMENT 11**

OFFERED IN THE SENATE  
TO: SB 170

BY SENATOR KIEHL

Page 18, line 31, through page 19, line 3:

Delete "(a) The board shall have the financial records of the corporation audited annually by an independent certified public accountant experienced in marine transportation system accounting.

(b) "

Page 19, line 29:

Delete "AS 42.50.260(a) "

Insert "AS 42.50.260"

Following "generated":

Delete ", "

Page 44, lines 14 - 18:

Delete "Notwithstanding AS 42.50.260(a), added by sec. 17 of this Act, the board of directors of the Alaska Marine Highway Corporation established by AS 42.50.010, added by sec. 17 of this Act, shall have the first audit required under AS 42.50.260(a), added by sec. 17 of this Act, performed after the second fiscal year of the corporation"

Insert "The first audit under AS 42.50.260, added by sec. 17 of this Act, shall be performed after the second fiscal year following establishment of the Alaska Marine Highway Corporation by AS 42.50.010, added by sec. 17 of this Act"

[2:36:47 PM](#)

CHAIR MYERS objected for discussion purposes.

[2:37:09 PM](#)

SENATOR KIEHL moved to adopt Conceptual Amendment 1 to Amendment 11.

[2:37:14 PM](#)

CHAIR MYERS objected for discussion purposes.

[2:37:36 PM](#)

SENATOR KIEHL explained that Conceptual Amendment 1 to Amendment 11 would require one audit, conducted by an outside auditor, using the normal Legislative Budget and Audit Committee review process without requiring that they consult with the governor.

[2:38:12 PM](#)

CHAIR MYERS stated that the corporation should make all financial records available for examination by the Division of Legislative Audit.

CHAIR MYERS removed his objection; he found no further objection, and Conceptual Amendment 1 to Amendment 11 was adopted.

CHAIR MYERS stated that Amendment 11, as amended was before the committee.

[2:39:04 PM](#)

CHAIR MYERS removed his objection; he found no further objection, and Amendment 11, as amended, was adopted.

[2:39:32 PM](#)

At ease

[2:40:09 PM](#)

CHAIR MYERS reconvened the meeting.

[2:40:20 PM](#)

SENATOR KIEHL moved to adopt Amendment 12, work order 32-LS0528\W.16.

32-LS0528\W.16  
Bannister  
3/30/22

### **AMENDMENT 12**

OFFERED IN THE SENATE BY SENATOR KIEHL  
TO: SB 170

Page 22, following line 28:

Insert a new subsection to read:

"(c) The corporation may not sell a dock or terminal unless the legislature approves the action by law."

Reletter the following subsections accordingly.

[2:40:24 PM](#)

CHAIR MYERS objected for discussion purposes.

[2:40:29 PM](#)

SENATOR KIEHL explained that Amendment 12 would require legislative approval to sell land with a dock or terminal. He characterized this as comparable to ARRC statutes. It ensures that the legislature could approve or stop the system from altogether ending service to a community or divesting itself from the necessary infrastructure since it is essential to the total transportation system. He offered his view that Amendment 12 would remove the concern that someone might sell off the state's assets through a partially-owned subsidiary.

[2:42:00 PM](#)

CHAIR MYERS stated his concern was that it seems to provide an incentive to lease rather than buy. He suggested that expanding service into an area gives the incentive to back out if it were leased but not if the corporation bought and built a terminal. He offered his view that, typically, buying would be the better option financially. He expressed concern that the corporation might stick with the lease even if it costs a bit more.

[2:43:02 PM](#)

SENATOR MICCICHE stated that the legislature should have faith in the board. He offered his view that the very reason to sell a dock or terminal is that the board decides that it cannot afford more than two voyages a year, but a coastal ferry service offers to provide weekly service. He offered his view that it could give a community a much higher service level. He offered his belief that the committee needs to have faith in the board and the public corporation. He maintained his view that an effective board will provide a higher level of service to specific communities that are marginal today. He indicated that he could not support Amendment 12.

[2:44:32 PM](#)

SENATOR KIEHL offered his view that he and Senator Micciche believe that a functional board will deliver a higher level of service to communities. He stated that the state currently has a mix of state-owned and state-leased terminals. It uses existing docks in some remote areas have agreements to use existing docks. He offered his view that Amendment 12 would not throw off the mix. Where the state had previously spent STIP and state matching funds on facilities. Before those facilities are sold it is reasonable to have a check. He offered his view that Amendment 12 would provide a reasonable check.

[2:45:54 PM](#)

CHAIR MYERS maintained his objection.

