

SB

37

<TARGET><BILL>SB 37</BILL><SUBJECT>SB
37</SUBJECT><COMM>STRA27</COMM></TARGET>

SENATE BILL NO. 37

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

BY SENATOR THOMAS

Introduced: 1/19/11

Referred: Transportation, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the transportation infrastructure fund, to local public
 2 transportation, to motor fuel taxes, and to the motor vehicle registration fee; and
 3 providing for an effective date."

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

5 * **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section
 6 to read:

7 LEGISLATIVE INTENT. It is the intent of the legislature that \$1,000,000,000 be
 8 appropriated to the transportation infrastructure fund on establishment of the fund.

9 * **Sec. 2.** AS 28.10.421(g) is amended to read:

10 (g) The fees collected by the department under this section shall be deposited
 11 in the general fund. The fees collected by the department under (b), (c), (e), (h),
 12 and (i) of this section shall be deposited into the transportation infrastructure
 13 fund established in AS 37.14.850. The Department of Administration shall separately
 14 account for three percent of the fees collected under (d) and (f) of this section and

1 deposited in the general fund. The annual estimated balance in the account may be
 2 used by the legislature to make appropriations for administration of AS 28.10.021(a)
 3 and AS 28.22 (Alaska Mandatory Automobile Insurance Act).

4 * **Sec. 3.** AS 37.14 is amended by adding new sections to read:

5 **Article 10. Transportation Infrastructure Fund.**

6 **Sec. 37.14.850. Transportation infrastructure fund.** (a) A transportation
 7 infrastructure fund is established as a special fund in the general fund. The fund
 8 consists of

9 (1) revenue received from any state tax on fuel used for the propulsion
 10 of motor vehicles and aircraft, less refunds, credits, and collection costs as provided by
 11 law;

12 (2) revenue received from a registration fee levied for a motor vehicle
 13 that is not a special registration fee; and

14 (3) other appropriations to the fund.

15 (b) The commissioner of revenue shall manage the fund as an endowment,
 16 with the goal that the purchasing power of the fund will not diminish over time
 17 without regard to additional contributions that may be made to the fund. The
 18 commissioner shall invest the assets of the fund in a manner likely to yield at least a
 19 six percent real rate of return over time.

20 (c) Money remaining in the fund at the end of a fiscal year does not lapse and
 21 remains available for investment and appropriation in successive fiscal years.

22 (d) Nothing in this section creates a dedicated fund.

23 **Sec. 37.14.860. Use of the fund.** (a) On or before October 1 of each year, the
 24 commissioner of revenue shall prepare a report for the legislature that identifies that
 25 amount defined as six percent of the average of the market values of the assets of the
 26 fund on June 30 for the five fiscal years immediately preceding the fiscal year in
 27 which the report is prepared.

28 (b) The legislature may appropriate the amount identified in (a) of this section
 29 for capital projects for transportation and related facilities. An appropriation from the
 30 fund may not be made to a project for which federal money has been allocated unless
 31 the appropriation is for matching money for the project and the amount of all

1 appropriations from the fund to match federal money does not exceed 10 percent of
2 the total amount available for appropriation from the fund.

3 (c) Notwithstanding (b) of this section, the legislature may appropriate from
4 the fund for any public purpose.

5 **Sec. 37.14.870. Market value of the fund.** The Department of Revenue shall
6 determine the market value of the fund on the close of business on June 30 of each
7 year in accordance with generally accepted accounting principles for the determination
8 of fair value.

9 **Sec. 37.14.880. Powers and duties of the commissioner of revenue.** In
10 carrying out the investment duties under AS 37.14.850 - 37.14.899, the commissioner
11 of revenue has the powers and duties set out in AS 37.10.071. Not later than the 10th
12 day following the convening of each regular session of the legislature, the
13 commissioner of revenue shall make available a report to the legislature on the
14 condition and investment performance of the fund.

15 **Sec. 37.14.890. Transportation Infrastructure Fund Advisory Council.** (a)
16 The Transportation Infrastructure Fund Advisory Council is established and consists
17 of eight members as follows:

- 18 (1) the chair of the House Transportation Committee;
19 (2) the chair of the Senate Transportation Committee;
20 (3) the commissioner of transportation and public facilities, or the
21 commissioner's designee;
22 (4) four members of the public, each from a different judicial district
23 as described in AS 22.10.010 and appointed by the governor to staggered four-year
24 terms; and
25 (5) one public member appointed by the governor to a four-year term.

26 (b) A member of the council appointed under (a) of this section serves without
27 compensation but is entitled to travel and per diem expenses as provided in
28 AS 39.20.180.

29 (c) Using the criteria developed by the Department of Transportation and
30 Public Facilities under AS 44.42.020(a)(17), the advisory council shall submit a report
31 to the legislature not later than December 31 of each year making recommendations

1 regarding which capital projects for transportation and related facilities should be
2 funded by the legislature from the fund.

3 **Sec. 37.14.899. Definition.** In AS 37.14.850 - 37.14.899, "fund" means the
4 transportation infrastructure fund established in AS 37.14.850.

5 * **Sec. 4.** AS 43.40.010(e) is amended to read:

6 (e) Sixty percent of the proceeds of the revenue from the taxes on aviation
7 fuel, excluding the amount determined to have been spent by the state in its collection,
8 shall be refunded to a municipality owning and operating or leasing and operating an
9 airport in the proportion that the revenue was collected at the municipal airport. All
10 other proceeds of the taxes on aviation fuel shall be **deposited into the**
11 **transportation infrastructure fund established in AS 37.14.850** [PAID INTO A
12 SPECIAL AVIATION FUEL TAX ACCOUNT IN THE STATE GENERAL FUND.
13 THE LEGISLATURE MAY APPROPRIATE FUNDS FROM THIS ACCOUNT
14 FOR AVIATION FACILITIES].

15 * **Sec. 5.** AS 43.40.010(h) is amended to read:

16 (h) **Except as provided in (f) of this section, all** [ALL] motor fuel tax
17 receipts shall be **deposited into** [PAID INTO] the **transportation infrastructure**
18 **fund established in AS 37.14.850** [GENERAL FUND AND DISTRIBUTED TO
19 THE PROPER ACCOUNTS IN THE GENERAL FUND]. Valid motor fuel tax
20 refund claims shall be paid from the **transportation infrastructure fund**
21 [HIGHWAY FUEL TAX ACCOUNT IN THE GENERAL FUND].

