

**SB**

**26**

<TARGET><BILL>SB 26</BILL><SUBJECT>SB  
26</SUBJECT><COMM>SSTA27</COMM></TARGET>

## SENATE COMMITTEE REPORT First Committee of Referral

DATE: 1/19/11

FURTHER: Finance

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

DATE TURNED IN TO OFFICE: 2-17-11

State Affairs Committee considered SENATE BILL NO. 26

### SB 26-FEE/TAX EXEMPTION FOR CERTAIN VEHICLES

"An Act exempting vehicles fueled solely by electricity or compressed natural gas from motor vehicle registration fees and taxes; and providing for an effective date."

and recommends:

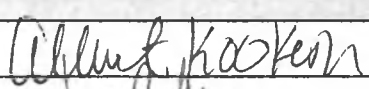
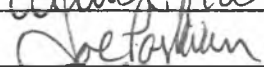
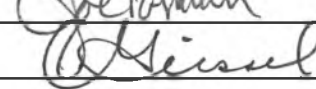
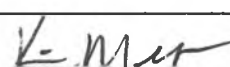

- be replaced with CS \_\_\_\_\_ ( STAR ) [ ] Same Title [ ] New Title
- [ ] adopt previous CS \_\_\_\_\_ ( \_\_\_\_\_ ) [ ] Same Title [ ] New Title
- [ ] attached amendment(s)
- [ ] adopt \_\_\_\_\_ Letter of Intent
- [ ] further referral to \_\_\_\_\_ Committee

Dept Abbr.	
ADM	LEG
CED	LAW
COR	LWF
CRT	MVA
EED	DNR
DEC	DPS
DFG	REV
GOV	DOT
DHS	UA

NEW FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #

PREVIOUS FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #

[ ] APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	No REC	AMEND
	Kookesh			X	
	PASKVAN			X	
	Giessel			X	
	Meyer			X	
CHAIR: 	Wielechowski	✓			

# Alaska State Legislature



*Session:*

State Capitol

Juneau, AK 99801

Phone: (907) 465-2995

Fax: (907) 465-6592

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716 W 4<sup>th</sup> Avenue, Suite 430

Anchorage, AK 99501-2133

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## Senator Lesil McGuire

### Changes in CS for SB 26: 27-LS0291\X

- **Imposes** a minimum registration fee of \$20 biennially for the qualified alternative fuel vehicles
- **Leaves in** the municipal taxes originally imposed in statute
- Page 2, line 4 **changed** from "must be acquired from the manufacturer on or after October 1, 2010," to "must be a model year of 2010 or newer"
- **Added** hybrids: Page 2, line 16 (B):  
"by an engine capable of running on two fuels or power sources, one of which is gasoline or diesel and one of which is compressed natural gas, liquefied natural gas, liquefied petroleum gas, hydrogen, or electricity;"
- **Changed** effective date from "This Act takes effect immediately" to "This Act takes effect January 1, 2012"

### Added Sunset:

- AS 28.10.421(j)(5)B) is repealed December 31, 2015—hybrids
- AS 28.10.421(j) is repealed December 31, 2019—sunset for rest of bill

27-LS0291\X  
Luckhaupt  
2/14/11

**CS FOR SENATE BILL NO. 26(STA)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - FIRST SESSION

**BY THE SENATE STATE AFFAIRS COMMITTEE**

**Offered:**

**Referred:**

**Sponsor(s): SENATOR MCGUIRE**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act setting special registration fees for alternative fuel vehicles; and providing for**  
2 **an effective date."**

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

4 **\* Section 1.** AS 28.10.421 is amended by adding a new subsection to read:

5 (j) Instead of the otherwise appropriate biennial registration fee under (b) or  
6 (c) of this section, a \$20 biennial registration fee is imposed on a qualified alternative  
7 fuel vehicle normally subject to a registration fee under (b) or (c) of this section.  
8 Instead of the otherwise appropriate annual registration fee under (h) of this section, a  
9 \$10 annual registration fee is imposed on a qualified alternative fuel vehicle normally  
10 subject to a registration fee under (h) of this section. To be qualified under this  
11 subsection, an alternative fuel vehicle

