

**HB**

**170**



THE  
FOLLOWING  
DOCUMENT(S)  
ARE  
POOR  
ORIGINAL  
COPIES

**CARLILE TRANSPORTATION SYSTEMS, INC.**

1800 East 1st Avenue • Anchorage, AK 99501

(907) 276-7797 • FAX (907) 278-7301

March 12, 2003

Senator John J. Cowdery  
State Capitol Bldg.  
Juneau, AK 99801

Dear Senator Cowdery,

Regarding the two tax bills being proposed, they will be very detrimental as all cost increases are. They will have to be passed on to the customers.

Senate tax bill 103 will cost us about \$20,000 per year.

Senate tax bill 112 will cost us about \$450,000 per year. We normally try to recover our fuel cost increases through fuel surcharges. Average recovery is always less than actual costs. We have just accomplished, over the last couple of years, getting our major contracts based on filings in Totem Ocean Trailer Express Tariff 300 in an effort to improve that recovery rate. (Appropriate Sheets Attached) The problem now is that proposed \$450,000 fuel tax increase will not affect TOTE. They are a marine carrier and they purchase fuel in Seattle, consequently they will not pay it and will not file a surcharge increase based on it. Fuel is already high which makes recovery doubly difficult. Carlile and other Alaska trucking companies will have to attempt to recover based on a general freight rate increase for regular customers. Unfortunately many of our cargo contracts will preclude this for between 2 & 3 years.

Other suggestions to defray costs in the transportation sector might be:

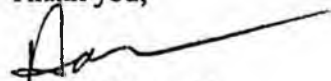
1. Making the railroad pay payments to the state on the capital invested so they do not pass below cost freight rates to our customers.
2. Making the railroad pay fuel tax for the same reason
3. Making the railroad pay license fees for its vehicles, making the railroad pay license fees for vehicles lowboys and oversize, making the railroad pay highway use tax on its commercial vehicles that compete with Alaska truckers.
4. Have the railroad make payments in replacement of property taxes on facilities and equipment.

In short, any cost you put on truckers will in one way or another be passed on to the Alaska consumer. The railroad recently took over 200 truckloads from us between Seward and Anchorage. The customer would have been paying the true cost which would have included fuel taxes, license fees, permit fees, highway use tax and the other

associated cost. Instead, the railroad subsidized the move and the state gets nothing. Now you want to raise our customers cost which means we get less, the rail gets more and the state gets less and less and less.

I urge you to consider other alternatives.

Thank you,



Harry McDonald  
President

SB 103, Sen FIN

4/4/83

Paul Fuhs - Reg fees

(CSX formerly)

Supports bill on

present form -

AND \$2.50 hire fee.

---

Gary: \$1.6 million  
hit to AF from  
one time \$10  
fee per Tractors -

Was spread to all  
other Regs fees -

Will fight that wrong  
in CS next week.

---

Frank Dillon - to increase

To rental cars -

1999-7-99 charges

---

Mon 10 am - tire fee

---

FRANK H. MURKOWSKI  
GOVERNOR

GOVERNOR@GOV.STATE.AK.US



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

P.O. Box 110001  
JUNEAU, ALASKA 99811-0001  
(907) 465-3500  
FAX (907) 465-3532  
WWW.GOV.STATE.AK.US

March 5, 2003

The Honorable Pete Kott  
Speaker of the House  
Alaska State Legislature  
State Capitol, Room 208  
Juneau, AK 99801-1182

Dear Speaker Kott:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that would adjust the fees on motor vehicle registration which have remained the same since 1986.

The bill will equalize registration fees between pick-up trucks and passenger vehicles, adjust commercial and private vehicle registration fees, and update vehicle recording and lien fees. Even with the fee increase, the State of Alaska's registration fees will be less than the national average and significantly below an increase based solely upon inflation.

This fee increase will allow the state to maintain the value of the revenue derived from the user fees and assist the state in closing the fiscal gap while maintaining essential services.

I urge your prompt consideration and passage of this important bill.

Sincerely,

A handwritten signature in cursive script that reads "Frank H. Murkowski".

Frank H. Murkowski  
Governor



FRANK H. MURKOWSKI  
GOVERNOR

GOVERNOR@GOV.STATE.AK.US

P.O. Box 110001  
JUNEAU, ALASKA 99811-0001  
1907) 465-3500  
FAX (907) 465-3532  
WWW.GOV.STATE.AK.US

STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

March 5, 2003

The Honorable Pete Kott  
Speaker of the House  
Alaska State Legislature  
State Capitol, Room 208  
Juneau, AK 99801-1182

Dear Speaker Kott:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that would adjust the fees on motor vehicle registration which have remained the same since 1986.