22 * **Sec. 6.** AS 43.40.030(a) is amended to read:

23 (a) **A** [EXCEPT AS SPECIFIED IN AS 43.40.010(j), A] person who uses
24 motor fuel to operate an internal combustion engine is entitled to a refund of six cents
25 a gallon if

26 (1) the tax on the motor fuel has been paid;

27 (2) the motor fuel is not aviation fuel, or motor fuel used in or on
28 watercraft; and

29 (3) the internal combustion engine is not used in or in conjunction with
30 a motor vehicle licensed to be operated on public ways.

31 * **Sec. 7.** AS 43.40.070 is amended to read:

1 **Sec. 43.40.070. Refund warrants.** Upon approval of a refund claim by the
2 department, a disbursement shall be made from the **transportation infrastructure**
3 **fund** [HIGHWAY FUEL TAX ACCOUNT IN THE GENERAL FUND] in favor of
4 the applicant in the amount of the claim.

5 * **Sec. 8.** AS 44.42.020(a) is amended to read:

6 (a) The department shall

7 (1) plan, design, construct, and maintain all state modes of
8 transportation and transportation facilities and all docks, floats, breakwaters, buildings,
9 and similar facilities;

10 (2) study existing transportation modes and facilities in the state to
11 determine how they might be improved or whether they should continue to be
12 maintained;

13 (3) study alternative means of improving transportation in the state
14 with regard to the economic costs of each alternative and its environmental and social
15 effects;

16 (4) develop a comprehensive, long-range, intermodal transportation
17 plan for the state;

18 (5) study alternatives to existing modes of transportation in urban areas
19 and develop plans to improve urban transportation;

20 (6) cooperate and coordinate with and enter into agreements with
21 federal, state, and local government agencies and private organizations and persons in
22 exercising its powers and duties;

23 (7) manage, operate, and maintain state transportation facilities and all
24 docks, floats, breakwaters, and buildings, including all state highways, vessels,
25 railroads, pipelines, airports, and aviation facilities;

26 (8) study alternative means of transportation in the state, considering
27 the economic, social, and environmental effects of each alternative;

28 (9) coordinate and develop state and regional transportation systems,
29 considering deletions, additions, and the absence of alterations;

30 (10) develop facility program plans for transportation and state
31 buildings, docks, and breakwaters required to implement the duties set out in this

1 section, including but not limited to functional performance criteria and schedules for
2 completion;

3 (11) supervise and maintain all state automotive and mechanical
4 equipment, aircraft, and vessels, except vessels and aircraft used by the Department of
5 Fish and Game or the Department of Public Safety; for state vehicles maintained by
6 the department, the department shall, every five years, evaluate the cost, efficiency,
7 and commercial availability of alternative fuels for automotive purposes, and the
8 purpose for which the vehicles are intended to be used, and convert vehicles to use
9 alternative fuels or purchase energy efficient vehicles whenever practicable; the
10 department may participate in joint ventures with public or private partners that will
11 foster the availability of alternative fuels for all automotive fuel consumers;

12 (12) supervise aeronautics inside the state, under AS 02.10;

13 (13) implement the safety and financial responsibility requirements for
14 air carriers under AS 02.40;

15 (14) inspect weights and measures;

16 (15) at least every four years, study alternatives available to finance
17 transportation systems in order to provide an adequate level of funding to sustain and
18 improve the state's transportation system;

19 (16) promote and support methods or modes of local public
20 transportation serving persons in various regions of the state;

21 (17) develop criteria for determining eligibility of projects for
22 funding and for evaluating projects for funding from the transportation
23 infrastructure fund that provide for a statewide balance of projects in both urban
24 and rural areas.

25 * **Sec. 9.** AS 44.62.175(a) is amended to read:

26 (a) The lieutenant governor shall develop and supervise the Alaska Online
27 Public Notice System, to be maintained on the state's site on the Internet. The
28 lieutenant governor shall prescribe the form of notices posted on the system by state
29 agencies. The Alaska Online Public Notice System must include

30 (1) notices of proposed actions given under AS 44.62.190(a);

31 (2) notices of state agency meetings required under AS 44.62.310(e),

1 even if the meeting has been held;

2 (3) notices of solicitations to bid issued under AS 36.30.130;

3 (4) notices of state agency requests for proposals issued under
4 AS 18.55.255, 18.55.320; AS 36.30.210; AS 37.05.316; **and** AS 38.05.120 [; AND
5 AS 43.40.010];

6 (5) executive orders and administrative orders issued by the governor;

7 (6) written delegations of authority made by the governor or the head
8 of a principal department under AS 44.17.010;

9 (7) the text or a summary of the text of a regulation or order of repeal
10 of a regulation for which notice is given under AS 44.62.190(a), including an
11 emergency regulation or repeal regardless of whether it has taken effect;

12 (8) notices required by AS 44.62.245(b) regarding an amended version
13 of a document or other material incorporated by reference in a regulation;

14 (9) a summary of the text of recently issued formal opinions and
15 memoranda of advice of the attorney general;

16 (10) a list of vacancies on boards, commissions, and other bodies
17 whose members are appointed by the governor; and

18 (11) in accordance with AS 39.52.240(h), advisory opinions of the
19 attorney general.

20 * **Sec. 10.** AS 43.40.010(g) and 43.40.010(j) are repealed.

21 * **Sec. 11.** The uncodified law of the State of Alaska is amended by adding a new section to
22 read:

23 **TRANSITION.** Notwithstanding AS 37.14.850 - 37.14.899, as enacted by sec. 3 of
24 this Act, the commissioner of revenue shall calculate average transportation infrastructure
25 fund values in the years 2013 through 2017 as follows:

26 (1) the commissioner of revenue shall prepare a report to the legislature on or
27 before October 1, 2012, identifying that amount defined as five percent of the market value of
28 the transportation infrastructure fund on July 1, 2012; the amount is available for
29 appropriation during the First Regular Session of the Twenty-Eighth Alaska State Legislature
30 under AS 37.14.860(b), enacted by sec. 3 of this Act;

31 (2) for average transportation infrastructure fund value calculations for 2014

1 through 2017, on or before October 1, 2013, and on or before October 1 in subsequent years
2 through October 2016, the commissioner of revenue shall prepare a report to the legislature
3 that identifies that amount defined as five percent of the average of the market values of the
4 assets of the transportation infrastructure fund on July 1, 2013, and on June 30 of each
5 subsequent year, as identified in the reports required by this paragraph; the amounts are
6 available for appropriation during the respective regular sessions of the Alaska State
7 Legislature under AS 37.14.860(b), enacted by sec. 3 of this Act.