12 (1) must be manufactured primarily for use on public streets, roads,  
13 and highways;

14 (2) may not have been modified from the original manufacturer

1 specifications;

2 (3) must be capable of achieving a speed of at least 55 miles an hour;

3 (4) must be a model year of 2010 or newer;

4 (5) must be fueled or powered

5 (A) solely by

6 (i) compressed natural gas;

7 (ii) liquefied natural gas;

8 (iii) liquefied petroleum gas;

9 (iv) hydrogen;

10 (v) a liquid at least 85 percent of the total volume of  
11 which consists of ethanol; or

12 (vi) electricity but only if the vehicle is powered by a  
13 motor that draws the electricity from a battery that has a capacity of at  
14 least four kilowatt-hours and is capable of being recharged from an  
15 external source of electricity; or

16 (B) by an engine capable of running on two fuels or power  
17 sources, one of which is gasoline or diesel and one of which is compressed  
18 natural gas, liquefied natural gas, liquefied petroleum gas, hydrogen, or  
19 electricity;

20 (6) must meet other requirements set by the department by regulation.

21 \* **Sec. 2.** AS 28.10.421(j)(5)(B) is repealed December 31, 2015.

22 \* **Sec. 3.** AS 28.10.421(j) is repealed December 31, 2019.

23 \* **Sec. 4.** This Act takes effect January 1, 2012.

# Alaska State Legislature

Session:  
State Capitol  
Suite 125  
Juneau, AK 99801  
Phone: (907) 465-2995  
Fax: (907) 465-6592



Interim:

716 W 4<sup>th</sup> Avenue, Suite 300  
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## Senator Lesil McGuire

### Sponsor Statement for Senate Bill 26

**"An Act exempting vehicles fueled solely by electric drive or compressed natural gas from motor vehicle registration fees and taxes; and providing for an effective date."**

Senate Bill 26 is a progressive approach in presenting incentives to the public for utilizing vehicles which employ the new technology of electricity or compressed natural gas. Other benefits of this bill include helping air quality and the potential for job increases with the new technology of products.

The automotive industry has been undergoing a significant transformation by moving toward the electrification of the automobile. Providing incentives would encourage many stakeholders and consumers to move forward with necessary changes, accelerate the deployment of second and third generations of the technology and achieve economies of scale more quickly, all leading to reductions in the cost of this new technology.

The availability of plug-in electric vehicles will be expanding and we need to prepare Alaska to be the "First Frontier" for this advanced technology and this bill readily supports its introduction.

Many states are already putting various types of incentives in place to make sure they attract these sorts of vehicles which drives new investment, development of new skills, while displacing petroleum and reducing local vehicle emissions.

This bill also includes CNG vehicles which will also displace petroleum and reduce emissions. These vehicles will assist Alaska in diversifying its energy requirements, which will reduce our risks from any potential shocks to the State's oil supply. In addition, supporting the sale of CNG vehicles will lower operating costs for consumers of these vehicles, many of which are struggling businesses still trying to recover from the local economy.

This bill shows that Alaska welcomes advanced technology and is getting itself "Plug-in Ready."

**CS FOR SENATE BILL NO. 26( )**

**IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTY-SEVENTH LEGISLATURE - FIRST SESSION**

**BY**

**Offered:  
Referred:**

**Sponsor(s): SENATOR MCGUIRE**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act exempting vehicles fueled solely by alternative fuels from motor vehicle**  
2 **registration fees and taxes; and providing for an effective date."**

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

4 **\* Section 1.** AS 28.10.411 is amended by adding a new subsection to read:

5 (g) A qualified alternative fuel motor vehicle is exempt from the registration  
6 fee required under this section and under AS 28.10.421. To be qualified under this  
7 section, an alternative fuel motor vehicle

8 (1) must be manufactured primarily for use on public streets, roads,  
9 and highways;

10 (2) may not have been modified from the original manufacturer  
11 specifications;

12 (3) must be capable of achieving a speed of at least 55 miles an hour;

13 (4) must be acquired from the manufacturer on or after October 1,  
14 2010;

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- (5) must be fueled solely by
  - (A) compressed natural gas;
  - (B) liquefied natural gas;
  - (C) liquefied petroleum gas;
  - (D) hydrogen;
  - (E) a liquid at least 85 percent of the total volume of which consists of ethanol; or
  - (F) electricity but only if the vehicle is powered by a motor that draws the electricity from a battery that has a capacity of at least four kilowatt-hours and is capable of being recharged from an external source of electricity;
- (6) must meet other requirements set by the department by regulation.

