

S J R

20

STEVE COWPER, GOVERNOR

STATE OF ALASKA
DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

P.O. BOX 5
JUNEAU, ALASKA 99811-0400
PHONE: (907) 465-2300
TELEFAX: (907) 465-2389

April 10, 1989

The Honorable Jan Faiks
Alaska State Legislature
P.O. Box V
Juneau, Alaska 99811

Dear Senator Faiks:

Your committee has before it CS for SJR 20 (Transportation) - "Proposing Amendments to the Constitution of the State of Alaska creating a dedicated fund for projects, facilities, and services related to transportation." The Department of Revenue would like to submit one clarifying amendment.

Proposed Amendment

Pg 1, line 22:

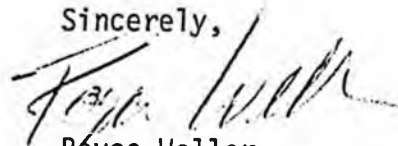
"derived from State [taxes,] licenses, and fees..."

The purpose of this amendment is to delete the reference to "taxes" as they relate to the "registration, operation, or use of vehicles, aircraft, watercraft..." Taken literally, current language would require the Department to identify and dedicate that portion of the Corporate Income Tax, Oil and Gas Property Tax, and possibly the Fisheries Business Tax (floating processor portion) that are derived from the "registration, operation, or use of vehicles, aircraft, watercraft..."

In my discussions with Sponsor staff, this was not the intention of the Sponsor.

Your consideration of this request is appreciated.

Sincerely,



Royce Weller
Assistant Commissioner

RW:sp

89-108

cc: Senator Lloyd Jones
Senator Jack Coghill



Department of Transportation & Public Facilities

POSITION PAPER

BILL NO: SJR 20

APPROVED:

A handwritten signature in black ink, appearing to read "M-k A. Hly".

TITLE: Dedicated Fund - Transportation

DATE: February 17, 1989

As a general matter, the Administration endorses the utilization of user fees to support specific government activities. However, without taking a position on the substantive merits, the administration does not support this proposal at this time because it may diminish the Governor's ability to receive a fair hearing on his constitutional amendment priority, the Education Endowment Fund.

The Department of Transportation and Public Facilities has the statutory responsibility for the development and preservation of the Alaska's transportation system. The department believes that developing and maintaining the state's transportation system in a responsible manner is of vital importance to the economic well-being of all Alaskans. Consequently, the department is concerned that the volatility of current revenue sources make it increasingly difficult to insure that the necessary funds are available to develop and maintain the system in a responsible manner. The department believes that user fees are one of the more equitable and appropriate methods of attaining a stable funding source for transportation services. The department also recognizes that a direct linkage between the expenditure of a fee and the services provided, raises the credibility of the user fee concept and may make increasing those fees more acceptable to system users.

STATE OF ALASKA

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

STEVE COWPER, GOVERNOR

P.O. BOX 5
JUNEAU ALASKA 99811-0400
PHONE: (907) 465-2300
TELEFAX: (907) 465-2389

April 10, 1989

RECEIVED

APR 11 1989

JAN FAIKS
SENATE OFFICE

The Honorable Jan Faiks
Alaska State Legislature
P.O. Box V
Juneau, Alaska 99811

Dear Senator Faiks:

Your committee has before it CS for SJR 20 (Transportation) - "Proposing Amendments to the Constitution of the State of Alaska creating a dedicated fund for projects, facilities, and services related to transportation." The Department of Revenue would like to submit one clarifying amendment.

Proposed Amendment

Pg 1, line 22:

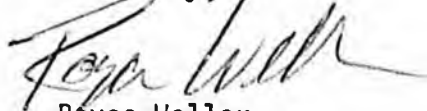
"derived from State [taxes,] licenses, and fees..."

The purpose of this amendment is to delete the reference to "taxes" as they relate to the "registration, operation, or use of vehicles, aircraft, watercraft..." Taken literally, current language would require the Department to identify and dedicate that portion of the Corporate Income Tax, Oil and Gas Property Tax, and possibly the Fisheries Business Tax (floating processor portion) that are derived from the "registration, operation, or use of vehicles, aircraft, watercraft..."

In my discussions with Sponsor staff, this was not the intention of the Sponsor.

Your consideration of this request is appreciated.

Sincerely,



Royce Weller
Assistant Commissioner

RW:sp

89-108

cc: Senator Lloyd Jones
Senator Jack Coghill

ALASKA STATE LEGISLATURE

Sen. Lloyd Jones, Chairman
Sen. Bettye Fahrenkamp, Vice Chairman
Sen. John B. "Jack" Coghill
Sen. Paul Fischer
Sen. Pat Pourchot



P.O. Box V
Juneau, AK 99811

907-465-4921

Senate Transportation Committee

RECEIVED

APR 3 1989

JAN FAIKS
SENATE OFFICE

MEMORANDUM

TO: Senator Jan Faiks, Chairman
Senate Judiciary Committee

FROM: Senator Lloyd Jones, Chairman
Senate Transportation Committee *LJ*

DATE: April 3, 1989

SUBJECT: SJR 20, Proposing a dedicated fund for transportation

Thank you for your prompt scheduling of Committee Substitute for Senate Joint Resolution 20 (Trsp). The resolution is similar to the one I sponsored last year which died in the House Judiciary Committee. If placed before and approved by the voters, it would dedicate all transportation funds to a special fund that the legislature would be permitted to expend only for transportation purposes.

Senate Joint Resolution 20 proposes a constitutional amendment creating a dedicated fund from fuel taxes on aircraft, watercraft, and motor vehicles, as well as from, user fees, licenses and revenue earned by the Alaska marine highway system.

The resolution is in part a result of the Governor's Task Force on Transportation Facilities recommendations. It is also based upon the experience of 27 other states that have passed anti-diversion amendments.

The purpose of the amendment is to put a direct correlation between the expenses associated with the state's transportation system and the taxes and fees collected through its use. Should the state, in the future, decide to change and/or implement new fees or taxes, there would be a direct impact upon the transportation mode affected.

A constitutionally dedicated source of revenue can help prevent further deterioration of the state's existing roads, highways and airports. This would help instill in the general public a measure of confidence that funds received by the state through user taxes and fees would be allocated to those purposes.

The Transportation Committee has given the resolution a comprehensive review. This version represents the input of the DOT/PF Commissioner, his staff and the committee members. Although the Governor's office has declined to support the resolution it was explained that the lack of

Senate Judiciary Committee

Page 2,
April 3, 1989

support was due more to different priorities rather than an objection to the concept.

The original version of the resolution has several problems which the committee sought to solve. 1.) There was a concern as to how the International Airport funds might be affected by such a dedication. This problem has been addressed in the transportation committee substitute. 2.) Another concern was the probable capture of revenues collected on behalf of local governments. Language has been added which provides for an exemption for that purpose. 3.) Finally, a concern about protecting fees which have been reimbursed to municipalities which run state airports. This version provides for continued protection of that use.

The transportation committee substitute does not separate the fund into different subcategories, the committee thought the legislature should be allowed the continued flexibility to appropriate funds for transportation purposes.

