

SB

85

<TARGET><BILL>SB 85</BILL><SUBJECT>SB
85</SUBJECT><COMM>HF IN28</COMM></TARGET>

HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: April 9, 2013

FURTHER REFERRALS:

Date of Committee Action: 4.11.13

The FINANCE Committee considered:

CSSB 85(TRA)

CS FOR SENATE BILL NO. 85(TRA)
 "An Act relating to experimental vehicles."

SB 85 EXPERIMENTAL VEHICLE PLATES

Recommends it be replaced with HCS or CS for _____ (_____)
 For Senate Bills with new title: Technical Title New Title: HCR _____ Same Title New Title

- attach amendments
- add new referral to _____ Committee
- Letter of Intent _____ Committee

- List of Abbrev for Depts.:
- ADM
 - CED
 - COR
 - CRT
 - EED
 - DEC
 - DFG
 - GOV
 - DHS
 - LWF
 - LAW
 - LEG
 - MVA
 - DNR
 - DPS
 - REV
 - DOT
 - UA

<u>NEW FISCAL NOTES</u>				
*FN# is assigned by Chief Clerk's Office				
*FN#	List by Dept(s):	Fiscal	Indet.	Zero

<u>PREVIOUS FISCAL NOTES</u>				
FN#	List by Dept(s):	Fiscal	Indet.	Zero
1	ADM			✓

<u>Signing with recommendations</u>	Printed Last Name	DP	DNP	NR	AM
(alternate)	Kanowski				✓
	Noines	X			
	Murray	✓			
	Edmond	✓			
	Thompson	✓			
	T. Wilson	✓			
	Costello	✓			
Chair:	Stolte	X			
Chair:	Australian	✓			

Fiscal Note

State of Alaska
2013 Legislative Session

Bill Version: CSSB 85(TRA)
Fiscal Note Number: 1
(S) Publish Date: 4/5/13

Identifier: SB085-DOA-DMV-3-29-13
Title: EXPERIMENTAL VEHICLE PLATES
Sponsor: BISHOP
Requester: Senate Transportation

Department: Department of Administration
Appropriation: Motor Vehicles
Allocation: Motor Vehicles
OMB Component Number: 2348

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2014 Appropriation Requested	Included in Governor's FY2014 Request	Out-Year Cost Estimates				
			FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
OPERATING EXPENDITURES	FY 2014	FY 2014					
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2013) cost: 0.0

Estimated CAPITAL (FY2014) cost: 0.0

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? no
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Not applicable, initial version.

Prepared By:	Amy Erickson, Director	Phone:	(907)269-5999
Division:	Motor Vehicles	Date:	03/29/2013 03:43 PM
Approved By:	Curtis Thayer, Deputy Commissioner	Date:	03/29/13
	Department of Administration		

FISCAL NOTE ANALYSIS #1

STATE OF ALASKA
2013 LEGISLATIVE SESSION

BILL NO. CSSB 85(TRA)

Analysis

This bill will allow the DMV to register, but not title, experimental vehicles that are not yet in production in the U.S. These vehicles are required to be registered in the state to operate on Alaska roadways, and there is currently no provision in the statutes to allow this.

Experimental vehicles would be classified as commercial vehicles, and would be registered for a 12-month period. Under this bill, two additional registration renewals would be allowed for a total registration period of 36 months. After testing is complete, the experimental vehicles would be destroyed or removed from the state.

This bill will take effect on July 1, 2013 and has no fiscal impact on the DMV.

ALASKA STATE LEGISLATURE

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Senator Click Bishop

Sponsor Statement

SB 85 "An Act relating to experimental vehicles"

Cold weather vehicle testing is one of the Interior Alaska's quietest industries. Fairbanks' own Economic Development Corporation advertises the Interior as "one of the greatest places in the world for Cold Weather Testing," thereby, seeking the attention of automakers to come to Fairbanks to test their vehicles in the region's cold winter climate. However secretive these experimental vehicles are, sightings are common. Interior residents trade tales of sightings of packs of shadowy grey silhouettes whipping by in the ice fog.

Cold weather vehicle testing is a great economic driver for the Interior. Vehicles are flown in to the Fairbanks International Airport, warehouse facilities are leased, hundreds of hotel rooms are booked, local companies are hired to provide services, and many local citizens are employed over the course of the season.

The Interior is a testing ground for Mercedes, Nissan and Volkswagen Group of America, Inc. (VWGoA). In 2002, Alaska State Troopers held several of VWGoA's vehicles at Delta Junction advising them that under Alaska Statute 28.10.121, VWGoA is required to use Alaska plates since they are being operated for a commercial purpose, as defined in AS 28.90.990.

From 2002 to 2012, licensing of these test vehicles, was accomplished by paying for a one-year registration fee to use Alaska plates. Recently, however, a problem arose when VWGoA had to bring the same vehicles back for a second season of extended testing, which was required by stricter emissions regulations. Unfortunately, the one year registration has been an "informal" concession provided by a former Director of DMV. Due to the "informal" arrangement, DMV was not able to extend the one-year license without statutory authority.

SB 85 provides statutory authority for experimental vehicle plates to be issued to manufacturers or distributors for a 12-month period, with the ability for the license to be renewed for additional 12-month periods, for a maximum of 36 months.

Please join Senator Bishop in supporting this legislation.