\* **Sec. 2.** This Act takes effect immediately under AS 01.10.070(c).

Changes made from original SB 26 into CS

In the title:

**Vehicles fueled solely by electricity or compressed natural gas**

is changed to:

**Vehicles fueled solely by alternative fuels**

Added language starting on page 8 stating that a vehicle

- 1.) **Must be manufactured primarily for use on public roads**
- 2.) **May not have been modified from the original manufacturer**
- 3.) **Must be capable of achieving speed of at least 55mph**
- 4.) **Must be acquired from the manufacturer on or after October 1, 2010**

And on page 2; defining the fuel source as either

- A) **Compressed natural gas**
- B) **Liquefied natural gas**
- C) **Liquefied petroleum gas**
- D) **Hydrogen**
- E) **A liquid at least 85 percent of the total volume of which consists of ethanol**
- F) **Electricity—of at least 4 kilowatt hours and is capable of being recharged from an external source of electricity**

**And must meet other requirements set by the department by regulation**

# FISCAL NOTE

**STATE OF ALASKA**  
**2011 LEGISLATIVE SESSION**

Fiscal Note Number \_\_\_\_\_  
 Bill Version SB26 (STA)  
 ( ) Publish Date \_\_\_\_\_

Identifier (file name) SB026-STA-DOA-DMV-1-24-11 Dept. Affected Administration  
 Title Fee/Tax Exemption for Certain Vehicles Appropriation Motor Vehicles  
 Allocation \_\_\_\_\_  
 Sponsor Sen McGuire  
 Requester (S) STA OMB Component Number 2348

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

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

	Appropriation Required	Information						
		FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Contractual	20.0							
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
<b>TOTAL OPERATING</b>	<b>20.0</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>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	20.0							
1037 GF/Mental Health								
Other Interagency Receipts								
<b>TOTAL</b>	<b>20.0</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>0.0</b>

Estimate of any current year (FY2011) cost 0.0

**POSITIONS**

Full-time								
Part-time								
Temporary								

**Why this fiscal note differs from previous version**

Not applicable; initial version.

Prepared by Whitney Brewster  
 Division Motor Vehicles  
 Approved by John Cramer, Deputy Commissioner

Phone 907-269-5574  
 Date/Time 1/24/11 11:00 AM  
 Date 1/24/2011

FISCAL NOTE

STATE OF ALASKA  
2011 LEGISLATIVE SESSION

BILL NO. SB 26 \_\_\_\_\_

**Analysis**

Expenditures: The database for Division of Motor Vehicles (DMV) does not currently distinguish fuel types for vehicles, so programming will need to be done to accomplish this.

Estimated hours: 140

Cost per hour: \$143

Total programming cost:  $140 \times 143 = \$20,020$ .

Revenues: Since DMV has not captured vehicles by fuel types, the impact on revenues cannot be accurately determined at this time. The initial reduction in revenues should be small, but as vehicles fueled by electricity and natural gas gain popularity, there will be a proportionate decrease in revenues.

If the bill includes an exemption for motor vehicle registration as well as registration fees, there will be a reduction in amounts collected and disbursed to communities through the Motor Vehicle Registration Tax program AS 28.10.431.

Performance Measures: DMV does not expect this bill to have any impact on its performance measures.

Economic Impact: This bill may possibly spur the sale of vehicles powered by electricity and natural gas.