Should this resolution become law, it would be necessary to enact changes to existing law. The Senate Transportation Committee has had draft legislation prepared for that purpose.

Finally, I have no objection to the technical changes proposed in Legislative Counsel's March 31, 1989 memorandum.

attachments

STATE OF ALASKA
THE LEGISLATURE

OFFICE OF THE CLERK
LEGISLATURE
STATE OF ALASKA
300 JESSIE STREET
JUNEAU, ALASKA 99801

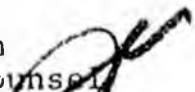
LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 29, 1989

SUBJECT: CSSIR 20 (Transportation), establishing a dedicated transportation fund -- sectional analysis

TO: Senator Lloyd Jones

FROM: Jack Chenoweth
Legislative Counsel 

The joint resolution proposes a constitutional amendment to establish a transportation fund, a dedicated fund, for projects, facilities, and services related to transportation.

Section 1 revises art. IX, sec. 7 of the state constitution, and makes technical amendments to that section by substituting the date "April 24, 1956" for the phrase "date of ratification of this section" and by adding a reference to "section 17" as a second explicit exception (with existing section 15, establishing the permanent fund) to the prohibition against dedicated funds.

Section 2 establishes the transportation fund as a dedicated fund. If adopted, revenue obtained from the following sources after June 30, 1991 (that is, at the start of state fiscal year 1992) is to be placed in the transportation fund:

-- revenue derived from state taxes, licenses, and fees related to registration, operation, and use of (1) vehicles, (2) aircraft, (3) watercraft, (4) the Alaska Marine Highway System, and (5) the use of other state transportation facilities;

-- revenue derived from taxes on motor fuel used for vehicles, aircraft, and watercraft (less refunds and credits against those taxes provided by law).

The principal of and income earned by the transportation fund may be appropriated by the legislature for

transportation facilities and services and for laws enforcing transportation facilities and services.

There are several specified exceptions applicable to the dedicated handling of revenue relating to the transportation fund. These include:

- proceeds of a tax, license, or fee levied and collected by the state for the benefit of a local government;

- revenue relating to use and operation of a facility whose construction or development is attributable to bonds, to the extent necessary to satisfy the debt obligation and to maintain the facility so that it continues to generate revenues to meet the costs of the bonds.

The legislature is directed to implement the section establishing the dedicated transportation fund.

Section 3 is a standard provision directing submission of the amendments to the voters at the November, 1990, election.

JC:gc
WKG8/091

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800


LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 31, 1989

SUBJECT: Suggested amendment to CSSJR 20
(Transportation)

TO: Senator Jan Faiks, Chair
Senate Judiciary Committee

FROM: Jack Chenoweth
Legislative Counsel 

I've recently had reason to review the file of this joint resolution and want to suggest a change:

Page 1, line 28: Delete "shall" insert "may"

Page 1, line 28: After "legislature" insert "only"

The change would have the last clause of the sentence read:

. . . the principal and income of which may be appropriated by the legislature only for facilities and operations related to transportation and for enforcing laws applicable to transportation facilities and services.

I don't want to hand anyone an argument--and I think that may be what I've done in using "shall"--that a legislature must expend all money that constitutes the balance in the transportation fund. Rather, the change would make clearer that the legislature is free to make appropriations from the fund or to leave some money as a balance in that fund, but that appropriations from the fund made must be expended within the limitations identified in the balance of that sentence.

JBC:kb
wkk3/051

cc: Senator Lloyd Jones, Chair
Senate Transportation Committee

STATE OF ALASKA
1989 LEGISLATIVE SESSION

BILL VERSION: CS SJR 20
PUBLISH DATE: 3/23/89

FISCAL NOTE

Revision Date: None

Agency Affected: DOT&PF
 BRU:

Title: Proposed amendments to the Constitution of the State of Alaska creating dedicated funds for revenue related to aircraft, watercraft, vehicles, and the Alaska marine highway system and from related sources, and relating to accounting and expenditure of that revenue.

Sponsor: Senate Transportation Committee
 Requestor: Senate Transportation Committee

Components: Highway, Harbors, Aviation

EXPENDITURES/REVENUES: (THOUSANDS OF DOLLARS)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTURAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
---------	---	---	---	---	---	---

REVENUE	0	0	0	0	0	0
---------	---	---	---	---	---	---

FUNDING: (THOUSANDS OF DOLLARS)

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

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

Prepared by: M. Clyde Stoltzfus, Special Assistant to the Commissioner
 Division: Commissioner Office

Phone: 465-3900
 Date: 3/29/89

Approved by Commissioner: Mark S. Hickey
 Agency: Department of Transportation and Public Facilities

Date: 3/29/89

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

POSITION PAPER
A.G.C. OF ALASKA
TO THE
SENATE JUDICIARY COMMITTEE
ON
SJR 20

PROPOSING AMENDMENTS TO THE CONSTITUTION OF THE STATE OF
ALASKA CREATING A DEDICATED FUND FOR PROJECTS, FACILITIES
AND SERVICES RELATED TO TRANSPORTATION.



FOR THE RECORD, MY NAME IS REBA JERREL AND I AM THE DIRECTOR OF GOVERNMENTAL RELATIONS FOR THE ASSOCIATED GENERAL CONTRACTORS OF ALASKA. ON BEHALF OF OUR OVER 600 MEMBER FIRMS WE APPRECIATE THE OPPORTUNITY TO TESTIFY IN FAVOR OF SJR 20.

EARLIER THIS YEAR THE GOVERNOR'S TASK FORCE ON TRANSPORTATION FACILITIES REPORTED ON THE DELIVERY OF TRANSPORTATION SERVICES. IN THE PREFACE COMMISSIONER HICKEY POINTS OUT:

"FOR ALL FACETS OF THE PROBLEMS RELATED TO THE DELIVERY OF TRANSPORTATION SERVICES, ADEQUATE FUNDING AND THE ONGOING STABILITY OF FUNDING ARE THE CRITICAL ISSUES. IN THIS REGARD, THE TASK FORCE IS UNANIMOUS IN RECOMMENDING THAT THE MAINTENANCE OF THE TRANSPORTATION SYSTEM SHOULD BE SUPPORTED TO THE EXTENT PRACTICAL WITH DEDICATED USER FEES."

WE ALSO BELIEVE IN USER FEES BEING DEDICATED TO OUR TRANSPORTATION SYSTEM AND AGREE WITH THE TASK FORCES CONCLUSION AND RECOMMENDATION. I WOULD BE HAPPY TO ANSWER ANY QUESTIONS.

transferred, nor shall the public credit be used, except for a public purpose.

**Dedicated
Funds**

SECTION 7. The proceeds of any state tax or license shall not be dedicated to any special purpose, except as provided in section 15 of this article or when required by the federal government for state participation in federal programs. This provision shall not prohibit the continuance of any dedication for special purposes existing upon the date of ratification of this section by the people of Alaska.

