

COMMITTEE REPORT
SENATE

FURTHER:

3/25/83

Date: 5/19/83

Mr. President:

The Committee on FINANCE has had HCR 2

Travel by senior citizens aboard vessels of the state marine highway system

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for HCR 2 (SA) same title
 new title
- and recommends _____
- AND attaches ^{*the Transportation Committee*} A "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Joe B...

V...

Bob Mulcahy No Rec

Joe...

...

...

[Signature]

CHAIRMAN

60

LETTER OF INTENT TO ACCOMPANY
HCR 2
HOUSE TRANSPORTATION COMMITTEE

It is the intent of the House Transportation Committee that the Department of Transportation and Public Facilities establish a procedure to define "space available basis".

The Committee intends the definition of "space available basis" in the context of this resolution to require passengers so traveling, be on stand-by until all paying passengers have been accommodated. Passengers would not be allowed to receive confirmed reservations unless they are paying passengers and would not be allowed reimbursement in the event that they purchased tickets and were later able to travel "space available".

Offered: 3/25/83
Referred: Finance

Original sponsors: Grussendorf and Fritz

1 IN THE HOUSE BY THE STATE AFFAIRS COMMITTEE
2 SENATE CS FOR HOUSE CONCURRENT RESOLUTION NO. 2 (State Affairs)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 THIRTEENTH LEGISLATURE - FIRST SESSION
5 Relating to travel by senior citizens
6 and handicapped persons aboard vessels
7 of the state marine highway system.
8 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:
9 WHEREAS, since 1974, in response to House Concurrent Resolution
10 No. 52, the state marine highway system has provided for travel on ferries
11 by persons 65 years of age and older on a space-available basis within
12 Alaska without charge during the months of November to April, inclusive;
13 and
14 WHEREAS, during 1980, in response to Legislative Resolve No. 2, 1980,
15 the period of free passage for senior citizens aboard state marine highway
16 vessels was extended to October 1 to May 15 inclusive; and
17 WHEREAS, since 1981, in response to Legislative Resolve No. 39, 1981,
18 the state marine highway system has provided for travel of handicapped
19 persons on ferries on a space-available basis within Alaska without charge
20 from October 1 to May 15 inclusive; and
21 WHEREAS this service has been used by increasing numbers of handicap-
22 ped persons and senior citizens permitting travel on the marine highway
23 system at no cost while increasing the number of foot passengers on vessels
24 of the system; and
25 WHEREAS the policy of free passage for handicapped persons and senior
26 citizens allows only passage without cost during the "off-season", is not
27 extended to other services for handicapped persons and senior citizens
28 traveling aboard vessels, and in fact requires handicapped persons and
29 senior citizens to pay full costs of lodging; and

1 WHEREAS many handicapped persons and senior citizens find it difficult
2 to use vessels of the marine highway system because of the unavailability
3 and high cost of lodging;

4 BE IT RESOLVED that the Alaska State Legislature respectfully requests
5 the Governor to direct the commissioner of transportation and public facil-
6 ities to direct the division of marine highways to extend free passage on
7 the Aurora, Le Conte, Chilkat, Tustumena, and Bartlett, to handicapped
8 persons and senior citizens during every month of the year to permit them
9 to travel between Alaska ports on a space-available basis; and be it

10 FURTHER RESOLVED that the Governor direct the division of marine high-
11 ways to investigate the possibility of making staterooms aboard state
12 ferries available at a reduced rate to handicapped persons and senior
13 citizens when traveling between Alaska ports.

REPRESENTATIVE
BEN GRUSSENDORF
P.O. Box 928
SITKA, ALASKA 99835
(907) 747-8458

CHAIRMAN
COMMUNITY AND REGIONAL AFFAIRS COMMITTEE
MEMBER RESOURCES COMMITTEE

DISTRICT 3
ELFIN COVE
PELICAN
PORT ALEXANDER
SITKA
YAKUTAT

Alaska State Legislature



House of Representatives

February 24, 1983

WHILE IN JUNEAU
POUCH V
JUNEAU, ALASKA
99811
(907) 465-3824
(907) 465-3870

MEMORANDUM

TO: Rep. Albert Adams
FROM: Rep. Ben Grussendorf
RE: HCR 2

The effect of this resolution would be to extend the time period that senior citizens could travel free on the Alaska Marine Highway system. Senior citizens are already allowed free travel in Alaska on the ferry system from October 1 through May 14. This resolution would extend free travel to seniors from May 15 to September 30, thus providing free travel to senior citizens for the entire year. Only the smaller "feeder class" ferries, not the mainline ferries, would be included in the time period from May 15 to September 30 (except for the M/V Tustumena, a somewhat larger vessel). This was done to eliminate the majority of the out of state seniors who travel extensively on the mainline ferries in the summer months. This resolution only applies to seniors who are walk on (foot) passengers, and they would be allowed free passage only if there were room for them after all paying passengers were on board and the capacity of the vessel had not been reached.