The bill will equalize registration fees between pick-up trucks and passenger vehicles, adjust commercial and private vehicle registration fees, and update vehicle recording and lien fees. Even with the fee increase, the State of Alaska's registration fees will be less than the national average and significantly below an increase based solely upon inflation.

This fee increase will allow the state to maintain the value of the revenue derived from the user fees and assist the state in closing the fiscal gap while maintaining essential services.

I urge your prompt consideration and passage of this important bill.

Sincerely,

Frank H. Murkowski  
Governor

# FISCAL NOTE

**STATE OF ALASKA**  
**2003 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: HB 170  
 (H) Publish Date: 3/5/03

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: Administration  
 Title: \_\_\_\_\_ BRU: Motor Vehicles  
 Component: \_\_\_\_\_  
 Sponsor: \_\_\_\_\_  
 Requester: \_\_\_\_\_ Component No. 2348

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>	<b>12,072.4</b>	<b>12,072.4</b>	<b>12,072.4</b>	<b>12,072.4</b>	<b>12,072.4</b>	<b>12,072.4</b>
-------------------------------	-----------------	-----------------	-----------------	-----------------	-----------------	-----------------

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2003) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

This bill increases most registration, title and lien filing fees collected by the Division of Motor Vehicles. The increases are \$10-\$15 per year for most classes of vehicles. Since the vehicles are registered for a biennial period the actual fee increase in the statute will be twice that amount.

The title and lien filing fees are increased from \$5 to \$15.

The revenue increase by class of vehicle is shown on the next page

Prepared by: Charles R. Hosack  
 Division: Motor Vehicles  
 Approved by: \_\_\_\_\_  
 Agency: \_\_\_\_\_

Phone 269-5559  
 Date/Time 3/4/03  
 Date 3/6/2003

STATE OF ALASKA  
2003 LEGISLATIVE SESSION

BILL NO. HB 170, FN #1

ANALYSIS CONTINUATION

Revenue Increase by Vehicle Category

Non-Commercial Passenger - \$5,463,930.00  
Non-Commercial Pickup/Van - \$1,810,550.00  
Non-Commercial Trailers - \$921,010.00  
Motorcycles - \$181,510.00  
Taxicabs - \$8,990.00  
Tour Buses - \$75,595.00  
Commercial Trailers - \$10,000.00  
Commercial Motor Vehicles  
0-5,000 lbs - \$326,780.00  
5,001- 12,000 lbs - \$163,910.00  
12,001-18,000 lbs - \$59,020  
18,001 + - \$51,140

Registration Fee Increase - \$9,072,435.00

Title/Lien Fee Increase - \$3,000,000.00

HOUSE BILL NO. 170

IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-THIRD LEGISLATURE - FIRST SESSION

BY THE HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 3/5/03  
Referred: Transportation, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act increasing certain motor vehicle registration fees; and providing for an  
2 effective date."

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

4 \* Section 1. AS 28.10.421(b) is amended to read:

5 (b) The biennial registration fees under this subsection are imposed within the  
6 following classifications for:

7 (1) a passenger vehicle or motor home not used or maintained for the  
8 transportation of persons or property for hire or for other commercial  
9 use..... \$100 [\$68];

10 (2) a pick-up truck or a van not exceeding 10,000 pounds unladen  
11 weight and not registered in the name of a company or business ..... \$100 [\$78];

12 (3) a taxicab ..... \$160 [\$138];

13 (4) a motor bus with a seating capacity for 20 or more persons and  
14 used exclusively for commercial purposes in the transporting of visitors or tourists

- 1 ..... **\$300** [\$168];
- 2 (5) a motorcycle or a motor-driven cycle ..... **\$60** [\$38];
- 3 (6) a trailer not used or maintained for the transportation of persons or
- 4 property for hire or for other commercial use, including, but not limited to, a boat
- 5 trailer, baggage trailer, box trailer, utility trailer, house trailer, travel trailer, or a trailer
- 6 rented or offered for rent ..... **\$30** [\$10].

*Get  
Document  
from  
\**

\* **Sec. 2.** AS 28.10.421(c) is amended to read:

(c) The biennial registration fees under this subsection are imposed and are based upon the actual unladen weight as established by the manufacturer's advertised weight or upon the actual weight, which the owner shall furnish, subject to the approval of the commissioner or the commissioner's representative, for a vehicle, including a motor vehicle pulling a trailer or semi-trailer, that is registered in the name of a company or business, or is used or maintained for the transportation of passengers for hire, (excepting taxicabs and buses under (b) of this section, or for the transportation of property for hire or for other commercial purposes, including a truck, wrecker, tow car, hearse, ambulance, and tractor, as follows:

- 17 (1) up to and including 5,000 pounds ..... **\$180** [\$158];
- 18 (2) more than 5,000 pounds to and including 12,000
- 19 pounds ..... **\$268** [\$246];
- 20 (3) more than 12,000 pounds to and including 18,000
- 21 pounds ..... **\$516** [\$494];
- 22 (4) more than 18,000 pounds ..... **\$662** [\$640].