(The amendment to this section was approved by the voters of the state November 2, 1976 and became effective February 21, 1977. This amendment inserted "as provided in section 15 of this article or" in the first sentence.)

State Debt

SECTION 8. No state debt shall be contracted unless authorized by law for capital improvements or unless authorized by law for housing loans for veterans, and ratified by a majority of the qualified voters of the State who vote on the question. The State may, as provided by law and without ratification, contract debt for the purpose of repelling invasion, suppressing insurrection, defending the State in war, meeting natural disasters, or redeeming indebtedness outstanding at the time this constitution becomes effective. [Amendment approved November 2, 1982]

Effect of amendments. - The amendment approved November 2, 1982, inserted "or unless authorized by law for housing loans for veterans" in the first sentence.

Local Debts

SECTION 9. No debt shall be contracted by any political subdivision of the State, unless authorized for capital improvements by its governing body and ratified by a majority vote of those qualified to vote and voting on the question.

**Interim
Borrowing**

SECTION 10. The State and its political subdivisions may borrow money to meet appropriations for any fiscal year in anticipation of the collection of the revenues for that year, but all debt so contracted shall be paid before the end of the next fiscal year.

An aerial photograph of a snowy mountain landscape. A road winds through the scene, and several buildings are visible in the middle ground. The terrain is rugged and covered in snow, with some evergreen trees scattered throughout.

CROSSROADS:

**A REPORT ON THE DELIVERY OF
TRANSPORTATION SERVICES IN ALASKA**

**Final Report to
the Governor and Legislature**

**Governor's Task Force On
Transportation Facilities
July 1988**

CROSSROADS:

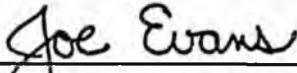
**A Report on the Delivery of
Transportation Services in Alaska**

*Final Report to
the Governor and Legislature*

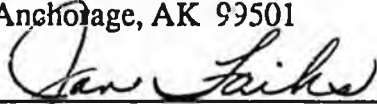
**Governor's Task Force on
Transportation Facilities
July 1988**

**GOVERNOR'S TASK FORCE ON
TRANSPORTATION FACILITIES**

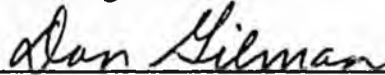
TASK FORCE MEMBERS



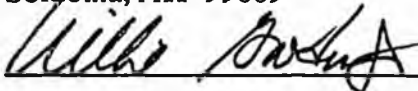
Mr. Joe Evans, Assembly
Municipality of Anchorage
1127 West 7th Avenue
Anchorage, AK 99501



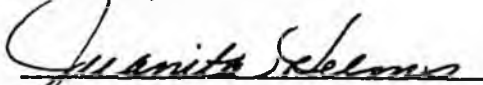
The Honorable Jan Faiks
Alaska State Senate
Suite 525
3111 C Street
Anchorage, AK 99503



The Honorable Don Gilman
Mayor, Kenai Peninsula Borough
P.O. Box 850
Soldotna, AK 99669



The Honorable Willie Goodwin
Mayor, City of Kotzebue
P.O. Box 46
Kotzebue, AK 99752

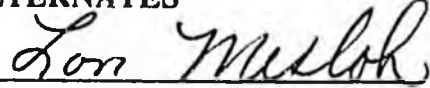


The Honorable Juanita Helms
Mayor, Fairbanks North Star
Borough
P.O. Box 1267
Fairbanks, AK 99707

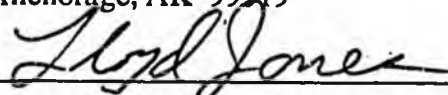


The Honorable Mark S. Hickey
Commissioner, Department of
Transportation and Public
Facilities
P.O. Box Z
Juneau, Alaska 99801

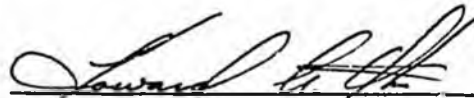
ALTERNATES



Mr. Lon Mesloh
Municipality of Anchorage
P.O. Box 196650
Anchorage, AK 99519



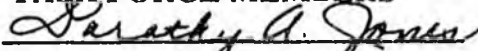
The Honorable Lloyd Jones
Alaska State Senate
352 Front Street
Ketchikan, AK 99901

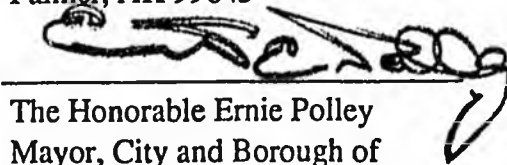


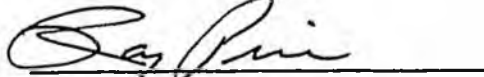
Mr. Howard "Buzz" Otis, Assembly
Fairbanks North Star Borough
P.O. Box 1267
Fairbanks, AK 99707

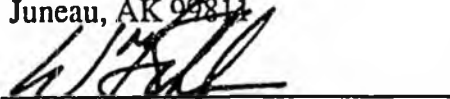
(Continued)

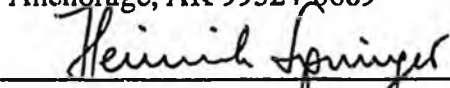
TASK FORCE MEMBERS

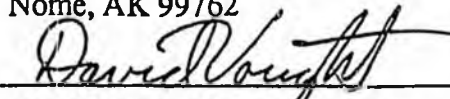

The Honorable Dorothy Jones
Mayor, Matanuska-Susitna
Borough
P.O. Box 1608
Palmer, AK 99645


The Honorable Ernie Polley
Mayor, City and Borough of
Juneau
155 South Seward Street
Juneau, AK 99801



Mr. Ray Price, Special Staff
Assistant
Office of the Governor
P.O. Box A
Juneau, AK 99811


Mr. William E. Schneider,
Executive Director
Associated General Contractors
P.O. Box 240609
Anchorage, AK 99524-0609


The Honorable Heinrich Springer
Alaska State Legislature
P.O. Box 352
Nome, AK 99762


Mr. David G. Vought, Director
Copper River Basin Regional
Housing Authority
P.O. Box 313

ALTERNATES


Mr. Bill Reeves, General Council
Associated General
Contractors
P.O. Box 240609
Anchorage, AK 99524-0609



**Governor's Task Force on Transportation
Facilities**

Support Staff

M. Clyde Stoltzfus, Project Director

Debra L. Hensley, Administrative Assistant

Policy Advisory Committee

Jeff C. Ottesen, Chairman

M. Clyde Stoltzfus, Coordinator

Jonathan W. Beabron

William R. Shell

Lynn J. Harnish

Ronald B. Loyd

Dr. Randy Burroughs

Technical Advisory Committee

M. Clyde Stoltzfus, Chairman

Daniel J. Hayes

Bruce R. Freitag

Richard A. Brubaker

Paul C. Bross

Donald D. Morrison

John S. Tonley

Randolph W. Hensley

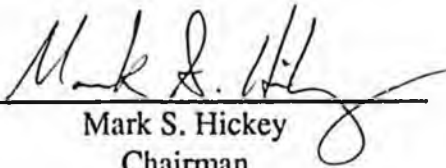
PREFACE

The task force has reviewed the problems associated with the efficient and equitable delivery of transportation services in Alaska as directed by the Governor and the Legislature and provides this report for the general public and for state policy makers.

