

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672

5587 STRA SB 277 - SB 473

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST: _____ Bill Version: SB 277
 _____ Publish Date: _____
 Revision Date: _____ Agency Affected: Public Safety
 Title: An Act relating to registration BRU: Motor Vehicles
of vehicles owned by charitable organ...
 Sponsor: Szymanski Components: _____
 Requestor: Senate State Affairs

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE	-0-	84.6	87.1	89.7	92.4	95.2

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

1986 registration figures reflect 2,563 vehicles registered to charitable organizations. If the regular fee was collected, instead of the current \$5.00 per vehicle, the above reflects the increase in revenue. Assumed effective date of 7-1-87, with a 3% growth factor.

JNR
4/25/87
 Prepared by: Bill Brown Phone: 465-4335
 Division: Motor Vehicles Date: 4-28-87
 Approved by Commissioner: [Signature] Date: 4/28/87
 Agency: Public Safety

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agencies)
- Senate Secretary

STATE OF ALASKA
THE LEGISLATURE

FOURTH STATE CAPITOL
JUNEAU, ALASKA 99811
(907) 465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

May 5, 1987

SUBJECT: Motor vehicle registration - SB 277
TO: Senator Mike Szymanski
FROM: Michael F. Ford *M.F.*
Legislative Counsel

You have asked if there are any legal problems created by denying special license plates or a lower registration fee to charitable organizations, as in SB 277. The short answer is no. The registration fee charged to charitable organizations is purely a creation of statute, and may be changed as determined by the legislature. Charitable organizations have no right or entitlement to special plates, or to special consideration in the fee charged for registering a motor vehicle. See Washington Chocolate Co. v. King County, 152 P.2d 981 (Wash. 1944).

I did examine two other state registration statutes, Washington and California, to determine if they granted similar exemptions. While both states granted narrow exemptions for vehicles owned by government or nonprofit educational groups, neither state had a broad provision similar to AS 28.10.181(e). As each state legislature is free to grant or deny exemptions of this kind, I would expect considerable variation between the states as to particular exemptions.

Please contact me if you have further questions.

MFF: csh
c8/023

- Legal Opinion -



Alaska State Legislature

Senator Mike Szymanski

MEMORANDUM

To: Members of the Alaska Senate
From: Senator Mike Szymanski
Date: April 17, 1987
Subject: Proposed Legislation on Exempt License Plates

While in Session:
P.O. Box V
State Capitol
Juneau, Alaska 99811
(907) 465-4978/4979

Interim
11920 Johns Rd.
Anchorage, AK 99515
(907) 349-3373

1024 W. 6th
Anchorage, AK 99501
(907) 276-6739

In 1978 the Alaska legislature passed legislation relating to the registration of unique and special vehicles and vehicles used for special purposes. Included in this list of specially registered vehicles are historic vehicles; special request plates, vehicles owned by disabled veterans and handicapped persons; by state officials; by consular offices; by ranchers, farmers, and dairymen; by amateur mobile radio station operators; by auto dealers, by former POWs; by occasional users of highways; and also vehicles owned by the state, municipalities, and charitable organizations of the state (AS 28.10.181 (e)).

There appears to be a great deal of abuse going on with free plates being supplied to various charitable organizations of the state. "Charitable organization" is defined as a "nonprofit association, corporation, society, or other entity organized, incorporated, or headquartered in the state for educational, cultural, scientific or other charitable purposes, as prescribed in regulations of the department." This definition is so broad that for all practical purposes, every single organization and/or individual in the state qualifies for free plates. As a result, the privilege of having free plates is being terribly abused, and the Department of Motor Vehicles does not have the manpower to investigate individual cases to prevent abuse from occurring. Further, with exempt plates the vehicle does not have to pass an IM inspection, and the local government is not able to collect their tax like they do with regular plates, so they lose revenue.