\* **Sec. 3.** AS 28.10.421(h) is amended to read:

(h) The annual registration fees under this subsection for vehicles used for commercial purposes are imposed and are based upon the actual unladen weight as established by the manufacturer's advertised weight or upon the actual weight, which the owner shall furnish, subject to the approval of the commissioner or the commissioner's representative, as follows:

- 29 (1) up to and including 5,000 pounds ..... **\$90** [\$80];
- 30 (2) more than 5,000 pounds to and including 12,000
- 31 pounds ..... **\$134** [\$124];

- 1 (3) more than 12,000 pounds to and including 18,000
- 2 pounds ..... \$258 [\$248];
- 3 (4) more than 18,000 pounds ..... \$331 [\$321].

4 \* Sec. 4. AS 28.10.421(i) is amended to read:

5 (i) A one-time registration fee of \$20 [~~\$10~~] is imposed upon initial registration  
6 for a trailer or semi-trailer used for commercial purposes.

7 \* Sec. 5. AS 28.10.441 is amended to read:

8 **Sec. 28.10.441. Schedule of other fees and charges.** The following fees and  
9 charges are imposed by the department for the stated services that [WHICH] it  
10 provides:

- 11 (1) title fee, including transfer of title ..... \$15 [\$5];
- 12 (2) lien filing fee ..... \$15 [\$5];
- 13 (3) replacement of any registration plate set, including special request  
14 plates ..... \$5;
- 15 (4) duplicate of original certificate of title ..... \$15 [\$5];
- 16 (5) duplicate of certificate of registration ..... \$2;
- 17 (6) temporary preregistration permit issued under  
18 AS 28.10.031 ..... none;
- 19 (7) special transport permit issued under AS 28.10.151 ..... \$5;
- 20 (8) special permit for vehicle used for transport of a person with a  
21 disability issued under AS 28.10.495 ..... none.

22 \* Sec. 6. This Act takes effect July 1, 2003.

Rep. Jim Holm  
State Capitol  
Room 110  
Juneau, AK 99801

March 21, 2003

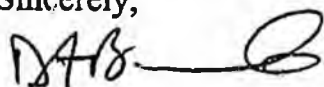
Via Fax 465 2937

Attn: Barbara

Please find the following 2 pages regarding total revenue collected for commercial vehicles per year as well as the total number of currently registered by year. Please note that the total number of vehicles by year may be greater than the number of transactions. This is due, in most part, to the owners' option of annual or biennial registration or re-registration.

I look forward to hearing from you if I may answer any further questions.

Sincerely,



Duane Bannock  
Director  
Division of Motor Vehicles  
3300b Fairbanks St  
Anchorage, AK 99503

## Commercial Vehicle Registration fees collected 1997 through 2002

REGISTRATION	1997	1998	1999	2000	2001	2002
Class 31 through 34 - Trailer	\$1,983,502.00	\$1,817,868.00	\$85,723.00	\$45,662.00	\$40,360.00	\$48,760.00
Class 41 through 44 - Truck	\$3,733,423.00	\$3,478,418.00	\$4,832,103.00	\$5,560,028.00	\$5,368,096.00	\$6,161,548.00
Class 51 through 54 - Bus	\$225,905.00	\$196,800.00	\$379,330.00	\$295,349.00	\$521,175.00	\$496,277.00
Class 91 through 94 - Passenger	\$728,762.00	\$933,154.00	\$1,444,288.00	\$1,568,116.00	\$1,746,010.00	\$2,158,325.00
Totals:	\$6,671,592.00	\$6,426,240.00	\$6,741,444.00	\$7,469,155.00	\$7,675,641.00	\$8,864,910.00

TOTAL VEHICLE TRANSACTIONS	1997	1998	1999	2000	2001	2002
Class 31 through 34 - Trailer	19315	14266	9728	6748	5684	6730
Class 41 through 44 - Truck	33087	25377	22373	25185	24548	27346
Class 51 through 54 - Bus	1475	1000	1264	907	1403	1371
Class 91 through 94 - Passenger	12784	11770	11864	12427	13983	17551
Totals:	66661	52413	45229	45267	45618	52998

## Commercial Vehicle Class Summary

	Truck		Bus		Passenger	
class	1997	1998	1999	2000	2001	2002
41 < 5000#						
42 <12000#						
43 <18000#						
44 >18000#						
51 < 5000#						
52 <12000#						
53 <18000#						
54 >18000#						
91 < 5000#						
92 <12000#						
93 <18000#						
94 >18000#						
	16108	15691	14886	14426	13481	12897
	14472	14605	13644	13318	12639	13044
	4803	4918	5123	5260	5181	5452
	3612	4140	4399	4386	4303	4640
	72	63	62	61	60	55
	505	489	473	465	471	431
	764	754	729	564	588	450
	83	140	244	275	576	467
	23021	22393	22429	22452	20873	19726
	2446	3089	3338	3443	3143	2916
	83	84	78	69	25	21
	9	7	3	3	6	7
	65978	66373	65408	64722	61346	60106

To: Barbara Cotting

From: Kevin Ritchie

Rep Holm asked whether all of the money distributed from a gas tax to a 2<sup>nd</sup> Class borough would **all** have to be passed through to road service areas.