In addition to other benefits gained, the task force has determined that the delivery of transportation services could be more efficiently and equitably provided if the continued care of some of Alaska's transportation facilities would be more widely distributed among various private and governmental entities. As an example, the Department of Transportation and Public Facilities (DOT/PF) estimates that 28% of the department's highway responsibilities are roads that primarily serve a local function.

For all facets of the problems related to the delivery of transportation services, adequate funding and the ongoing stability of funding are the critical issues. In this regard, the task force is unanimous in recommending that the maintenance of the transportation system should be supported to the extent practical with dedicated user fees.

The problems associated with the efficient and equitable delivery of transportation services present many complicated issues which the task force finds need addressing as a state policy matter. This report sets out a policy framework which the task force believes will assist state policy makers at this critical juncture of the development of the transportation delivery system.



Mark S. Hickey
Chairman

CONTENTS

Preface

Introduction.....	1
Summary of Findings.....	2
Summary of Recommendations.....	3

I. ALASKA'S TRANSPORTATION DELIVERY SYSTEM

Transportation Services.....	4
The Revenue Picture.....	5
Paying for Alaska's Transportation Delivery System.....	6
Task Force Recommendations.....	7

II. RESPONSIBILITY FOR ALASKA'S TRANSPORTATION DELIVERY SYSTEM

Responsibility of the Department of Transportation and Public Facilities.....	8
Responsibility of Other Entities.....	9
Local Control Issues.....	9
Strategic Statewide Planning.....	10
Efficiency of the Transportation Delivery System.....	10
Task Force Recommendations.....	11

III. TRANSFER OF RESPONSIBILITY

Key Elements of a Model Transfer Program.....	12
---	----

IV. APPENDIX

Administrative Order # 105.....	13
Formal Recommendations:	
Dedicated User fees.....	14
Constitutional Amendment.....	15
Transportation Board.....	16
Federal Transportation Programs.....	17
List of Supplemental Documents.....	18

INTRODUCTION



The main task of the Governor's Task Force on Transportation Facilities was to make recommendations on the equity and efficiency of Alaska's transportation delivery system. The task force understood the transportation delivery system to be the sum of all activities and physical facilities managed or undertaken by an Alaskan government entity that results in the provision of transportation services to the general public. (The Alaska Railroad is not part of this discussion because of its unique position in the state system by statute.)

For this report, the goal of the task force was to present a short concise synopsis of the issues relevant to achieve an efficient and equitable transportation delivery system. The task force understood the equity and efficiency of Alaska's transportation delivery system to be dependent in large part on what entity is responsible for components of the system and how the system is funded.

The report is organized so that the first section develops the context that decision-makers should be aware of with funding being the most important issue. The second and third sections of the report focus on the responsibility issues related to Alaska's transportation delivery system with the delineation of responsibility between state government and local government being the major focus.

SUMMARY OF FINDINGS

1. The condition and efficiency of Alaska's transportation system is of vital importance to all Alaskans.
2. There is a vast inventory of transportation facilities that requires constant maintenance and periodic rehabilitation.
3. There is currently not enough funding allocated to maintain and rehabilitate the transportation system.
4. Maintenance is being increasingly deferred over portions of the transportation system.
5. Portions of the transportation system are deteriorating and as deterioration progresses become more costly to repair.
6. There is little likelihood that additional funding will be available from the general fund; therefore, other sources of funding need to be examined.
7. The DOT/PF is responsible for some transportation facilities that would ordinarily in other states be the responsibility of local government.
8. The DOT/PF's responsibility for local transportation facilities makes it difficult to give clear focus to statewide issues including performance of a statutory duty to provide statewide planning.
9. Financial considerations associated with rehabilitating local roads will need to be addressed regardless of how alignment of responsibility is resolved.
10. The frequent changes in leadership at DOT/PF cause problems that affect the efficiency of the delivery of transportation services.
11. Funding for the road service account in the Municipal Revenue Sharing Program should be stabilized.

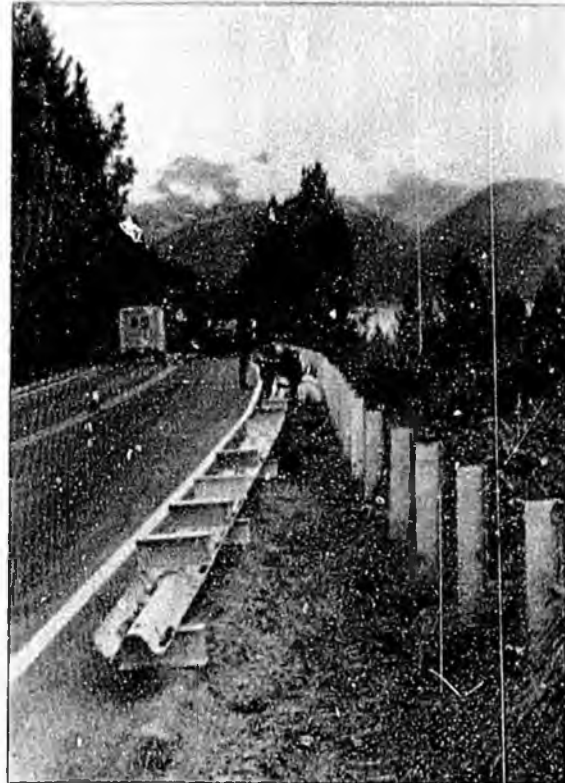
SUMMARY OF RECOMMENDATIONS

1. The maintenance of Alaska's transportation system should be supported, to the degree possible, through user fees.
2. User fee revenues should be dedicated.
3. The state should have an annually updated six year revenue plan for transportation.
4. There should be greater emphasis on a cost/benefit analysis of capital projects during the state planning process.
5. Responsibility for the maintenance of capital projects should be determined before they are built.
6. Responsibility for existing transportation facilities should be clarified and revisions made where cost efficiencies can be clearly indicated.
7. There should be an orderly program developed to transfer responsibility for some transportation facilities from the state to local government.
8. Statutory powers of local government for providing transportation services should be made more uniform.
9. The state and local communities should eliminate duplication of transportation services in some communities.
10. The state should aggressively attempt to influence the new federal highway program.
11. The merits of creating a board of commissioners to oversee DOT/PF should be analyzed.

I. ALASKA'S TRANSPORTATION DELIVERY SYSTEM

Transportation Services

The task force finds that the condition of Alaska's transportation delivery system is a critical factor in enhancing the state's productivity and Alaska's ability to compete and survive in today's demanding economic environment. The task force finds that there is a vast inventory of transportation facilities that require constant maintenance and periodic rehabilitation, and that on a portion of this inventory maintenance and rehabilitation is currently being deferred.



Additionally, the task force is concerned that future expansion of Alaska's infrastructure for strategic economic development is in danger of stagnation because of the declining funds available for capital projects. The task force is concerned about funding for capital expenditures because of the combination of the uncertainty over federal transportation policy direction after 1991 and reduced state revenues.

