

HJR

10

<TARGET><BILL>HJR 10</BILL><SUBJECT>HJR
10</SUBJECT><COMM>STRA28</COMM></TARGET>

SENATE COMMITTEE REPORT

DATE: 3/14/14

FURTHER: Finance

DATE TURNED
IN TO OFFICE: 4/1/14

Transportation Committee considered CS FOR HOUSE JOINT RESOLUTION NO. 10(FIN)

HJR 10-CONST. AM: TRANSPORTATION FUND

Proposing amendments to the Constitution of the State of Alaska creating a transportation infrastructure fund.

and recommends:

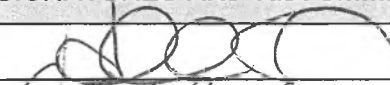
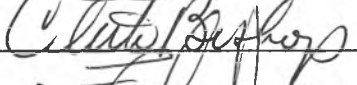
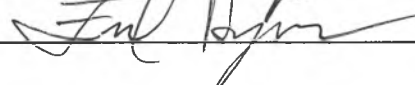
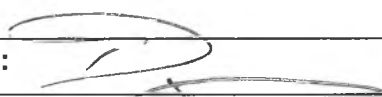
- be **replaced** with SCS _____ (_____) Same Title Technical Title Change
 New Title/SCR No. _____
- adopt **previous** SCS _____ (_____) Same Title Technical Title Change
 New Title/SCR No. _____
- attached amendment(s)
- adopt _____ Letter of Intent
- further referral to _____ Committee

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 #
Gov	✓			2

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	Do PASS	Do NOT PASS	NO REC	AMEND
	French			✓	
	Bishop	X			
	Dyson			✓	
CHAIR: 	ECAN			✓	

ALASKA STATE LEGISLATURE

Interim:
P.O. Box 109
Wrangell, AK 99929
Phone: (907) 874-3088
Fax: (907) 874-3055



Session:
State Capitol, Room 406
Juneau, AK 99801-1182
Phone: (907) 465-3824
1-800-686-3824
Fax: (907) 465-3175

**REPRESENTATIVE PEGGY WILSON
HOUSE DISTRICT 33**

SPONSOR STATEMENT House Joint Resolution 10

“Proposing amendments to the constitution of the State of Alaska creating a transportation infrastructure fund”

HJR 10 will put a constitutional amendment before voters to amend the Alaska constitution to reinstate a dedicated fund for transportation projects. If this change is passed by the voters, the **Alaska Transportation Infrastructure Fund (ATIF)** will dedicate transportation user fees and taxes, (motor fuel tax, vehicle rental tax, studded tire tax, driver’s license and identification card fees, vehicle registration fees) to transportation projects.

The crafters of the constitution allowed for two dedicated transportation funds at the time of statehood, one for land transportation and one for sea transportation. They realized that some funds would be needed no matter the economic or political climate. They lasted for several years until they were eliminated. HJR 10 will reinstate a transportation fund.

In FY14, 79% of our capital transportation budget will come from the federal government. The Federal Government passed a new, two year highway program, MAP-21. The good news is that the overall federal-aid funding remains consistent with SAFETEA-LU, the previous program. However, the amount of funding for roads not on the National Highway System (NHS) has been cut by about 50%. We will see a lot less funding for our borough and city roads. The categories of funding have been reduced and they are much more restrictive. Our own DC delegation have told the legislature that Alaska needs to rely less on the federal government and start shouldering some of the burden of improving our transportation infrastructure.

The roads, bridges, airports, ferries and transit systems that make up our state’s transportation system are essential to mobility, commerce and economic development. This system enhances economic competitiveness, increases safety and enhances quality of life. There is a growing imbalance between system use and capacity as well as the need for new infrastructure to access our valuable resources. To insure Alaska has the infrastructure necessary to develop our resources as well as providing a quality of life for our citizens we must commit to funding transportation. Having a dependable revenue stream from year to year will allow Alaska to tackle today’s congestion and maintenance projects as well as developing the needed access to resources and energy.

The latest version of HJR 10 updated the dates that the revenue would be directed into the ATIF and it also added tire taxes as another source of revenue.

ALASKA STATE LEGISLATURE



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**REPRESENTATIVE PEGGY WILSON
HOUSE DISTRICT 33**

The new CS for HJR 10 FIN has changed the date that the revenue will be deposited into the fund and also adds the studded tire tax for clarity.

The CS for HJR 10 (JUD) attempted to add both the retail tire tax and the studded tire tax. The term "tire tax" was used.

Fiscal Note

State of Alaska
2014 Legislative Session

Bill Version: CSHJR 10(FIN)
Fiscal Note Number: 2
(H) Publish Date: 3/3/14

Identifier: HJR010CS(JUD)-OOG-DOE-1-21-14
Title: CONST. AM: TRANSPORTATION FUND
Sponsor: P.WILSON
Requester: House Finance Committee

Department: Office of the Governor
Appropriation: Elections
Allocation: Elections
OMB Component Number: 21

Expenditures/Revenues

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

	FY2015	Included in	Out-Year Cost Estimates						
	Appropriation Requested	Governor's FY2015 Request	FY 2015	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
OPERATING EXPENDITURES	FY 2015	FY 2015							
Personal Services									
Travel									
Services	1.5								
Commodities									
Capital Outlay									
Grants & Benefits									
Miscellaneous									
Total Operating	1.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

1004 Gen Fund	1.5							
Total	1.5	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 (FY2014) cost: 0.0

Estimated CAPITAL (FY2015) 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:

Updated for second session to accurately reflect FY2015 and out year costs.

Prepared By:	Gail Fenumiai, Director	Phone:	(907)465-2644
Division:	Division of Elections	Date:	09/26/2013 03:07 PM
Approved By:	Guy Bell, Administrative Director	Date:	09/26/13
Agency:	Division of Administrative Services, Office of the Governor		

FISCAL NOTE ANALYSIS #2

**STATE OF ALASKA
2014 LEGISLATIVE SESSION**

BILL NO. CSHJR 10(FIN)

Analysis

Passage of this resolution would require the constitutional amendment to appear on the 2014 general election ballot. The cost of providing information about the constitutional amendment in the Official Election Pamphlet, as required by AS 15.58, is \$1.5. Should the addition of this resolution require printing an 8-1/2 by 18 inch ballot, the cost will increase to \$22.0.

ATIF Constitutional Amendment (HJR 10) Elements

Constitutional amendment before the voters in 2014

1. If passed will re-instate a dedicated fund for transportation projects
2. Allow transportation user fees to be directed to the fund.
3. Fund Revenues:
 - a. Vehicle Registration fees (less specialty license plates funds)
 - b. Tire Taxes, retail sales and studs
 - c. Driver's License fees, Identification card Fees
 - d. Vehicle rental taxes
 - e. Other transportation related fees and funds
4. Fund Appropriations:
 - a. For any transportation related project as defined by enabling statutes
 - b. Up to 50% of the fees received in the previous year
 - c. Up to 6% POMV averaged over the past 5 years. **(High cap is to allow future expenditures if the market warrants it. Would expect it to be in the neighborhood of 4% in today's market climate)**
 - d. Administration costs for the fund.
 - e. All appropriations approved by the Governor and the Legislature.
5. Allows the legislature to define how the fund is managed. All interest earned from the fund shall be deposited into the fund.

Supporters of Alaska Transportation Infrastructure Fund HJR 10

Associated General Contractors of Alaska

Alaska Municipal League

Alaska AFL-CIO

Alaska State Chamber

Alaska Teamsters Local # 959

Alaska Laborers Local 942 & 341

Alaska Transportation Priorities Project

Alaska Trucking Association

Alaska Harbormasters Association

American Society of Civil Engineers

Alaska Mobility Coalition

Alaska Airports

Alaska Owners and Pilots Association

Alaska Marine Pilots

Marine Transportation Advisory Board

Southeast Conference

SW Alaska Conference of Mayors

Calista Corporation

COALASKA, inc.

Klewit

International Union of Operating Engineers Local #302

Alaska Federation of Natives



February 25, 2013

Representative Peggy Wilson, Chair
House Transportation Committee
State Capitol, Room 406
Juneau, AK 99801

Dear Representative Wilson:

The Aircraft Owners and Pilots Association (AOPA) is a membership organization consisting of over 400,000 pilots and aircraft owners. Over 4,400 of our members reside in Alaska. AOPA is committed to the health and viability of aviation and airports in Alaska, and across the nation. Thank you for taking up the issue of creating a state funded transportation program for Alaska.

AOPA supports the concept embodied in HJR 10, HB 122 and HB 123, to establish a transportation infrastructure endowment fund for Alaska. The endowment is to be dedicated to funding projects that maintain and improve our public infrastructure, including airports, roads and marine facilities. We can speak to the tremendous need for improvements within the airport system that benefit all the citizens of the state. Our aviation system is absolutely essential for the 82% of Alaskan communities that are not on the road system, many of which rely solely on aviation for year-around access. In addition, the road-system airports provide the ability for aircraft to connect with rural communities, creating literally a lifeline for the movement of goods, services and people within the state.

Thank you again for undertaking this legislation. I look forward to working with you and your committee on this initiative to address the needs of the state's transportation system.

Sincerely,

A handwritten signature in black ink that reads "Tom George".

Tom George
Alaska Regional Manager

TOM GEORGE
ALASKA REGIONAL MANAGER
PERSONAL ADDRESS: P.O. BOX 83750 FAIRBANKS, AK 99708
301-695-2092 E-MAIL: tom.george@aopa.org



217 Second Street, Suite 200 • Juneau, Alaska 99801
Tel (907) 586-1925 • Fax (907) 463-5480 • www.akml.org

February 26, 2013

Honorable Representative Peggy Wilson
Alaska State Capitol Building
Juneau, Alaska 99801

Dear Representative Wilson,

On behalf of the Alaska Municipal League, I would like to offer our support for HJR10 and HB 123.

The Alaska Municipal League has been concerned about how state and local governments fund the needs related to our transportation infrastructure over the coming years. The funding for roads that are not on the National Highway System (most of Alaska's roads) has seen funding drop by 50%. More and more of the federal dollars seem to be going to mass transit in heavily populated areas of our nation. This certainly seems to be an on-going trend. We must be ready to maintain what we have and to construct necessary infrastructure, as needed.

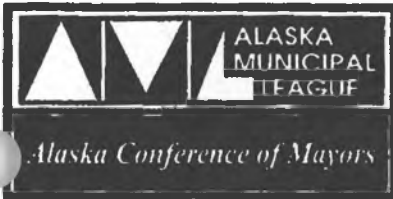
We feel it is important for the State of Alaska to find ways to fund our infrastructure in ways that do not always include the federal government.

We thank you for your persistence in submitting this bill and we support your efforts toward these goals. This bill truly is one that plans for our future.