There are hundreds of plates going to utility companies; hundreds to each of several major church denominations, including the Universal Life church, which usually only has 1 member per denomination; plates registered to individuals who may or may not be registered as non-profit corporations; labor unions; APU & AMU; Gruening Park Apartments; the University of Washington, & California University; Anchorage Gymnastics Association; the list is endless. A summary copy is attached for your reference, along with a list of "charitable organizations" receiving free plates who are driving Mercedes, Porsches, Fiats, Cadillacs, etc.

With so much abuse and no way to control it or monitor it, the only solution seems to be to eliminate this category of plates altogether. In 1985 there were 2,74 exempt plates given to charitable organizations. At an average of \$35 apiece, the state is losing \$86,590 a year in revenues that can be used elsewhere.

Examples of Charitable Organizations getting Free Plates for less-than-charitable vehicles:

#	<u>License</u>	<u>Car</u>	<u>Group</u>
1	yya995	Stud 53	Matanuska Electr Assn.
2	yyb365	Buick 72	Turning Point Boys Ranch
3	yyc141	Cadil 69	Arctic Circle Free Will
4	yye122	Linc 78	Univ. Life Church
5	yye203	Olds 74	International Conference of the Bible
6	yye216	Merced 67	Sapa Christian Center
7	yye381	Cadil 54	Transportation Museum of Alaska
8	yye385	Merc 81	Anchorage Park United Methodist
9	yye545	Saab 74	Sage Hoebermann
10	yye806	Buick 75	Corpo of the Catholic Archbishop
11	yye874	Merc 79	Matanuska Telephone Assoc.
12	yyf473	Merc 75	Catholic Bishop of Northern Alaska
13	yyf478	Linc 83	Anchorage Baptist Temple
14	yyf535	Olds 81	Universal Life Church
15	yyf537	Volvo 82	Universal Life Church
16	yyf546	Cadil 72	Emily Holcomb
17	yyf565	Linc 77	Blessed Trinity Church
18	yyf607	Merc 70	Fairbanks Rescue Mission
19	yyf679	Olds 75	Corporation of the Catholic Archdiocese
20	yyf683	Buick 82	Copper River School District
21	yyf715	Cadil 75	Bible Baptist Church, Inc. (Fairbanks)
22	yyf737	Merc 80	Bible Baptist Church of Fairbanks
23	yyf741	Linc 78	Universal Life Church
24	yye966	Merc 80	Delta Greely School District R
25	yyf896	Olds 81	Homer Electric Assoc
26	yyf908	Buick 75	Universal Life Church
27	yyf989	Cadil 82	Anchorage Gymnastics Assoc
28	yyf998	Stud 52	Homer Electric Assoc
29	yyf994	Stud 53	Homer Electric Assoc
30	yyg140	Olds 80	Corp. of Catholic Archbishops of ANch.
31	yyg150	Linc 79	Raymond Ansel
32	yyg162	Audi 76	St Pauls Catholic Church
33	yyg182	Merc 79	Calvarys Northern Lights Mission
34	yyg189	Saab 72	St. Seraphim of Sarov. Orthodox
35	yyg200	Merced 72	Alaska Mission #4
36	yyg201	Merced 65	Alaska Mission #3
37	yyg265	Olds 80	Western Dominican Province
38	yyg273	Olds 82	Jesuit Fathers
39	yyg312	Olds 77	Anchorage Baptist Temple
40	yyg346	Olds 82	Soul Harvest, Inc.
41	yyg652	Olds 83	Copper Valley Electric Assoc
42	yyg865	Buic 82	Society of Jesus--Alaska Hool.
43	yyh175	Buic 81	Corporation of the Catholic.
44	yyh220	Olds 83	Providence Hospital
45	yyh301	Buic 80	Society of Jesus
46	yyh324	Olds 82	Calvarys Northern Lights
47	yyh355	Linc 73	Mission of Faith #4
48	yyh399	Merced 66	North Star Church (Healy)
49	yyh409	Olds 84	South Anchorage Assembly of God

