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370

SENATE COMMITTEE REPORT

FURTHER

FINANCE

4/21/88

DATE TURNED INTO OFFICE _____

Mr. President:

Resources _____

Committee considered _____

SB 370

rates and fees of the Alaska marine highway system and providing for preferential vehicle rates for the transportation of agricultural products grown in Alaska

and recommended

[] replace with _____ CS _____) [] same title
[] or adopt _____ CS _____) [] new title

[] attached amendment(s) and

[] do pass

[] do not pass

[] no recommendation

[X] individual recommendations

[] further referral to _____

[] letter of intent adopted _____

Committee [] attached or [X] adopted fiscal note(s)

[] new [] updated or [] previous

[] zero [X] fiscal impact

MEMBERS SIGNING DO PASS

Paul H. Frank

Paul Frank

OTHER RECOMMENDATIONS

William ...

Charles ...

James ...

[Signature]
Chairman signature and recommendation



Official Business

Alaska State Legislature

Senate

P.O. BOX V
State Capitol
Juneau, Alaska 99811

2-9-88

To: Senator Lloyd Jones, Chair, Senate Transportation
Committee

From: Senator Jay Kerttula (Sponsor)

Re: SB-370, An act relating to rates and fees of the Alaska marine highway system and providing for preferential vehicle rates for the transportation of agricultural products grown in Alaska.

SB-370 would allow vehicles transporting Alaskan grown produce to receive a 50% preferential vehicle rate on the Alaska Marine Highway. This would be allowed on a space available basis, so it should not greatly impact the Alaska Marine Highway.

Alaskan grown produce receives far less subsidies than does produce grown in the "lower 48" that is shipped to Alaska. Often "outside" produce receives a subsidy for travel. This is one reason why non-Alaskan produce can still be priced more cheaply than in-state produce.

SB-370 would help Alaskan producers meet the high cost of transporting their product around our large state. This will help reduce the cost to the consumer in the end and thus help fresher, Alaskan grown produce reach all Alaskans.

SB-370 helps continue the effort of aiding our in-state producers at what should be little cost to the state.

Thankyou for your consideration of SB-370.



Dept. of Transportation & Public Facilities

POSITION PAPER

BILL NO: SB 370

TITLE: HALF FARE ON ALASKA MARINE HIGHWAY
SYSTEM FOR ALASKA AGRICULTURE

W.K. Conley
APPROVED: Mark S. Hickey
Commissioner

DATE:

The scope of this bill is extremely broad but includes a provision for administration regulations in implementation which allow for certain restrictions. These restrictions would be required to prevent those who might see the special tariff as an opportunity to save money by simply transporting a qualifying product or animal.

The following changes to the proposed legislation are suggested:

- (1) Insert the word "approximately" before 50 percent, in paragraph (b). This would allow the Alaska Marine Highway System (AMHS) to round the tariff to the nearest dollar.
- (2) In paragraph (b), change the sentence that reads beginning (line 19): "A vehicle transporting agricultural products grown, raised, harvested or produced in the State is eligible for the preferential vehicle rate if space is available on a vessel of the Alaska Marine Highway System to accommodate the vehicle after all vehicles paying the established vehicle rate have been accommodated."

Change the sentence to read: A vehicle whose primary purpose for travel is to transport agricultural products grown, raised . . . "

- (3) The definition of "agricultural products" as written includes live animals. The transport of horses, which is quite common, would be included and it is felt that horses should be specifically eliminated from eligibility for the special tariffs.

Assuming the scope were narrowed to include only those vehicles whose primary reason for travel was for the transportation of agricultural products (not forest products or fish) and assuming horses were not included, the impact on the AMHS would be minimal.

The position of the Department on such legislation would be neutral.

The net result and intent of the bill is to provide financial support for Alaska farm products. The cleaner way to do so, from AMHS's view, is to provide that assistance directly to the farmer in the form of a rebate on approved shipping bills.

One final concern is that if such a tariff provision is approved for the agricultural industry, this would set a precedent for other industries, such as mining or fishing or timber, further reducing revenues and increasing the net cost of AMHS operations.

STATE OF ALASKA 1988 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: CSSB 370 (TRSP)
Publish Date: SENATE 4/21/88

REQUEST

Revision Date: _____
Title: "Relating to rates and fees for
Alaska Marine Highway System..."
Sponsor: Kerttula et al
Requestor: Jones

Agency Affected: DOT&PF
BRU: Alaska Marine Highway System
Components: Southeast and Southwest
Vessel Operations

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL		2.0				
CONTRACTUAL		3.0				
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	5.0	0	0	0	0
CAPITAL						
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Assuming changes were made to this bill as outlined in the attached position paper, no cost increase would be experienced. The revenue impact would be minimal.
See additional analysis attached.

Prepared by: George W. Davidson (Signed) Phone: 465-3950
Division: Alaska Marine Highway System Date: 3-3-88
Approved by Commissioner: Mark S. Hickey Date: 3-3-88
Agency: DOT&PF

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

FISCAL NOTE ANALYSIS

1. Analysis of Expenditures:

The proposed legislation specifies that regulations shall be adopted to implement the preferential vehicle rate for those vehicles transporting Alaskan agricultural products.

\$5.0 funding will be required in FY89 only to cover legal fees and other costs to draft and implement the necessary regulations.

2. Revenue Impacts:

Assuming that the changes in this bill recommended in the Position Paper were adopted, it is estimated that there would be a minimal loss of revenue from those currently transporting Alaskan agricultural products and paying full fare. Because we do not have manifests of goods transported, it is not possible to accurately estimate the resulting revenue decrease.