This presents little or no problem with the ferries that service Southeast communities (the M/V Aurora, Le Conte and the Chilcat). These ferries are seldom full and do not even accept reservations for walk on passengers except during the state fair in Haines and in the event of a special land sale or basketball tournament is going on in one of the communities.

The situation is a little different on the Southwestern Alaska ferries. The M/V Bartlett, servicing Valdez, Cordova and Whittier, does accept reservations for walk on passengers in the summer. This is to accommodate the heavy tourist travel in the summer months to the Columbia Glacier. The Div. of Marine Highways said that this ferry is booked solid for

Page two
Rep. Adams
February 24, 1983

the summer walk on traffic months in advance. This would leave little chance for free passage for any senior citizen.

There is a question as to how many seniors from outside of Alaska would be taking advantage of the reduced fare. Most seniors who travel to Southeast Alaska in the summer are with tour groups. They travel on the mainline ferries because they can be booked by travel agents for staterooms. Most of these groups are on a very tight schedule and would probably not have the time to stray far from their planned itinerary to try and get on a different ferry where they could ride free of charge.

The communities frequented by senior citizen tour groups in Southeast in the summer are Ketchikan, Sitka, Juneau, Haines and Skagway. These ports are all serviced by mainline ferries in addition to the smaller ferries included in the resolution.

The Department of Transportation and Public Facilities has claimed there will be a loss of revenue because of less ticket sales to senior citizens, but the Commissioner has submitted a zero fiscal note because an accurate amount could not be decided on.

Introduced: 1/17/83
Referred: Transportation and Finance

1 IN THE HOUSE BY GRUSSENDORF AND FRITZ
2 HOUSE CONCURRENT RESOLUTION NO. 2
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 THIRTEENTH LEGISLATURE - FIRST SESSION
5 Relating to travel by senior citizens
6 aboard vessels of the state marine
7 highway system.
8 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:
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16 vessels was extended to October 1 to May 15 inclusive; and
17 WHEREAS this service has been used by increasing numbers of older
18 Alaskans, permitting travel on the marine highway system at no cost while
19 increasing the number of foot passengers on vessels of the system; and
20 WHEREAS the policy of free passage for older persons allows only
21 passage without cost during the "off-season", is not extended to other
22 services for senior citizens traveling aboard vessels, and in fact requires
23 older persons to pay full costs of lodging; and
24 WHEREAS many senior citizens find it difficult to use vessels of the
25 marine highway system because of the unavailability and high cost of lodg-
26 ing;
27 BE IT RESOLVED that the Alaska State Legislature respectfully requests
28 the Governor to direct the commissioner of transportation and public facil-
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1 the Aurora, Le Conte, Chilkat, Tustumena, and Bartlett, to senior citizens
2 during every month of the year to permit them to travel between Alaskan
3 ports on a space-available basis; and be it

4 FURTHER RESOLVED that the Governor direct the division of marine high-
5 ways to investigate the possibility of making staterooms aboard state
6 ferries available at a reduced rate to senior citizens when traveling
7 between Alaskan ports.

STATE OF ALASKA
FISCAL NOTE

Revision Date , 1983

I. REQUEST

Bill/Resolution No.: SCSHCR 2
 Title: Relating to travel by senior citizens..
 Sponsor: State Affairs (Grussendorf, Fritz)
 Requestor: State Affairs

II. FISCAL DETAIL

Agency Affected: Dprt. of Administration
 Program Category Affected: Social/Econ Assi
 BRU, Program of Subprogram(s) Affected: Older Alaskans Commission
 tance

EXPENDITURES/REVENUES: (Thousands of Dollars)

for the
Aged

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: Jon B. Wolfe *Jon B. Wolfe* Phone: 465-3250
 Division: Older Alaskans Commission () () Date: April 6, 1983
 Approved by Commissioner: *Kia Hudd* Date: 4/7/83
 Department: Admin.

Distribution:

- Original to Legislative Finance
- Copy to Office of Management and Budget (for Legislature introduced bills)
- Copy to Department (for Governor introduced bills)
- Copy to Sponsor

POSITION PAPER

OLDER ALASKANS COMMISSION

Bill Number: SB 204

Date: April 5, 1983

Title: "An Act limiting the exemption from taxation for an abode of a resident 65 years of age or older to \$150,000 of the assessed value; and providing for an effective date."

