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**SENATE COMMITTEE REPORT**  
**First Committee of Referral**

DATE: 1/21/09

FURTHER: Senate Special  
 Committee on Energy  
 Finance

Date of 5-Day Notice: \_\_\_\_\_  
 (in accordance with Uniform Rule 23)

DATE TURNED  
 IN TO OFFICE: \_\_\_\_\_

Transportation Committee considered SENATE BILL NO. 34

**SB 34 COMPRESSED NATURAL GAS FOR STATE VEHICLES**

"An Act directing the Department of Transportation and Public Facilities to prepare a report on the feasibility of using compressed natural gas to power vehicles in the state, including vehicles owned or operated by the state, and including in that study, if warranted, a pilot program proposal for powering some vehicles owned or operated by the state with compressed natural gas."

and recommends:

- be replaced with  SCS or  CS \_\_\_\_\_ (\_\_\_\_\_)
- adopt previous  SCS or  CS \_\_\_\_\_ (\_\_\_\_\_)
- attached amendment(s)
- adopt \_\_\_\_\_ Letter of Intent
- further referral to \_\_\_\_\_ Committee

<b>SENATE BILL:</b>
<input type="checkbox"/> Same Title
<input type="checkbox"/> New Title
<b>HOUSE BILL:</b>
<input type="checkbox"/> Same Title
<input type="checkbox"/> Technical Title Change
<input type="checkbox"/> New Title w/ SCR # _____

**NEW FISCAL NOTE(S):**

Department	Date	Fiscal	Indet	Zero	FN#
DOTPF	4/5/09	75			

**PREVIOUS FISCAL NOTE(S):**

Department	Date	Fiscal	Indet	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
<i>Linda Menard</i>	Menard	X			
<i>Betty Davis</i>	Davis	X			
<i>Ke Meyer</i>	Meyer	X			
<i>Joe Pasikvan</i>	Pasikvan	X			
CHAIR: <i>Albert Kohut</i>	Kohut	X			



## SENATOR FRED DYSON

### *Sponsor Statement for SB 34*

**“An Act directing the Department of Transportation and Public Facilities to prepare a report on the feasibility of using compressed natural gas to power vehicles in the state, including vehicles owned or operated by the state, and including in that study, if warranted, a pilot program proposal for powering some vehicles owned or operated by the state with compressed natural gas.”**

April 2, 2009

Contact: Lucky Shultz at Senator Fred Dyson’s office (907) 465-2199

The state is actively pursuing various tactics for addressing the high cost of energy. One area of particular concern has been the high cost of gasoline and diesel fuel, not only for state and municipal government vehicles, but for all Alaskans. As has been publicly decried over the past several months, we pay the highest fuel costs in the nation. Ironically, we have an abundance of one of a very proven alternative fuel – natural gas.

Compressed natural gas (CNG) is used to power more than 8,000,000 vehicles around the world. There are more than 12,000 compressed natural gas refueling stations. In the United States, there has been a “chicken and egg” supply/demand conundrum. While CNG is a much less expensive, cleaner-burning fuel than either gasoline or diesel, individuals have hesitated to purchase CNG-powered vehicles, or to modify existing vehicles to burn CNG, because there are few refueling stations (lack of supply). At the same time, entrepreneurs have been slow to construct refueling stations because there is inadequate demand.

To break the supply/demand conundrum, the Utah legislature recently provided seed money for the construction of refueling stations. As a result, demand for CNG-powered vehicles soared. New York has mandated a massive move to CNG-powered vehicles by state vehicles.

The move has not been limited to governments. AT&T, with 9,000 workers in the St. Louis area, has agreed to spend more than \$500,000,000 over the next decade, starting out by replacing 8,000 gasoline-powered vehicles with CNG-powered vehicles over the next five years. The Center for Automotive Research estimates AT&T will save 49 million gallons of gasoline and reduce carbon emissions by 211,000 metric tons over the ten-year deployment period.

Finally, because CNG can be transported in tanks, it may well be a viable replacement for vehicles and other energy needs in rural Alaska.

# FISCAL NOTE

STATE OF ALASKA  
2009 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
Bill Version: SB 34  
( ) Publish Date: \_\_\_\_\_

Identifier (file name): SB34-DOT-SEF-04-05-09 Dept. Affected: DOT&PF  
Title: Compressed Natural Gas for State Vehicles RDU: State Equipment Fleet  
Sponsor: Senator Dyson Component: State Equipment Fleet  
Requester: Senate TRA Component Number: 2791

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

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

OPERATING EXPENDITURES	Appropriation Required	Information					
	FY 2010	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Personal Services							
Travel							
Contractual	75.0						
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Miscellaneous							
<b>TOTAL OPERATING</b>	<b>75.0</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	75.0						
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
<b>TOTAL</b>	<b>75.0</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 (FY2009) cost: \_\_\_\_\_

**POSITIONS**

Full-time							
Part-time							
Temporary							

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

SB 34 requires DOT&PF to prepare a report evaluating the feasibility of using compressed natural gas to power vehicles in Alaska. The report will review public policy incentives, evaluate the environmental benefits and technical merits, consider the economic, environmental and technological advantages and disadvantages of using and promoting compressed natural gas to power vehicles in the state. If the findings of the study warrant, a pilot program will be proposed. The Department will hire a contractor to prepare the report and develop a potential pilot program with the detailed costs as outlined in the bill. SB 34 requires completion of the report by December 1, 2009. So funding is only needed for FY10.

Prepared by: Mary Siroky, Legislative Liaison  
Division: Department of Transportation and Public Facilities  
Approved by: Nancy Slagle, Admin Director  
Department of Transportation and Public Facilities

Phone 465-4772  
Date/Time 4/5/09 1:00 AM  
Date 4/5/2009