Sincerely,

Kathie Wasserman

Kathie Wasserman
Executive Director



217 Second Street, Suite 200 • Juneau, Alaska 99801

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**ALASKA MUNICIPAL LEAGUE
STATEWIDE PRIORITIES
FY2013**

• **ENERGY**

We believe the Legislature must aggressively facilitate energy efficiency and affordable energy for all Alaskans through:

1. The support of oil and gas, as it remains the primary source of energy for most of Alaska;
2. Support for research on and development of alternative and renewable energy sources, including, but not limited to, wind and hydro;
3. The encouragement of connectivity between communities, as well as incentives for energy project funding and energy efficiency for all consumers;
4. An actual time certain process that selects and prioritizes projects;
5. Full funding of the PCE (Power Cost Equalization) Endowment fund through joint congressional and state appropriations.

• **PERS**

The League supports a sustainable salary base to pay off the PERS unfunded obligations. AS 39.35.625, and any other similar statutes or regulations that require termination studies should be repealed. Simply following AS 39.35.255(a)(2) will provide a more efficient, cost effective and equitable method of ensuring that the required PERS salary base is maintained.

• **REVENUE SHARING**

The League supports a continuation of the current Revenue Sharing Program currently in place (AS 29.60.850-879).

• **UNFUNDED MANDATES**

The League opposes state unfunded mandates in any form. This includes "optional" exemptions handed down to local governments that will diminish the local tax base.

• **TRANSPORTATION**

The League supports:

1. The dedication of funds for the Alaska Transportation Infrastructure Fund, along with a local government seat at the table during allocation considerations of that fund.
2. A matching grant component for acquiring federal funds and to help local governments to develop otherwise financially difficult projects;
3. The completion of the Alaska State Rail Plan.

• **COASTAL ZONE MANAGEMENT**

The League supports maximum control and involvement in the development of the reinstatement, implementation and expedited appeals process of coastal planning policies.



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ALASKA MUNICIPAL LEAGUE

FEDERAL PRIORITIES

FY2013

- **PAYMENT IN LIEU OF TAXES (PILT)**
The League supports full funding of the PILT program, to the authorized levels of P.L. 103-379 (over \$300 million, nationwide).
- **SECURE RURAL SCHOOLS AND COMMUNITY SELF-DETERMINATION ACT (SRS/TIMBER RECEIPTS)**
The League supports the reauthorization and enhancement of the Secure Rural Schools Program (P.L. 112-141). Reauthorization should maintain coupling between payments to boroughs and active natural resource management; and the connection between sustainable natural resource management and the stability and well-being of forest municipalities.
- **CLEAN WATER ACT**
While supporting clean water act provisions that protect wetland habitats and rivers and streams of Alaska, the League opposes federal efforts to change the definition of the Clean Water Act from "navigable" waters to "waters of the United States," and also opposes federal efforts to further expand the authority and responsibilities of the federal agencies in regard to these waters.
- **ARCTIC ISSUES**
The League asks Congress to be aware of the importance of the arctic region as it relates to national security, environmental concerns relating to the use of the seas, and to economic development for Alaska's coastal communities.
- **LAND USE DESIGNATIONS**
The League opposes decisions on land use designations that are not completely reviewed through the proper Congressional system, with appropriate state and local input. The League urges Congress to immediately convey all remaining state and Native selected land.
- **ENERGY EFFICIENCY GRANTS**
The League supports full funding of the Energy Efficiency and Conservation Block Grant (EECBG) Program to state and local governments.



International Union of Operating Engineers LOCAL 302 • Washington and Alaska • AFL-CIO

Daren Konopaski, Business Manager and General Vice President

Corey Baxter, District 8 Representative

February 25, 2013

The Honorable Peggy Wilson
Alaska State House
State Capitol, Room 406
Juneau, AK 99801

Dear Representative Wilson:

The International Union of Operating Engineers Local 302 would like to extend our support for the Alaska Transportation Infrastructure Fund.

We have over 4,000 members in Alaska that help build roads, airports, and harbor facilities. This bill would help to fund new projects in the event of the potential loss of federal funding in the near future. It will create jobs for Alaskans and it will keep our economy strong for many years to come.

Alaska needs a dependable revenue stream to fund the infrastructure that is necessary to develop access to the resources and energy projects that are critical for the future of Alaska.

Thank you for all of your continuing efforts to ensure that Alaska has a productive and self-sustaining future.

Sincerely,

Corey Baxter
District 8 Representative
International Union of Operating Engineers Local 302
9309 Glacier Hwy. Suite A-105
Juneau, AK 99801
(907)586-3850
(907)463-5484 (facsimile)

Kyle Brees, *Financial Secretary* • Sean Jeffries, *President* • Robert Peterson, *Vice President*

MAIN OFFICE: 18701 120th Avenue N.E. • Bothell, Washington 98011-9514

Telephone: (425) 806-0302 • Toll-free: 1-800-521-8862 • Fax: (425) 806-0030

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Washington Branches: Bellingham • Silverdale • Ellensburg Alaska Branches: Anchorage • Fairbanks • Juneau



April 2, 2013

The Honorable Peggy Wilson
Chairman, House Transportation Committee
State Capitol Room 408
Juneau, AK 99801

Re: HB 123 and HJR 10

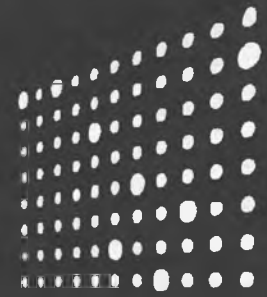
Dear Representative Wilson,

The Alaska State Chamber of Commerce (Alaska Chamber) is an organization dedicated to improving the business climate in Alaska. The Alaska Chamber represents hundreds of statewide businesses from Ketchikan to Barrow that share a common goal: to make Alaska a viable and competitive place to do business. The Alaska Chamber supports House Bill 123 which defines an Alaska Transportation Fund and House Joint Resolution 10 which allows Alaskans to vote to re-instate a dedicated fund for transportation infrastructure.

The Alaska Chamber has, for the past several years, supported creation of a funding mechanism for maintenance of and capital improvements to Alaska's transportation systems. Alaska's transportation infrastructure is pivotal to the state's economy and facilitates access to markets, supplies and resources. Improving and investing in its transportation system will enhance the global competitiveness of Alaska businesses and economic opportunities for its people.

Currently Alaska's multi-modal transportation infrastructure is not only dilapidated, but lacks a consistent funding mechanism to address the billions of dollars of multi-modal needs. Alaska needs new transportation infrastructure development to provide access to resources, reduce barriers for many communities to participate in the economy, allow for safe and efficient transportation all Alaskans.

The State's highway and airport infrastructure is largely funded by Federal dollars, which are under severe threat of significant reductions in today's economy. Additionally, there are no consistent federal programs for harbors and ports.



ALASKA STATE
CHAMBER
OF COMMERCE

*The Voice of
Alaska Business*

Headquarters

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(907) 586-2123

www.alaskachamber.com

The State needs to be proactive and address today's needs while planning for a major future fiscal shortfall. Thank you for your continued leadership on this issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Rachael A. Petro". The signature is fluid and cursive, with the first name being the most prominent.

Rachael A. Petro



4000 Old Seward Hwy., Suite 101
Anchorage, Alaska 99503
Tel : (907) 273-1000
Fax: (907) 273-1099
www.colaska.com

March 5, 2013

Representative Peggy Wilson
State Capitol Room 406
Juneau, AK 99801

REFERENCE: Establishment of a State Transportation Fund

Dear Representative Wilson:

I would like to register strong support for the establishment of a State Transportation Fund.

The safety of Alaskan highways has long been a concern; the condition of pavement and road structures, including bridges, has deteriorated significantly over time, and they are always subject to harsh environmental conditions. The low density of the population and the long distances between population centers in Alaska means there are proportionally many more miles of roadway to maintain, and a State Transportation Fund is necessary to supplement Federal Funding to ensure that current roads can be maintained and new roads developed to appropriate standards.

The establishment of a dedicated State Transportation Fund could also underpin alternate project funding methods that could leverage the fund value by providing the necessary credit rating to underwrite any form of Public Private Partnership, through which private investments could be used for further development of Alaskan transportation infrastructure. The fund could also benefit as the single repository of fuel taxes and tolls, and would be self-sustaining if properly established at the outset.

While Federal Funding and bonds presently make up a significant portion of Alaskan transportation spending, these sources are subject to severe reductions in the future, due to either reduced Federal spending or potentially unfavorable interest rates. The establishment of a State Transportation Fund will provide stability and predictability to the development of the State, and is entirely compatible with National and International approaches to paying for transportation infrastructure.

Sincerely,

COLASKA, INC.

A handwritten signature in black ink, appearing to read "Ben Northey".

Ben Northey, CPC
President



March 4, 2013

Representative Peggy Wilson
State Capitol Room 406
Juneau, AK 99801

Via E-mail: rep.peggy.wilson@akleg.gov

RE: Support of HJR10 & HB123

Dear Representative Wilson,

Most of the current spending on Alaska's transportation program comes from federal sources. Alaska receives significantly more from the Federal Highway Trust Fund than it contributes and the Alaska motor fuel tax of \$.08 per gallon is the lowest in the nation with the average state tax over 0.20.

The outlook for the federal program causes us concern. Many people believe that Alaska's share of the federal "highway trust fund pie" will decrease in the future. Like many, we believe we have got to, as a state, step up and start paying more of the share. There are many strings, rules and regulations attached to a federal dollar that decrease its purchasing power - we can get more accomplished faster with state dollars.

There is strong agreement that the economic benefits derived from the investment in Alaska's transportation infrastructure far exceed the cost of the investment. Considering the vastness of the state, the current transportation infrastructure of Alaska is inadequate and requires continued planning, upgrades, and expenditures to assure the citizens of Alaska are provided with essential services. To realize its potential, Alaska needs a state funded transportation program that is adequately and predictably funded, provides continuity between succeeding administrations, and considers all modes of transportation.

I urge the legislature to pass HJR10 & HB123 to establish a Transportation Infrastructure Fund.

Sincerely,

Pat Harrison
Pacific Northwest Area Manager

ALASKA AFL-CIO

3333 Denali Street, Suite 125 · Anchorage, Alaska 99503 · 907-258-6284 · Fax 777-7276

VINCE BELTRAMI
Executive President



BRUCE LUDWIG
Secretary / Treasurer

March 26, 2013

Honorable Peggy Wilson
State Capitol Room 406
Juneau, AK 99801

Dear Representative Wilson,

We support the passage of House Bills 122, 123 and House Joint Resolution 10 that create the Alaska Transportation Infrastructure Fund Program. This Funding Program is needed to continue supporting transportation projects with decreasing Federal Funding looming ahead of us. Government has a duty to provide transportation and transportation infrastructure to the public to support our economy and the needs of our population. The State of Alaska must have the ability to fund much needed maintenance on roads, highways, harbors, and airports along with the possibility of building new infrastructure.