50	yyh489	Buic 84	Alaska Heritage Review (address in Anchorage and also one in Seattle)
51	yyh504	Olds 71	Gods Retreat
52	yyh534	Olds 77	St. Benedicts Church
53	yyh548	Royal 84	Abbot Loop Comm. Chapel
54	yyh587	Olds 82	Matanuska Telephone Assoc.
55	yyh665	Buick 80	Corp of Catholic Archbishops
57	yyh696	Cadil 78	Tri-Valley Volunteer Fire Dept.
58	yyh726	Olds 84	Alaska Villlage Electric Assoc.
59	yyh857	Olds 76	Sapa Christian Center
60	yyj137	Fiat 78	Solid Rock Ministries Inc. (Soldotna)
61	yyj140	Porsche79	Muldoon Community Assembly
62	yyj182	Olds 79	Corp. of Catho. Archbishops Anch
63	yyj190	Buic 85	Sisters of Providence in Washington (Seattle address; secondary Eagle River)
64	yyj272	Olds 82	Corp. Catholic Archbishops Anch
65	yyj295	Buic 84	Our Lady of Compassion
66	yyj323	Olds 83	Wayland Baptist University
67	yyj339	Buic 79	Alaska Evangelistic Fund, Inc.
68	yyj348	Olds 81	Trinity Presbyterian Church
69	yy367	Olds 85	Watchtower Society of New York Inc.
70	yy379	Olds 82	Corp. Cathollic Archbishops of Anchora
71	yyj389	Olds 80	Alaska Pacific University
72	yyj398	Olds 81	St. Marys Episcopal Church
73	yyj436	Olds 83	Theodor Zembal or the Society of Jesus -Oregon
74	yyj445	Buick 81	Alaska Federation of Natives
75	yyj447	Olds 85	Soul Harvest, Inc. (Anchorage & Seattle)
76	yyj450	Cadil 69	Anchorage Baptist Temple
77	yyj457	Peugot 83	Sisters of St. Ann
78	yyj506	Buic 81	Corporation of Catholic
79	yyj564	Buic 84	Boy Scouts of America (ANCHORAGE)
80	yyj566	Buic 84	Boy Scouts of America Ancho
81	yyj598	Buic 85	Hillcrest Church of the Nazarene
82	yyj604	Buic 86	Akeela House, INC.
83	yyj610	Olds 80	Anchorage Baptist Temple
84	yyj632	Buic 86	The Salvation Army

Partial Listing of Free plates given to charitable organizations
(each category has examples only, and is not complete)

- 1) Utilitities
 - a. Golden Valley Electric
yye663-699, yyf749-760, 787-91, 100-122
 - b. Copper Valley Electric (yye746-53)
 - c. Mat Su Telephone (yee874-928, yyf218-249; yyf151-51;
many more in yyg, yyg626-39; yyg715-726; 744-763; yyg808-
821; yyg840-47; yyh595-607; 617-632; yyh
 - d. Glacier Highway Electric yyf434-442
 - e. Homer Electric yyf889-896, 958-987, yyg432-443, 447-449;
yyg535-546
 - f. Matanuska Electric Assoc. yyg486-514; 529-533;
yyg822-838; yyh800-811
 - g. Kodiak Electric Association yyg558-577 ; yyg727-36
 - h. Chugach Electric yyg901-947; yyh102-149
 - i. Kulkwan Sanitation Faciltieis Corp yyh463
- 2) School Districts
 - a. Yukon Koyukuk School Dist (930-945)
 - b. Railbelt School Dist (yyf264-269)
 - c. Lower Kuskokwim School District yyf856-867
 - d. Northwest Arctic School District yyh702-708
- 3) Sheldon Jackson College
- 4) Alaska Teamsters Employmee Training yyg465-771
- 5) Fire Departments, Volunteer Fire Departments
- 6) Civil Air Patrol (many, some listed under Alaska Wing)
- 7) Churches
 - a. Universal Life church (one member; hundreds in all)
 - b. Anchorage Baptist Temple yyg414-427
 - c. Arctic Missions (yye776-88)
 - d. 7th Day Adventists (yye820-25)
 - e. Central Alaskan Missions (yye 853-9)
 - f. Soul Harvest yyf374-377; yyj447
 - g. Corporation of the Catholic Bishops AR (many plates)
 - h. North American Indian Revivalas & World Missions yyf732-
 - i. Anchorage Baptist Temple yyj450
 - i. LDS yyf835-49
 - j. Holy Ghost Fathers of Ireland yyg764
 - k. Corporation President, LDS yyg856-57
 - l. World of Faith Broadcast yyg889
 - m. Korean Hope Presbyterian Church yyg891
 - n. Solid Rock Ministries (many plates; eg yyj305-7
 - o. Alaska Evangeltistic Fund yyj339
- 8) Salvation Army (many plates)
- 9) Anchorage Outboard Club
- 10) Alaska Repertory Theater (8 or 10 at least, scattered)
- 11) Jaycess
- 12) Visual Arts Center yye506
- 13) ULC Inc Charter (2) yye551
- 14) Individual Names
 - a. Richard Bluel yye660
 - b. Gregory McGovern (yye714)
 - c. Edwin Carns (Living Word Ministry)