# General Motors

*Public testimony in support of SB  
26*

*State Affairs & Finance Committee*

*January 27, 2011*



GM  
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THE WORLD'S BEST VEHICLES





## 2011 Chevrolet Volt

- Volt is the world's first mass-produced electric vehicle with extended-range, providing a total range of up to 379 miles
  - Revolutionary Voltec propulsion system delivers between 25 and 50 miles of gas-free and tailpipe emissions-free driving



# Volt Basics

- ¶ 2011 Volt was launched in December of 2010
- ¶ Nation wide within 12-18 months from launch
- ¶ An electric vehicle with extended-range capability
- ¶ Powered by a 16kWh lithium-ion battery pack
- ¶ Fully charged battery will provide 25-50 miles of gas-free and tailpipe emissions free driving (85% of drivers commute less than 50 miles per day)
- ¶ Extended range is achieved via an on-board gas generator which keeps the battery pack at its minimum required state of charge
- ¶ 120V charging (Standard)
  - ¶ Plugs into standard household outlet
  - ¶ Full charge 10 hours
- ¶ 240V charging
  - ¶ Full charge 4 hours
  - ¶ Enables more opportunity to drive electrically



# Alaska Vehicle Market Specifics

## ¶ General Motors:

### ¶ Volt:

- Sales: annual sales expected to be less than 100/yr

## ¶ Industry Forecast:

### ¶ Center for Automotive Research, De-c 2010

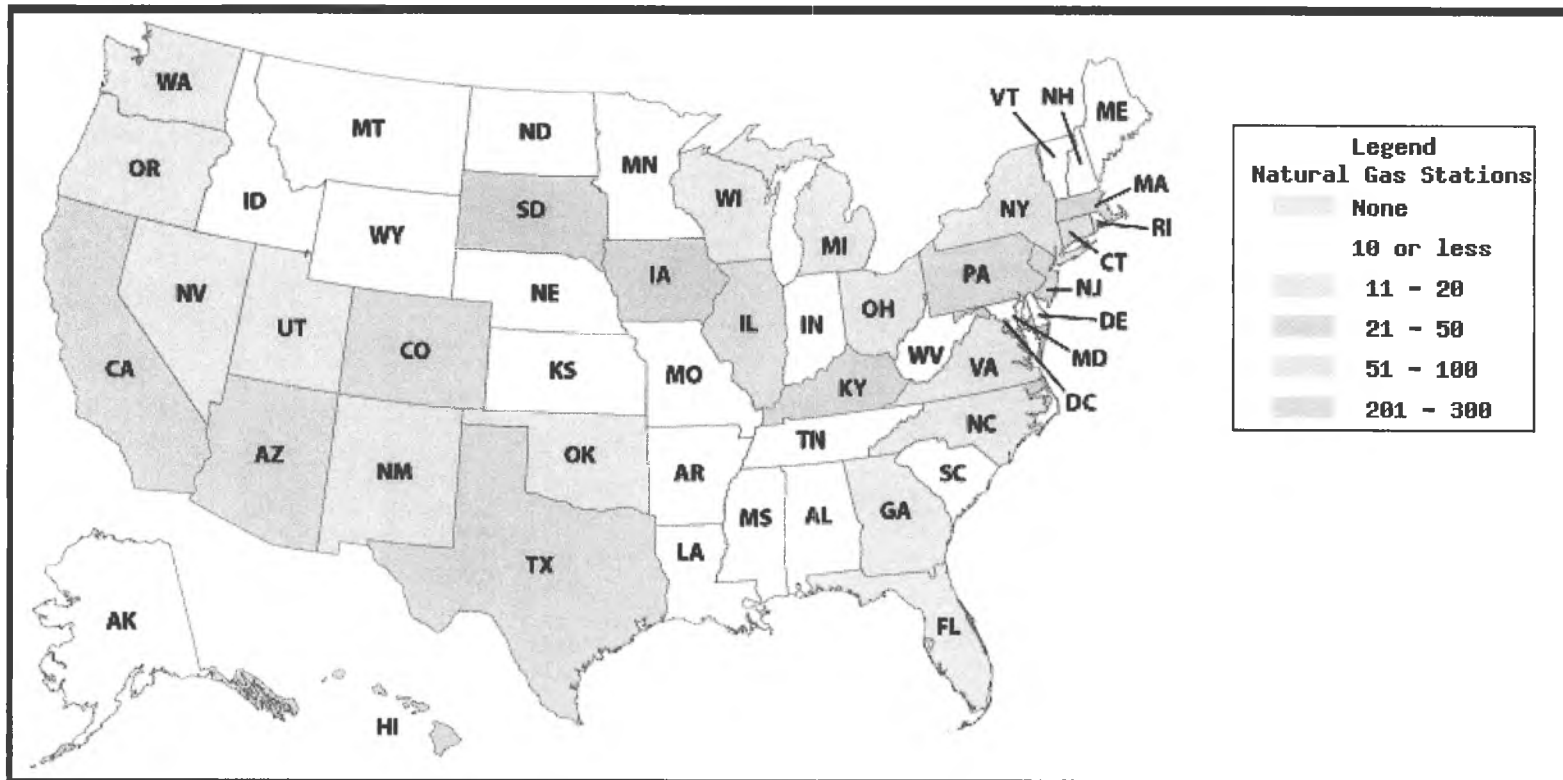
- "DEPLOYMENT ROLLOUT ESTIMATE OF ELECTRIC VEHICLES 2011-2015"