The Alaska AFL-CIO believes this is a responsible approach to add funding to our transportation needs and to create jobs for Alaskans. There is strong agreement that the economic benefits derived from investment in Alaska's transportation infrastructure far exceed the cost of the investment. Alaska needs a state funded transportation program that is adequately and predictably funded, provides continuity between succeeding administrations, and considers all modes of transportation.

Sincerely,

Vince Beltrami
President
Alaska AFL-CIO

Rebecca Rooney

From: Jeff Robinson <JRobinson@klebsheating.com>
Sent: Wednesday, March 20, 2013 3:23 PM
To: Rep. Peggy Wilson
Subject: HB 123

Hello Representative Wilson,

Being in the construction industry and working at a company that employs 65 workers, I'm writing to say I support HB 123.

Thank you,

Jeff Robinson

Service & Installation

Division Manager

(907) 365-2514 direct

KLEBS Heating
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1107 E. 72nd Avenue, Anchorage, Alaska 99518
www.klebsheating.com

Rebecca Rooney

From: Sam Robert Brice <SamRobert@briceinc.com>
Sent: Wednesday, March 06, 2013 9:17 AM
To: Rep. Peggy Wilson
Subject: Support for HJR 10 & HB 123
Attachments: Our Responsibility.pdf

Follow Up Flag: Flag for follow up
Flag Status: Flagged

My name is Sam Robert Brice and I have lived in Fairbanks my entire life, working in the construction industry statewide since 1978. I am the President of our construction and service related firms, Brice Companies, that have been doing construction related work in Alaska since 1962. I am a past president of the Alaska Associated General Contractors and have been a vocal supporter of a dedicated fund for state funding of our transportation requirements. I wrote an article for the "Alaskan Contractor" magazine a couple of years back regarding why we need to support a state funded transportation program. I'm attaching that article to this email as I believe it to still be very relevant today.

Please don't hesitate to contact me if I can provide any further information or assistance with this issue. Thank you for all your hard work and dedication in Juneau to improve our State!

Sam Robert Brice

Brice Companies

Fairbanks, AK

(907) 452-2512

samrobert@briceinc.com



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Our responsibility

BY SAM ROBERT BRICE

Investment in construction projects is a major driver of the Alaska economy. According to the 2008 Construction Spending Forecast compiled by the Institute of Social and Economic Research at the University of Alaska Anchorage, "Construction is the third largest industry in the state, pays the state's second highest wages, employs nearly 22,000 workers with a payroll over \$1 billion, accounts for 20 percent of Alaska's economy and currently contributes more than \$7 billion to the state's economy." These investments boost the economy while the construction is going on and provide economic benefits for years after.

But the majority of our highway, airport, harbor and rural infrastructure projects in Alaska rely solely on year-to-year budgets of federal funding programs and / or earmarks. We all know the black eye Alaska has received over the past few years for "the bridge to nowhere" and other infamous earmarks that led Congress to earmark reform. Alaska has one of the lowest state gas taxes in the nation and in the recent past has received more than \$6 for every \$1 paid into the highway trust fund from federal gas tax. We are one of a handful of states that does not have our own state funded transportation program. Combine this with our permanent fund savings account and the fact that residents are paid to live here, you can start to feel the ill-will headed our direction, spelling out reduced federal transportation funding for our state. We have a backlog of nearly \$400 million worth of infrastructure projects that have been designed and are sitting on the "shelf" awaiting funding.

Additionally, there are more than \$1 billion worth of projects along the Alaska, Richardson and Dalton Highway corridors alone in order to be prepared for the gas pipeline construction traffic loads. A recent article in the Anchorage Daily News titled "Infrastructure delays threaten pipeline, coordinator says...one thing that could kill the project is under the state's control - needed infrastructure upgrades, said Drue Pearce, who heads the Office of the Federal Coordinator for Alaska Natural Gas Transportation Projects."

It is precisely because of these facts that the top legislative priority for the AGC of Alaska is a State-Funded Transportation Program. Gov. Sarah Palin proposed a \$1 billion appropriation for a sustained transportation funding program that did not move forward last year, but she is still strongly in support of a State Transportation Program as per the Fall 2008 article in this magazine in which she wrote:

"My administration's proposal for a sustained transportation fund is the right idea at the right time. It would add a new, certain source of funding for needs we know will continue long into the future."

This fall, voters showed their support for Alaska transportation projects by overwhelmingly passing the \$315 million statewide general obligation bond issue. This is a step in the right direction.

Outside of Alaska, people don't understand the commitment the federal government made 50 years ago when Alaska was granted statehood. Alaska came into the Union without a transportation infrastructure system, but with great promise of natural resources and a strategic location. It was understood at that time the magnitude of investment that would be required to connect our great state. What better way for Alaska to show how important these continuing needs are than by paying a defined yearly portion of our way forward.

If indeed our infrastructure needs might be "the straw that breaks the camel's back" for the proposed gas pipeline, wouldn't a dedicated state-funded transportation program that could spur additional matching funds be worth the cost? The Obama administration's planned infrastructure investment

package could be part of this opportunity and is an example of why time is of the essence for a state funding initiative.

Alaska is at a critical juncture in its history. We have the opportunity in front of us to by-pass the economic hardship much of our nation is feeling today and possibly help to lead our nation's recovery with the continued environmentally sound development of our vast resources. Our state slogan "North to the Future" has never been more appropriate than it is today after 50 years of statehood. It is up to us to ensure it remains so. A state funded transportation plan is a small initiative in the right direction for our future.



CALISTA CORPORATION

301 Calista Court, Suite A, Anchorage, AK 99516

March 5, 2013

**Representative Peggy Wilson
State Capital Room 406
Juneau, Alaska 99801**

Re: State Transportation Program - House Bill 123

Dear Representative Wilson,

Calista Corporation is writing to support the Alaska Transportation Infrastructure Fund Program - House Bill 123. There have been public hearings on it across the state the last two years; it was vetted in subcommittees; and overall it has been widely supported. We view this as a positive step and solution towards addressing basic core transportation infrastructure needs throughout all regions of Alaska.

The bill re-establishes the multimodal Transportation Infrastructure program and authority put into our constitution by the state founding members. They recognized development of Alaska would be dependent on a transportation network, and the essential role transportation plays for a healthy economy and any business development. Those basic core needs still exist in Alaska, they have yet to have been fulfilled in providing access to markets, supplies and resources which businesses must have to be competitive and provide economic opportunities for people. Our own Calista region is perhaps a model of how a lack of a basic transportation and energy infrastructure network has had far reaching negative social and economic impacts since statehood. Today the YK region has some of the highest costs of living in the nation, highest levels of suicide, fewest resource businesses, and sadly a district with lowest per capita incomes in the country. One of our highest priorities is regional infrastructure

- It is necessary for community sustainability and any business development or survival.**

Alaska once had strong road and airport programs without the federal funding which we rely on today. Currently, there is an \$8 billion backlog of important transportation reconstruction projects that were paid for with mostly federal funds. This does not include roads, ports, or airports yet to be built to access whole regions. The state transportation department has become highly dependent on federal funds for transportation infrastructure planning, permitting, building, and even maintenance. This is unacceptable to many of the funding agencies and other states' which continually point to Alaska as:

- 1. sitting on huge unspent savings,**
- 2. having the lowest fuel tax nationally and contributing little to nothing to our National Transportation trust which Alaska takes funds from, and**
- 3. having no state tax to support its own infrastructure. Furthermore, Alaska has NO state funded program of any kind to count on for basic its ongoing infrastructure construction and maintenance. These issues put Alaska into the untenable situation of being one of the only states' lacking a state funded transportation program. However, it continues to rely on federal transportation trust fund dollars paid into and supported by all the other states' which each have some form of their own funding program. Being in non-compliance with federal grant assurances that are signed onto and required to maintain that**

March 5, 2013
Page Two

Infrastructure places Alaska at great risk. It can result in receiving less regular program funding and discretionary money from shrinking federal programs which Alaska relies on. The State has been notified of these facts, as have most organizations, groups, and citizens going to Washington D.C. to request funding.

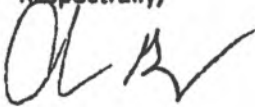
Aside from the obvious needs already mentioned, other positive economic benefits of an Alaska Transportation Infrastructure fund program in our state include:

- Transportation Infrastructure investment which provides stable, predictable, good paying jobs for both the short and long term (47,000 jobs in Alaska today and one of the strongest industry sectors).
- Operational Improvements to business and industry costs, efficiencies, and competitiveness.
- Access to resources and development in a largely resource dependent state.
- Strengthening local, regional, and state economies.
- Proper maintenance which results in fewer expenses and losses associated with safety, accidents, and vehicle wear to businesses.
- Boosts to both business and leisure travel.
- Lower prices for commodities, shipping, and travel.
- Reduced losses associated with time, travel, congestion, and lack of ready access for businesses.
- State funded projects that can be built appropriate to Alaska which are significantly cheaper, faster, and with fewer Federally mandated high population density design requirements

House Bill 123 may not solve each and every transportation issue in Alaska; however, it is a forward step required to establish a basic program and begin solving our complex transportation infrastructure needs in a fair, consistent, and thoughtful manner that is standard in every other state in the United States.

Callista supports re-establishment of a state transportation infrastructure program which can be consistently counted on in all regions and communities of Alaska. Thank you for the opportunity to comment on this important piece of legislation.

Respectfully,



Andrew Guy
President and Chief Executive Officer

cc: *Commissioner Pat Kemp*
Governor Sean Parnell

Alaska Transportation Infrastructure Fund (ATIF)
(millions)