- d. Arnold Barry yyf385
- e. Kayleen Louise Stipe & Gary, yyf579
- 17) Alaskan Laborers Training Fund (yye836-9
- 18) Native Associations
 - a. Copper River Native Association
 - b. Orutsararmuit Native Council yyg975
 - c. AFN yyj445
- 19) Providence Hospital yyf 191
- 20) APU yyf207,209,215,217; APU Surplus properties yyg617;yyh546
- 21) AMU yyf210-13
- 23) Gruening Park Apartments yyf349
- 24) Frontiers of Faith Ministries; Sterling (Surplus Properties Services Anchorage
- 25) Alaska Public Television yyf398
- 26) Monroe High school yyf476
- 27) Transportation Museum of Alaska yyf658
- 28) Out of State Plates
 - a. University of Washington!! yyf-686-689;yyf978
 - b. California Unviersity yyg339
- 29) Tanana Valley Fair Assoc yyf794-5
- 30) Town of Metlakatla yyf897
- 31) Anchorage Gymnastics Association yyf989
- 32) Service Oil & GAS, Inc.yyg111
- 33) Hutchings Chevrolet-Oldsmobile yyg151
- 34) Raymond Ansel, Peninsula Savings & Loan Ass. yyg150
- 35) Anchorage Motor Musers Club yyg321
- 36) Agelus Memorial Park yyg410;868
- 37) Casa De San Jose (yyg464)
- 38) Metlakatla Indian Community yyg671
- 39) Stevens Village Council yyg676
- 40) Send of Alaska yyg700-706; yyj151-52
- 41) Wasilla Lions Club yyg796
- 42) National Outdoor Leadership yyg848-49
- 43) Anchorage Shrine Club yyg874
- 44) Mat-Su Valley Humane Society yyg986
- 45) St. Elizabeth Ann Seton School yyh176
- 46) Bethel Pre-Maternal Home yyh190
- 47) Employment Training Center, Fedalaska Federal Credit Union yyh195
- 48) Cassel Enola, DBA Anchorage Gymnastics Assoc. yyh210;224
- 49) Monroe Foundation yyh336
- 50) Alpine aLTERNATIVES yyh408
- 51) Susitna Girl Scout Council yyh444, Boy Scouts 445
- 52) City of Palmer yyh846
- 53) Alaska State Fair yyh977-79
- 54) Muldoon Community Assembly yyj140
- 55) Anchorage Police Chaplain yyj210
- 56) Nordic Ski Asocc. of Anch. yyj254
- 57) Interior Region Housing Authority yyj315
- 58) Alaska light opera theatre yyj365
- 59) The Lodge yvj500-501
- 60) Beans Cafe y.j513-

BILL NO: SB 277

DATE: April 28, 1987

TITLE: An Act relating to registration of vehicles owned by charitable organizations.

