

**SB**

**85**

<TARGET><BILL>SB 85</BILL><SUBJECT>SB  
85</SUBJECT><COMM>SFIN28</COMM></TARGET>

# SENATE FINANCE COMMITTEE REPORT

DATE: 4/5/13

FURTHER: Rules

DATE TURNED  
IN TO OFFICE: 4/8/13

**Finance Committee** considered SENATE BILL NO. 85

SB 85-EXPERIMENTAL VEHICLE PLATES

"An Act relating to experimental vehicles."

and recommends:

- be replaced with CS \_\_\_\_\_ ( \_\_\_\_\_ )  Same Title  New Title
- adopt previous CS SB 85 ( TRA )  Same Title  New Title
- attached amendment(s)
- adopt \_\_\_\_\_ Letter of Intent
- further referral to \_\_\_\_\_ Committee

Dept Abbr.	
ADM	LWF
CED	LAW
COR	LEG
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 #
ADM			✓	1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	Do PASS	Do NOT PASS	No REC	AMEND
<i>C. Lich Bishop</i>	Bishop	X			
<i>Anna Fairclough</i>	FAIRCLOUGH	X			
<i>Wendy Dunbar</i>	Dunbar	X			
<i>Ann Hoffman</i>	Hoffman	✓			
<i>Thomas Kelly</i>	Kelly		/	✓	
CO-CHAIR: <i>Kelly</i>	Kelly	✓			
CO-CHAIR: <i>K. Meyer</i>	Meyer	✓			

# 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 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
<b>Total Operating</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>0.0</b>

**Fund Source (Operating Only)**

None							
<b>Total</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>

**Positions**

Full-time							
Part-time							
Temporary							

<b>Change in Revenues</b>							
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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  
Division: Motor Vehicles  
Approved By: Curtis Thayer, Deputy Commissioner  
Department of Administration

Phone: (907)269-5999  
Date: 03/29/2013 03:43 PM  
Date: 03/29/13

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.

# Fiscal Note

State of Alaska  
2013 Legislative Session

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(S) Publish Date: 4/5/13

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OMB Component Number: 2348

**Expenditures/Revenues**

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

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

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**Change in Revenues**

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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

*Session:*

State Capitol, Room 115  
Juneau, Alaska 99801-2186  
Phone (907) 465-2327  
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*Interim:*

1292 Sadler Way  
Fairbanks, Alaska 99701  
Phone: (907) 456-8161  
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Toll Free: (800)336-7383

## 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](mailto:Senator.Click.Bishop@akleg.org)  
Website: [www.alaskasenate.org/bishop/](http://www.alaskasenate.org/bishop/)

# ALASKA STATE LEGISLATURE

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## Senator Click Bishop

### Memorandum

TO: Senator Kevin Meyer  
Senator Pete Kelly  
Senate Finance Committee

From: Senator Click Bishop

RE: Reason for CS SB 85

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Senate Bill 85 adds a new subsection to AS 28.10.181 that allows for manufacturers or distributors of experimental vehicles used for cold weather testing in Alaska to be able to purchase experimental vehicle plates for a 12-month period that can be renewed up to two times, for a total of 36 months. Only a vehicle manufacturer or distributor can apply for experimental vehicle plates.

The committee substitute before you has taken out the term "cold weather" from page 1, lines 6, 7, and 11. The reason for this is so that not only cold weather testing is permitted and desired, but that all experimental automotive testing will be welcomed in Alaska. As a state in need of diversifying its revenue stream, we are seeking to incorporate all testing that would bring revenue to this state instead of pushing for one type of testing more so than another.

**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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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,

A handwritten signature in black ink, appearing to read "Jim Dodson", is written over a faint, stylized outline of the state of Alaska.

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', is written over a light blue horizontal line.