	Electric Vehicles Sold Per Year			
State	2012	2013	2014	2015
Alaska	145	218	256	264



# CNG Infrastructure in the USA

¶ Interest in CNG powered vehicles increasing throughout the US.



[http://www.afdc.energy.gov/afdc/fuels/natural\\_gas\\_locations.html](http://www.afdc.energy.gov/afdc/fuels/natural_gas_locations.html)



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THE WORLD'S BEST VEHICLES

# Summary

- ¶ Automotive industry moving quickly toward electrification
- ¶ Federal, State and local incentives for advanced technology are “win-win-win”
  - ¶ Helps customers adopt technology
  - ¶ Helps country, states, and cities get “plug-in” ready
  - ¶ Helps industry lower costs
- ¶ No Silver bullet solution to energy issues and climate change concerns
  - ¶ A portfolio approach to technologies is important
    - CNG plays an important role in energy security and reducing emissions
- ¶ GM supports SB 26

# BACK UP



GM  
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DESIGN



BUILD



SELL

THE WORLD'S BEST VEHICLES

# Advanced Technology Incentives Nationwide

State	Incentive Type										Totals			
	Reduced Local Registration Fee	Tax Credit/Exemption	Rebates/Grants	HOV/HOT lanes	Discounted/Convenient Parking	10-Year Plan for Hybrid Adoption	Inspection Exemption	Green Vehicle Loans	Taxi Use Extension	R&D	Hotel Discount	Insurance Discount	Number of Private Incentives	Number of Government Incentives
AL										X		0	1	
AK												0	0	
AZ				X						X		1	1	
AR										X		0	1	
CA	X			X	X				X	X	X	4	2	
CO	X	X	X	X	X					X		5	1	
CT		X			X					X		2	1	
DE										X		0	1	
DC		X	X							X	X	2	2	
FL	X			X	X					X		3	1	
GA				X						X		1	1	
HI												0	0	
ID					X					X		1	1	
IL	X		X	X						X		3	1	
IN										X		0	1	
IA										X		0	1	
KS										X		0	1	
KY										X		0	1	
LA		X								X		1	1	
ME		X								X		1	1	
MD		X			X	X				X		3	1	
MA		X			X	X				X		3	1	
MI					X					X		1	1	
MN										X		0	1	
MS										X		0	1	
MO										X		0	1	
MT					X					X		1	1	
NE											X	0	1	
NV								X	X		X	2	1	
NH											X	0	1	
NJ							X				X	1	1	
NM										X		2	1	
NY		X			X	X				X		3	1	
NC									X		X	1	1	
ND											X	0	1	
OH											X	0	1	
OK			X								X	1	1	
OR			X								X	X	2	2
PA		X									X	1	1	
RI											X	0	1	
SC		X	X								X	2	1	
SD											X	0	1	
TN						X	X				X	2	1	
TX							X				X	1	1	
UT		X				X	X				X	3	1	
VT											X	0	1	
VA						X	X				X	2	1	
WA			X					X			X	2	1	
WV			X									1	0	
WI											X	0	1	
WY											X	0	1	
USA		X										1	0	
State Total	6	15	3	11	15	4	1	1	1	1	47	4	59	51



