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370

5-1500B
Utermohle
4/18/88

Original sponsors: Kerttula, Szymanski,
Zharoff and Fischer

1 IN THE SENATE

BY THE TRANSPORTATION COMMITTEE

2 CS FOR SENATE BILL NO. 370 (Transportation)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to rates and fees of the Alaska
7 marine highway system and providing for preferential
8 vehicle rates for the transportation of agricultural
9 products grown in Alaska."

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

11 * Section 1. AS 19.65 is amended by adding a new section to read:

12 Sec. 19.65.030. RATES AND FEES FOR ALASKA MARINE HIGHWAY SYSTEM.

13 (a) The Department of Transportation and Public Facilities shall set
14 rates and fees for the transportation of passengers and vehicles and
15 for other services provided by the Alaska marine highway system.

16 (b) The department shall set a preferential vehicle rate for
17 vehicles transporting agricultural products grown, raised, harvested,
18 or produced in the state that is approximately 50 percent of the
19 established vehicle rate for vehicles of the same type. A vehicle is
20 eligible for the preferential vehicle rate if space is available on a
21 vessel of the Alaska marine highway system to accommodate the vehicle
22 after all vehicles paying the established vehicle rate have been
23 accommodated and if the vehicle's primary purpose for travel is to
24 transport agricultural products grown, raised, harvested, or produced
25 in the state. The department shall adopt regulations to implement
26 this subsection. In this subsection "agricultural products" means
27 dairy, vegetable, or grain products and farm animal products other
28 than live horses.

STATE OF ALASKA 1988 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: CSSB 370

Publish Date: _____

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.

ALASKA STATE LEGISLATURE

Sen. Lloyd Jones, Chairman
Sen. John B. "Jack" Coghill, Vice Chairman
Sen. Mitch Abood
Sen. Bettye Fahrenkamp
Sen. Tim Kelly



P.O. Box V
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Senate Transportation Committee

MEMORANDUM

TO: Legislative Legal

FROM: Ray Matiashowski, Staff
Senate Transportation Committee

DATE: 4/18/88

SUBJECT: SB 370

Please draft a CS to implement the changes outlined in the attached DOT position paper. The only other change requested deals with the last line of the bill. We would like the word "farm" inserted before the word "animal". As outlined in the position paper, we would also like horses excluded from eligibility, or from the definition of "farm animals".

Thanks.

March 2, 1988

Dear Senator Kerttula,

I wish to commend you for your support of Senate Bill no. 370 regarding transport of Alaska grown agriculture products.

I am presently retailing alfalfa hay grown "outside" and am endeavoring to provide a high quality product at a modest price for Alaska dairymen and other consumers.

My brother, who lives in Washington State, also operates a retail outlet.

If it were possible to ship Alaska grain to the lower states at a competitive price, it would help offset costly freight rates from there to here.

Thank-you for your sensitivity to Alaska's agricultural concerns. I believe this kind of thinking will help us all in securing Alaska's future agriculturally and will give us our best chance at conserving the dignity and prosperity most hard working Alaskans deserve.

Sincerely,

Gerald P. Keene
Gerald P. Keene

P.S. Any other information regarding legislation you might think of interest would be greatly appreciated.

- Letter of Support -



Dept. of Transportation & Public Facilities

POSITION PAPER

BILL NO: SB 370

APPROVED: 
Mark S. Hickey
Commissioner

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

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.