CONTACT: Bill Brown
465-4335

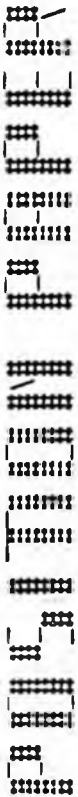
Present law exempts charitable organizations from paying full registration fee (they pay \$5 per vehicle), and the motor vehicle registration tax in communities where it is collected by DMV at the time of registration. This bill removes charitable organizations from this exempt status.

The bill would generate additional revenue for the State, and for those municipalities for which the department collects the registration tax.

The department is neutral on this bill.


Arthur English
Commissioner

DEPARTMENT OF
PUBLIC SAFETY



ADN.
Apr. 23, 87
O. 1

Freebie license plates

Lawmakers say courtesy abused

By JOHN LINDBACK
Daily News reporter

JUNEAU — What do the Muldoon Community Assembly, Beans Cafe, University of Washington, Anchorage Gymnastics Association, the Universal Life Church and Chugach Electric Association all have in common?

The state of Alaska gives them and hundreds of other organizations and churches free license plates for their vehicles, regardless of their ability to pay.

While most Alaskans pay the state Division of Motor Vehicles \$35 a year to register a car and \$40 for a pickup, about 2,500 vehicles owned by what state law calls "charitable organizations" get plates for a nominal \$5 a year. The plates are identifiable because they all carry YY as the first two letters.

A 1979 Porsche is registered in the name of the Muldoon Community Assembly, according to state listings. The Anchorage Gymnastics Association registered a 1982 Cadillac. The Sisters of St. Ann registered a 1983 Peugeot. And the Alaska Mission #3 of Anchorage registered a 1985 Mercedes. Alaska Mission #4 of Wasilla registered a 1972 Mercedes.

Hundreds of vehicles are registered to the Universal Life Church.

All of the organizations pay the nominal \$5 fee and somebody from the group signs an affidavit that says the vehicle is used exclusively for the purposes of their group.

Groups based in Anchorage get extra savings. They are also exempted from a personal property tax collected for the Municipality of Anchorage at the time vehicle owners register with the state. For cars, the tax ranges from \$5 to \$60 a year, depending on

See Back Page, PLATES

RECUPERATING



This ailing eagle, recovering at a clinic run by Association, is due to be returned to the wild when it care of itself, to be given to an educational group association has cared for eagles, hawks, seagulls, r and more photos, Back Page.

weather

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House

Newspaper Article

585

In 1986, fewer than three percent of the men and women in the armed forces who were tested for illicit drugs were found to have used them. With testing having become widespread, the officers said, that was a close indication of overall usage.

In comparison, 27 percent of those in the armed forces in 1980 admitted to having used drugs the previous month.

The Army, the largest of

the higher level of education for recruits entering the services today and growing peer pressure within the services.

The military services have experienced many disputes over the legality of testing.

But the services have won enough backing in the courts to make testing pervasive. The Army, which has 900,000 soldiers, reservists and civilian employees subject to testing, conducted 1.2 million tests last year, an increase of

had the worst drug problem in the 1980 survey, found only 2.6 percent of those tested last year to have used drugs. In a Corps of 200,000 marines, there were 466,222 tests, with some marines being subjected to several tests.

The Navy, which had the second-worst drug record in 1980, found last year that 2.8 percent of the sailors tested showed positive results, which was about the same as the year before.

AIR TRAFFIC: Task force to seek causes of mistakes

Continued from Page A-1

to maintain the proper separation between two planes, the mistake is automatically recorded on an FAA computer. These are known as "operational errors." FAA regulations generally require controllers to maintain a horizontal separation of five miles and a vertical separation of 1,000 feet.

Engen, terming the recent rise in errors "an aberration," cautioned against drawing

conclusions about the increase in errors or the organization of the task force. He noted that errors declined by 25 percent in 1985 and by 13 percent last year. During 1986, controllers handled 94 million flight legs and recorded 1,207 errors, 265 in the first three months of that year. In the first three months of 1987, there were 313 errors.

From an earlier review of 1,400 controller errors, the FAA found that most occur between 3 p.m. and 5 p.m., on

the first half-hour of a controller's shift, and on the third day of the controller's work week. The FAA has also found that three-fourths of the errors occur when a controller is handling 10 or fewer airplanes.