GM  
Confidential

THE WORLD'S BEST VEHICLES



# **General Motors Company**

***Public testimony in support of SB  
26***

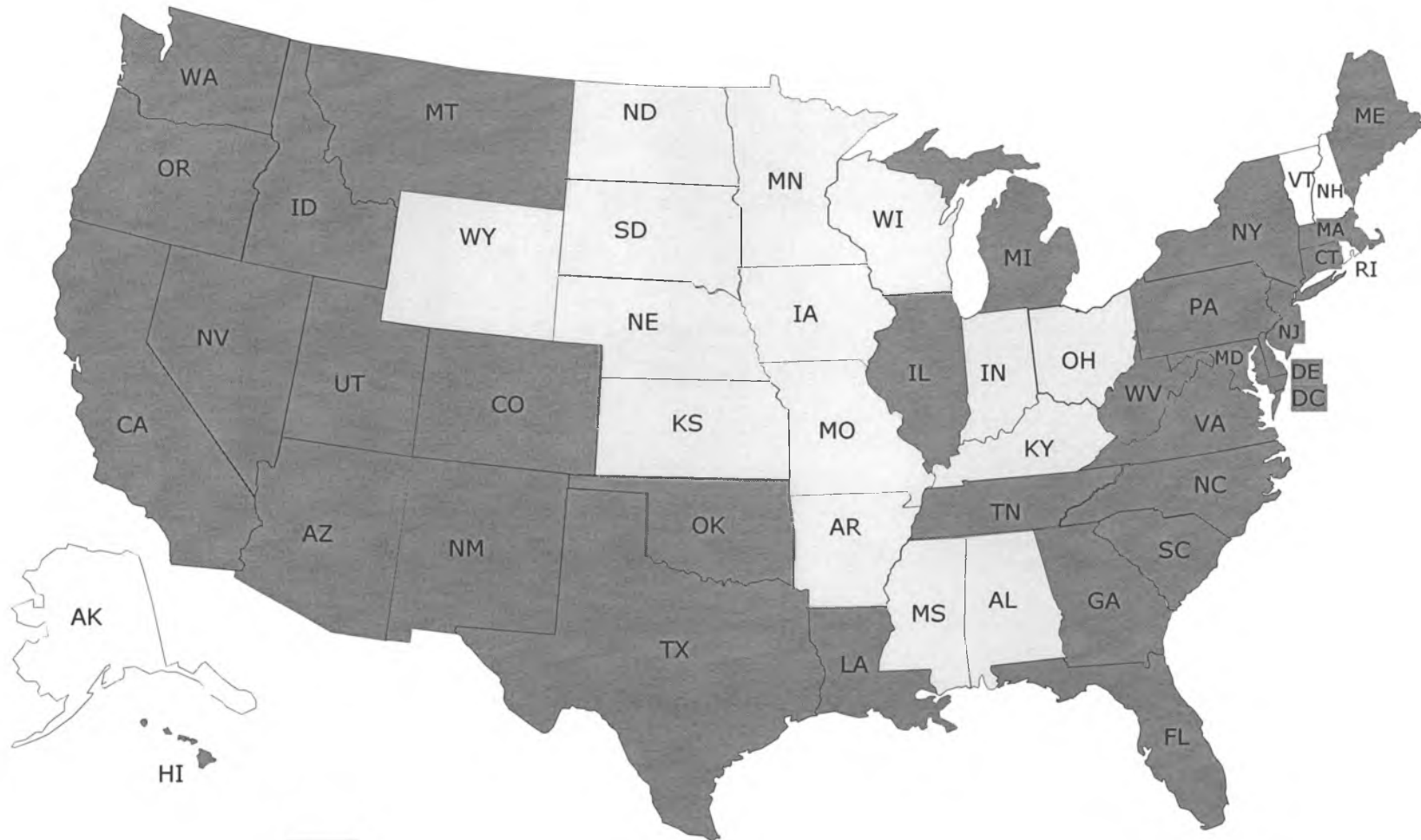
***State Affairs & Finance Committee***

***January 27, 2011***



THE WORLD'S BEST VEHICLES

# Hybrid/Plug-in Electric Vehicle Incentives Nationwide



States with Government Incentives and private incentives



States with private incentives only



# 2011 Chevrolet Volt

- ¶ The Volt was launched in December of 2010.
- ¶ Initially in selected markets, but sold nationwide within 12-18 months
- ¶ World's first mass-produced electric vehicle with extended-range capability
  - ¶ 25 -50 miles of gas-free and tailpipe emissions-free driving (85% of drivers commute less than 50 miles per day)
  - ¶ Up to 379 miles of total range Nation wide within 12-18 months from launch
- ¶ Powered by a 16kWh lithium-ion battery pack
- ¶ Extended range is achieved via an on-board gas generator which keeps the battery pack at its minimum required state of charge
- ¶ 120V charging (Standard)
  - ¶ Plugs into standard household outlet
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Ford Focus PHEV