A deteriorating infrastructure combined with a stagnation of the strategic development of Alaska's infrastructure will eventually lead to economic decline. The task force finds that above all other issues it has explored, the lack of adequate and stable future funding for the transportation system is the most troubling.

The Revenue Picture

In addition to the well publicized decline in state revenue, the task force warns that Alaska must be prepared to face potential declines of unknown magnitude in the current sizeable federal contribution to our capital construction program.

Caveat: *The following estimates are provided to illustrate the potential revenue problem. Although the task force believes these estimates to be reliable enough for this exercise, readers should be aware that these figures are not provided for any purpose other than to help explain the revenue problem.*

ALASKA HIGHWAY REVENUE(1)

	<u>FY87</u>	<u>FY88</u>	<u>FY89</u>	<u>FY90</u>	<u>FY91</u>
FEDERAL HIGHWAY (2) (3) (4)	152	129	135	135	135
FUEL TAX (5)	18	19	19	19	19
VEHICLE FEES (6)	19	19	19	19	19
TOTAL	189	167	173	173	173

ALASKA HIGHWAY EXPENSES(1)

	<u>FY87</u>	<u>FY88</u>	<u>FY89</u>	<u>FY90</u>	<u>FY91</u>
MAINTENANCE AND OPERATIONS	44	51	55	60	60
REHABILITATION /IMPROVEMENTS(7)	200	210	220	230	230
TOTAL	244	261	275	290	290

REVENUE SHORTFALL(1)

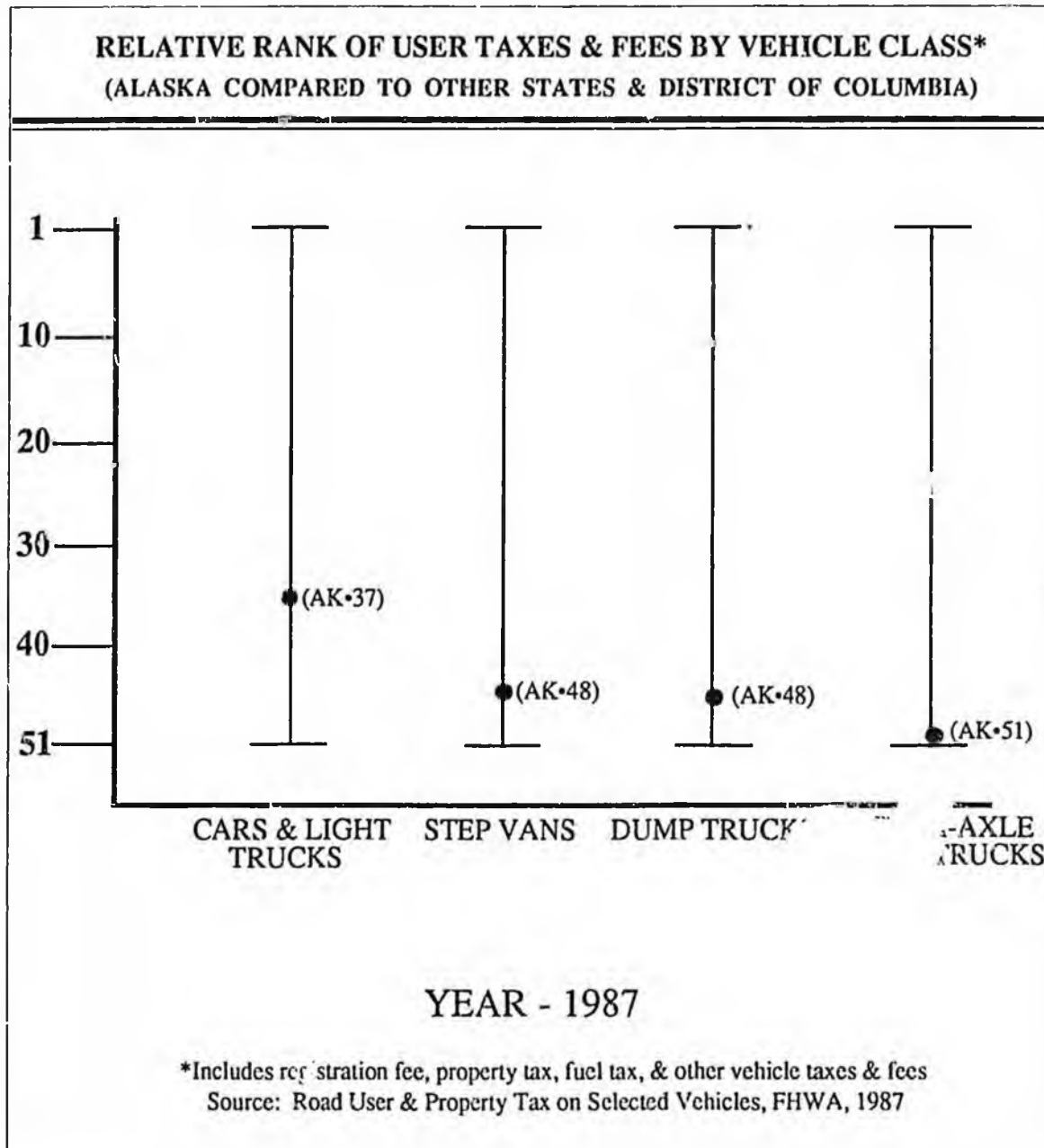
	<u>FY87</u>	<u>FY88</u>	<u>FY89</u>	<u>FY90</u>	<u>FY91</u>
TOTAL	55	94	102	117	117

(1) Dollars in millions. (2) The statute that authorizes federal highway dollars expires in 1991 and it is recognized that the program as it exists today may be terminated. (3) Actual spending level set annually by Congress and has been shrinking in part due to Gramm-Rudman. (4) Spending limit or amount obligated (1987) - not appropriation. (5) Highway account only - not including the off-highway tax. (6) Collection costs not deducted. (7) Represents an optimal level of expenditures to protect current investments and expand the system, not actual expenditures.

Paying For Alaska's Transportation Delivery System

The task force finds that the state has no revenue policy for transportation services. Consequently, there is no clear view concerning who should pay for services at what level or what revenue sources should be tapped. Moreover, this results in major differences between the support that government subsidized transportation services provide to some users and the impact that these users have on the system.

It is the opinion of the task force that users will willingly accept additional user fees if they have confidence that the fees will be used to support the infrastructure needs and that the revenue will be strictly accounted for. The task force feels this would be especially true if an organized effort was made to educate the public about the value of transportation facilities toward improving the quality of life.