"I don't think we're going to come up with any great new things," Engen said. "We're not going to reinvent the wheel. You keep looking at the errors to try and prevent them."

PLATES: Some lawmakers say it's time for the state to stop giving a break on fees

Continued from Page A-1

the age of the vehicle.

But the freebies may not last long.

Legislators who don't like the looks of the motor vehicle lists are beginning to think that the state might benefit from the more than \$80,000 a year it forgoes by handing out free plates.

Sen. Mike Szymanski, D-Anchorage, suspects abuse of an old law that was originally designed to give non-profit charitable organizations a fi-

nanacial break.

"It seems to me if you can afford a vehicle like a Porsche or a Mercedes you ought to be able to afford the licensing fee to go along with it," Szymanski said. As a result, he's trying to find support this week for a bill that would eliminate free plates for all vehicles except those owned by the state or municipal governments.

So far, Sens. Mitch Abood, R-Anchorage, Arliss Sturgulewski, R-Anchorage and Pat Rodey, D-Anchorage, have signed up to cosponsor Szymanski's legislation.

Attempts Wednesday to reach some owners of YY plates for comment on Szymanski's plan turned up little. A spokeswoman for the Muldoon Community Assembly, owners of the Porsche, declined comment.

No phone listings could be found for Alaska Mission #3 or Alaska Mission #4, registered as Mercedes owners.

Szymanski said the problem lies in the state law's overly broad definition of charitable organization. It is defined as a "nonprofit association, corporation, society, or other entity organized, in-

shorter-range rockets near potential targets to hit those that get through the first screen.

Howes said a defense attack could affect enemy re-entry vehicles containing warheads by knocking them off their intended trajectory, detonating them prematurely or

ground with rain, she said.

Warheads knocked off course by the defense system. If their fuses have been armed and remain operational, could explode at their appointed altitudes over a random target, Howes said.

"Thus, nuclear detonations

At low altitudes, this contamination could rain down on areas within 125 miles of the intended target, she calculated.

"It would be worse if the warheads hit and detonated as planned," Howes said. "But there still would be a price to pay if they didn't."

DIVIDENDS: House votes to spend surplus

Continued from Page A-1

version is akin to tapping the dividend account, there was little debate on the floor.

It would be more popular, but not practical, for lawmakers to vote for a higher dividend, said House Majority Leader Max Gruenberg, D-Anchorage.

"It's very, very tempting to say to our constituents, 'Look, I gave you \$40 more in your dividend,'" Gruenberg said. "We need that money to balance the budget."

Rep. Peter Goll, D-Haines, said the money should go into the principal of the perma-

nent fund, taking it out of lawmakers' reach. He tried, unsuccessfully, to amend the bill.

House members approved the measure, 23-15.

Minority Leader Fritz Pettyjohn, R-Anchorage, said he plans to call for another vote today.

He said he is not convinced the money would go into the dividend fund even under Cowper's bill.

"If it were to fail, money would not necessarily go into this year's permanent fund dividends. This money will remain where it is and will be available for any use the leg-

islature desires," he said.

A spokesman for Cowper said the governor would prefer the money go into dividends. He said Cowper is asking fiscal analysts to study the impact the House bill will have on the dividend account.

Last year, at former Gov. Bill Sheffield's request, lawmakers reappropriated unclaimed dividends, but Sheffield eventually vetoed the action after some people characterized it as a "midnight raid" on the dividend program.

If the Senate approves the House measure, it would set a precedent for using excess dividends.

Lions Club and Alaska Public Television also get freebie plates.

The definition is so broad that "for all practical purposes, every single organization and/or individual in the state qualifies for free plates," Szymanski said. "As a result, the privilege of having free plates is being terribly abused and the Department (Division) of Motor Vehicles does not have the manpower to investigate individual cases to prevent abuse from occurring."