[2:46:03 PM](#)

A roll call vote was taken. Senator Kiehl voted in favor of Amendment 12, and Senators Micciche and Myers voted against it. Therefore, Amendment 12 failed by a 1:2 vote.

[2:46:27 PM](#)

SENATOR KIEHL moved to adopt Amendment 13, work order 32-LS0528\W.17.

32-LS0528\W.17  
Bannister  
3/29/22

**AMENDMENT 13**

OFFERED IN THE SENATE  
TO: SB 170

BY SENATOR KIEHL

Page 23, line 16:  
Delete "or"

Page 23, line 17, following "AS 44.68.110 - 44.68.140":  
Insert "; or  
(4) privately owned"

[2:46:31 PM](#)

CHAIR MYERS objected for discussion purposes.

[2:46:34 PM](#)

SENATOR KIEHL explained that Amendment 13 would allow the corporation to purchase privately-owned land, but it does not create a right of eminent domain.

CHAIR MYERS agreed it was a slight oversight. He had not considered that the corporation might wish to purchase privately-owned land. He offered his view that Amendment 13 would correct this.

[2:47:43 PM](#)

SENATOR MICCICHE referred to page 23, line 16. He asked if he was removing the first "or."

SENATOR KIEHL agreed. He stated that the "or" would go after paragraph (3).

[2:48:35 PM](#)

CHAIR MYERS related his understanding that this was a technical change to correct the grammar.

SENATOR MICCICHE said there were two instances of "or" that was a little confusing.

[2:48:33 PM](#)

CHAIR MYERS removed his objection; he found no further objection, and Amendment 13 was adopted.

[2:48:57 PM](#)

SENATOR KIEHL moved to adopt Amendment 14, work order 32-LS0528\W.18.

32-LS0528\W.18  
Bannister  
3/29/22

**AMENDMENT 14**

OFFERED IN THE SENATE  
TO: SB 170

BY SENATOR KIEHL

Page 23, line 20, following "Act).":

Insert "The corporation may not exchange land owned by the corporation that has a dock or terminal unless the legislature approves the exchange by law."

[2:49:01 PM](#)

CHAIR MYERS objected for discussion purposes.

[2:49:06 PM](#)

SENATOR KIEHL explained that Amendment 14 would require legislative approval to dispose of a dock or terminal in a land exchange.

[2:49:26 PM](#)

CHAIR MYERS stated that Senator Micciche's point on the previous amendment relates to Amendment 14 also. He said he understood the trepidation of not wanting to make it too easy for the board to end or significantly reduce a service. He highlighted the importance of getting some tough decision-making out of the legislature. He stated that the committee must trust the board. However, it concerns him a bit.

SENATOR KIEHL stated that the legislature must trust but verify.

[2:50:29 PM](#)

CHAIR MYERS maintained his objection.

A roll call vote was taken. Senator Kiehl voted in favor of Amendment 14, and Senators Micciche and Myers voted against it. Therefore, Amendment 14 failed by a 1:2 vote.

[2:51:08 PM](#)

SENATOR KIEHL moved to adopt Amendment 15, work order 32-LS0528\W.19.

32-LS0528\W.19  
Ambrose/Bannister  
3/29/22

**AMENDMENT 15**

OFFERED IN THE SENATE  
TO: SB 170

BY SENATOR KIEHL

Page 23, line 30:  
Delete "may"  
Insert "shall"

[2:51:12 PM](#)

CHAIR MYERS objected for discussion purposes.

[2:51:15 PM](#)

SENATOR KIEHL explained that Amendment 15 would clear up an ambiguity in the fidelity bond. The current language states that the corporation may obtain a fidelity bond to cover board members and executive officers. The bond must be in effect during the entire tenure in office of the bonded person. Amendment 15 would change the language from "may" to "shall." He stated that it is internally consistent and a good, safe business practice that protects the corporation.

[2:52:19 PM](#)

CHAIR MYERS recalled that this provision was also required for the Alaska Railroad Corporation.

SENATOR KIEHL agreed.

[2:52:44 PM](#)

CHAIR MYERS removed his objection; he found no further objection, and Amendment 15 was adopted.

[2:53:31 PM](#)

SENATOR MICCICHE remarked that Senator Kiehl had raised good points. He noted some difficulties the Alaska Railroad Corporation had experienced. He offered that starting AHMC with the proper framework was essential and that the legislature could make subsequent changes to improve its effectiveness if needed.

[2:55:14 PM](#)

CHAIR MYERS held SB 170 in committee.

[2:55:26 PM](#)

There being no further business to come before the committee, Chair Myers adjourned the Senate Transportation Standing Committee meeting at 2:55 p.m.