TASK FORCE RECOMMENDATIONS:

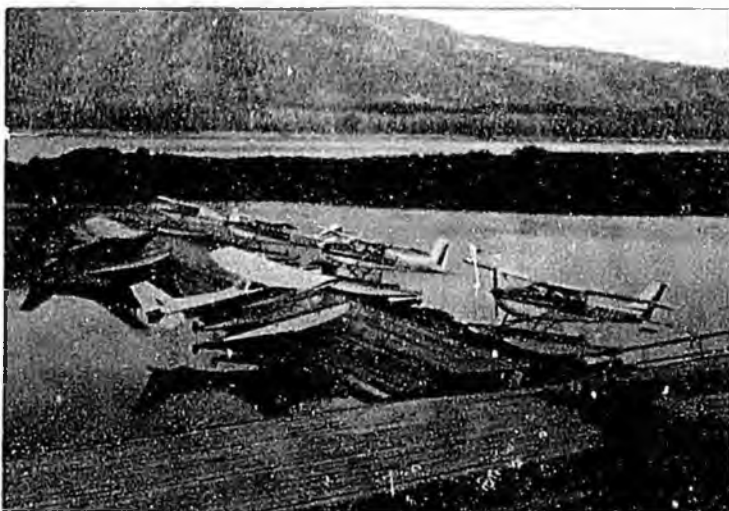
1. The task force recommends that the Governor and the Legislature seek a Constitutional amendment to dedicate all fees collected and retained by the state for transportation related activities to pay for direct costs associated with the improvement, maintenance and operation of the existing transportation system from which the revenue was generated.
2. The task force recommends that decisions for new construction should be determined, in part, on the basis of the economic benefit to the state and that a finding should be made that would determine who should be responsible for the maintenance of the facility. These determinations should be an element of the state planning process.
3. The task force recommends that state policy-makers be diligent in monitoring, and vocal in advocating, new federal transportation programs that include consideration for federal involvement in the maintenance of existing transportation facilities and for the development of transportation infrastructure necessary for the movement of raw materials and the support of national interests.
4. The task force recommends that a six year revenue plan be developed including user fees, vehicle fees, motor fuel taxes, weight/distance fees and other revenue generating devices with a view toward establishing an equitable system of raising the monies needed to plan, operate and maintain Alaska's transportation systems. For the purposes of this plan, the national average for revenue collected from each vehicle type should be used as the basis for equitable taxes and fees.
5. The task force recommends that the current motor fuel tax exemption for off-highway usage be continued.

II. RESPONSIBILITY FOR ALASKA'S TRANSPORTATION DELIVERY SYSTEM

Responsibility of the Department of Transportation and Public Facilities

In addition to highway responsibilities which includes roughly 800 bridges and nearly 5,500 miles of roads, DOT/PF administers two international airports, over 200 smaller airports, a nine vessel ferry system, the state equipment fleet and most state-owned buildings. The task force finds that included in the transportation facilities that the department currently cares for are facilities that serve primarily a local interest including, by the department's estimate, over 2,000 miles of local roads.

Because of the sheer magnitude of the DOT/PF's overall responsibilities and the additional responsibilities associated with attending to facilities with mostly a local interest, the task force is concerned that DOT/PF may have difficulty in making choices based on the best interest of the state. The task force feels this would be especially true where a decision involves allocating resources to a project which is of long-term statewide interest with no immediate constituency or allocating those same resources to a project with an immediate local constituency.



Responsibility of Other Entities

The task force finds that inconsistency exists between accepted responsibility among municipalities, organized boroughs, the unorganized borough and among private ventures.

For the local government entities, the task force finds that the range of powers granted under the Municipal Code (AS 29.35) for duties related to transportation issues vary significantly from one local government type to another. The task force believes that equity issues cannot be dealt with until this basic issue is addressed.

The task force finds that it should be a goal of state policy makers to deliver transportation services as uniformly as practical.



Local Control Issues

Ideally control goes hand in hand with responsibility. The task force finds that because of the amount of local interest facilities for which the state has responsibility, there is a lack of local control over local transportation services in Alaska. The task force recognizes that as a result there has developed a system of state control over the delivery of transportation services including local issues.

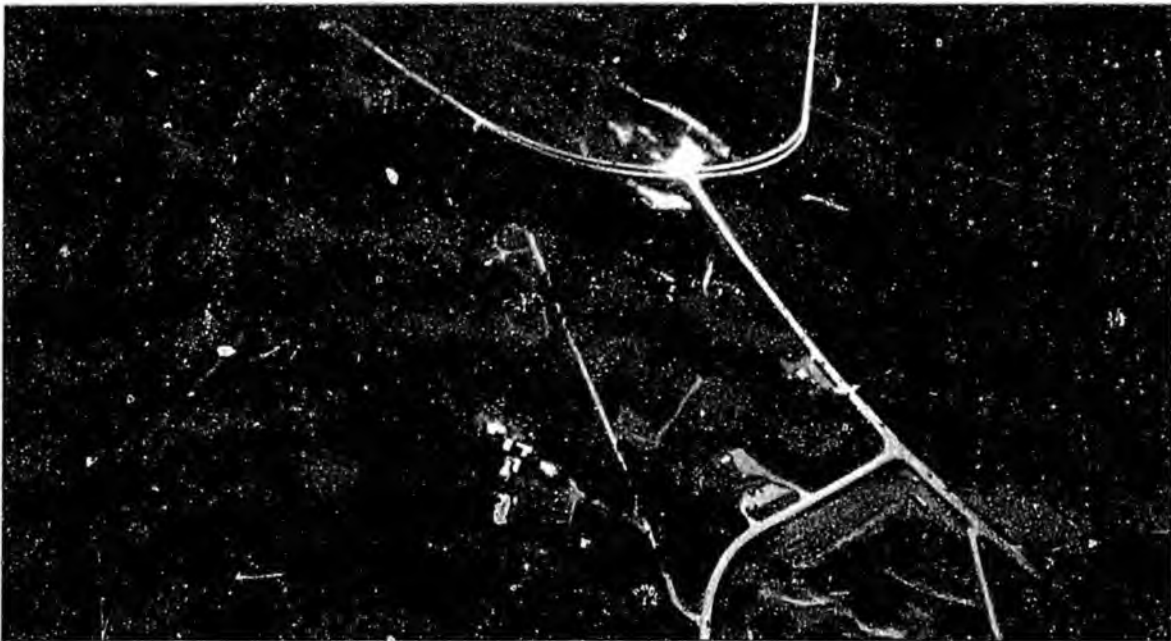
The task force further recognizes that state control forces more local transportation funding considerations through the Legislature. As a result, local interest must compete at the statewide level against other state programs. The task force finds that the cumulative effect is that often decisions about these kinds of transportation services may be more difficult to make based on a rational policy.

In addition, there are practical problems associated with this centralization such as the difficulty for local residents to get a prompt response to complaints and local interest issues consuming statewide resources.

Strategic Statewide Planning

For intelligent statewide transportation development, Alaska needs to better define the scope of options available, outline what the specific needs for all options are and then identify what resources can be marshalled and by whom. To create this basic information, the task force believes the key is to develop a broad consensus that there is some statewide transportation development needed. In Alaska, energizing this united effort of a variety of people is the statutory duty of DOT/PF through strategic statewide transportation planning.

The task force finds that as a direct result of the department's multiple levels of responsibility, few state resources are available for strategic statewide transportation planning.