I spoke to Bill Rolfzen who administers revenue sharing for DCED. Per Bill, 3AAC 130.052 requires only **20%** to be directly allocated to roads. While this percent could be increased, there is **clearly a great deal of flexibility for 2<sup>nd</sup> class boroughs if road revenue sharing is increased by adding some gas tax funds.**

Currently road revenue sharing is statutorily authorized at \$3000 per mile. It has been cut to about \$400 per mile this year, and would be further cut to about \$300 this year if the Governor's budget 25% revenue sharing cut is implemented.



217 Second Street, Suite 200 • Juneau, Alaska 99801  
Tel (907) 586-1325 • Fax (907) 463-5480 • www.akml.org

March 21, 2003

Representative James Holm  
State Capitol Room 110  
Juneau, AK 99801

Dear Representative Holm,

The Municipal Policy Statement approved by the Alaska Municipal League's membership of 141 cities and boroughs states:

**"The fuel tax ...should be used to fund state and municipal highway and road operations, maintenance, and improvements. The motor vehicle fuel tax....should be shared on an equitable basis between state and local government based on the proportion of local vs. state maintained roads. The League also supports an increase in fuel tax ...provided it is used for the benefit of road maintenance."**

Municipalities have put the adoption of a state long-range fiscal plan for our state as our top legislative priority. As political subdivisions of the State, we will partner with you in achieving this goal. The Governor has proposed an increase in the gas tax for road vehicles as a step toward a long-term balanced budget and fiscal plan. **With an equitable sharing of gas tax with municipalities, we feel that we can work to build local support for this concept with our citizens as an equitable approach to providing long-term maintenance of the combined state and local road system.**


As local elected officials, every year we must engage citizens in discussions about local fees and local tax rates paid in exchange for the services they receive. Not infrequently **people in our communities support increases in fees, sales, or property taxes when they feel it is necessary to provide the level of public services they desire.** From our experience, the keys to gaining public support of a revenue increase are:

- The public has to see a direct link between a service they want and the revenue measure.
- The public has to feel that the revenue is equitable.

In regard to **equity**, when people pay a tax they want to see a return. It is less likely that a citizen who pays a gas tax will feel good about it if none of the money will be used to maintain nearly half of their road system. According to state figures, **municipalities maintain over 43% of the road system in Alaska.**

The AML Policy supports amending the gas tax bill to include a provision for equitable sharing of gas tax revenues with municipalities based on actual miles of local roads maintained. We will encourage municipalities to work with you to build public support for an increase in the gas tax as a long-range strategy to maintain roads.

Sincerely,



Kevin Ritchie  
Executive Director

CC: Representative Beverly Masek  
AML Board of Directors  
AML Legislative Committee



217 Second Street, Suite 200 • Juneau, Alaska 99801  
Tel (907) 586-1325 • Fax (907) 463-5480 • [www.akml.org](http://www.akml.org)

## FAX ALERT

**To: Mayor and Assembly/Council  
Manager/Administrator, Fire Chief**

**From: Kevin Ritchie, Executive Director**

**Date: March 20, 2003**

### Request for State Gas Tax revenue sharing letters

The Governor has proposed a 12 cent increase in the gas tax for road vehicles (H.B. 156 and S.B. 112). The AML and Conference of Mayors has long supported a long-range fiscal plan and state sharing of gas tax revenues with municipalities.

On average, states share 31% of gas tax revenues with municipalities. In Alaska, cities and boroughs maintain 43% of Alaska's road system, but receive less than 5% of gas tax revenues.

The legislature has asked for letters from municipalities in support of the Governor's gas tax bills with an amendment that would require the state to share gas tax revenues with municipalities through a road revenue sharing program. If approved and implemented, the increase in the gas tax and a road revenue sharing program would provide a long-term stable source of revenue sharing for municipalities.

For talking points on this issue, an example letter, and/or more facts please visit the AML website at [www.akml.org](http://www.akml.org) and click on GAS TAX or call Kevin or Sarah at 1-877-636-1325. Please send letters to your legislators and fax copies to AML at 907-463-5480.