8 * **Sec. 12.** The uncodified law of the State of Alaska is amended by adding a new section to
9 read:

10 INITIAL APPOINTMENTS AND TERMS. Notwithstanding AS 37.14.890(a), as
11 enacted by sec. 3 of this Act, the terms of the first public members of the Transportation
12 Infrastructure Fund Advisory Council appointed by the governor under AS 37.14.890(a)(4),
13 as enacted by sec. 3 of this Act, are as follows: (1) one member shall be appointed for a four-
14 year term; (2) one member shall be appointed for a three-year term; (3) one member shall be
15 appointed for a two-year term; and (4) one member shall be appointed for a one-year term.
16 The governor shall specify the term of office of each member appointed subject to this
17 section.

18 * **Sec. 13.** AS 44.42.020(a)(16), enacted by sec. 8 of this Act, takes effect immediately
19 under AS 01.10.070(c).

20 * **Sec. 14.** Except as provided in sec. 13 of this Act, this Act takes effect July 1, 2011.

ALASKA STATE LEGISLATURE



SENATOR JOE THOMAS

Senate Bill 37:

An Act relating to the transportation infrastructure fund, to local public transportation, to motor fuel taxes, and to the motor vehicle registration fee; and providing for an effective date.

Sponsor Statement

Senate Bill 37 proposes to establish the transportation infrastructure fund within the general fund. This fund would help to levelize the funding streams for Alaska's transportation infrastructure and begin to get our state off of its boom and bust spending cycles. SB 37 allows our state, municipalities, local contractors and construction workers to more adequately plan for their future, strengthening Alaska's economy in the process.

Six percent of the earnings from this fund would be available for appropriation by the legislature each year for capital projects and major maintenance. These projects would undergo a prioritization process based on the scoring of a fund council who then recommend projects to the legislature for funding, similar to the current State Transportation Improvement Plan process. In addition to the capitalization money revenue from the motor fuels tax and vehicle registration fees will also be appropriated to the fund. This funding stream would begin to chip away at the many backlogged projects that would open up new development and growth opportunities for our communities and state.

As one of the few states in the nation with no state funded transportation program, SB 37 would begin to prepare Alaska for decreased federal funding, a potentially detrimental reauthorization of the federal transportation bill and show Congress that Alaskans are willing to pay our own way. While SB 37 does not create a dedicated fund, it would allow our state greater flexibility in maintaining and expanding our marine highways, airports and road system.

A state transportation fund is supported by numerous groups including the Alaska State Chamber of Commerce, the Associated General Contractors, the Alaska Trucking Association and the Alaska Municipal League.

I urge you to join me in supporting this important piece of legislation to help our state, municipalities, businesses and workers have a brighter and stronger future.

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number _____
 Bill Version SB 37
 () Publish Date _____

Identifier (file name) SB037-DOT-CO-2-20-11
 Title Transportation Infrastructure Fund
 Sponsor Senator Thomas
 Requester Senate Transportation Committee
 Dept. Affected DOT&PF
 Appropriation Administration & Support
 Allocation Commissioner's Office
 OMB Component Number 530

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
OPERATING EXPENDITURES								
Personal Services	98.8		98.8	98.8	98.8	98.8	98.8	98.8
Travel	38.8		20.4	20.4	20.4	20.4	20.4	20.4
Services	252.5		22.5	22.5	22.5	22.5	22.5	22.5
Commodities	2.5		2.5	2.5	2.5	2.5	2.5	2.5
Capital Outlay	10.0							
Grants								
Miscellaneous								
TOTAL OPERATING	402.6	0.0	144.2	144.2	144.2	144.2	144.2	144.2

CAPITAL EXPENDITURES								
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CHANGE IN REVENUES								
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF	402.6		144.2	144.2	144.2	144.2	144.2	144.2
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other (please identify)								
TOTAL	402.6	0.0	144.2	144.2	144.2	144.2	144.2	144.2

Estimate of any current year (FY2011) cost _____

POSITIONS

Full-time	1.0		1	1	1	1	1
Part-time							
Temporary							

Why this fiscal note differs from previous version (if initial version, please note as such)

Prepared by Brenda Hewitt, Legislative Liaison
 Division Commissioner's Office
 Approved by Mark Luiken, Commissioner
Commissioner's Office

Phone 465-4772
 Date/Time 2/20/11 2PM
 Date 2/20/11 4PM

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. SB 37

Analysis

The legislation establishes a Transportation Infrastructure Fund and a Transportation Infrastructure Fund Advisory Council. DOTPF will acquire, operate and maintain project evaluation criteria to be used by the Transportation Infrastructure Fund Advisory Council for prioritizing, ranking and selection projects, and provide staff support to the Council.

Personal Services

One FTE Planner III at a Range 19A and an annual cost of \$98.8 will be responsible for overseeing the development of regulations, conducting annual project evaluation cycles, managing project evaluation software, organizing meetings of the Advisory Council and providing Council members with information packets and other materials, staffing the Council meetings and maintaining notes and records of Council proceedings, and undertaking research, analysis and other duties that support the work of the Council.

Travel

<u>YEAR 1</u>	<u># of Trips</u>	<u>Cost/Trip*</u>	<u>Total</u>
Travel by Planner III			
4 meetings	4	\$1,020	\$4,080
2 Outreach Visits	2	\$1,020	\$2,040
8 Council Members for 4 trips	32	\$1,020	<u>\$32,640</u>
			\$38,760
<u>YEAR 2 and thereafter</u>			
2 Meetings for Planner III	2	\$1,020	\$2,040
2 Outreach Visits for Planner III	2	\$1,020	\$2,040
8 Council Members for 2 Meetings	16	\$1,020	<u>\$16,320</u>
			\$20,400

*Travel Cost assumptions

Airfare	\$500	Average In-State Round Trip
Lodging	\$300	Two nights @ an annual average of \$150/night
Per Diem	\$120	Two Days
Ground Trans	\$100	Total
TOTAL	\$1,020	

Services

Costs include \$200.0 in the first year for the acquisition of a software tool for collecting and synthesizing large amounts of information from multiple data sources and stakeholders, for trade-off, prioritization and/or resource allocation decisions. The use of the software tool will create a structured and consistent approach to decision making and resource allocation. Costs are estimated at \$22.5 annually in succeeding years for licensing, training, system updates and related expenses.