Efficiency of the Transportation Delivery System

The task force finds that little logical thought went into determining who should be responsible for the maintenance and operation of a particular facility. Consequently, the task force recognizes that there are situations where transportation facilities are being maintained by an entity for historical reasons when it may be more efficient for another entity to provide the maintenance.

In some communities, DOT/PF has a full complement of equipment, personnel and facilities to provide transportation services while the community also maintains a similar array of transportation support resources. The task force finds that there are some communities that would be served as well with one entity providing services while eliminating duplicate support resources and providing for the more efficient delivery of transportation services.

TASK FORCE RECOMMENDATIONS:

1. The task force recommends an organized approach to transferring responsibility for some transportation facilities from the state to local governments.
2. The task force recommends that the Governor and the transportation committees of the Legislature, after examining and analyzing the merits of creating a transportation commission to direct the delivery of all transportation services in the State of Alaska, report its findings to the people of Alaska by the beginning of the 16th legislative session (see Formal Recommendation # 3).
3. The task force recommends that statutes related to local powers for providing transportation services be reviewed and revised so that more uniformity can be achieved.
4. The task force recommends that the state pursue a policy of shared responsibility for transportation facilities related to economic development.
5. The task force recommends realignment of responsibility, clarification of areas of responsibility and transfer of some transportation facilities from the state to local governments to enable DOT/PF to more clearly focus on strategic statewide planning (see minimum elements in Key Elements of a Model Transfer Program).
6. The task force recommends, as part of the transfer program, that negotiation occur between DOT/PF and local communities to pursue adjustments that provide for the most efficient delivery of transportation service by reducing the duplication of services, effort, personnel and equipment.

III. TRANSFER OF RESPONSIBILITY

Key Elements of a Model Transfer Program

The task force unanimously recommends a transfer program because it finds that the assumption of local responsibility by the state distracts state attention from issues that should be attended to by the state. In addition, the task force recognizes that many issues could be better handled by local officials while at the same time providing for more control over local priorities. Moreover, the task force finds that it is poor public policy to have local projects competing directly with statewide projects for state resources and that, in the long run, transfer of responsibility for some facilities to local communities would distribute the costs for

providing transportation services more equitably. The task force also finds that equity in the delivery of transportation services is a worthwhile goal and recommends that during transfer discussions attention should be given to the various levels of service provided by the state to different communities.

While recommending that a transfer program be adopted, the task force recognizes that certain elements must be present for the program to be successful (see the recommended Model Transfer Program in the Supplemental Documents).

MINIMUM ELEMENTS OF A TRANSFER PROGRAM

- A revenue stream must be dedicated to the program.
- The program must be voluntary.
- Prior to transfer, all facilities must be rehabilitated.
- A facility transferred eligible for federal funds must remain eligible for federal funds after transfer.
- Additional capital costs must be the responsibility of the municipality including any match for federal funds.
- Negotiated yearly maintenance costs must be guaranteed.
- Liability must transfer with the facility.
- Any transfer of personnel must provide for equitable treatment of employees.
- Primary responsibility for bridges should remain with the state.

IV. APPENDIX

Administrative Order No. 105

It is in the best interest of the people of Alaska, and necessary for the efficient administration of government, that a review be conducted, as requested by the Legislature, of the distribution of responsibility for transportation facilities, and that the Governor and the Legislature be advised of changes which can be made to increase the efficiency and equity of Alaska's transportation delivery system.

THEREFORE, I, Steve Cowper, pursuant to the authority vested in me by article III of the Alaska Constitution and by AS 44.17.060 and AS 44.19.145 (c), order the following:

Section 1. Creation and Composition.

The Governor's Task Force To Evaluate Responsibility For Transportation Facilities (hereafter Governor's Task Force on Transportation Facilities) is hereby created within the Department of Transportation and Public Facilities. The task force shall be chaired by the Commissioner of the Department of Transportation and Public Facilities and shall consist of six members representing local government, one member representing the unorganized borough, one legislator from each house nominated by the presiding officer of the house, and one representative of a transportation user group. All members of the task force will be appointed by me.

Section 2. Administration.

Members of the Governor's Task Force on Transportation Facilities will receive no compensation for their services but will be entitled to per diem and travel allowance authorized by law for members of other boards and commissions under AS 39.30.180. The Department of Transportation and Public Facilities shall provide whatever administrative services to the task force that the commissioner determines are necessary to enable it to perform its responsibilities under this order.

Section 3. Responsibilities.

The Governor's Task Force on Transportation Facilities shall evaluate the feasibility of transferring the responsibility of direct maintenance on certain transportation facilities from the state to local government, and examine reasonable and equitable funding sources for maintenance activities, including a review of the motor fuel tax and of the existing road service account in the state's revenue sharing program. The task force shall also study the issues of road ownership, liability, and the transfer of equipment and employees.

Section 4. Report.

The Governor's Task Force on Transportation Facilities shall submit a report to me and the Legislature by June 30, 1988. The report shall represent a majority view of the Task Force with the opportunity for each dissenting member to include a dissenting view. In the report, the task force shall adopt recommendations for any course of action, including maintenance of the status quo, that it believes will provide the best level of service given limited resources, or based on an assumption of expanded resources so long as a specific proposal is also made regarding provision of these resources. In all instances, the task force shall give its reasons for adopting the recommendations and specifically state how those recommendations address state and local financial considerations, statewide transportation planning, and the equity of distributed responsibilities.

Section 5. Duration.

The Governor's Task Force on Transportation Facilities shall cease to exist on July 1, 1988, unless it is extended by subsequent administrative order or legislation.

This order takes effect immediately.

Formal Recommendations

TASK FORCE RECOMMENDATION # 1

Whereas: This task force was created by the Governor's Administrative Order #105 and under intent language adopted by the 15th Alaska Legislature.

Whereas: The charge by the Governor and the Legislature to this task force was to evaluate and examine reasonable and equitable funding sources for expenses related to transportation facilities.

Whereas: The charge by the Governor and the Legislature to this task force specifically required a review of motor fuel taxes and other equitable sources of revenue for the expenses related to transportation facilities in Alaska.

Whereas: The task force, for the purposes of this recommendation interprets expenses related to transportation facilities to mean expenses for the Alaska transportation systems excluding indirect costs.

Whereas: This task force has determined that user fees are the most reasonable source of funding for expenses related to the Alaska transportation systems.

And Whereas: This task force has further determined that funding for transportation systems is an important function of government; that the Alaska transportation systems are an investment in current and future economic development and stability; that funding for the Alaska transportation systems requires a predictable and stable source of revenue.

NOW THEREFORE BE IT RESOLVED, that it is the recommendation of this task force after careful review of all information put before us, and in response to the charge of the Governor and the Legislature of the State of Alaska, that revenue collected and retained by the State of Alaska for fees directly related to the use of transportation facilities should be dedicated for direct costs related to the transportation system from which the revenue was generated.

TASK FORCE RECOMMENDATION #2

Whereas: This task force was created by the Governor's Administrative Order # 105 and under intent language adopted by the 15th Alaska Legislature.

