

**SB**

**304**

# ALASKA STATE LEGISLATURE

## SENATE TRANSPORTATION COMMITTEE

### Committee Members

Senator Huggins, Chairman  
Senator Cowdery, Vice-Chair  
Senator Therriault  
Senator Kookesh  
Senator French



State Capitol, Room 417  
Juneau AK 99801-1182  
907-465-3878  
Fax: 907-465-3265

## MEMORANDUM

To: Representative Carl Gatto  
Co-Chair, House Transportation Committee

From: Senator John Cowdery

Date: March 20, 2006

Re: Request for Hearing, SB 304 "An Act relating to the privileges of airport parking shuttles and to fees or charges imposed on a person who is not a lessee or holder of a privilege to use the property or a facility of an airport."

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I respectfully request that SB 304 "An Act relating to the privileges of airport parking shuttles and to fees or charges imposed on a person who is not a lessee or holder of a privilege to use the property or a facility of an airport" be scheduled in House Transportation committee at your earliest convenience.

1. Sponsor Statement
2. SB 304
3. Current Ground Transportation Fee Schedule
4. Fiscal Note (DOT & PF)

If you have any questions please feel free to contact me personally, or my staff, Ryan Makinster, at 3879. Thank you for your time and consideration.

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### Sponsor Statement

#### Senate Bill 304

**"An Act relating to the privileges of airport parking shuttles and to fees or charges imposed on a person who is not a lessee or holder of a privilege to use the property or a facility of an airport."**

Under Alaska law, commercial vehicles that deliver people to the airport fall into one of six general categories: limos, tour buses, standard bus service, off airport shuttles, off airport car rental shuttles and courtesy vehicles. Depending upon the vehicle's classification, a fee is charged for what is essentially use of the airport's curb and roadway. The authority for the setting of these specific rates can be found in AS 02.15.090 which requires the fees charged to be "reasonable and uniform for the same class of privileges and services... and [to be established] with due regard to the property and improvements used and the expense of operation by the state."

At present, the rates charged by the Department of Transportation for these different vehicles to utilize the airport curb at the Anchorage International Airport varies from \$50.00 per year for a courtesy vehicle, taxi, or limo, to \$100 per year for a tour passenger vehicle, up to a maximum of \$1000.00 per year for a regularly scheduled bus.

In early 2005, the Department of Transportation proposed regulations, which would charge "off-airport valet parking services" a tax equal to 8% of their gross revenues. This change would constitute a drastic shift from the statutory language, which requires that the fees charged be "reasonable and uniform for the same class of privileges and services." While other courtesy services such as free hotel shuttles are charged a \$50 per vehicle fee, the proposal would charge free parking shuttles 8% of gross sales or \$250 annual minimum (whichever is greater). The two services are essentially the same class because both are "a free courtesy"; both offer an airport patron an off-site service and both require the same amount of accommodations on part of the Airport.

The purpose of SB304 is to clarify the law with regard to the charging of off-airport businesses who simply drop patrons at the curb or pick them up upon return and reflects the sentiment that the Department should set rates, which are based on use and not as a percentage of gross revenues. SB304 simply and specifically directs the Department that charges for usage must be consistent with other services that receive similar privileges and accommodations, may not be on a gross revenue basis and shall not have the effect of singling out one type of accommodations because it may currently or in the future compete with the airport.

**GROUND TRANSPORTATION FEES  
17 AAC 42.095**

<b>COURTESY VEHICLE, TAXI CAB</b>	<b>\$50 PER VEHICLE PER YEAR</b>
<b>LIMOUSINE</b>	<b>\$500 FOR THE FIRST VEHICLE AND \$50 FOR EACH THEREAFTER PER YEAR</b>
<b>TOUR BUS</b>	<b>\$100 PER VEHICLE PER YEAR OR \$50 PER VEHICLE PER YEAR IF LESS THAN 10 TRIPS</b>
<b>SCHEDULED BUS SERVICE</b>	<b>\$1,000 PER VEHICLE PER YR.</b>
<b>OFF AIRPORT SHUTTLE</b>	<b>\$500 FOR THE FIRST VEHICLE AND \$50 . OR EACH VEHICLE THEREAFTER PER YEAR</b>
<b>OFF AIRPORT CAR RENTAL</b>	<b>GREATER OF 8% OF GROSS SALES OR \$250 ANNUAL MINIMUM</b>