Nissan Leaf EV



Honda Fit EV



VW UP EV



Mitsubishi iMiEV EV



Fiat 500 EV



Tesla EV



Prius PHEV

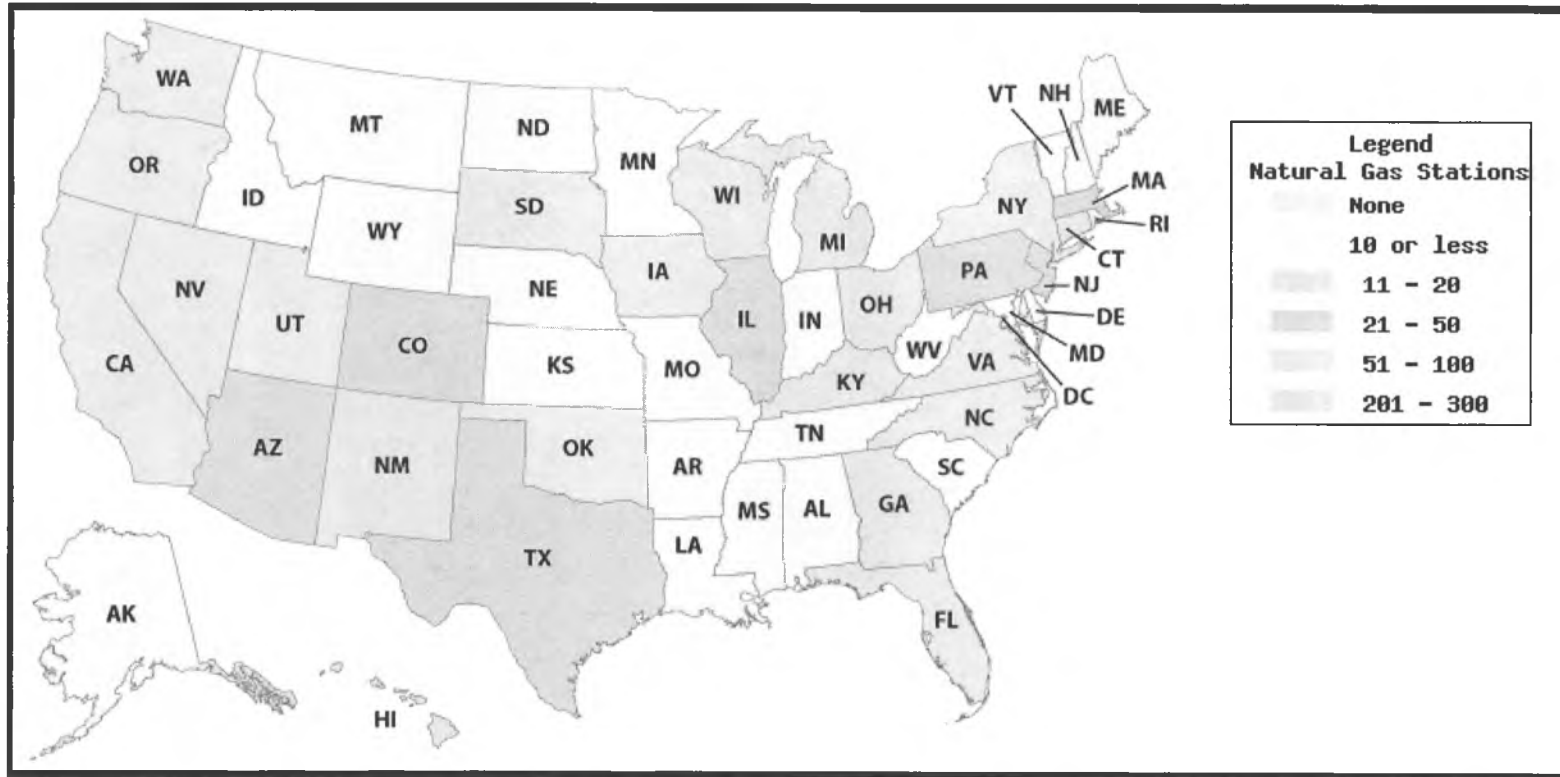


Mercedes SLS EV



# CNG Infrastructure in the USA

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  - ¶ A portfolio approach to technologies is important
    - CNG plays an important role in energy security and reducing emissions
- ¶ GM supports SB 26





## AEL&P to offer experimental discounts to electric car users

Monday, December 20, 2010

Story last updated at 12/20/2010 - 10:42 am

AEL&P to offer experimental discounts to electric car users  
By Pat Forgey | JUNEAU EMPIRE

There may not be any all-electric cars in Juneau yet, but the city's electric utility wants to be ready for them if they come.

"Juneau is an ideal location for an electric vehicle," said Gayle Wood, spokesperson for Alaska Electric Light & Power, which filed this week for a special electric vehicle power rate with the Regulatory Commission of Alaska.

AEL&P is proposing an experimental rate for up to six years in which off-peak power cost would be billed at a special rate, currently 5.62 cents per kilowatt-hour, and at 11.56 cents per kwh at other times. Off-peak hours are 10 p.m. to 7 a.m., according to the utilit's RCA filing.

What makes Juneau ideal for electric vehicles, Wood said, is that the cars' limited driving range would not be much of an issue with Juneau's limited road system.

"You just can't get too far away" from a charging station, she said.

Juneau currently doesn't have any charging stations, but Wood said AEL&P's proposal would also offer an incentive of \$1,000 to help up to 10 experimental customers insteal electric vehicle charging stations, with separate meters.

In exchange, AEL&P would get data on vehicle use. The reimbursement would take place a year into the program, after the customer filled out their first annual survey form about electric vehicle usage.