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	
1		Capitalization	2,000.0														
2		POMV	5.00%														
3		IR	8.50%	6% Real Rate assuming 2.5% Inflation Rate													
4		Other Variables		→	0.5%	0.5%	0.25%	0.25%	0.046%					1.0%			
5	Year #	Legislative Session Year	FY Begin Balance	Investment Earnings	Motor Fuel Tax	DMV Registration Fees	Tire Fees	Vehicle Rental Tax	Fund Mgmt Fees	POMV Calculation	50% of Prior Year Taxes/Fees	Total Available for Appropriation	Less DMV Opex	Total Available for Capital Appropriations	Cumulative Infrastructure Investment		
6	0	2014	Legislature appropriates \$2 billion to the ATIF						-	-	-	-	-	-	-	-	-
7	1	2015	2,000.0	170.0	40.6	70.4	1.4	8.9	(0.92)	100.0	-	100.0	(31.9)	68.1	68.1		
8	2	2016	2,190.4	186.2	40.8	70.8	1.4	8.9	(1.01)	104.8	60.7	165.4	(32.2)	133.2	201.3		
9	3	2017	2,332.0	198.2	41.0	71.1	1.4	8.9	(1.07)	108.7	60.9	169.6	(32.5)	137.1	338.4		
10	4	2018	2,482.0	211.0	41.2	71.5	1.4	9.0	(1.14)	112.6	61.2	173.8	(32.9)	140.9	479.3		
11	5	2019	2,641.1	224.5	41.4	71.8	1.4	9.0	(1.21)	116.5	61.5	178.0	(33.2)	144.8	624.1		
12	6	2020	2,810.0	238.9	41.6	72.2	1.4	9.0	(1.29)	124.6	61.8	186.4	(33.5)	152.9	777.0		
13	7	2021	2,985.4	253.8	41.8	72.5	1.4	9.0	(1.37)	132.5	62.1	194.6	(33.9)	160.8	937.7		
14	8	2022	3,168.0	269.3	42.0	72.9	1.4	9.1	(1.46)	140.9	62.4	203.3	(34.2)	169.1	1,106.8		
15	9	2023	3,358.0	285.4	42.3	73.3	1.4	9.1	(1.54)	149.6	62.7	212.3	(34.5)	177.8	1,284.6		
16	10	2024	3,555.6	302.2	42.5	73.6	1.4	9.1	(1.64)	158.8	63.0	221.8	(34.9)	186.9	1,471.5		
17	11	2025	3,761.0	319.7	42.7	74.0	1.4	9.1	(1.73)	168.3	63.3	231.6	(35.2)	196.4	1,667.9		
18	12	2026	3,974.6	337.8	42.9	74.4	1.4	9.1	(1.83)	178.2	63.6	241.8	(35.6)	206.2	1,874.1		
19	13	2027	4,196.7	356.7	43.1	74.7	1.4	9.2	(1.93)	188.5	63.9	252.4	(35.9)	216.4	2,090.5		
20	14	2028	4,427.5	376.3	43.3	75.1	1.4	9.2	(2.04)	199.2	64.2	263.4	(36.3)	227.1	2,317.6		
21	15	2029	4,667.5	396.7	43.5	75.5	1.4	9.2	(2.15)	210.3	64.5	274.8	(36.7)	238.1	2,555.8		
22	16	2030	4,917.0	417.9	43.8	75.9	1.5	9.2	(2.26)	221.8	64.8	286.7	(37.0)	249.7	2,805.4		
23	17	2031	5,176.3	440.0	44.0	76.2	1.5	9.3	(2.38)	233.9	65.2	299.0	(37.4)	261.6	3,067.0		
24	18	2032	5,445.9	462.9	44.2	76.6	1.5	9.3	(2.51)	246.3	65.5	311.8	(37.8)	274.0	3,341.1		
25	19	2033	5,726.0	486.7	44.4	77.0	1.5	9.3	(2.63)	259.3	65.8	325.1	(38.2)	287.0	3,628.0		
26	20	2034	6,017.2	511.5	44.6	77.4	1.5	9.3	(2.77)	272.8	66.1	338.9	(38.5)	300.4	3,928.4		
37																	
38	Notes:																
39	1) Assumes endowment appropriation during the 2014 legislative session - contingent upon voter ratification of constitutional amendment in the Fall of 2014.																
40	2) Taxes and fees per DOR 2012 Fall Forecast and growing per associated input variable.																
41	3) In order to attain 6% real rate of return, the model is set at 8.5% earning growth and assumes 2.5% inflation.																
42																	
43																	
44																	
45																	
46																	
47																	



Transportation Infrastructure Fund

Alaska's Transportation Challenges

- * Aging transportation system
 - * 40-50 year old highways
 - * Population growth = congestion
 - * Aging AMHS ferry vessels
 - * Airport upgrades and major maintenance
 - * Deteriorating harbors in disrepair
 - * Limited access to natural resources
 - * \$20 B backlogged projects & deferred maintenance



Alaska's Transportation Challenges

- * Declining transportation funds
 - * Federal funding not keeping up with the demand
 - * Rural highway traffic ↑ 23%*
 - * Vehicle miles traveled ↑ 35%*
 - * \$65 Billion/year lost to traffic congestion*
 - * Fuel tax revenues can't keep up with inflation
- * State GF consumed by growing healthcare, corrections and education costs- little left for transportation



8x/GA2

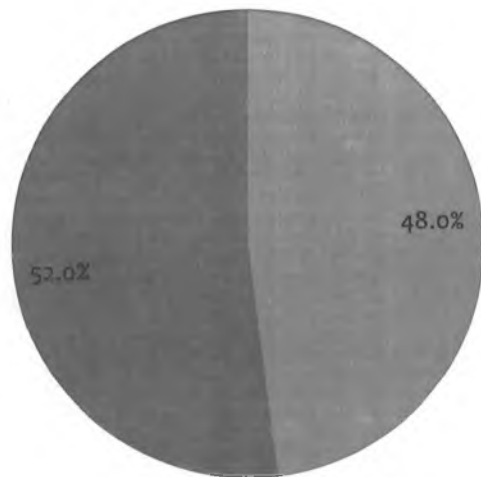
Federal Funding Challenges

- * Map-21 reduces flexibility for use of funds
 - * Emphasis on main highways and safety
 - * Alaska has 4 on the National Highway System
 - * Safety \$\$ must be spent on highways with high crash incidence
 - * National Highway System funds now driven by performance
 - * Community road funding is by population
 - * Federal Highway Trust fund will be at zero 2015

Funds Before & After MAP-21

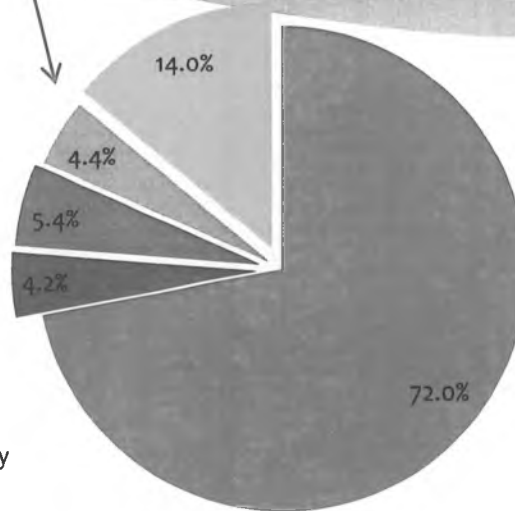
All non-NHS roads must now rely on only 28% of total funding.

Pre MAP-21



48%
 ■ National Hwy Sys
 ■ Community & Alaska Hwy Sys
 52%

MAP-21



- National Hwy Sys
- All Other Areas
- Anchorage >200k Pop.
- Urban Areas > 5k Pop.
- Req'd & Flexible

MAP-21 reduces funding from 52% to 28% to non-National Highway System and creates several sub-categories based on population.

Transportation Infrastructure needs a Boost

- * Re-direction of how federal funds may be used with Map-21
- * Aging Infrastructure
- * Open new access to resources
- * Plans for the future



House Transportation Comm. Actions

- * 3 years of Committee hearings
- * Viewed, first hand, rural and urban problems
- * Examined funding options
 - * National experts
 - * State experts
 - * Infrastructure bank experts
- * Rejected options which committed future GF

ATIF Solution

- * Re-instate dedicated Alaska Transportation Infrastructure Fund
 - * Our constitution contained 2 transportation funds
 - * Requires a vote of the people
- * Maintain existing funding
 - * Operational and capital budgets remain the same
 - * Key element to improving Alaska infrastructure
- * More 100% state funded projects
 - * Reduced costs
 - * Reduced schedule

Funding ATIF

Bill Clinton memo

- * \$2B endowment from legislature and
- * Annual revenue
 - * Motor fuel tax
 - * Tire taxes
 - * Vehicle rental tax
 - * Vehicle registrations and drivers license fees
 - * New transportation related fees or taxes

ATIF Appropriation

- * DOR will manage the fund
 - * Profits will be reinvested
- * Figuring the appropriation amount
 - * 5% market value averaged over previous 5 years plus
 - * 50% tax and fee revenue from previous year
- * Follows regular budgetary process
 - * Legislative approval
 - * Gubernatorial approval



STATE WOULD
MANAGE ATIF

2 Panel – 2 Step Process

- * 7 Member Alaska Transportation Panel (**ATP**)
 - * 5 Public members appointed by Governor
 - * 1 from Anchorage, 1 From Fairbanks, 1 rural interior, 1 rural coastal
 - * Commissioner, DOT/PF
 - * DOT's STIP Board Member
 - * Alaska Infrastructure Commission member
- * Evaluates the projects submitted to DOT/PF using DOT/PF developed guidelines.
- * Submits projects to either the Federalized STIP process or to the ATIF process for prioritization
- * Takes politics out of decision process

2 Panel – 2 Step Process

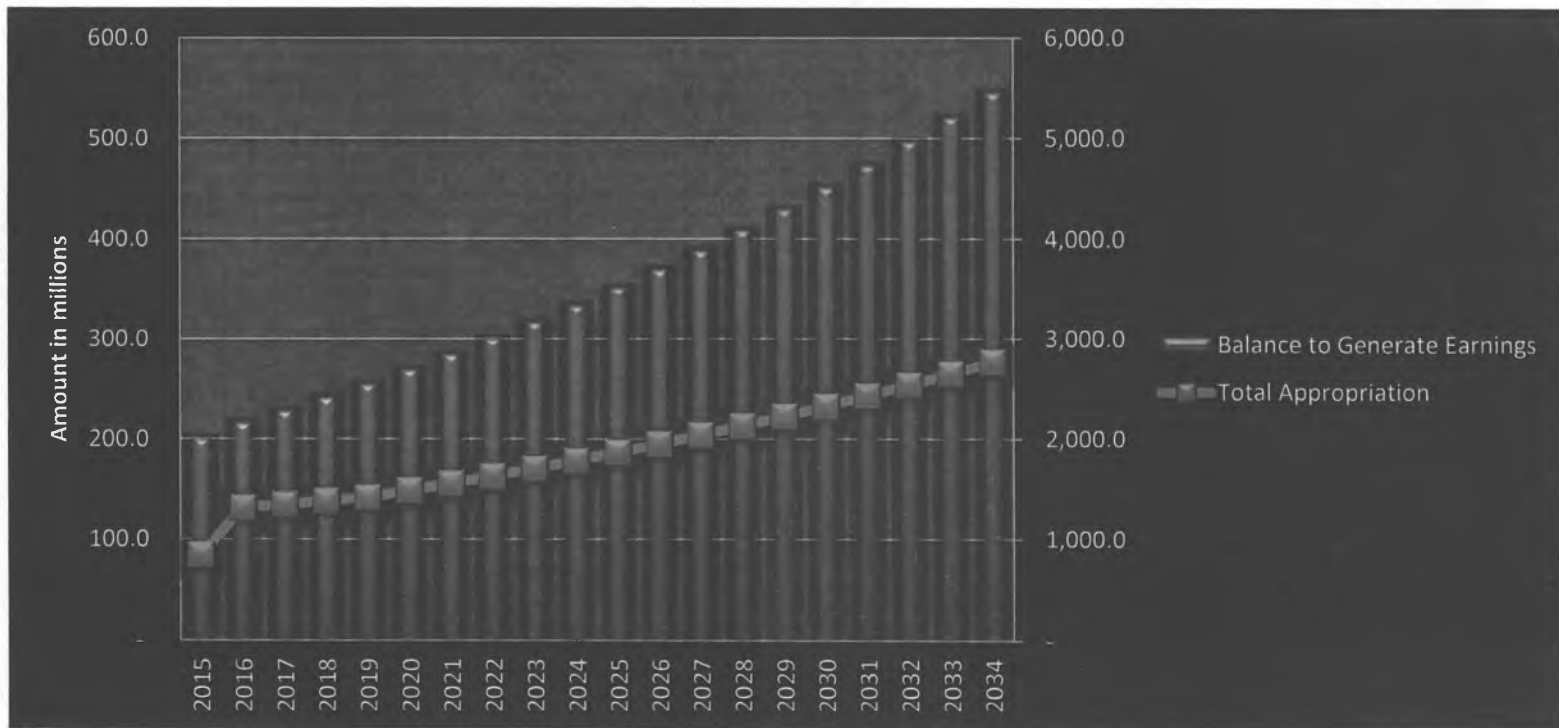
- * 9 member Alaska Infrastructure Commission (**AIC**)
 - * 6 public members, 1 from each judicial district and 2 members at large
 - * 2 non-voting legislative members
 - * Commissioner of DOT/PF
- * Prioritizes ATIF projects using weighted point system developed by DOT