Costs also include \$50.0 in the first year to the Department of Law for development of regulations and the costs associated with notices and hearings, and \$2.5 in the first and succeeding years for meeting notices, meeting room rentals, teleconference charges and other overhead and administrative expenses.

Commodities

Costs in succeeding years are for office supplies, meeting notices, meeting related expenses and other association costs are \$2.5.

Capital Outlay

These funds will acquire a computer and other furnishing necessary for a new position in the first year (\$10.0).

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number _____
 Bill Version SB 37
 () Publish Date _____

Identifier (file name) SB37-DOR-TRS-02-28-11 Dept. Affected Revenue
 Title Transportation and Infrastructure Fund Appropriation Treasury and Taxation
 Allocation Treasury Division
 Sponsor Senator Thomas
 Requester Senate Transportation Committee OMB Component Number 121

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
OPERATING EXPENDITURES								
Personal Services			227.2	246.2	265.8	286.1	307.4	
Travel								
Services			209.8	227.2	245.4	264.1	283.7	
Commodities								
Capital Outlay								
Grants								
Miscellaneous								
TOTAL OPERATING	0.0	0.0	437.0	473.4	511.2	550.2	591.1	

CAPITAL EXPENDITURES								
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CHANGE IN REVENUES								
---------------------------	--	--	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Program Receipts								
1037 GF/Mental Health								
1178 Temporary Code			437.0	473.4	511.2	550.2	591.1	
TOTAL	0.0	0.0	437.0	473.4	511.2	550.2	591.1	

Estimate of any current year (FY2011) cost _____

POSITIONS

Full-time								
Part-time								
Temporary								

Why this fiscal note differs from previous version (if initial version, please note as such)

This is the first version of the fiscal note.

Prepared by Pamela Leary, Comptroller
 Division Treasury Division
 Approved by Ginger Blaisdell, Director Administrative Services Division
Department of Revenue

Phone 465-2350
 Date/Time 2/28/11: 10:30am
 Date 2/28/11: 10:42am

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. SB 37

Analysis

This draft bill provides for a Transportation and Infrastructure Fund to be established in the amount of \$1billion with additional recurring funding from the Motor Fuel taxes as well as Vehicle Registration, Drivers license, and ID card fees. It is anticipated the fund will be managed with an asset allocation of 38% fixed income, 10% international equity, and 52% domestic equity. However, in order to yield a real annual rate of return of 6% it may be necessary to adopt a more aggressive asset allocation which would incur higher management fees. Costs of the fund include investment management fees, audit, accounting and custody fees and are projected based on the assumptions provided by the division's investment advisor and the division's cost allocation plan.

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: 3/8/11

Transportation Committee considered SENATE BILL NO. 37

SB 37-TRANSPORTATION INFRASTRUCTURE FUND

"An Act relating to the transportation infrastructure fund, to local public transportation, to motor fuel taxes, and to the motor vehicle registration fee; and providing for an effective date."

and recommends:

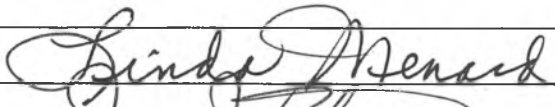

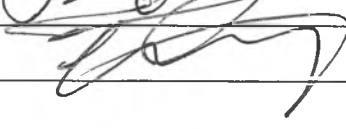
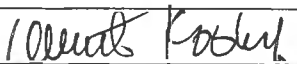
- be replaced with CS _____ (_____) Same Title New Title
- adopt previous CS _____ (_____) Same Title New Title
- attached amendment(s)
- adopt _____ Letter of Intent
- further referral to _____ Committee

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 #
DOT	✓			1
REV	✓			2

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
	Menard	✓			
	THOMAS	✓			
	Egan Higgins			X	
CHAIR: 	Kookesh	X			

ALASKA STATE LEGISLATURE



SENATOR JOE THOMAS

Senate Bill 37:

An Act relating to the transportation infrastructure fund, to local public transportation, to motor fuel taxes, and to the motor vehicle registration fee; and providing for an effective date.

Fact Sheet

What: Create an Alaska Transportation Infrastructure Fund within the General Fund.

Why Now?: Transportation is the basis of our economy. It provides for the movement of goods and services from the florist delivering flowers, to the truckers hauling building materials up the Richardson and Alaska Highways from Outside. Alaska's transportation infrastructure also supplies our entire state with the food we eat every day, no matter if you live on the road system or our most remote rural villages. Approximately 89% of our transportation funding comes from the federal government. There will be a reauthorization of our federal transportation bill, currently known as SAFETEA-LU, in the next year and everything we are hearing is unfavorable for states with small and remote populations.

We *must* continue to improve our transportation infrastructure. By doing so, we create jobs building the roads, airports, ferries and mass transit while creating new opportunities for economic development all across the state. Transportation corridors will provide access our natural resources. There are many needs across the state. Our urban communities need to reduce their traffic congestion and improve air quality while our rural communities need continued advancement of their airports and marine facilities.

A transportation fund is supported by the Alaska General Contractors, the Truckers Association, Alaska State Chamber of Commerce, Alaska Municipal League, Alaska Mobility Coalition, Southeast Conference, Alaska Pilots Association, Southwest Alaska Mayors Council, Marine Transportation Advisory Council and numerous private businesses and citizens.

What will it do?: SB 37 will create a fund within the general fund that will be managed by the Department of Revenue to generate earnings. These earnings, will be spent on major maintenance and capital projects that are recommended to the legislature by the council overseeing the fund.

ALASKA STATE LEGISLATURE



SENATOR JOE THOMAS

State funded projects do not have to follow the often expensive and onerous processes and procedures required of projects receiving federal funds. This fund will allow the state to take advantage of both cost and schedule savings of state funded projects.

How will it be funded?: The transportation infrastructure fund will be seeded with a \$1 billion dollar appropriation by the legislature. Additionally along with revenue received from any state tax on motor fuel and motor vehicle registration fees will be deposited into the fund. All of these fees and taxes were implemented to fund transportation infrastructure.

