

HB

176

<TARGET><BILL>HB 176</BILL><SUBJECT>HB
176</SUBJECT><COMM>HTRA28</COMM></TARGET>

28-LS0674\U
Strasbaugh
3/18/13

CS FOR HOUSE BILL NO. 176()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-EIGHTH LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVE THOMPSON

*Conceptual Amend
#1 passed*

A BILL
FOR AN ACT ENTITLED

1 **"An Act relating to experimental vehicles."**

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

3 *** Section 1.** AS 28.10.181 is amended by adding a new subsection to read:

4 (hh) Experimental vehicles. A vehicle manufacturer or distributor may apply
5 for experimental vehicle plates. A plate issued under this subsection may be used only
6 on an experimental vehicle present in the state for (cold-weather) testing. The vehicle
7 manufacturer shall certify to the department that, at the conclusion of the (cold-weather)
8 testing, the experimental vehicle was destroyed or removed from the state.
9 Experimental vehicle plates issued under this subsection are valid for a 12-month
10 period and may be renewed for additional 12-month periods, up to a maximum of 36
11 months, until the (cold-weather) testing is complete. Notwithstanding AS 28.10.201, an
12 experimental vehicle may not be titled under this chapter. In this subsection,
13 "experimental vehicle" means a vehicle in the developmental stage that has not yet
14 reached production in the United States.

15 *** Sec. 2.** AS 28.10.201(a) is amended to read:

1 (a) Except as otherwise provided in (b) of this section or in AS 28.10.131,
2 [AND] 28.10.152, and 28.10.181(hh), every owner of a vehicle subject to registration
3 in this state shall apply for a certificate of title under this chapter.

ALASKA STATE LEGISLATURE

Session:

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REPRESENTATIVE STEVE THOMPSON DISTRICT 3

Sponsor Statement

HB 176 "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, as secretive as 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.

HB 176 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 Representative Thompson in supporting this legislation.

E-mail Representative_Steve_Thompson@akleg.gov

Fiscal Note

State of Alaska
2013 Legislative Session

Bill Version: HB 176
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB176-DOA-DMV-3-22-13
Title: EXPERIMENTAL VEHICLE PLATES
Sponsor: THOMPSON
Requester: House 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	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
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? yes
If yes, by what date are the regulations to be adopted, amended or repealed? 07/01/13

Why this fiscal note differs from previous version:

Not applicable, initial version.

Prepared By:	Amy Erickson, Director	Phone:	(907)269-5559
Division	Motor Vehicles	Date:	03/22/2013 09:29 AM
Approved By:	Curtis Thayer, Deputy Commissioner	Date:	03/22/13
	Department of Administration		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2013 LEGISLATIVE SESSION

BILL NO. HB176

Analysis

This bill will allow DMV to register, but not title experimental vehicles. 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 are defined as vehicles that are not yet in production in the U.S.

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.

There is minimal fiscal impact of this bill on DMV that can be absorbed by the department. Therefore, the Department submits a zero fiscal note.

March 19, 2013

Representative Steve Thompson
State Capitol Room 500
Juneau AK 99801

Dear Representative Thompson,

As President and CEO of the Fairbanks Economic Development Corporation, I would like to voice my support of HB 176.

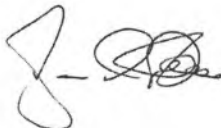
For many years FEDC has marketed Alaska as the "Most Affordable, Accessible and Reliable" place to do Cold Weather Testing (CWT) in the World. Today, companies from around the world have recognized Alaska, and especially the Fairbanks area, as a prime location to cold-weather-test their products. This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

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.

HB 176 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

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 foot 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>

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REPRESENTATIVE STEVE THOMPSON DISTRICT 3 MEMORANDUM

To: Representative Peggy Wilson, Chairman
House Transportation Committee

From: Representative Steve Thompson 

Date: March 18, 2013

Re: Hearing Request for HB 176 "An Act relating to experimental vehicles"

Please accept this memorandum as a request for HB 176 to be heard in the House Transportation Committee. Attached are the following documents:

- HB 176 – Sponsor Statement
- HB 176 – Bill version 28-LS0674\A
- HB 176 – Support - Volkswagen Group of America, Inc.

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