Wood said she did not know of any all-electric vehicles in Juneau at this time.

"That's not to say that I haven't seen a few unusual looking cars in town that are probably electric," she said.

The rate would apply to either all-electric vehicles, or hybrids that can be plugged in.

Wood said even at gasoline prices as low as \$2.50 a gallon, at AEL&P's off-peak rate, electric vehicles can operate at a quarter of that cost per mile.

AEL&P has adequate low-cost hydroelectric power available to meet load growth that might occur

from electric vehicles, which can benefit the environment by reducing use of gasoline and diesel, she said.

It could help the utility by providing off-peak demand for power, with the experimental program providing data on which the base future such programs.

AEL&P has asked the RCA to begin the program by Jan. 10, 2011 and it will be available until Jan. 10, 2012, or until 10 customers have signed up, she said.

The offer is open only to vehicles licensed to operate on public roads, rated to 40 miles on one charge. Motorcycle-type vehicles are not eligible.

The new rate may help spur electric vehicle use, she said, which could have economic and environmental benefits.

AEL&P is planning on installing a charging station at its Lemon Creek headquarters, and others may be coming as well, such as at businesses or city parking structures.

Wood likened the move to electric vehicles to the move from the horse-and-buggy travel to the automobile.

"It was an issue then, when people wanted to know 'where's my fuel supply?' and obviously that became less of an issue over time," she said.

- Contact reporter Pat Forgey at 523-2250 or [patrick.forgey@juneauempire.com](mailto:patrick.forgey@juneauempire.com).

[http://www.juneauempire.com/stories/122010/sta\\_759144523.shtml](http://www.juneauempire.com/stories/122010/sta_759144523.shtml)