ATIF Projects

- * Limited to capital transportation and major maintenance projects
 - * Highways and roads
 - * Aviation
 - * Marine highway system
 - * Harbors and harbor matching grant fund
 - * Community transportation and transit
 - * Trails and bike paths
- * Federalized projects not more than 20%
 - * Incentive to do more state funded projects
 - * State funded projects are cheaper and faster



ATIF Projections



ATIF ...

- * Plans for the future
 - * Decrease transportation backlog
 - * Decrease deferred maintenance
 - * Decrease dependence on federal funding
 - * Increase number of new jobs
 - * Increase safety
 - * Increase Alaska's economy
 - * Increase access to Alaska's resources
 - * Ensure stable annual transportation budget



ATIF Summary

- * Alaska Transportation issues:
 - * Declining funds
 - * Aging transportation system
- * Move HJR 10, Put the constitutional amendment on the ballot in November 2014
 - * Let the people decide
- * Pass HB 123 and HB 122 out of committee to implement ATIF.





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Tel : (907) 273-1000
Fax: (907) 273-1099
www.colaska.com

March 5, 2013

Representative Peggy Wilson
State Capitol Room 406
Juneau, AK 99801

REFERENCE: Establishment of a State Transportation Fund

Dear Representative Wilson:

I would like to register strong support for the establishment of a State Transportation Fund.

The safety of Alaskan highways has long been a concern; the condition of pavement and road structures, including bridges, has deteriorated significantly over time, and they are always subject to harsh environmental conditions. The low density of the population and the long distances between population centers in Alaska means there are proportionally many more miles of roadway to maintain, and a State Transportation Fund is necessary to supplement Federal Funding to ensure that current roads can be maintained and new roads developed to appropriate standards.

The establishment of a dedicated State Transportation Fund could also underpin alternate project funding methods that could leverage the fund value by providing the necessary credit rating to underwrite any form of Public Private Partnership, through which private investments could be used for further development of Alaskan transportation infrastructure. The fund could also benefit as the single repository of fuel taxes and tolls, and would be self-sustaining if properly established at the outset.

While Federal Funding and bonds presently make up a significant portion of Alaskan transportation spending, these sources are subject to severe reductions in the future, due to either reduced Federal spending or potentially unfavorable interest rates. The establishment of a State Transportation Fund will provide stability and predictability to the development of the State, and is entirely compatible with National and International approaches to paying for transportation infrastructure.

Sincerely,

COLASKA, INC.

A handwritten signature in black ink, appearing to read "Rob Dun".

Rob Dun
Business Development Manager

State Profile Example

The main source of information for these state-by-state profiles is the responses from the states, the District of Columbia and Puerto Rico to NCSL-AASHTO surveys 1, 2 and 4. NCSL-AASHTO survey data was supplemented by many other resources, listed in endnote 69 and in the Selected Bibliography, and detailed below. All data is current (2010 – 2011) unless otherwise noted.

Organizational Facts

Legislature	Name Structure Chambers Session Estimated no. of bills	Department of Name
-------------	--	-----------------------

This section outlines basic organizational facts for the state's legislature and its DOT, including the size and structure of each. The size of the DOT is expressed by the number of full-time equivalents (FTEs) it employs. Sources: NCSL-AASHTO survey data, original research using Westlaw, various NCSL and state legislative Web pages, Fazzalero (2007), StateNet (2010) and Washington State Department of Transportation (n.d.).

Statewide Transportation System Statistics

Roads and bridges	
Transit	
Rail	Freight
Aviation	Airports Employees
Marine	Ports

This section provides statistics about the state's entire transportation system, not just those elements managed by the DOT. Sources: Roads and bridges data is drawn from Federal Highway Administration *Highway Statistics* tables HM-60 (2009 data), BR-5 (2010 data) and HM-25 (2009 data) and Federal Highway Administration (2009). Transit trips include unlinked passenger trips made by all modes—including rail, bus, vanpools, ferries and others—as reported to the National Transit Database (Federal Transit Administration, 2008 data). Freight rail route-miles are provided by the Association of American Railroads (2008 data) and exclude trackage rights. Aviation data is from the Federal Aviation Administration (2009 data), the National Association of State Aviation Officials (years as noted) and various state Web sites. Marine data is from the Federal Highway Administration (2009) and U.S. Army Corps of Engineers (2009 data). In certain identified cases, information is from NCSL-AASHTO survey data or state DOT communications.

Legislative-DOT Collaboration and Communication

Mainly formal. The legislature and the DOT...	This section describes the collaboration and communication between the state legislature and the DOT, as described in the NCSL-AASHTO survey data. It includes information about whether the DOT employs a legislative liaison or an office of governmental relations or affairs. Sources: NCSL-AASHTO survey data and various state DOT Web pages.
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DOT Leadership Appointments and Requirements

The Director of Transportation is appointed by...	This section describes the appointment process, authority and statutory requirements for DOT leadership, with citations. Sources: Original research using Westlaw and NCSL-AASHTO survey data. See Appendix D for more information.
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Other Legislative Oversight of the DOT

Legislative Oversight Mechanisms	
Legislative Program Evaluation Office	Program evaluation
Sunset Review	The state conducts

This section describes other mechanisms for legislative oversight of the DOT. It includes a list of all mechanisms identified by the state in its survey data. It also identifies the legislative program evaluation office and whether the state DOT is subject to a sunset review process (see pages 17 and 18). Sources: Data is primarily from the NCSL-AASHTO survey data, supplemented by information from the National Legislative Program Evaluation Society (NLPEs), the Council of State Governments (2010), Council on Licensure, Enforcement and Regulation (n.d.), and NCSL and the Florida Office of Program Policy Analysis and Governmental Accountability (2008).

Legislation and Regulation

Transportation Governance Statutes	Statutes
Administrative Rules Review	Legislative review

This section provides citations for the state's transportation governance statutes and describes the procedure for reviewing administrative rules (see pages 15 and 16). Sources: NCSL-AASHTO survey data, the Council of State Governments (2010), Rhyme (1990) and original research using Westlaw.

State Profile Example

Transportation Planning and Capital Program Management

Transportation Planning Process	This section describes the state's approach to transportation planning and capital program management, including a specific description of the legislative role in the process. Sources: NCSL-AASHTO survey data and original research using Westlaw, supplemented by various state DOT Web sites and planning documents.
Legislative Role in Transportation Planning	

Funding and Finance

Budgeting and Appropriations	Annual budget; fiscal year begins... This item describes the state's general approach to budgeting and appropriations, including whether the budget is annual or biennial and when the fiscal year begins. Source: Various NCSL Web pages.
Bonding or Pay-as-You-Go	The state mainly uses... This lists the amount of state-level funding provided for DOT budgets, including for operating and capital expenses in all modes as well as for debt service and administrative costs. It includes funding from state sources only and excludes federal funding of all kinds. This describes funding for the state DOT only and not for other transportation entities or projects in the state. Source: NCSL-AASHTO survey data.
State-Level Funding Provided for DOT Budgets	2009: \$## million 2008: \$## million
Allocation of Federal Transportation Funds to the DOT	The legislature appropriates federal funds ...
Allocation of State Transportation Funds to the DOT	These sections describe state-level funding and finance for highways, transit, passenger and freight rail, aviation, ports, bridges and other modes of transportation. Sources: NCSL-AASHTO survey data, supplemented by AASHTO (2010), Dierkers and Mattingly (2009), Farber (2010), Federal Highway Administration (2011) and Rall (2009).
Traditional State Funding and Finance for Highways	
State Funding and Finance for Other Modes	Fu... vehicle registration/license title fees, truck weight fees, outdoor advertising
Innovative Transportation Funding and Finance	This section describes innovative funding and financing mechanisms used by the state, including public-private partnerships (PPPs or P3s); design-build; federal debt financing tools such as grant anticipation revenue vehicles (GARVEEs); federal credit assistance tools such as state infrastructure banks; federal-aid fund management tools such as advance construction; and other options such as weight-distance taxes and traffic camera fees. Sources: NCSL-AASHTO survey data, supplemented by American Association of State Highway and Transportation Officials (AASHTO) Center for Excellence in Project Finance (2010), Dierkers and Mattingly (2009), Federal Highway Administration (FHWA) Office of Innovative Program Delivery (2010), Rall, Reed and Farber (2010) and "U.S. & Canadian Transportation Projects Scorecard" (May 2010).
Dedicated/Restricted State Funds and Revenues	This section details the state funds, accounts and revenues that are dedicated or restricted to certain purposes in state law, including whether fuel tax revenues are dedicated exclusively to highway and road purposes by the state constitution or in statute (with citations). Sources: NCSL-AASHTO survey data, original research using StateNet and Westlaw, and Puentes and Prince (2003).
DOT Authorized to Retain Surplus Funds	
Legislative Approval Required to Move Funds Between Projects	No legislative approval required.
Transportation Funding Allocations through Local Aid	This section details how the state allocates transportation funds to counties, townships or municipalities through local aid programs (with citations). The focus is on allocation of state funds, but information is included about federal funds if that data was provided on a survey response. Sources: NCSL-AASHTO survey data and original research using Westlaw.