For budget reasons, the Division of Motor Vehicle has

not assigned anyone to enforce the law, according to Kenneth Simpson of the division's Anchorage office. If somebody is using the vehicle for private purposes there is nothing the state can do, he said.

According to Simpson, charitable organizations in 1986 registered 960 passenger vehicles, 1,185 pick-ups and 179 buses.

"There seems to be no logical reason to assume that any of these groups can't afford to pay their own way," Szymanski said.



S B

298

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 5-DAY NOTICE
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER:

Roller

**FISCAL NOTE(S) ATTACHED **
IN ACCORDANCE WITH AS 24.08.035
(see below)
5/13/87

DATE TURNED INTO OFFICE May, 14, 1987

Mr. President:

TRANSPORTATION Committee considered SB 298

naming bridge number 1146 at milepost 240 on the George Parks Highway
Crabtree Crossing

and recommended:

- replace with CS _____ same title
- attached amendment(s) and new title

may do pass

do not pass

no recommendation

individual recommendations

further referral to _____

letter of intent adopted and attached

** Committee attached or adopted fiscal note(s)
 zero fiscal impact

MEMBERS SIGNING DO PASS

[Signature]
Tim Kelly

OTHER RECOMMENDATIONS

Fubentung No Rec

[Signature] (D. Pass)
Chairman signature and recommendation

Committee Backup Attached

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST: 5-13-87

Bill Version: SB 298
Publish Date: _____

Revision Date: _____

Agency Affected: DOT&PF

Title: Name Bridge on Parks Hwy;
"Crabbie's Crossing"

BRU: M&O

Sponsor: Coqhill

Components: _____

Requestor: Jones

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES		100.00				
TRAVEL						
CONTRACTUAL						
SUPPLIES		500.00				
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		600.00	0	0	0	0
CAPITAL		0	0	0	0	0
REVENUE		0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Costs above are for two signs at bridge crossing;
 Signs - \$150.00 each x 2 = 300.00
 Posts - 100.00 each x 2 = 200.00
 Labor - 50.00 each x 2 = 100.00

Prepared by: Ronald B. Lind, Director
 Division: Plans, Programs and Budget

Phone: 465-2171
 Date: 5-14-87

Approved by Commissioner: *M. B. S. H.*
 Agency: Transportation & Public Facilities

Date: 5-14-87

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST: 5-13-87
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 Title: Name Bridge on Parks Hwy;
"Crabbie's Crossing"
 Sponsor: Coghill
 Requestor: Jones

Bill Version: SB 298
 Publish Date: _____

Agency Affected: DOT&PF
 BRU: M&O
 Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES		.1				
TRAVEL						
CONTRACTUAL						
SUPPLIES		.5				
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		.6	0	0	0	0
CAPITAL		0	0	0	0	0
REVENUE		0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND		.6	0	0	0	0
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Costs above are for two signs at bridge crossing;
 Signs - \$150.00 each x 2 = 300.00
 Posts - 100.00 each x 2 = 200.00
 Labor - 50.00 each x 2 = 100.00

Prepared by: Ronald B. Lind, Director
 Division: Plans, Programs and Budget

Phone: 465-2171
 Date: 5-14-87

Approved by Commissioner: *M. S. H.*
 Agency: Transportation & Public Facilities

Date: 5-14-87

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

Senator John B. (Jack) Coghill
Alaska State Legislature

Box V
Juneau, Alaska 99811
(907) 465-4797

Box 55028
North Pole, Alaska 99705
(907) 486-6862



MEMORANDUM

To: Senate Transportation Committee Members
From: Senator Jack Coghill
Re: SB 298
Date: May 14, 1987

A handwritten signature in black ink, appearing to read "Jack Coghill", written over the "From:" line of the memorandum.

I respectfully request your support of Senate Bill 298. This bill was generated by the community members of McKinley Village and Healy.

A few weeks ago one of the founding fathers of McKinley Village, Gary Crabb, passed away after a long battle with cancer. I have known Gary for many years. He has lived in the McKinley area for 26 years and worked very hard to make McKinley Village succeed.