### Fire Departments - \$750 Million in Grants Announced

Fire departments interested in applying for the \$750 million in funds available through the Assistance to Firefighters Grant Program should visit [www.usfa.fema.gov](http://www.usfa.fema.gov) to fill out an on-line application form. These funds help rural, urban and suburban fire departments to better train, prepare and equip themselves. Fire departments will have until April 11, 2003 at 5 pm, to complete and submit their applications. The distribution of the funds to successful applicants will begin no later than July 2003. Fire service personnel should call 866-274-0960 for answers to questions not found in the guidelines or email any questions to <mailto:usfagrants@fema.gov>.

## Equitable Sharing of Gas Tax with Local Taxpayers from Gas Used on Local Roads

- ❖ Taxpayers currently pay twice to maintain their local roads: once at the gas pump (State doesn't share gas tax for gas used on local roads); and then again when they pay property taxes.
- ❖ 43.5 % of all roads in Alaska are municipally maintained roads. **43.5 % of gas is consumed on municipal roads.** 43.5% of the gas tax increase should be shared with local taxpayers.
- ❖ Most states share gas taxes with municipalities and local taxpayers. It is so logical, fair, and equitable that the average local share among the 50 states is 31%. **Alaska is currently next to last among 47 sharing states at 5% of gas tax revenue.**
- ❖ A fair gas tax revenue sharing program will be an **incentive for municipalities to accept maintenance of more state roads.**
- ❖ Citizens are far more likely to support a gas tax increase if they know a fair share will be returned to the community. **Sharing the gas tax with local taxpayers specifically for road maintenance is the most direct way to gain public trust and acceptance.**

### Lane miles maintained by the State Department of Transportation:

(figures provided by DOT 8/12/99)

Central Region Lane Miles	4,669.3 lane miles
Northern Region Lane Miles	8,353.0 lane miles
Southeast Region Lane Miles	<u>1,347.0 lane miles</u>
<b>TOTAL State Lane miles</b>	<b>14,369.3 lane miles</b>

### Lane miles maintained by Municipal Governments:

(figures provided by the Dept of Community and Economic Development 8/11/99)

TOTAL Public Roads lane Miles*	10,087.92
TOTAL Ice Road Miles	<u>993.38</u>
<b>TOTAL Municipal Lane Miles</b>	<b>11,081.3 lane miles</b>

\* DCED maintains records in miles (5,043.96) this was converted to lane miles by multiplying by a factor of 2

### Ratio of Municipal and State Lane Miles:

Total State plus Municipal Lane Miles = 25,450.6 Lane Miles	
Municipal Lane Miles as a % of all Lane Miles (11,081.3 / 25,450.6) =	<b>43.5%</b>
State Lane Miles as a % of all Lane Miles = (14,369.3 / 25,450.6) =	<b>56.5%</b>

**Recommendation:** Statutorily add 30 to 40% of gas tax increase to current municipal road revenue sharing program and enlist municipal leaders to gain public acceptance. (Municipal road revenue sharing is authorized at \$2500 per mile, but currently funded at less than \$400 per mile of locally maintained road.)

**How States Share Gas Taxes - 2001**

State	Miles of Roads (not federal)	Total Gas Tax (in \$1000's)	% Shared w/Local Gov't	\$ Shared per mile (in \$1000's)
Dist. of Col.	1,448	28,688	100%	20
Iowa	113,322	393,436	65%	2
Illinois	138,103	1,214,890	59%	5
Michigan	120,057	1,049,129	57%	5
Indiana	94,038	770,834	55%	5
Kansas	134,598	357,113	55%	1
Washington	73,569	727,154	52%	5
Minnesota	130,319	597,081	51%	2
Alabama	93,708	556,271	50%	3
Wisconsin	111,825	812,396	49%	4
Colorado	78,634	542,227	46%	3
North Dakota	85,898	99,019	44%	1
Massachusetts	35,298	652,182	43%	8
Idaho	37,955	219,074	42%	2
Ohio	116,998	1,448,760	40%	5
California	155,326	3,041,595	39%	8
Mississippi	72,949	370,500	38%	2
Oklahoma	112,644	401,061	38%	1
Tennessee	87,526	735,904	37%	3
Nevada	35,915	371,894	37%	4
Oregon	55,630	385,439	37%	3
Nebraska	92,607	297,064	34%	1
Maryland	30,191	801,561	33%	9
Kentucky	77,887	447,971	33%	2
Arizona	43,418	572,024	33%	4
Missouri	123,220	661,982	32%	2
Arkansas	95,469	411,656	31%	1
Wyoming	23,970	95,056	28%	1
Utah	38,679	310,000	27%	2
Vermont	14,180	86,785	24%	1
New Mexico	52,571	233,506	22%	1
New York	112,865	1,446,780	21%	3
New Jersey	36,088	533,610	21%	3
Georgia	114,405	446,293	18%	1
Florida	115,222	1,628,490	18%	3
New Hampshire	15,372	139,636	18%	2
South Carolina	63,926	437,420	17%	1
South Dakota	81,608	122,397	17%	0
Virginia	68,862	820,409	15%	2
North Carolina	97,974	1,183,663	10%	1
Montana	55,800	174,312	10%	0
Maine	22,499	163,783	9%	1
Pennsylvania	119,041	1,728,126	8%	1
Rhode Island	6,042	133,945	7%	2
Connecticut	20,905	406,967	6%	1
Alaska	11,475	27,119	5%	0
Louisiana	60,206	545,485	4%	0
Hawaii	4,160	70,205	0%	0
Texas	300,302	2,733,773	0%	0
Delaware	5,808	104,137	0%	-
West Virginia	36,319	295,691	0%	-
<b>Average Received by Local Governments:</b>			<b>31%</b>	<b>3</b>