Whereas: The charge by the Governor and the Legislature to this task force was to evaluate and examine reasonable and equitable funding sources for expenses related to transportation facilities.

Whereas: The task force, for purposes of this recommendation, interprets expenses related to transportation facilities to mean expenses for the Alaska transportation systems excluding indirect costs.

Whereas: This task force has recommended with Task Force Recommendation # 1, that revenue collected and retained by the State of Alaska for fees directly related to use of transportation facilities should be dedicated for direct costs related to the transportation system from which the revenue was generated.

And Whereas: It is the determination of this task force that the current status of the dedication of fuel taxes for the Alaska transportation systems found in Article IX, Section 7, of the Alaska Constitution is unclear.

NOW THEREFORE BE IT RESOLVED, that it is the recommendation of this task force that the Governor and the Legislature should seek a constitutional amendment which would unequivocally dedicate all directly related fees collected and retained by the State of Alaska to the direct costs associated with the improvement, maintenance and operation of the existing transportation system from which the revenues were generated.

TASK FORCE RECOMMENDATION # 3

Whereas: This task force was created by the Governor's Administrative Order # 105 and under intent language adopted by the 15th Alaska Legislature.

Whereas: The charge by the Governor and the Legislature to this task force was to adopt recommendations for any course of action which will provide the best level of transportation services for the state.

Whereas: The charge by the Governor and the Legislature to this task force specifically requested that the Governor and the Legislature be advised of any changes which could be made which would increase the efficiency of Alaska's transportation delivery system.

Whereas: This task force finds that frequent changes in the top administrative position of the Department of Transportation and Public Facilities (seven commissioners in ten years) and the abolition of the Alaska Transportation Commission without a clear plan for the continuance of certain vital transportation services, has had serious negative effects on the delivery of transportation services by creating uncertainty and instability within the transportation field.

Whereas: It is the determination of this task force that the uncertainty and instability of the agency that delivers transportation services, has an additional detrimental effect on state government, local government, industry, unions and employees.

Whereas: This task force finds that many other states have successfully created stability in their transportation delivery system by instituting a transportation board or commission which develops transportation policy and long term planning strategy which the state transportation agency implements.

And Whereas: It is the position of this task force that the regional and modal differences of the transportation field in Alaska could best be accommodated by a board of commissioners with similar diversity.

NOW THEREFORE BE IT RESOLVED, that it is the recommendation of this task force that the Governor and the transportation committees of the legislature should report to the people of Alaska by the beginning of the 16th legislative session their findings after examining and analyzing the merits of creating a board of transportation commissioners to direct the delivery of all transportation services in the State of Alaska.

TASK FORCE RECOMMENDATION # 4

Whereas: It is the duty of this task force to examine and consider transportation issues which will affect the delivery of transportation services in the State of Alaska.

Whereas: It is a specific duty of this task force to consider and express opinions on issues affecting the funding of transportation services in the State of Alaska,

Whereas: It is a specific duty of this task force to consider and express opinions on issues affecting the planning for transportation services in the State of Alaska.

Whereas: The Federal-aid Highway Act of 1987 authorized the completion of the Interstate Highway network system thus signaling the end of a national transportation objective and raising questions concerning the future direction of federal participation in transportation funding.

Whereas: A new direction for a national transportation initiative will have long term and serious effects on the planning and delivery of transportation services in the State of Alaska.

Whereas: The Alaska transportation needs are unique because of adverse conditions, inordinate dependence on non-traditional modes of transportation, remote and vast terrain, large federal land holdings, a minimally developed transportation infrastructure and a small population to deal with these immense transportation problems.

Whereas: Alaska will play an important role in the continued growth of the nation through the provision of essential natural resources to the nations industry but will require a continued national commitment for the development of a transportation infrastructure in Alaska.

And Whereas: The use of the existing Alaska transportation systems for the service of national facilities such as nation interest lands and military installations will also require a continuing commitment by the federal authorities to the maintenance of the systems.

NOW THEREFORE BE IT RESOLVED: Because of considerable national benefits, it is the position of this task force that any new national transportation objective should include consideration for federal involvement in the maintenance of existing transportation facilities and for the development of transportation infrastructure necessary for the movement of raw materials and the support of national interests.

List of Supplemental Documents

1. 1987 Road User Taxes in Selected States Compared to Alaska
2. Recommended Model Transfer Program
3. Identification of Municipal Road Maintenance Flow of Funds
4. Community Comparison of Responsibility for Local Road Maintenance
5. Review of Statutes Related to Powers and Duties of DOT/PF
6. Report on Dedicated Funds in Alaska
7. Understanding the Governmental Planning Function
8. Task Force Meeting Minutes:

December 11, 1987

January 26, 1988

February 9, 1988

March 8, 1988

April 6, 1988

May 25 & 26, 1988

June 25, 1988

Original sponsor: Transportation Committee

1 IN THE SENATE

BY THE JUDICIARY COMMITTEE

2 CS FOR SENATE JOINT RESOLUTION NO. 20 (Judiciary)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 Proposing amendments to the Constitution
6 of the State of Alaska creating a dedi-
7 cated fund for projects, facilities, and
8 services related to transportation.

9 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. Article IX, sec. 7, Constitution of the State of Alaska,
11 is repealed and readopted to read:

12 SECTION 7. DEDICATED FUNDS PROHIBITED. The proceeds of any
13 State tax or license shall not be dedicated to any special purpose.
14 This provision shall not prohibit the continuance of any dedication
15 for special purposes existing on April 24, 1956, and shall not pro-
16 hibit the dedication of revenue under Sections 15 and 17 of this
17 article or when required by the federal government for State par-
18 ticipation in federal programs.

19 * Sec. 2. Article IX, Constitution of the State of Alaska, is amended
20 by adding a new section to read:

21 SECTION 17. TRANSPORTATION FUND. Effective July 1, 1991, money
22 derived from State licenses and fees related to registration, opera-
23 tion, or use of vehicles, aircraft, watercraft, the Alaska marine
24 highway system, and the use of other State transportation facilities,
25 and from taxes on fuel used for the propulsion of vehicles, aircraft,
26 and watercraft, less refunds and credits as provided by law, shall be
27 placed in a transportation fund, the principal and income of which may
28 be appropriated by the legislature only for facilities and operations
29 related to transportation and for enforcing laws applicable to

1 transportation facilities and services. The provisions of this sec-
 2 tion do not apply to a tax, license, or fee levied and collected by
 3 the State on behalf of a local government, to revenue derived by
 4 a public corporation whose revenue must, by federal law, be retained
 5 and managed by the corporation, or to revenue derived from the use or
 6 operation of a facility constructed with bond proceeds to the extent
 7 that it is necessary to satisfy the debt obligation or to maintain the
 8 facility so that the facility continues to generate revenues for that
 9 purpose. The legislature shall implement this section.

10 * Sec. 3. The amendments proposed by this resolution shall be placed
 11 before the voters of the state at the next general election in conformity
 12 with art. XIII, sec. 1, Constitution of the State of Alaska, and the elec-
 13 tion laws of the state.