Alaska

Organizational Facts

Legislature	Alaska Legislature Structure: Bicameral, partisan Chambers: Senate (20 members) House (40 members) Session: Annual, approximately January - April Estimated no. of bills in 2011: 650	Department of Transportation	Alaska Department of Transportation and Public Facilities (DOT&PF) FTE: 3,500 Leadership: Commissioner Organizational structure: Mainly by transportation mode
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Statewide Transportation System Statistics

Roads and bridges	Total highway, road and street lane miles: 31,945 (2009); bridges: 1,134 (2010); toll bridges and tunnels: 1 (2009)
Transit	Trips per year (all transit modes): Approximately 5.0 million (2008)
Rail	Freight rail route-miles: 506 (2008)
Aviation	Airports (total): 292; public-use: 264; state-owned: 267 (2003) Enplanements per year: 4,413,919 (2009)
Marine	Port traffic per year (20-foot equivalent units): 465,845 (2009); waterborne tonnage per year: 46.2 million (2009); state-operated ferries: 11 (2009)

Legislative-DOT Collaboration and Communication

Proactive. The DOT&PF provides briefings to groups of legislators before construction season and before the legislative session. The DOT&PF also responds to legislative requests for information and provides educational sessions to House and Senate transportation committees. The DOT&PF employs a dedicated legislative liaison.

DOT Leadership Appointments and Requirements

Department heads—including the Commissioner of Transportation and Public Facilities—are appointed by the governor, subject to confirmation by the majority of the members of the Legislature in joint session, and serve at the pleasure of the governor. Each is constitutionally required to be a U.S. citizen (Alaska Const. art. III, §25).

Other Legislative Oversight of the DOT

Legislative Oversight Mechanisms	Legislative program reviews or performance audits; reporting requirements; legislative requests for information.
Legislative Program Evaluation Office	Division of Legislative Audit
Sunset Review	The state conducts sunset reviews, but not of the DOT&PF.

Legislation and Regulation

Transportation Governance Statutes	Alaska Stat. §§19.05 to 75 and §44.42
Administrative Rules Review	Legislative review of proposed and existing rules by a joint bipartisan standing committee and the Legislative Affairs Agency; committee role is mainly advisory.

Transportation Planning and Capital Program Management

Transportation Planning Process	The DOT&PF develops regional and long-range transportation plans, using the Statewide Transportation Improvement Program (STIP) process for federally funded projects. All entities are eligible to submit projects and comment on the STIP. For state-funded projects, the DOT&PF works with the governor's office to prepare the capital budget that the governor then submits to the Legislature; the Legislature makes numerous changes. Local governments have a significant voice and influence legislative priorities.
Legislative Role in Transportation Planning	There are opportunities for informal, individual legislator participation; the Legislature also can change the capital budget submitted by the governor.

Funding and Finance

Budgeting and Appropriations	Annual budget; fiscal year begins July 1.
Bonding or Pay-as-You-Go	Combination of bonding and pay-as-you-go financing
State-Level Funding Provided for DOT Budgets	FY 2011 (approved): \$554 million FY 2010: \$619 million FY 2009: \$893 million FY 2008: \$634 million
Allocation of Federal Transportation Funds to the DOT	Federal transportation funds are allocated to the DOT&PF through state legislative appropriations at the program/category and project-specific levels.
Allocation of State Transportation Funds to the DOT	As with federal funds, state transportation funds are allocated to the DOT&PF through state legislative appropriations at the program/category and project-specific levels.
Traditional State Funding and Finance for Highways	Fuel taxes; motor vehicle/rental car sales taxes; vehicle registration/license/title fees; truck weight fees; general funds; interest income; general obligation bonds.
State Funding and Finance for Other Modes	Transit (Alaska Marine Highway, the state ferry program): General funds. Rail: The Alaska Railroad Corporation is a separate, self-sustaining state agency.
Innovative Transportation Funding and Finance	GARVEE bonds; private activity bonds (PABs) (allocated); Build America Bonds; state infrastructure bank (federally capitalized); PPPs (authorized in statute for the Knik Arm Bridge only); design-build (authorized in statute, used for the Anton Anderson Tunnel).
Dedicated/Restricted State Funds and Revenues	The state constitution prohibits dedication of state revenues to any special purpose, unless federally required or dedicated prior to statehood (Alaska Const. art. IX, §7). Thus, all state revenues are available for appropriation. The Legislature has tried to dedicate state revenues or funds for transportation, but has been unsuccessful. In 2010, for example, the Legislature considered but ultimately did not pass House Joint Resolution 42 and House Bill 329. These bills sought to establish and define a new, dedicated Transportation Infrastructure Fund that would have been fed by state fuel taxes and registration fees. The Legislature is considering similar bills—House Bill 30, House Bill 31, Senate Bill 37 and House Joint Resolution 4—in 2011.
DOT Authorized to Retain Surplus Funds	No. Funds are authorized for expenditure until a project is deemed complete; any unexpended funding upon project completion is administratively lapsed or reappropriated by the Legislature.
Legislative Approval Required to Move Funds Between Projects	Legislative action is required to move funds between project appropriations; movement between project allocations requires DOT&PF commissioner approval only.
Transportation Funding Allocations through Local Aid	Federal funds for MPOs flow through the DOT&PF and must be appropriated. The Legislature appropriates state funding to local governments as project-specific grants; there is no specific state-funded program for local transportation.

EXECUTIVE SUMMARY

In recent years, states have faced challenges in providing a safe, reliable, effective and efficient transportation network. These challenges are characterized by an aging system and growing transportation needs, coupled with declining abilities to pay for needed maintenance and capacity expansion. How each state meets these challenges is necessarily shaped by its distinctive approach to governing and paying for its transportation system, within a unique balance of power among its branches of government. Yet, until now, little nationwide, comparative information has been available about how state government entities work together in practice to address transportation governance and finance.

From 2010 to 2011, the National Conference of State Legislatures (NCSL) and the American Association of State Highway and Transportation Officials (AASHTO) partnered to produce an unprecedented, 50-state review of transportation governance and finance, based largely on in-depth, original survey research. The project focused on transportation finance and on the roles of, and relationships between, those state government entities that are most active in transportation issues: state legislatures and, under the authority of governors, state departments of transportation (DOTs). The resulting groundbreaking report is intended to benefit DOTs and legislatures by offering a rich diversity of approaches to consider as they seek to address their states' transportation challenges and effectively serve the public good within what often are complex intergovernmental arrangements. The report provides an overview of state transportation governance and finance as well as detailed profiles and other information for each state, the District of Columbia and Puerto Rico.

Participants in Transportation Governance and Finance

A complex network of public and private organizations finances, plans, builds and operates the U.S. transportation system. Every U.S. jurisdiction has an elected legislative body that is broadly responsible for policies, programs and, to some extent, appropriations and program oversight, and an agency or department within the executive branch that is responsible for highway functions under the authority of a governor or other lead executive. The organizational structures and functions of these entities, however, vary widely across jurisdictions.

Every U.S. jurisdiction has an elected legislative body and an executive department that is responsible for highway functions under the authority of a governor or other lead executive.

Legislatures vary from those with year-round sessions, full-time legislators and large staffs (such as those in California, Michigan, New York and Pennsylvania) to those with limited or biennial sessions, part-time legislators and smaller staffs (such as those in Georgia, Idaho, Indiana, Kansas, Maine, Mississippi, Nevada, New Mexico, Rhode Island, Vermont and West Virginia). A legislature's overall characteristics and capacity will affect, but not necessarily dictate, the extent of its involvement in transportation governance. Vermont, for example—a state that has a part-time legislature with limited staff and compensation—has high legislative involvement in transportation issues.

Most state DOTs are organized by divisions or organizational units based on functional activities such as administration, finance, planning, engineering, operations or construction.

State DOTs vary by organizational structure, modes served, balance between state and local roles, and general roles and responsibilities. They also vary by the practical division of roles and responsibilities between the gov-

ernor and the DOT. In some states—including Michigan and Oklahoma—governors have chosen to delegate much of the responsibility to the DOTs. In others—such as Nevada, North Carolina, Oregon and Pennsylvania—the governor’s office is more actively involved in transportation policy and budgeting.

Other major stakeholders in transportation governance and finance include federal entities; state transportation commissions and boards; state-level non-highway modal agencies; tolling and turnpike agencies; airport and port authorities; tribal, regional, metropolitan and local entities; and voters, interest groups and the general public.

Legislature-DOT Communication and Collaboration

In anonymous survey responses, legislators and DOT executives overwhelmingly agreed that maintaining regular, open, honest and transparent communication is one of the most vital elements of effective transportation governance, and that intergovernmental relationships should be made a priority. In practice, engagement between legislatures and DOTs differ significantly across jurisdictions, including states with limited, ad hoc interactions; those with formal, structured engagements focused on reporting requirements and the budget process; and those with extensive, proactive, collaborative communication that extends beyond the legislative session and pervades all levels of both organizations. Most states have a combination of formal and informal mechanisms that are more active at certain times of year, particularly in relation to budgeting and appropriations.

Most states have a combination of formal and informal communications between their legislatures and DOTs that are more active at certain times of year, especially in relation to the budget process.

Most state DOTs have a government relations office or legislative liaison that acts as the primary point of contact with the legislature.

One recommendation from survey respondents for promoting effective interactions is to have a strong DOT government relations office that includes a state legislative liaison. At least 38 states and the District of Columbia have such offices or liaisons that act as primary points of contact for legislators and legislative staff, provide requested information to the legislature, and sometimes lobby on behalf of the DOT. Most other states incorporate some of the functions of a legislative liaison under another division or position, such as a communications or legal services office. Wisconsin also has a legislative committee within the DOT that meets regularly to discuss pending legislation. New Mexico is one of three states that have no such entity; the state reports direct, frequent communication between multiple levels of each organization instead.

Transportation Governance

The separation of powers between legislatures and DOTs necessarily results in many areas of overlap—and therefore possible tensions and opportunities for collaboration—in state transportation governance. Several ways in which state legislatures and DOTs share the complex task of governing the nation’s transportation system are outlined below.

Legislation

In about half the states, DOTs can draft, introduce or request transportation-related legislation.

Legislatures must authorize the activities of the executive branch through legislation, and they also enact many laws that affect state DOTs and the nation’s transportation system. This power generally is balanced on the executive side by governors’ veto authority. In many states, DOTs also can participate actively in the legislative process.

For example, DOTs can draft, introduce or request transportation-related legislation in at least 22 states and the District of Columbia; in Wyoming, the process of drafting transportation-related legislation is fully collaborative. In Florida, Georgia, Iowa and Missouri, DOT lobbyists formally present DOT positions on legislative measures, but in some other states—including Louisiana and Texas—the DOT does not lobby the legislature. In Texas, however, although state agency employees may not influence legislation, the Texas Transportation Commission has statutory authority to provide recommendations to the governor and the Legislature on DOT operations and efficiencies.

In addition, some state DOTs provide information about the implications of proposed transportation-related legislation. All state legislatures have a process by which some or all proposed bills are accompanied by details of their fiscal implications, although the frequency of providing this information varies. In almost all states, these fiscal notes are prepared by a legislative fiscal office, sometimes—as in Missouri, Oregon and Texas—informed by data or impact statements solicited from affected agencies such as DOTs. In Alaska, Minnesota, North Dakota, West Virginia and Wisconsin, however, DOTs and other executive departments prepare fiscal notes. DOTs in Virginia and Wisconsin also provide analyses of policy implications. These activities can add to an agency's workload, but also offer another opportunity for legislative-executive communication and collaboration.