# FISCAL NOTE

**STATE OF ALASKA**  
**2006 LEGISLATIVE SESSION**

Fiscal Note Number: \_\_\_\_\_  
 Bill Version: SB304-DOT-1649-02-28-06  
 ( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: DOT&PF  
 Title: Airport Parking Shuttles/Charges RDU: Aviation  
 Component: International Airport System Office  
 Sponsor: Senate Transportation Committee  
 Requester: \_\_\_\_\_ Component No.: 1649

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

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

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
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>						
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<b>CHANGE IN REVENUES ( )</b>						
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**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 (FY2006) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

This bill will not have a fiscal impact on the operations of the Department; however, its likely effect will be to shift a cost burden of between \$10,000 and \$200,000 from the off-site businesses to the signatory airlines that use the facilities of the International Airport System at Anchorage and Fairbanks. This is because, under the residual agreement between the airlines and the Department, the operations of the airports are revenue-neutral. Signatory airlines are obligated to pay the cost of operating the airports. Some of those costs are off-set by other airport users, such as car rental agencies and gift shops, which obtain their leases at a fair market value. If some of those sources of funds are eliminated, then the cost will be shifted to higher landing fees and terminal rental rates, and downstream to the ticket purchaser. The bill would undermine changes the Legislature enacted last year to AS 02.15.090(h) and (1) to provide the financing mechanism (customer facility charge) for the Anchorage airport rental car facility, currently under construction. The 8 percent Airport Parking Service fee is currently under administrative appeal.

Prepared by: John Manly  
 Division: Commissioner's Office DOT&PF  
 Approved by: Mike Barton, commissioner  
 Agency: DOT&PF

Phone 465-8994  
 Date/Time 2/28/06 at 11 am  
 Date 2/28/06

Budget Rent a Car of Anchorage  
An integral part of Budget System Licenses



**URGENT! URGENT! URGENT! URGENT!**

**FOR HEARING ON HB304**

**TO: Representative Carl Gatto, Transportation Committee Co-Chair**

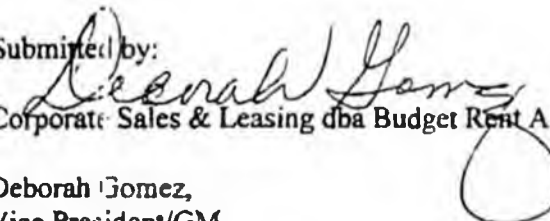
Corporate Sales & Leasing dba Budget Rent a Car in Anchorage, Fairbanks, Juneau and Kenai opposes the language to "exempt off-airport car rental companies from paying the existing "percentage of gross" fee, or 8% currently charged by the airport for the following reasons:

- The airport and the car rental industry have already created a current balance of revenue and expense which is well monitored and promotes quality service to airport passengers. Removal of the fee for off airport rental car companies will provide an unfair competitive advantage without participating in the cost of the benefits of access and marketing to airport passengers.
- The current 8% fee charged for off-airport rental customers is still less than the 10% fee charged to airport customers. A great deal of effort goes into planning to continually improve customer service at the airport, and the current car rentals existing at the airport are together working diligently to ensure quality service. The current 8% for off-airport rental companies is minimal while they do benefit from the efforts of the others who work to maintain a high quality of customer service and nice facilities at the airport.
- Any reduced revenue from this change will only be absorbed by the airlines and the existing car rental companies currently at the airport, which would result in higher rate structures for airline passengers.
- The increased competitive advantage to off-site rental companies would only encourage existing airport rental car business to move offsite, which would negatively impact revenue for airport facilities in the future.

In summary, **THE ONLY FAIR DECISION** would be to **KEEP AND MAINTAIN THE CURRENT** percentage of gross fee, which represents *competitive equity* for all involved. It would also be the **CORRECT BUSINESS APPROACH** that would be **IN THE BEST INTEREST OF THE STATE** because of the improvements to the airports and the maintenance of quality customer service and facilities borne by the car rental agencies at the airports... including generating revenues for the state to support airport operations and improvements.

We very strongly encourage you to **NOT APPROVE HB 304 AS IT CURRENTLY STANDS.**

Submitted by:

  
Corporate Sales & Leasing dba Budget Rent A Car

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Vice President/GM

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