The Older Alaskans Commission has a statutory mandate to make recommendations directly to the Governor and Legislature with respect to legislation. While the proposed act would pose no direct impact upon Commission programs, it would directly impact older Alaskans. According to information provided to the legislature by the Department of Community and Regional Affairs, 197 older Alaskans would have been affected in 1982 and the state would have gained \$99,236 in additional tax revenue.

Property assessment is not a valid method of determining need or one's ability to pay taxes. Few could argue against basing state programs upon need. To do so, one's ability to pay taxes should be based upon income not assets or property assessment.

The State of Alaska places a high value on maintaining the independence of older Alaskans. In addition, the state can realize an economic benefit from programs which contribute to independence including those like property tax exemption which enable older persons to remain in their own homes. Housing is one of the state's major problems. Older Alaskans have noted this in hearings conducted by the Commission throughout the state. Nearly 65 percent of elderly Alaskans own their own homes. The Older Alaskans Commission Comprehensive Statewide Plan Segment One report states,

"For many elders, the cost requirements associated with housing are causing them to make trade-offs between housing and such other basic needs as food and clothing. Nationally, over one-third of the average elder's income goes toward housing costs (rent/mortgage, maintenance and operation, and utilities). At the same time, the buying power of the relatively fixed income elders continues to shrink as rents, maintenance, fuel and other housing costs rise. Since 60 percent of the nation's elders reside in dwellings built prior to 1950 (U.S. Senate, 1980), many elders reside in structures which are more in need of maintenance and are less energy efficient than those of other age groups. For rural Alaskans, the cost of housing has an even more severe impact on income. The long months of cold weather coupled with extraordinarily high energy costs mean that for many 60 percent or more of income from October through April is devoted to meeting housing costs.

"It is not surprising then that housing issues ranked high among the priorities of each of the regional forums and community meetings."

The Older Alaskans Commission is opposed to the changes proposed for the current tax exemption program.

Jon B. Wolfe *4/5/83*
Jon B. Wolfe Date
Executive Director
Older Alaskans Commission

Lisa Rudd *4/7/83*
Lisa Rudd Date
Commissioner
Department of Administration

CP

THE LEGISLATURE OF THE STATE OF ALASKA
THIRTEENTH LEGISLATURE

FISCAL NOTE

I. REQUEST
Bill/Resolution No. HCR 2 - Re travel by senior citizens aboard vessels
Title of the state marine highway system.
Requested by Grussendorf & Fritz Date 1/17/83

II. FISCAL DETAIL
Agency Affected DOT/PF
Program Category Affected Transportation
BRU, Program, Or Subprogram(s) Affected Marine Highway Svstems
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		0	0			

FUNDING (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
GENERAL FUND		0	0			
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

IV. DATE 1/26/83 PREPARED BY Marty Nusbaum, Acting Director
AGENCY Marine Highway Svstems
Original: Legislative Finance PHONE 465-3950
cc: Budget and Management
Prime Sponsor (First Legislator Named)
33-001 (Rev. 12/82)

jm

III. ANALYSIS

House Concurrent Resolution No. 2, references space available free passage for all senior citizens on an annual basis. It further specifies only the smaller "feeder class" vessels of the system. The exception would be the M/V TUSTUMENA but still one of the smaller vessels.

The Department of Transportation and Public Facilities is in the process of completing a "User Survey" of travelers on vessels of the system. The survey reveals that during the winter, (Sept. 15 through May 14) the majority (about 70%) of the passengers on the Marine Highway are Alaskans, of this group approximately 10% are traveling under the Senior Citizen Free Passage program. Therefore, the majority of beneficiaries of Senior Citizen Free Passage are Alaskans.

In the summer (May 16 through Sept. 30) the majority of the systems users (approximately 80%) as reflected in the survey, are from out of state. It would appear then that the beneficiaries of Senior Citizens Free Passage during this time would be from out of state and the state would be subsidizing this travel. Senior Citizens' groups are well organized on both local levels and nationally. We believe these groups would tend to fill the system vessels to the detriment of full fare paying passengers and would require an expansion of service to meet the needs of the older passengers.

Capacity loads are already experienced on the M/V BARTLETT during the summer on her Valdez to Whittier route. Increasing the number of travelers competing for this space, through free passage incentives, might well be counter productive. This also applies to the M/V CHILKAT and M/V TUSTUMENA on certain portions of their routes.

The "User Survey" information reflects that approximately 10% of the passengers on the Marine Highway would be eligible for Senior Citizen routes. Reducing passenger revenue by 10% for the summer months on the specified vessels would approximate the following estimates of reduced revenue.