Robert J. Hawkins  
President / CEO

(907) 474-0062 office  
(907) 474-0085 fax  
(907) 388-0060 cell  
[robhawkins@alaskaerofuel.com](mailto:robhawkins@alaskaerofuel.com)  
[www.AlaskaAerofuel.com](http://www.AlaskaAerofuel.com)

**SENATE BILL NO. 74**

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

**BY SENATOR KELLY**

**Introduced: 3/11/13**  
**Referred: Finance**

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act creating the University of Alaska building fund for the payment by the  
2 University of Alaska of the costs of use, management, operation, maintenance, and  
3 depreciation of space in buildings; and authorizing the Board of Regents of the  
4 University of Alaska to designate buildings for which the fund is to be used."

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

6 \* **Section 1.** AS 14.40.170(a) is amended to read:

7 (a) The Board of Regents shall

8 (1) appoint the president of the university by a majority vote of the  
9 whole board, and the president may attend meetings of the board;

10 (2) fix the compensation of the president of the university, all heads of  
11 departments, professors, teachers, instructors, and other officers;

12 (3) confer [SUCH] appropriate degrees as it may determine and  
13 prescribe;

14 (4) have the care, control, and management of

1 (A) all the real and personal property of the university; and

2 (B) land

3 (i) conveyed to the Board of Regents by the  
4 commissioner of natural resources in the settlement of the claim of the  
5 University of Alaska to land granted to the state in accordance with the  
6 Act of March 4, 1915 (38 Stat. 1214), as amended, and in accordance  
7 with the Act of January 21, 1929 (45 Stat. 1091), as amended; and

8 (ii) conveyed to the Board of Regents in trust for the  
9 University of Alaska by the commissioner of natural resources under  
10 AS 14.40.365;

11 (5) keep a correct and easily understood record of the minutes of every  
12 meeting and all acts done by it in pursuance of its duties;

13 (6) under procedures to be established by the commissioner of  
14 administration, and in accordance with existing procedures for other state agencies,  
15 have the care, control, and management of all money of the university and keep a  
16 complete record of all money received and disbursed;

17 (7) adopt reasonable rules for the prudent trust management and the  
18 long-term financial benefit to the university of the land of the university;

19 (8) provide public notice of sales, leases, exchanges, and transfers of  
20 the land of the university or of interests in land of the university;

21 (9) administer, manage, market, and promote a postsecondary  
22 education savings program, including the Alaska Higher Education Savings Trust  
23 under AS 14.40.802 and the Alaska advance college tuition savings fund under  
24 AS 14.40.803 - 14.40.817;

25 **(10) designate buildings owned by the university as covered**  
26 **buildings for purposes of paying the costs of use, management, operation,**  
27 **maintenance, and depreciation from the fund established under AS 37.05.555.**

28 \* **Sec. 2.** AS 37.05 is amended by adding a new section to read:

29 **Sec. 37.05.555. University of Alaska building fund.** (a) The University of  
30 Alaska building fund is created as a special account in the general fund. The fund  
31 consists of

1                   (1) payments made to the University of Alaska by a public or private  
2 occupant of a covered building under an agreement with the University of Alaska for  
3 costs of the occupant's use and occupancy of building space; and

4                   (2) appropriations to the fund.

5                   (b) The legislature may appropriate, annually and under AS 37.07 (Executive  
6 Budget Act), amounts from the University of Alaska building fund to the University of  
7 Alaska to pay the costs of use, management, operation, maintenance, and depreciation  
8 related to space in covered buildings managed under an agreement with the University  
9 of Alaska.

10                  (c) Appropriations to the University of Alaska building fund are not one-year  
11 appropriations and do not lapse under AS 37.25.010.

12                  (d) The unexpended and unobligated balance of an appropriation from the  
13 University of Alaska building fund lapses into the University of Alaska building fund  
14 at the end of the fiscal year for which it was appropriated.

15                  (e) Nothing in this section exempts money deposited into the University of  
16 Alaska building fund from the requirements of AS 37.07 (Executive Budget Act) or  
17 dedicates that money for a specific purpose.

18                  (f) In this section, "covered building" means a building owned by the  
19 University of Alaska and designated by the Board of Regents as a covered building.