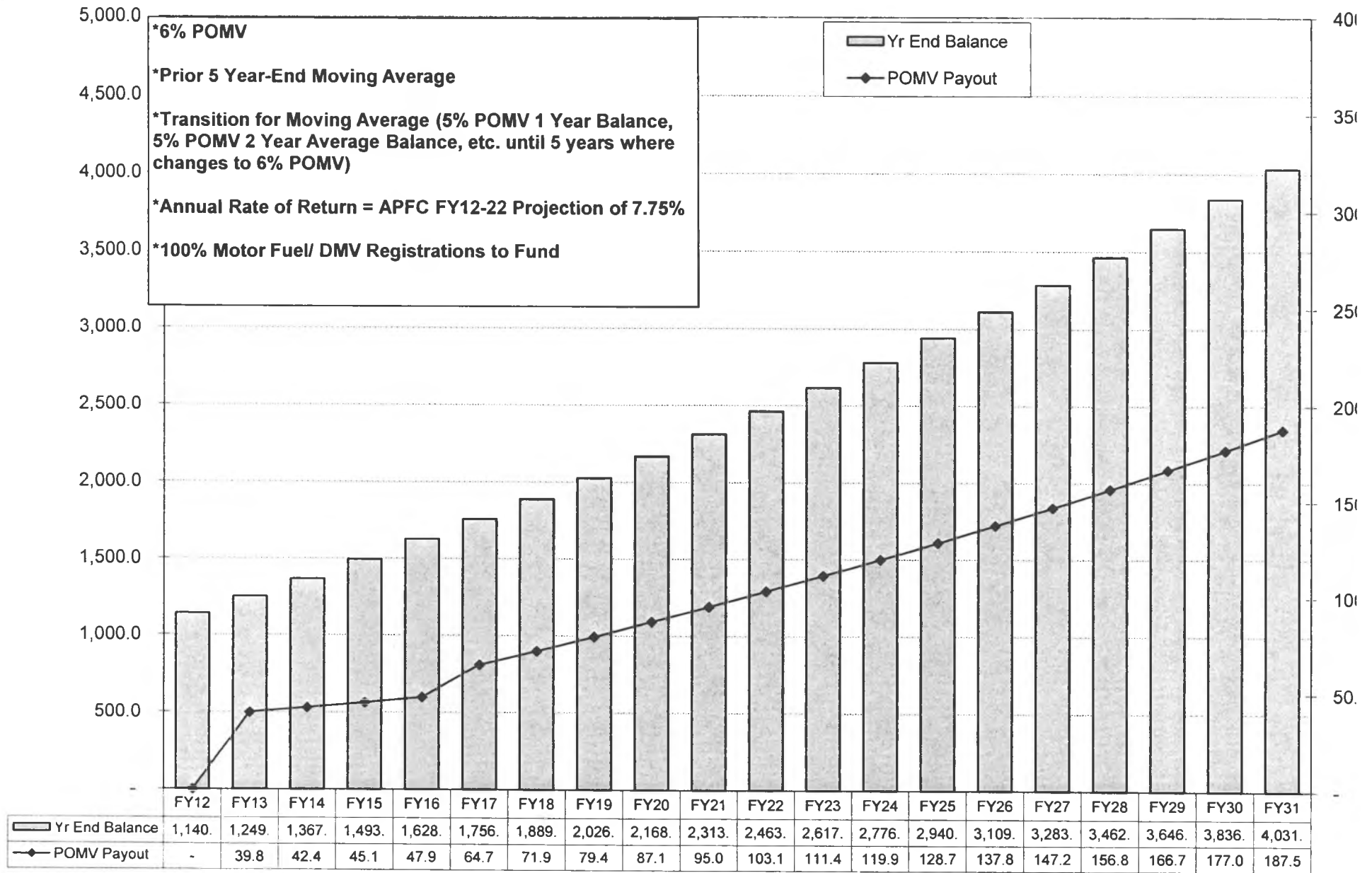
How will it be administered?: The Alaska transportation infrastructure fund will be will be invested by the Department of Revenue so as to not diminish the fund's purchasing power, and expenditures from the fund will be limited to 6% POMV averaged over five years.

How will the fund be used?: The department if transportation will be charged with developing criteria to prioritize projects around the state. These criteria will be regionally balanced and judge projects based on their timelines, cost and benefit to the state. The council which will over sees this prioritization process will recommend projects to the legislature no later than December 31 of each year.

The fund can be used for any non-federal project unless as matching funds that totals less than 10% of the total expenditures for that year.

Who will decide which projects to fund?: The advisory council will consist of one member from each of the four judicial districts, and one member at large appointed by the governor, the chairs of the house and senate transportation committees, and the commissioner of the department of transportation.

Transportation Infrastructure Fund (millions)



2012 – 2015 STIP Project Scoring Criteria

Urban and Rural Projects Criteria				
Standards	Scoring Criteria			
	9	7	4	1
<p>3. Safety. Meets goals or strategies listed in the Alaska Strategic Highway Safety Plan (SHSP).</p> <p>Weighting: 5</p>	<p>Proposes mitigation which is recognized in practice to address:</p> <p>A) A major portion of severe crashes on a segment or intersection with a 5-year crash rate exceeding the statewide average and a long term pattern of fatal or major (incapacitating) injury accidents, OR B) A documented high accident potential or risk between a major non-motorized use facility and vehicular traffic, OR C) Addresses two or more of the strategies in the SHSP.</p>	<p>Proposes mitigation which is recognized in practice to address:</p> <p>A) A major portion of crashes on a segment or intersection with a crash rate above the statewide average, or B) Traffic conflicts between a primary non-motorized use facility and vehicular traffic, or C) Addresses one of the strategies in the SHSP.</p>	<p>No mitigation is demonstrated to address a crash problem or potential in other categories:</p> <p>A) Crashes on the project's segments or intersections have a crash rate below the statewide average, OR B) Historical crash patterns identified are less than 3 or more crashes per year, OR C) No demonstrated traffic conflicts between a non-motorized use facility and vehicular traffic.</p>	<p>Proposes features which are recognized in practice to worsen highway safety such as a project that:</p> <p>A) Would exacerbate a strategy of the SHSP in a significant manner, OR B) Proposes other work that is viewed as contrary to producing a safer roadway environment for motorized or non-motorized users.</p>
<p><i>Minimum latest available 10 year record. When using anecdotal crash information from first hand (EMS, Fire, Police, M&O - on-scene responsibility) = maximum score is 8 points. When using anecdotal safety information from second-hand sources (not on-scene responsibility) or data not recognized in practice = maximum score 6 points.</i></p>				
<p>4. Improves intermodal transportation or lessens redundant facilities.</p> <p>Weighting: 4</p>	<ul style="list-style-type: none"> • Would clearly reduce the need for capital investment in another mode AND • Reduces operating costs by reducing redundancy in our system, OR • Greatly improves the connection between modes for travelers or freight. 	<ul style="list-style-type: none"> • May reduce the need for capital investment in another mode AND • Result in a reduction in operating costs by reducing redundancy in our system, OR • Would moderately improve the connection between modes for travelers or freight. 	<p>Does not impact other mode requirements.</p>	<p>Will increase demand on another mode requiring additional capital expenditure.</p>
<p>5. Local, other agency or user contribution to fund capital costs.</p> <p>Weighting: 7</p>	<p>Contribution of cash matching funds, design, and/or materials: 1 pt per each 5% of project cost.</p>			<p>Contribution covers no capital costs; contributes nothing.</p>