Vessel	1982 Passenger Revenue 15 May - Oct. 1	10% of 1982 Passenger Revenue for Period
M/V AURORA	275,000	27,500
M/V LeCONTE	271,000	27,100
M/V CHILKAT	42,000	4,200
M/V BARTLETT	710,000	71,000
M/V TUSTUMENA	468,000	46,800

Free Senior Citizen passage for a full twelve months could approximate a loss of revenue of \$175,000 each year.

Assuming a 50% discount was passed on the Senior Citizens for staterooms, for a full twelve months per year, the loss of additional revenue would approximate an additional \$100,000.00. This estimate is founded using the same approach as the estimate on revenue loss on passage.

We believe there would be insurmountable administrative problems by the establishment of discounted stateroom tariffs for senior citizens. The main problem would be the establishment of priorities. Would these reduced fare senior citizens be allowed to make reservations for staterooms or would the staterooms be on a "space available basis?

We believe that senior citizens from out of state would again be the beneficiaries of such a program.

STATE OF ALASKA
FISCAL NOTE

Revision Date _____, 1983

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600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	

CAPITAL						
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REVENUE						
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FEDERAL FUNDS						
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Prepared By: Jon B. Wolfe *Jon B. Wolfe* Phone: 465-3250
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Jon B. Wolfe 4/5/83
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Executive Director
Older Alaskans Commission

Lisa Rudd 4/7/83
Date
Lisa Rudd
Commissioner
Department of Administration

POSITION PAPER

OLDER ALASKANS COMMISSION

Bill Number: HCR 2

Date: February 24, 1983

Title: Relating to travel by senior citizens aboard vessels of the state marine highway system

This resolution, if implemented, would request the Administration to extend free space-available in-state travel on the State's smaller ferries to senior citizens on a year-round basis and also request the administration to investigate the possibility of reduced rates on staterooms for senior citizens for in-state-travel.

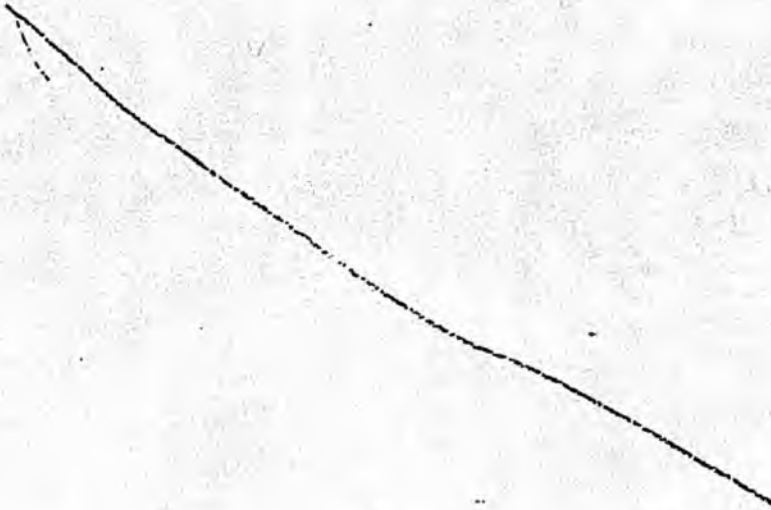
In its analysis of this proposed resolution, the Older Alaskans Commission has also reviewed the House Transportation Committee's letter of intent and the Department of Transportation and Public Facilities' zero fiscal note with analysis which appears in House Journal Supplement No. 6.

Concerning the proposed extended travel season on the smaller ferries, the Older Alaskans Commission is cognizant that the Department of Transportation and Public Facilities' view is that the State would lose too much revenue and does not support the resolution. The Commission, however, believes that with the House Transportation Committee's proposed definition of "space available" there would be little loss of revenue as all paying passengers (presumably this includes paying stand-by passengers as well) would be accommodated first. Also the Commission believes that many of the senior citizens who now travel free are people who would not otherwise make such trips, so revenue loss is probably less than that noted by the Department of Transportation and Public Facilities because the only true revenue loss is from those who would be travelling regardless of whether the fare is free.

Concerning investigation of the possibility of reducing stateroom rates for senior citizens, the Commission believes that reduced stateroom rates, too, can be accomplished on a space-available basis, whereby all paying passengers would be accommodated first so there would be little loss of revenue (on the same basis as stated above).

The Older Alaskans Commission fully supports this resolution with the definition of "space-available basis" recommended by the House Transportation Committee. Reducing ferry system travel costs is something the State can do at no significant cost to the taxpayer which will help some of the State's older citizens immensely. Many older Alaskans use the ferry system when travel is required to obtain health care and other services. Therefore, incentives to their use of the system frequently has a direct and positive health benefit.

HCR2



Lisa Rudd

Lisa Rudd
Commissioner of Administration