Some state DOTs lobby the legislature or provide information about the policy or fiscal implications of proposed transportation-related legislation.

DOTs also track and monitor transportation-related bills, testify at legislative hearings, provide requested information to legislators and legislative staff, or make recommendations concerning proposed legislation.

Legislative Oversight

Legislative oversight refers to the review and evaluation of selected executive branch programs and activities. During the past three decades, legislatures have assumed more active oversight of executive branch operations. Nevertheless, only about half of DOT executives as well as state legislators who responded to an NCSL-AASHTO survey agreed that a legislature has a fundamental responsibility to oversee DOT operations. More than 40 percent of legislators, however, thought the DOT should be subject to additional independent oversight and accountability, while no DOT officials did.

Most state legislatures use a blend of most or all of the mechanisms for DOT oversight described in this report.

Oversight takes place through many mechanisms described below; most states use a blend of most or all of these tools. Typically, the budget and appropriations process also includes oversight activities, and in many cases is seen as the main forum for legislative oversight of the DOT. Several survey respondents remarked that knowledge and investment on the part of both DOTs and legislatures are necessary to ensure that oversight tools are effective and meaningful in practice.

Committee Oversight

Forty-seven states and the District of Columbia reported ongoing oversight of their DOTs by one or more legislative committees or commissions. In many states, several committees share oversight responsibilities for a DOT. Tennessee's DOT, for example, is overseen by seven legislative committees.

Almost all states and the District of Columbia report ongoing oversight of their DOTs by one or more legislative committees or commissions.

DOT Leadership Appointments

In most states, legislatures participate in appointing DOT executives or other transportation leaders within the executive branch that influence a DOT's activities. In most cases, these leaders are appointed by the governor with approval of the Senate. At least some appointments in 19 states, however, are made by the executive branch with no legislative approval required. In contrast, some DOT leaders in California, Georgia and South Carolina are directly selected by legislators. In Pennsylvania, legislative leaders serve on the Transportation Commission by virtue of their office, creating an unusually direct interaction between the legislature and the DOT in transportation governance. Mississippi's unique three-member Transportation Commission is elected by the people and is the only selection process of DOT leadership in the nation that involves neither the legislature nor the executive branch. Legislatures also may set statutory guidelines for appointments or share the authority to remove DOT leaders.

Most state DOT leaders are appointed by the governor with approval of the Senate. Many, however, are appointed by the executive branch alone, and a few are selected by legislators or by a vote of the people.

Review of Administrative Rules and Regulations

Most states have a process for legislative review of administrative rules and regulations.

Although legislatures have generally delegated the responsibility to executive agencies to promulgate administrative rules and regulations, in 43 states they retain authority to review such rules to ensure their compliance with statutory authority and legislative intent. In more than half of these states, the legislature or a designated committee has the power to suspend or supersede a rule; in the rest, the review committee's role is mainly advisory. Mississippi, Rhode Island and Puerto Rico have no review process, while California, Delaware, Massachusetts, New Mexico and North Carolina have executive branch review only.

Performance Goals

State DOTs nationwide now have goals and objectives against which their performance is measured. In most states, the executive branch develops performance goals and measures DOT progress toward them, in accordance with existing law. In Maryland, Minnesota, Nevada and Washington, a legislative directive has encouraged or required a move toward DOT performance management. The legislatures in at least eight states and the District of Columbia more actively develop or approve specific DOT performance goals.

In most states, the executive branch develops performance goals and measures DOT progress toward them, in accordance with existing law.

In addition, as of 2008, 22 legislatures reported using performance information for executive agencies at some point in the budget process. In Utah, the legislature assesses first whether goals have been met before determining funding levels; in Montana, a legislative committee is developing ways to consider performance goals in the budgeting process for all agencies, including the DOT.

About half of state legislatures use performance information for executive agencies at some point in the budget process.

Program Evaluation and Sunset Reviews

Currently, 48 states have specialized legislative program evaluation offices charged with carrying out research and oversight studies of executive agencies; only Ohio and Oregon do not. Texas has three such offices. Washington had a legislatively created, separate transportation audit unit from 2003 to 2006, the Transportation Performance Audit Board. These offices generally review the effectiveness, efficiency and legality of state executive agencies, as well as the extent to which those agencies are following legislative intent. Further, at least 26 legislatures review non-legislative program evaluations or performance audits—such as those performed by an executive branch state auditor—in addition to performing their own.

Almost all states have specialized legislative program evaluation offices.

Five states perform regular sunset reviews of the DOT.

Some states also conduct sunset reviews, which evaluate the functions of a state entity to assess whether it should continue to exist. Arizona, Florida, Louisiana, Tennessee and Texas perform regular sunset reviews of the DOT; in Texas, the DOT will expire on Sept. 1, 2011, unless affirmatively continued by the Legislature.

Reporting Requirements

Forty-five states and the District of Columbia identified using reporting requirements to the full legislature or a legislative committee as a mechanism for legislative oversight of their DOTs. Common reporting requirements include reviews of expenditures, obligations, projects, performance or other agency activities. Some requirements may be instituted due to lack of information about or past concern with a program. Others may be required only for a limited time to facilitate oversight of a particular activity. For example, the Massachusetts DOT—newly created in 2009—has many current reporting requirements to the legislature, some of which will end when the transition to the new organization is complete.

Almost all states have reporting requirements by the DOT to the legislature.

Other Tools that Support Legislative Oversight

Other tools that support legislative oversight include legislative requests for information from the DOT as well as use of other independent sources of transportation-related data such as legislative research staff, universities, diverse interest groups, NCSL and legislative fiscal offices.

Resources to Support DOT Compliance with Legislative Oversight Requirements

In general, few or no resources are provided to DOTs specifically to help meet legislative oversight requirements, but most have access to other resources that can aid compliance.

State DOTs devote significant resources to complying with legislative oversight requirements but, in general, few or no resources are provided specifically to help them meet these requirements. Exceptions include Hawaii, Minnesota, New Hampshire, New Jersey, New Mexico, Oregon, Vermont, Washington and Wisconsin, where resources for meeting these requirements have been included in the DOT budget or in ongoing or separate appropriations. In addition, most DOTs have other resources at their disposal to aid compliance, including DOT legislative liaisons and legal staff, legislatures' fiscal and legislative analysis offices, and—in some states such as Texas—transportation research programs at state universities.

Transportation Funding and Finance

Transportation funding decisions are becoming increasingly critical as system needs continue to overwhelm available resources. Governments face the insolvency of the federal Highway Trust Fund, the declining value of the fuel tax and delayed federal surface transportation authorization, making current resources insufficient to meet the demands of aging infrastructure, growing populations, evolving technologies and changing travel patterns. State legislative and executive branches share responsibilities and interactions in transportation funding and finance, including in the planning process.

State Budget and Appropriations Processes

Few, if any, bills on which the legislature acts are as vital as those that authorize the expenditure of public funds for specific purposes of state government. The budget process also serves as a key legislative oversight activity—especially in states where the legislature approves program- or project-specific appropriations.

In all but eight states and Puerto Rico, executive agencies such as DOTs submit budget requests both to the governor's office and to a legislative committee or office.

The executive and legislative branches generally participate in different stages of the budgeting process. Typically, the governor formulates a budget proposal; in seven states, however, the legislature either produces a comprehensive alternative budget or contributes significantly to the budget proposal. DOTs and other executive agencies typically participate in the process first by submitting budget requests to the governor's office for consideration; in all but eight states and Puerto Rico, agencies also submit requests directly to a legislative committee or office. In some cases—Colorado, for example—a transportation commission or other body must approve the DOT budget proposal. DOTs also participate by appearing at budget hearings.

In practice, although some legislatures can significantly influence DOT spending levels, others have only a limited ability to do so. In many states, legislatures have little or no influence over federal transportation funding; many states also have dedicated transportation funds or revenues that allow little room for budgeting flexibility. States also may have specific limits on legislative power.

Federal, State and Local Transportation Funding

Responsibilities for funding and delivering services on the nation's transportation network are shared by federal, state and local governments.

In most states, the legislature appropriates or sets expenditure limits on federal transportation funds. Fifteen states, however, allow at least some of these funds to flow directly to the state DOT without legislative appropriation.

Federal Transportation Funding

Federal funding—provided by the federal-aid highway and transit programs, grant programs, congressional earmarks and one-time expenditures—accounts for approximately 20 percent of highway and transit funding nationwide. At least 15 states have minimal legislative involvement with federal transportation funds, allowing at least some funds to flow directly to the state DOT without legislative appropriation. In Illinois, Minnesota and South Dakota, federal funds are reviewed and reflected in budget documents but do not require legislative action in order to be spent. In most states, however, the legislature has a more substantial role by appropriating federal

funds or setting expenditure limits. Legislatures also may require additional approvals before a DOT can spend certain federal funds. Ohio law, for example, requires a form of legislative approval before the DOT or other entity can spend capital funds—including federal grant funds—for passenger rail development.

State Transportation Funding

States provide nearly half of all surface transportation funding. The main source of highway funds in about half the states is the state motor vehicle fuel tax, which in seven states is indexed to the consumer price index, average wholesale price or another index. States also provide about 20 percent of the funding for transit systems nationwide and help fund aviation, ports and other elements of the transportation network.

State legislatures exercise significant power over state revenue sources and appropriations. Only five states and the District of Columbia reported that any state funds flow directly from a revenue source to the DOT without legislative appropriation. The real power of legislatures—or DOTs—to allocate state funds, however, is bounded by restrictions on the use of transportation revenues. For example, 23 states have constitutional provisions—and three have statutory provisions—that restrict use of state fuel tax revenues exclusively to highway and road purposes. Most other states dedicate these and other transportation-related revenues to general or multimodal transportation purposes, with a few limited exceptions. In addition, 35 states reported they have provisions that direct use of the funds or accounts to which transportation revenues are deposited. At least six states also explicitly prohibit diversion or transfer of transportation revenues to other purposes.

In about half the states, state fuel tax revenues are restricted exclusively to highway and road purposes; most other states dedicate these and other transportation-related revenues to general or multimodal transportation purposes.

Dedications, restrictions and prohibitions are not always effective, however. At least seven states reported recent legislative diversions of transportation funds to other uses, despite existing restrictions. In New Jersey, for example, the appropriation act has precedence over statutory dedications, but not over the constitution; the Legislature has chosen not to fully appropriate statutory transportation revenues eight times since 1985.

Local Transportation Funding

Local governments—including counties, townships and municipalities—provide approximately 30 percent of total surface transportation funding and own 77 percent of the nation's roadway miles. Both legislatures and DOTs participate in local aid programs that allocate a portion of state transportation revenues to local entities for transportation projects. At least 27 states distribute funds primarily by statutory formulas based on equal distribution, population, road mileage or other criteria. Nineteen other states report distributing funds using a blend of statutory formulas and state legislative appropriations; of these, 11 also provide grants or other funds at the discretion of a DOT or transportation commission. Discretionary programs, especially when combined with appropriations, can facilitate substantial involvement of both the executive branch and the legislature in local aid.