2012 – 2015 STIP Project Scoring Criteria

Urban and Rural Projects Criteria				
Standards	Scoring Criteria			
	9	7	4	1
<p><i>All financial commitments must be in writing and approved by the local governing body of the community or tribal government before points will be assigned. All work in lieu of match must be accompanied by a Tapered Match Agreement – contact your planner for details. A Match Waiver signed by the Commissioner = 2 points. Match waiver signed by the commissioner and a commitment to take ownership of the facility = 7 points. The state will not provide match for local projects unless a Match Waiver has been approved by the commissioner, match us usually 9.03%, but can be as much as 20%, depending on the program.</i></p>				
<p>6a. Maintenance for state-owned roads, major collector and above. State has an interest in maintaining ownership and M&O. Weighting: 0 or 6</p>	<p>Very high M&O priority.</p>	<p>Moderate M&O priority.</p>	<p>Not an M&O priority; little effect on M&O costs.</p>	<p>Not an M&O priority; would increase M&O costs significantly.</p>
<p>6b. Local, other agency or user contribution to fund M&O costs for:</p> <ul style="list-style-type: none"> • Non-DOT roads functionally classified as a Major Collector or above. • DOT roads that <i>could</i> be divested, major collector and above. <p>Weighting: 0 or 6</p>	<ul style="list-style-type: none"> • Sponsor will assume ownership if currently a DOT&PF facility, OR • Sponsor will assume ownership of another DOT&PF facility of similar M&O Cost AND the exchange is a very high M&O priority. 	<ul style="list-style-type: none"> • Sponsor will assume full M&O responsibility if currently a DOT facility unsuited to long-term ownership = 7 • Sponsor will assume full M&O of another DOT&PF facility of similar M&O cost AND the exchange is a moderate M&O priority = 7 • Sponsor will assume partial M&O of DOT&PF facility or like facility = 6 	<ul style="list-style-type: none"> • Sponsor's M&O costs realize significant maintenance savings = 6 • Continued sponsor ownership & operation of locally owned facility with commitment to long-term M&O = 5 • Sponsor contributes nothing to M&O of DOT&PF facility = 4 	<ul style="list-style-type: none"> • Would increase M&O costs significantly, OR • Sponsor unwilling to commit to long-term M&O of a facility they now own.
<p><i>STIP commitment must be in writing and approved by the governing body of the community or tribal government before points will be assigned.</i></p>				
<p>6c. Local or minor collectors, owned by or transferred to community. Weighting: 0 or 6</p>	<p>Based on percent of public local road miles and public minor collector miles owned by the community, as represented in HAS:</p>	<p>100-90% = 9 89-80% = 8 79-70% = 7 69-60% = 6</p>	<p>59-50% = 5 49-40% = 4 39-30% = 3 29-20% = 2</p>	<p>Less than 20% = 1</p>

2012 – 2015 STIP Project Scoring Criteria

Urban and Rural Projects Criteria				
Standards	Scoring Criteria			
	9	7	4	1
7. Public support? Weighting: 3	<ul style="list-style-type: none"> • Preponderance of public record shows support for project, AND • A resolution from the local elected body shows support for project , AND • Project is fully supported in state, tribal, or local plans. 	<ul style="list-style-type: none"> • Majority of public record shows support for project, AND • A resolution from the local elected body shows support for project , AND • Project is nominally supported in official state, tribal, or local plans 	<ul style="list-style-type: none"> • Project has resolution of support from local elected body, OR • There is a public record of support if project is located in unincorporated community in unorganized borough. 	<ul style="list-style-type: none"> • No resolution of support from Local elected body, OR • There is no public record of support if project is located in unincorporated community in unorganized borough.
<i>Resolution is only required in areas/communities represented by locally elected body.</i>				
8. Environmental approval readiness? Weighting: 2	<ul style="list-style-type: none"> • Environmental approval complete = 9 • Environmental approval likely with Categorical Exclusion = 8 	<ul style="list-style-type: none"> • Environmental approval likely with Environmental Assessment = 7 • Environmental approval likely with draft documents circulated = 7 	Environmental approval likely with Environmental Impact Statement.	Environmental approval unlikely.
9a. Surface rehabilitation Weighting: 5 or 0	<ul style="list-style-type: none"> • Primarily surface refurbishment and a PMS recommendation for rehab within 2 years, OR • A gravel surface badly deteriorated or serious surface deformation. 	<ul style="list-style-type: none"> • Primarily resurfacing, restoration or rehabilitation of an existing roadway on the same or similar alignment, OR • A portion of the project addresses serious foundation problems. 	<ul style="list-style-type: none"> • Project would be better served by a major reconstruction or longer-term project 	N/A
OR				
9b. Deficient width/grade/alignment (w/g/a). Weighting: 5 or 0	Significantly deficient w/g/a relative to standards.	Moderately deficient w/g/a relative to standards.	No w/g/a deficiencies.	N/A