E-Mail: Senator.Click.Bishop@akleg.org
Website: www.alaskasenate.org/bishop/

Issue:

Volkswagen Group of America, Inc. ("VWGoA") has been performing its cold weather testing in Fairbanks, Alaska since 2000 (prior to Alaska, testing took place in Minnesota). From 2000-2002, the test vehicles were operated with manufacturer plates from either Michigan or Arizona.

In 2002, Alaska State Highway Patrol held several of VWGoA's vehicles at Delta Junction and advised that under AK Statute Sec. 28.10.121, VWGoA is required to use Alaska plates since we operate for a commercial purpose (as defined in AK Statute Sec. 28.90.990). (Note: VWGoA's vehicles are subject to Sec. 28.10.121 because they are used for a commercial purpose even though the vehicles are not technically commercial vehicles). From 2002 through 2012, VWGoA performed cold weather testing by paying for a one (1) year registration to use Alaska plates.

Recently, VWGoA has had to bring vehicles back after the initial testing season to perform the extended testing necessitated by stricter emissions regulations. After trying to obtain registration renewals for subsequent years after the initial 1 year registration, the Alaska DMV notified VWGoA that the vehicles needed to be both registered and titled in Alaska. **Titling the vehicles in Alaska is neither possible nor desirable.**

After speaking with the Alaska DMV, I found out that the 1 year registration process was an "informal" concession provided to VWGoA by the *former* Director of the Alaskan DMV (or at least the Fairbanks office). To my knowledge, Alaska does not have a specific license or provision for "commercial purpose" vehicles temporarily located in Alaska.

VWGoA Presence in Fairbanks:

VWGoA has leased a 7,600 square feet facility in Fairbanks (3720 Braddock Street, Fairbanks, Alaska 99707) since September 2000 (current lease set to expire in September 2015). The testing season begins in mid-October and goes through March. The testing is overseen by (4) VWGoA employees/contractors from the continental US and two (2) local, full-time supervisors. In addition, VWGoA hires anywhere from 30 to 40 locals over the course of one season to perform the test driving.

The VWGoA employees from the mainland stay at the Wedgewood Resort for the entire season (minimum of 257 nights), each in their own hotel room. Visitors from plants in Mexico and

Germany also stay at the Wedgewood Resort while in town (total of about 50-60 additional hotel nights over one season).

VWGoA's test vehicles consume local fuel, so VWGoA consumes an average of over 12,000 gallon of fuel at an average price of \$4.50/gallon. A conservative estimate of VWGoA's fuel costs for its test vehicles for one season is \$55,000.

Other OEMs

Though I am still waiting to hear back from attorneys at other OEMs, our VWGoA business owner did indicate that he and his team have seen Mercedes and Nissan testing in Alaska this year using Michigan Manufacturer plates. Fairbanks' own Economic Development Corporation advertises Fairbanks as "one of the greatest places in the world for Cold Weather Testing." <http://www.investfairbanks.com/projects/cold-weather-testing>

Document from VWGoA

Submitted by Sponsor



Fairbanks

Economic Development Corporation

301 Cushman St., Suite 301, Fairbanks, AK 99701

March 25, 2013

Senator Click Bishop
State Capitol Room 115
Juneau AK 99801

Dear Senator Bishop,

As President and CEO of the Fairbanks Economic Development Corporation, I would like to voice my support of SB 85.

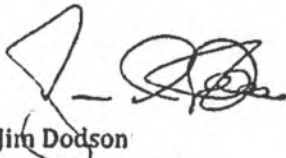
For many years FEDC has marketed Alaska as the "Most Affordable, Accessible and Reliable" place to do Cold Weather Testing (CWT) in the World. Today, companies from around the world have recognized Alaska, and especially the Fairbanks area, as a prime location to cold-weather-test their products. This industry has a significant positive impact on the state and is estimated to contribute over \$500 million to the Fairbanks economy every year.

It was recently brought to my attention that Alaska regulations on vehicle registration are making it difficult, if not impossible, for some of our most loyal CWT automotive companies to continue to do CWT in our state.

I am very thankful that you have recognized this problem and have moved quickly to rectify this issue for the next CWT season. I appreciate your work and urge other legislators support your changes necessary to facilitate the continued growth of our CWT industry.

SB 85 provides a beneficial solution to all parties involved. It protects the DMV regulation that is necessary for non-experimental vehicles and allows the automotive CWT industry to continue to be a part of Alaska's growing economy.

Respectfully,



Jim Dodson
President & CEO
Fairbanks Economic Development Corporation



P.O. Box 60669, Fairbanks, Alaska 99706, (907) 474-0061 Fax (907) 474-0085

March 28, 2013

Senator Click Bishop
State Capital Room 115
Juneau AK 99801

Dear Senator Bishop,

As President with Alaska AeroFuel, Inc I would like to voice my support of SB 85.

As an organization that assists with the testing of automotive vehicles from all over the world, I can attest to the satisfaction automotive companies have had in testing in Alaska, and more specifically the Interior. We can offer services and conditions that are difficult, if not impossible, to find in any other part of the world.

Because of this, not only our organization, but the greater community benefits from companies who choose to test in Alaska as this significantly impacts our economy by creating good-paying jobs and utilizing our service industry.

Largely because of changes in federal emissions standard, our current state regulations on vehicle registration are inhibiting automotive companies from testing in Alaska. I am very pleased to see that some of our legislative representatives have recognized this problem and have moved quickly to rectify this issue for the next cold-weather-testing season. Thank you for this and the work you do for our great state of Alaska.

Respectfully,

A handwritten signature in black ink, appearing to read "Robert J. Hawkins".

Robert J. Hawkins
President / CEO

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