Almost all states allocate transportation funds to local governments either primarily by statutory formulas or by a blend of statutory formulas and state legislative appropriations.

Innovative Finance

A variety of factors have negatively affected the ability of traditional transportation revenues to provide needed transportation infrastructure and maintenance. In this environment, states are turning to a host of innovative finance mechanisms—such as bonding and debt instruments; federal debt financing, credit assistance and fund management tools; and public-private partnerships—to help leverage traditional funding sources. Some of these tools require state authorizing legislation before a DOT can use them; this gives the legislature an ongoing role in—and additional oversight of—transportation finance.

Some transportation finance mechanisms require state legislatures to enact authorizing legislation before a DOT can use them, and some states require further legislative approvals for the use of certain innovative financing tools.

Some states also require further legislative approvals of the use of certain innovative financing tools. For example, of the 31 states and Puerto Rico that had enabling statutes for public-private partnerships (PPPs) as of April 2011, nine states required a form of legislative approval for at least some PPP projects; in addition, Utah and Puerto Rico required legislative approval to convert existing facilities to privately operated toll roads. Likewise, at least four states require further legislative approval or appropriation before grant anticipation revenue vehicle (GARVEE) debt can be issued. Colorado law explicitly delegates this authority to the executive branch, but authorizes GARVEE debt only up to a specified level and requires additional legislative approval for the DOT to exceed the cap; California also statutorily limits GARVEE issuance.

Transportation Planning

States determine their transportation investment priorities through structured planning processes. A key theme in the NCSL-AASHTO survey data was the tension between legislatures and DOTs about the appropriate level of legislative involvement or oversight in transportation planning. DOTs generally take the lead in conducting transportation planning activities and ensuring compliance with federal and state requirements, while legislative involvement and authority in planning varies greatly across states. At one end are Nebraska and Wyoming, which constitutionally prohibit the legislature from prioritizing specific road projects. At the other end are: Delaware, where legislators each determine the use of an annual authorization for transportation projects in their districts; Pennsylvania, where legislative leaders serve on the state Transportation Commission; and Wisconsin, where the Legislature is required by law to review and approve major highway projects. In at least 15 other states, the legislature actively reviews or approves DOT plans or programs, often as part of the budget process.

State DOTs generally take the lead in transportation planning activities; the extent of legislative authority and involvement in the process varies greatly across states.

In at least 14 states, legislatures are actively involved in managing and overseeing surplus DOT funds.

Retention of Surplus or Excess Funds

In most states, unspent transportation dollars revert to a DOT-administered transportation fund at the end of the fiscal year or biennium. In at least 14 states, legislatures are actively involved in management and oversight of these surplus funds, for example by requiring additional legislative appropriation or expenditure authority before a DOT can spend the money.

Controlling DOT Costs

Across jurisdictions, state legislatures have enacted provisions—beyond expenditure limits in budget and appropriations acts—intended to control DOT costs; the most common include low bid requirements or other statutory procurement guidelines. Some legislatures have taken further action. In Ohio, the legislative Controlling Board must approve waivers of competitive selection for purchases or leases over certain amounts, as well as requests for appropriation increases. Virginia's 2009 Appropriation Act downsized the DOT and directed use of private contracts for at least 70 percent of annual expenditures. Nevada statute limits the use of highway fund revenues for administrative costs. In Vermont, the DOT must prepare reports detailing bids versus cost estimates for distribution to a legislative oversight committee. These activities permit additional legislative controls and oversight over DOT costs.

Common provisions by which legislatures control DOT costs—besides those in budget and appropriations acts—include low bid requirements or other statutory procurement guidelines.

Alaska Transportation Finance Study

final
report

prepared for

Alaska Municipal League

prepared by

Cambridge Systematics, Inc.

January 2009

www.camsys.com

Executive Summary

The Alaska Municipal League (AML) commissioned Cambridge Systematics, Inc. to conduct an objective assessment of the current finance trends, challenges, and possible options to meet Alaska's transportation funding needs. This work involved a significant amount of analysis and produced multiple layers of findings that have been documented in this report, the Transportation Finance Study. Nevertheless, the work may be summarized into the following three categories of findings.

UNDER INVESTMENT IN THE STATE'S TRANSPORTATION INFRASTRUCTURE

Almost every state and the Federal Government have been chronically under investing in their transportation infrastructure and Alaska is not an exception. Over the last several years, studies at the national and state levels have painted a dire picture of transportation funding over the long term: the average funding gap for the Federal shortfall is almost \$60 billion annually through 2017 (10-year average) to maintain the current condition and performance of the nation's surface transportation system.

- Underinvestment in Alaska may have more severe consequences than for almost any other state because the Alaska's economy is highly dependent on resource extraction industries. These industries are highly transportation-intensive; their growth is the most likely offset to declining oil production and may be the State's best opportunity to diversify, but will require investment. In addition, the State's far-flung communities, harsher environment and less mature roadway network amplify the effects of under investment.
- In its 2030 Transportation Plan, the Alaska Department of Transportation and Public Facilities (ADOT&PF) estimated its annual highway and bridge needs at approximately \$1.1 billion per year of which about \$530 million is unfunded on state-owned facilities alone (excluding local roads and street needs), with Federal and state funding covering about half of the needs.
- In Alaska, routine highway maintenance remains underfunded and the backlog in life-cycle needs is over three times the level of spending in annual highway maintenance activities at the state level. Adding the AMHS unfunded needs, and Alaska's transportation funding gap increases to \$720 million. These figures still do not include needs of transit, and locally funded roads, both in urban and rural areas of the State, or aviation. Furthermore, it does not include any transportation capacity needs to meet travel demand growth in the future.

- Alaska's transportation capital spending (from state and local revenue sources) as a percentage of the Gross State Product (GSP) for 2006 is the fourth lowest compared to other states. If Federal funding is included, the transportation spending as a percentage of GSP increases placing Alaska in the top 10 states, clearly indicating the State's reliance on Federal funding to meet its transportation needs.

CURRENT FEDERAL FUNDING AT RISK

Alaska has historically received on average roughly 75 percent of its total transportation funding needs from Federal sources. This dependence is quite likely to put Alaska in a very vulnerable position when the Federal transportation funding is reauthorized next year for the following reasons:

- Federal Highway Trust Fund went broke this past year and Congress provided only one year of stop-gap funding. Longer-term fixes, however, may include lower levels of funding, which would increase state competition for Federal allocations.
- The current negotiations over reauthorization are further reducing the difference between donor states (which have increased in the previous reauthorization from 90 percent of their contribution to 92 percent) and donee states, of which Alaska is one of the highest.
- Reauthorization funding policies appear to place far more emphasis on tolling or other user fees and metropolitan transit/transportation networks, rather than highway funding or legislative earmarking. Some proposals would push greater responsibility to states or cities for financing their transportation improvements.
- Federal support for Alaska's transportation needs is being challenged by other states because of the perception that Alaska's financial capacity is substantially better off than other states. The lower 48 and the Federal government see the Alaska Permanent Fund currently has almost \$28 billion and Alaska is the only State that collects neither income taxes nor state sales taxes, and its 8 cents-per-gallon (cpg) gas tax is the lowest rate in the country.

OPTIONS FOR CLOSING THE GAP

In order for Alaska to close some of the gap in underinvestment and improve its competitive position for the next reauthorization of Federal transportation legislation, we propose some options for increasing state revenues with a mix of six sources that include increases to user fees such as the fuel tax and vehicle registrations fees, new sales tax on vehicles and the wider use of local sales taxes, reinstatement of the Local Service Roads and Trails (LSR&T) fund, and establishment of an Alaska Transportation Fund (ATF) or comparable fund.

Option One would generate roughly \$151 million annually, or about 28 percent of the \$535 million annual gap. It has the following six components:

- Increase fuel taxes from 8 cents per gallon (cpg) to 18 cpg (national average) and index the rate to inflation, generating about \$38 million annually.
- Increase vehicle registration fees by 50 percent from \$100 to \$150 biannual fee, generating slightly less than \$23 million annually.
- Impose a vehicle sales tax of 0.5 percent, yielding about \$10 million annually
- Encourage local jurisdictions to impose a 0.5 percent sales tax, which if enacted throughout the State would earn about \$30 million annually
- Capitalize the Alaska Transportation Fund (ATF) with \$1 billion, which with a 8 percent return should earn about \$50 million annually.

Option Two would generate roughly \$291 million annually, or about 55 percent of the \$535 million annual gap. It has the following six components:

- Increase fuel taxes from 8 to 28 cpg and index the rate to inflation, generating about \$76 million annually.
- Double vehicle registration fees from \$100 to \$200 biannual fee, generating over \$45 million annually.
- Impose a vehicle sales tax of 1.5 percent, yielding over \$31 million annually
- Encourage local jurisdictions to impose a 1.5 percent sales tax, which would earn about \$89 million annually
- Capitalize the Alaska Transportation Fund (ATF) with \$1 billion, which with a 8 percent return should earn about \$50 million annually.

Option Three also would generate \$291 million annually (55 percent of the \$535 million annual gap), but it would reduce the two sales taxes and instead reinstitutes the Local Service Roads and Trails (LSR&T) fund:

- Same increase in fuel taxes (8 cpg to 28 cpg and index the rate to inflation), generating about \$76 million annually.
- Same doubling of vehicle registration fees from \$100 to \$200 biannual fee, generating over \$45 million annually.
- Impose a state vehicle sales tax of 1.25 percent and a 1.25 percent local sales tax, which would earn over \$26 million and \$74 million annually, respectively
- Capitalize the Alaska Transportation Fund (ATF) with \$1 billion, which with a 8 percent return should earn about \$50 million annually.
- Assume the State reinstitutes the LSR&T program at about \$20 million annually.



Alaska State Legislature

Representative Peggy Wilson
House District 33

MEMORANDUM

Date: Mar 13, 2014

To: Senator Dennis Egan Chair,
Senate Transportation Committee

From: Representative Peggy Wilson

Re: HJR 10 - Constitutional Amendment: Transportation Fund

I would like to request the Senate Transportation Committee schedule HJR10 for a hearing in the Senate Transportation Committee pending referral.

HJR 10 will put a constitutional amendment before voters to change the Alaska constitution to re-instate a dedicated fund for Transportation Projects.

Alaska is geographically the largest state in the country, and the future of the economic and social well-being of its citizens is critically dependent on a reliable transportation system. This change to the State Constitution, allowing a dedicated transportation fund, is needed to create and maintain a modern, reliable transportation system for Alaska.

Thank you for your consideration. Please contact my office, or Becky Rooney, my staff, at 465-4858 with questions.