**FMATS TIP Project Scoring Criteria
June 18, 2008**

Scoring Criteria		(5) - (4)	(3) - (2)	(1) - (0)	(-3)	(-5)
1.	HEALTH AND QUALITY OF LIFE (Weight = 3)					
	Air and Water Quality, Pedestrian and Bike Path, Neighborhood Continuity, Intermodal Connections, Aesthetically Pleasing Transportation Corridor, Reduces Congestion, Improves LOS, Supports Sustainable Infrastructure, Enhances Environment, Conserves Energy, promotes connectivity between neighborhoods while preserving integrity	This project provides a significant contribution to improved health or quality of life, or reduces or removes a significant existing negative factor.	This project provides a moderate contribution to improved health or quality of life, or reduces or removes a significant existing negative factor.	This project will have no affect either positive or negative on quality of life issues.	This project provides a moderate degradation to health or quality of life.	This project provides a significant degradation to health or quality of life.
2.	SAFETY (Weight = 5)					
	Geometrics such as Width, Grade, Alignment, Safety, and Accident History	This project will correct an area that has a history of accidents involving damage to life or property and significantly improves safety for motorized and non-motorized users.	This project will correct design / condition deficiencies and moderately improves safety for motorized and non-motorized users.	This project area has a history of safety complaints from the public not supported by design criteria. (1 point) No Complaints (0 points)	N/A	N/A
3.	PUBLIC SUPPORT & CONTRIBUTION (Weight = 3)					
		Broad-based area-wide support (Project is in approved Transportation, Comprehensive or other plans adopted by local governments or agencies)	Local area support for project (resolution of local government support 3 Points;)	Limited support only (neighborhood petition, non-profit support) (1 Point) No Support (0 Point)	N/A	N/A
4.	COST / LENGTH / AADT (Weight = 3)					
	Divide project cost (in thousands) by length (in miles) and further divide result by Average Annual Daily Traffic	Between: \$.00 - \$.55 = 5 points \$.56 - \$.80 = 4 points	Between: \$.81 - \$1.10 = 3 points \$1.11 - \$1.50 = 2 points	Between: \$2.51 - \$3.00 = 0 points \$1.51 - \$2.50 = 1 point	Between: \$3.01 - \$4.00 = -1 point \$4.01 - \$6.00 = -2 points \$6.01 - \$10.00 = -3 points	Between: \$10.01 - \$54.00 = -4 points >\$54.00 = -5 points

FMATS TIP Project Scoring Criteria
June 18, 2008

Scoring Criteria		(5) - (4)	(3) - (2)	(1) - (0)	(-3)	(-5)
5.	FUNCTIONAL CLASS (Weight = 1)					
			Urban Collector = 2 points Arterials = 3 points	Local Road = 1	N/A	N/A
6.	Maintenance and Condition (Weight = 2)					
	Improves Drainage and/or Surface, promotes efficient system management and operations, decreases operating costs	This project provides a significant contribution to improve drainage, surface condition or significantly lowers operational costs.	This project provides a moderate contribution to improve drainage, surface condition or significantly lowers operational costs.	This project will have little (1 point) no affect (0 points) either positive or negative on maintenance or condition.		
7.	SPECIAL CONSIDERATIONS (Weight = 1; Up to 10 points)					
	Supports economic development, regional balance, security and national defense, utility conflict resolution or has significant pre-project development study					

Grier Hopkins

From: Jaime Rall [jaime.rall@ncsl.org]
Sent: Friday, January 14, 2011 10:27 AM
To: Grier Hopkins
Subject: NCSL re: state transportation funds

Dear Grier,

As I mentioned on the phone, thank you for your request (through my colleague Jim Reed) for information about state transportation funds, including how they are overseen.

NCSL and AASHTO are in the midst of completing a report on transportation governance and finance that may help answer your question. I hope the information below—drawn from the draft report—is helpful to you. Please let me know if I can follow-up on any of it for you.

- **Many states restrict both transportation-related revenues as well as the funds to which they are deposited.** This provides protection for transportation revenues and programs but can also constrain funding and finance decisions of both the executive and the legislature.
- **Twenty-one states now have provisions in the constitution—and four in statute—that restrict the use of fuel tax revenues to highway and road purposes.** The remaining states use at least part of these revenues for other transportation purposes; Maryland and Wisconsin place all transportation revenues from all modes into a single, consolidated fund. Texas, uniquely, allocates one-fourth of its gas tax revenues to schools. Alaska alone constitutionally prohibits dedicating state revenues, unless federally required or dedicated prior to statehood (Alaska Const. art. IX, §7). Other common provisions that limit the use of transportation-related revenues are those that restrict their use to the same modes from which they were collected, for example by dedicating the use of aviation fuel tax proceeds to airport projects.

States with constitutional dedication of fuel tax revenues for highway purposes: Alabama, Arizona, Colorado, Georgia, Idaho, Iowa, Kentucky, Maine, Minnesota, Missouri, Nevada, New Hampshire, North Dakota, Ohio, Oregon, Pennsylvania, South Dakota, Utah, Washington, West Virginia, Wyoming

States with statutory dedication of fuel tax revenues for highway purposes: Arkansas, Indiana, Mississippi, Nebraska. Nebraska statute generally dedicates fuel tax and other revenues to highway construction and maintenance, with limited exceptions including transit aid.

States with no exclusive dedication of fuel tax revenues for highway purposes: Alaska, California, Connecticut, Delaware, Hawaii, Illinois, Louisiana, Maryland, Massachusetts, Michigan, New Jersey, New Mexico, New York, North Carolina, Oklahoma, Rhode Island, South Carolina, Tennessee, Vermont, Virginia, Wisconsin, District of Columbia. The Alaska constitution prohibits any dedication of revenues.

Other models:

- The Florida constitution dedicates fuel tax revenues to highway purposes, but statute apportions some to other purposes including mass transit.
 - The Kansas constitution gives the state the power to levy special taxes on fuel and vehicles for road and highway purposes; statute dedicates a portion of State Highway Fund dollars to transit, rail and general aviation.
 - The Montana constitution requires highway user fee revenues including fuel taxes to be used as authorized by the legislature for specific road and bridge funding purposes. Such revenue may be appropriated for other purposes by a three-fifths vote of the members of each house of the legislature.
 - The Texas constitution restricts the use of fuel taxes to roadways and the administration of traffic laws; a quarter of the revenues, however, are allocated to the Available School Fund.
- **In all states except Alaska, transportation-related revenues are deposited into funds that are often subject to additional requirements.** At least 19 states and the District of Columbia deposit transportation revenues into a trust fund for highways, transit, aviation or transportation generally. Trust funds are used by

Arkansas, California, Delaware, Florida, Louisiana, Idaho, Maryland, Massachusetts, Missouri, Montana, Nebraska, New Jersey, New York, North Carolina, Oregon, Pennsylvania, South Dakota, Tennessee, Virginia and the District of Columbia (according to our survey data and AASHTO). The rest of the states—except Alaska—use designated accounts that are not called trust funds for this purpose. At least 35 states report constitutional or statutory provisions that direct the use of transportation funds or accounts.