Source: U.S. Department of Transportation, Federal Highway Administration, October 2002

To: Barbara Cotting

From: Kevin Ritchie

Rep Holm asked whether all of the money distributed from a gas tax to a 2<sup>nd</sup> Class borough would **all** have to be passed through to road service areas.

I spoke to Bill Rolfzen who administers revenue sharing for DCED. Per Bill, 3AAC 130.052 requires only **20%** to be directly allocated to roads. While this percent could be increased, there is **clearly a great deal of flexibility for 2<sup>nd</sup> class boroughs if road revenue sharing is increased by adding some gas tax funds.**

Currently road revenue sharing is statutorily authorized at \$3000 per mile. It has been cut to about \$400 per mile this year, and would be further cut to about \$300 this year if the Governor's budget 25% revenue sharing cut is implemented.



217 Second Street, Suite 200 • Juneau, Alaska 99801  
Tel (907) 586-1325 • Fax (907) 463-5480 • www.akml.org

March 21, 2003

Representative James Holm  
State Capitol Room 110  
Juneau, AK 99801

Dear Representative Holm,

The Municipal Policy Statement approved by the Alaska Municipal League's membership of 141 cities and boroughs states:

**"The fuel tax ...should be used to fund state and municipal highway and road operations, maintenance, and improvements. The motor vehicle fuel tax....should be shared on an equitable basis between state and local government based on the proportion of local vs. state maintained roads. The League also supports an increase in fuel tax ...provided it is used for the benefit of road maintenance."**

Municipalities have put the adoption of a state long-range fiscal plan for our state as our top legislative priority. As political subdivisions of the State, we will partner with you in achieving this goal. The Governor has proposed an increase in the gas tax for road vehicles as a step toward a long-term balanced budget and fiscal plan. **With an equitable sharing of gas tax with municipalities, we feel that we can work to build local support for this concept with our citizens as an equitable approach to providing long-term maintenance of the combined state and local road system.**

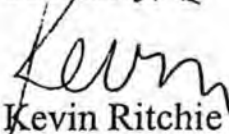
As local elected officials, every year we must engage citizens in discussions about local fees and local tax rates paid in exchange for the services they receive. Not infrequently **people in our communities support increases in fees, sales, or property taxes when they feel it is necessary to provide the level of public services they desire.** From our experience, the keys to gaining public support of a revenue increase are:

- The public has to see a direct link between a service they want and the revenue measure.
- The public has to feel that the revenue is equitable.

In regard to **equity**, when people pay a tax they want to see a return. It is less likely that a citizen who pays a gas tax will feel good about it if none of the money will be used to maintain nearly half of their road system. According to state figures, **municipalities maintain over 43% of the road system in Alaska.**

The AML Policy supports amending the gas tax bill to include a provision for equitable sharing of gas tax revenues with municipalities based on actual miles of local roads maintained. We will encourage municipalities to work with you to build public support for an increase in the gas tax as a long-range strategy to maintain roads.

Sincerely,



Kevin Ritchie  
Executive Director

CC: Representative Beverly Masek  
AML Board of Directors  
AML Legislative Committee



217 Second Street, Suite 200 • Juneau, Alaska 99801  
Tel (907) 586-1325 • Fax (907) 463-5480 • [www.akml.org](http://www.akml.org)

## FAX ALERT

**To: Mayor and Assembly/Council  
Manager/Administrator, Fire Chief**

**From:** Kevin Ritchie, Executive Director

**Date:** March 20, 2003

### Request for State Gas Tax revenue sharing letters

The Governor has proposed a 12 cent increase in the gas tax for road vehicles (H.B. 156 and S.B. 112). The AML and Conference of Mayors has long supported a long-range fiscal plan and state sharing of gas tax revenues with municipalities.

On average, states share 31% of gas tax revenues with municipalities. In Alaska, cities and boroughs maintain 43% of Alaska's road system, but receive less than 5% of gas tax revenues.