- **Constitutional or statutory provisions can explicitly prohibit the diversion of transportation funds or revenues to other purposes.** In 2010, California added such a prohibition when voters approved Proposition 22 and eliminated the state's authority to borrow state fuel tax revenues for cash flow or budget-balancing purposes.
- **Prohibitions on diversion, however, are not always effective.** Arizona, Florida, Kentucky, Minnesota, New Jersey, North Carolina and Wisconsin report recent legislative diversions of transportation funds to other purposes, notwithstanding existing constitutional or statutory restrictions. In New Jersey, the annual appropriation act has precedence over any other dedication language found in general statute, but not over the constitution, and the legislature has chosen not to fully appropriate the statutory revenues eight times since 1985. The Montana constitution outlines a process to appropriate restricted highway funds for other purposes, by three-fifths vote of the members of each house of the legislature (Mont. Const. art. VIII, §6); Virginia law allows diversion by the legislature or the governor in the budget bill if language is inserted that sets out a plan for repayment of the diverted funds within three years (Va. Code §2.2-1509.2).
- **Oversight of DOT spending and transportation funds is generally provided both by legislative bodies (often through the budget and appropriations process) and executive entities. New Jersey, uniquely, has a separate governmental entity that oversees financing transportation programs.** The legislatively created, seven-member Transportation Trust Fund Authority exists solely for the purpose of financing the annual capital programs of the state DOT and the New Jersey Transit Corporation. Five members are appointed by the governor, within statutory requirements for party affiliation. Three of these are appointed to four-year terms with the advice and consent of the Senate, and may be removed by the governor for cause; one must represent the interest of trade unions and another the interests of owners of eligible construction firms. The fourth is appointed to a four-year term upon recommendation of the President of the Senate and the fifth to a two-year term upon recommendation of the Speaker of the General Assembly. The Commissioner of Transportation and State Treasurer serve ex officio (N.J. Stat. Ann. §27:1B-4).

Again, please let me know how else I can help you with your request. Thank you!

Sincerely yours,

Jaime R. Rall, MA (Oxon.), MSW
Environment, Energy and Transportation
National Conference of State Legislatures
7700 East First Place
Denver, Colorado 80230
Direct line: 303.856.1417
jaime.rall@ncsl.org

Nancy Barnes

From: Jody Simpson
Sent: Wednesday, February 23, 2011 1:28 PM
To: Nancy Barnes
Cc: iceclimb3@hotmail.com
Subject: Constituent would like to testify on SB 37

Nancy,

Valley resident John Duffy would like to testify on SB 37 when it comes up for hearing on March 1.

I have provided him with the dial-in number.

Just wanted to let you know to expect to have him on the line.

jody

Jody Simpson

*Staff to Senator Charlie Huggins
Senate District H
Alaska State Capitol, Room 423
Juneau, Alaska 99801-1182
Toll Free: 1-800-862-3878
Direct Line: (907)465-2661
Fax: (907)465-3265*

Jody_Simpson@legis.state.ak.us



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February 23, 2011

Senator Albert Kookesh
Senate Transportation Committee
Juneau, Alaska 99811

RE: SB37 – An Act Relating to the Transportation Infrastructure Fund, to Local Public Transportation, to Motor Fuel taxes, and to the Motor Vehicle Registration Fee; and providing for an effective date.”

Dear Senator Kookesh,

The Alaska Municipal League would like to go on record as being fully supportive of SB37.

The Alaska Municipal League has long supported a Transportation Infrastructure Fund. A number of years ago, AML contracted with Cambridge Systematics for a transportation study to be done to help the Legislature identify what options could be utilized to fill the potential gap facing us due to a decrease in federal transportation funds. One of the options, was the creation of a transportation Infrastructure Fund. To this end, we have also fully supported HB 30 and feel that either bill will be a positive move forward for the State of Alaska.

While there are a few bills that attempt to decrease the fees that would help to build this fund (HB10 and HB64), we will do what is necessary to help the Legislature find the best avenue to create this fund.

Sincerely,

Kathie Wasserman
Executive Director

Nancy Barnes

From: Clifton Olmstead [clif.olmstead@aicllc.com]
Sent: Monday, March 07, 2011 1:11 PM
To: Sen. Albert Kookesh
Subject: State Funded Transportation Bill

Honorable Representative Kookesh:

My name is Clifton Olmstead, I reside in South Anchorage. I have been a resident of Alaska since 1978 and have worked in the construction of public facilities for all of that time. Currently, I am the Manager of Public Works for Alaska Interstate Construction. I am encouraged that the Legislature is recognizing the need to fund capital improvements from other than Federal sources and I urge you to support this legislation.

I am writing to encourage you to support the State funded transportation program for the following reasons:

- Alaska will continue to experience federal cut-backs in the traditional funding sources for capital improvement projects.
- Infrastructure needs to be developed and maintained to make Alaska competitive in the world market place for materials and services. Red Dog Mine has proven that once we can get minerals on a barge on the ocean, Alaska can compete with other world producers of similar commodities – which means jobs for Alaskans and the children of our future.
- As traditional energy sources continue to decline, there will more opportunity for Alaskan Energy sources (coal, gas, oil), if we can ship it to market competitively – more jobs for Alaskans and the children of our future.
- As we expand Alaska's infrastructure, it will provide opportunity for Alaskans to maintain or improve their quality of life. If you could drive to Nome, cost of living would decrease for residents all along the Nome highway, improve their access into and out of Nome, encourage a broader economic base through increased tourism and Alaskans driving to Nome for sightseeing trips.

This list can go on and on – I know that you are extremely busy In Juneau.

Thank you for considering supporting the State Funded Transportation Program – It is vital for Alaska's future.

Sincerely,
Clifton M. Olmstead
Alaska Interstate Construction
Public Works Division Manager

Nancy Barnes

From: Steve Percy [Steve.Percy@aicllc.com]
Sent: Monday, March 07, 2011 12:24 PM
To: Sen. Albert Kookesh; Sen. Joe Thomas; Sen. Charlie Huggins; Sen. Dennis Egan; Sen. Linda Menard
Subject: SB - 37

I understand you will be hearing Senate Bill – 37 tomorrow. As the manager of an Alaskan based business that relies heavily on in state transportation projects for its existence, as well as for all of its employees, I hope you will give serious consideration to this bill or at least some version of the bill. Alaska has long enjoyed the support of a strong Federal Highway program. As we all know the future of this continued support is uncertain at best. The time is now for Alaska to step up and begin a program that will ease us into the future of a transportation program that will allow us to fund projects without Federal support.

It is well know within the industry that there are many advantages to such a program.

- Less red tape
- Lower overhead for the DOT
- Quicker delivery of projects

All resulting in more control for Alaskans at a much lower cost per project.

Steve Percy
President
Alaska Interstate Const. LLC
301 W. Northern Lights Suite 600
Anchorage, AK. 99503
O (907) 777-8222
C (907) 441-9745