The legislature has asked for letters from municipalities in support of the Governor's gas tax bills with an amendment that would require the state to share gas tax revenues with municipalities through a road revenue sharing program. If approved and implemented, the increase in the gas tax and a road revenue sharing program would provide a long-term stable source of revenue sharing for municipalities.

For talking points on this issue, an example letter, and/or more facts please visit the AML website at [www.akml.org](http://www.akml.org) and click on GAS TAX or call Kevin or Sarah at 1-877-636-1325. Please send letters to your legislators and fax copies to AML at 907-463-5480.

### Fire Departments - \$750 Million in Grants Announced

Fire departments interested in applying for the \$750 million in funds available through the Assistance to Firefighters Grant Program should visit [www.usfa.fema.gov](http://www.usfa.fema.gov) to fill out an on-line application form. These funds help rural, urban and suburban fire departments to better train, prepare and equip themselves. Fire departments will have until April 11, 2003 at 5 pm, to complete and submit their applications. The distribution of the funds to successful applicants will begin no later than July 2003. Fire service personnel should call 866-274-0960 for answers to questions not found in the guidelines or email any questions to <mailto:usfagrants@fema.gov>.

## Equitable Sharing of Gas Tax with Local Taxpayers from Gas Used on Local Roads

- ❖ Taxpayers currently pay twice to maintain their local roads: once at the gas pump (State doesn't share gas tax for gas used on local roads); and then again when they pay property taxes.
- ❖ 43.5 % of all roads in Alaska are municipally maintained roads. 43.5 % of gas is consumed on municipal roads. 43.5% of the gas tax increase should be shared with local taxpayers.
- ❖ Most states share gas taxes with municipalities and local taxpayers. It is so logical, fair, and equitable that the average local share among the 50 states is 31%. Alaska is currently next to last among 47 sharing states at 5% of gas tax revenue.
- ❖ A fair gas tax revenue sharing program will be an incentive for municipalities to accept maintenance of more state roads.
- ❖ Citizens are far more likely to support a gas tax increase if they know a fair share will be returned to the community. **Sharing the gas tax with local taxpayers specifically for road maintenance is the most direct way to gain public trust and acceptance.**

### Lane miles maintained by the State Department of Transportation:

(figures provided by DOT 8/12/99)

Central Region Lane Miles	4,669.3 lane miles
Northern Region Lane Miles	8,353.0 lane miles
Southeast Region Lane Miles	<u>1,347.0 lane miles</u>
<b>TOTAL State Lane miles</b>	<b>14,369.3 lane miles</b>

### Lane miles maintained by Municipal Governments:

(figures provided by the Dept of Community and Economic Development 8/11/99)

TOTAL Public Roads lane Miles*	10,087.92
TOTAL Ice Road Miles	<u>993.38</u>
<b>TOTAL Municipal Lane Miles</b>	<b>11,081.3 lane miles</b>

\* DCED maintains records in miles (5,043.96) this was converted to lane miles by multiplying by a factor of 2

### Ratio of Municipal and State Lane Miles:

Total State plus Municipal Lane Miles =	25,450.6 Lane Miles
Municipal Lane Miles as a % of all Lane Miles (11,081.3 / 25,450.6) =	<b>43.5%</b>
State Lane Miles as a % of all Lane Miles = (14,369.3 / 25,450.6) =	<b>56.5%</b>

**Recommendation:** Statutorily add 30 to 40% of gas tax increase to current municipal road revenue sharing program and enlist municipal leaders to gain public acceptance. (Municipal road revenue sharing is authorized at \$2500 per mile, but currently funded at less than \$400 per mile of locally maintained road.)

**How States Share Gas Taxes - 2001**

State	Miles of Roads (not federal)	Total Gas Tax (in \$1000's)	% Shared w/Local Gov't	\$ Shared per mile (in \$1000's)
Dist. of Col.	1,448	28,688	100%	20
Iowa	113,322	393,436	65%	2
Illinois	138,103	1,214,890	59%	5
Michigan	120,057	1,049,129	57%	5
Indiana	94,038	770,834	55%	5
Kansas	134,598	357,113	55%	1
Washington	73,569	727,154	52%	5
Minnesota	130,319	557,081	51%	2
Alabama	93,708	556,271	50%	3
Wisconsin	111,825	812,396	49%	4
Colorado	78,634	542,227	46%	3
North Dakota	85,898	99,019	44%	1
Massachusetts	25,298	652,182	43%	8
Idaho	37,955	219,074	42%	2
Ohio	110,998	1,448,760	40%	5
California	155,326	3,041,595	39%	8
Mississippi	72,449	370,500	38%	2
Oklahoma	112,644	401,061	38%	1
Tennessee	87,526	735,904	37%	3
Nevada	35,915	371,894	37%	4
Oregon	55,630	385,439	37%	3
Nebraska	92,607	297,064	34%	1
Maryland	30,191	801,561	33%	9
Kentucky	77,887	447,971	33%	2
Arizona	43,418	572,024	33%	4
Missouri	123,220	661,982	32%	2
Arkansas	95,469	411,656	31%	1
Wyoming	23,970	95,056	28%	1
Utah	38,679	310,000	27%	2
Vermont	14,180	86,785	24%	1
New Mexico	52,571	233,506	22%	1
New York	112,865	1,446,780	21%	3
New Jersey	36,088	533,610	21%	3
Georgia	114,405	446,293	18%	1
Florida	115,222	1,628,490	18%	3
New Hampshire	15,372	139,636	18%	2
South Carolina	63,926	437,420	17%	1
South Dakota	81,608	122,397	17%	0
Virginia	68,862	820,409	15%	2
North Carolina	97,974	1,183,663	10%	1
Montana	55,800	174,312	10%	0
Maine	22,499	163,783	9%	1
Pennsylvania	119,041	1,728,126	8%	1
Rhode Island	6,042	133,945	7%	2
Connecticut	20,905	406,967	6%	1
Alaska	11,475	27,119	5%	0
Louisiana	60,206	545,485	4%	0
Hawaii	4,160	70,205	0%	0
Texas	300,302	2,733,773	0%	0
Delaware	5,808	104,137	0%	-
West Virginia	36,319	295,691	0%	-
<b>Average Received by Local Governments:</b>			<b>31%</b>	<b>3</b>

Source: U.S. Department of Transportation, Federal Highway Administration, October 2002



217 Second Street, Suite 200 • Juneau, Alaska 99801  
Tel (907) 586-1325 • Fax (907) 463-5480 • www.akml.org

March 11, 2003

Representative Jim Holm, Co-Chair  
Representative Beverly Masck, Co-Chair  
House Transportation Committee  
State Capitol  
Juneau, AK 99801

Re: **H.B. 156 – Increase Motor Vehicle Fuel Tax**  
**H.B. 170 – Motor Vehicle Registration Fees**

Dear Representatives Holm and Masck,

As noted in the Alaska Municipal League (AML) policy statement, the AML supports an increase in motor vehicle registration fees and motor vehicle fuel taxes so long as:

- (1) fuel tax and vehicle registration fees are “used to fund state and municipal highway road operation, maintenance, and improvements;” and
- (2) the motor vehicle fuel tax and vehicle registration fees are “shared on an equitable basis between local and state government based on the proportion of local vs. state maintained roads.”

Thank you for the opportunity to express our views on this important legislation.

Sincerely,

Sarah A. Gilbertson  
Policy and Program Coordinator

Cc: Senator John Cowdery

# FISCAL NOTE

**STATE OF ALASKA**  
**2003 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: HB 170  
 (H) Publish Date: 3/5/03

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept Affected: Administration  
 Title: \_\_\_\_\_ BRU: Motor Vehicles  
 Component: \_\_\_\_\_  
 Sponsor: \_\_\_\_\_  
 Requester: \_\_\_\_\_ Component No. 2348

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( )</b>	<b>12,072.4</b>	<b>12,072.4</b>	<b>12,072.4</b>	<b>12,072.4</b>	<b>12,072.4</b>	<b>12,072.4</b>
-------------------------------	-----------------	-----------------	-----------------	-----------------	-----------------	-----------------

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2003) cost: 0.0  
 Check this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

This bill increases most registration, title and lien filing fees collected by the Division of Motor Vehicles. The increases are \$10-\$15 per year for most classes of vehicles. Since the vehicles are registered for a biennial period the actual fee increase in the statute will be twice that amount.

The title and lien filing fees are increased from \$5 to \$15.

The revenue increase by class of vehicle is shown on the next page

Prepared by: Charles R. Hosack Phone 269-5559  
 Division: Motor Vehicles Date/Time 3/4/03  
 Approved by: \_\_\_\_\_ Date 3/6/2003  
 Agency: \_\_\_\_\_

STATE OF ALASKA  
2003 LEGISLATIVE SESSION

BILL NO. HB 170, FN #1

ANALYSIS CONTINUATION

Revenue Increase by Vehicle Category

Non-Commercial Passenger - \$5,463,930.00  
Non-Commercial Pickup/Van - \$1,810,550.00  
Non-Commercial Trailers - \$921,010.00  
Motorcycles - \$181,510.00  
Taxicabs - \$8,990.00  
Tour Buses - \$75,595.00  
Commercial Trailers - \$10,000.00  
Commercial Motor Vehicles  
0-5,000 lbs - \$326,780.00  
5,001- 12,000 lbs - \$163,910.00  
12,001-18,000 lbs - \$59,020  
18,001 + - \$51,140

Registration Fee Increase - \$9,072,435.00

Title/Lien Fee Increase - \$3,000,000.00