As of now, the bridge crossing the Nenana River at the southern entrance of McKinley Park near McKinley Village is not named. It is referred to as Bridge #1146. I believe naming this bridge Crabbie's Crossing, after Gary Crabb, is the least thing we can do to show our genuine appreciation for Gary's hard work and dedication to making McKinley Village a striving community.

I would appreciate your support for SB 298.

S B

342

STATE OF ALASKA 1988 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST 12/10/87

Bill Version: _____
Publish Date: _____

Revision Date: _____
Title: Contracting procedures for
in-bound merchandise at Int'l Airports.
Sponsor: Rules Committee
Requestor: Governor

Agency Affected: DOT&PF
BRU: Alaska Int'l Airport System
Airport Leasing
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	
CAPITAL	-0-	-0-	-0-	-0-	-0-	
REVENUE	-0-	-0-	-0-	-0-	-0-	

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: The fiscal impact of this bill is zero because it only defines alternate means by which the DOT&PF may obtain contracts for duty free concessions.

Prepared by: Gina Marie Lindsey Phone: 266-1468
Division: Development Manager Date: 12/10/87
Approved by Commissioner: *M. L. S.* Date: 12/10/87
Agency: Transportation & Public Facilities

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

Fiscal Note

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 2-11-88 5-DAY NOTICE
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER:

**FISCAL NOTE(S) ATTACHED **
IN ACCORDANCE WITH AS 24.08.035
(see below)

1/14/88
Mr. President:

DATE TURNED INTO OFFICE 2-22-88

Transportation Committee considered SB 342

contracting procedures for sale and delivery of in-bond merchandise at the international airports; efd

and recommended:

replace with CS SB 342 (TRSP) same title
 attached amendment(s) and new title

(add's)

- do pass
- do not pass
- no recommendation
- individual recommendations
- further referral to _____
- letter of intent adopted and attached

** Committee attached or adopted fiscal note(s)
 zero fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Tinkell 2

W. ... 3

... 4

... 6

... (Do Pass)
Chairman signature and recommendation

Committee Backup Attached

Original sponsor: Rules/Governor

1 IN THE SENATE BY THE TRANSPORTATION COMMITTEE
2 CS FOR SENATE BILL NO. 342 (Transportation)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to contracting procedures for the
7 sale and delivery of in-bond merchandise at the
8 international airports; and providing for an effective
9 date."

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

1 * Section 1. AS 02.15.091(d) is amended to read:

2 (d) The department shall offer the exclusive contracts required
3 by this section [ONLY] by competitive bid or by competitive proposals.
4 If the department offers the exclusive contracts by competitive bid,
5 the department [AND] shall award the contracts after considering the
6 generation of maximum revenue [REVENUES] for the International Air-
7 ports Revenue Fund established by AS 37.15.430. If the department
8 offers the exclusive contracts by competitive proposals, the depart-
9 ment shall award the contracts after considering factors that include
10 depth of management, demonstrated experience at other locations,
11 quality of services and products, success in marketing programs,
12 character and improvements of proposed facilities, and the generation
13 of revenue on a long-term basis for the fund.

14 * Sec. 2. This Act takes effect immediately under AS 01.10.070(c).

15
16 - contracts at FOS - 475

portion of the final report

Final Report

**Recommended Property Management Program
Anchorage International Airport and
Fairbanks International Airport**

Prepared for:

State of Alaska

Department of Transportation and Public Facilities

November 1984

Chapter 3

RECOMMENDED CONCESSION POLICY GUIDELINES

Recommended guidelines for awarding all concession privileges at the Airports are presented in this chapter. The practices outlined below are designed to permit generation of the highest level of revenues commensurate with providing a high level of service to the traveling public.

However, in using these guidelines, it should be noted that the concession industry, like the airline industry, has been in a state of change in the last five to six years. Where airport operators have elected to award privileges by bidding minimum guarantees, the minimum guarantees have in many instances been extraordinarily high, particularly at the larger airports. Similarly; where airport operators have elected to bid percentages, the percentages bid have reached extraordinary levels.

In addition, the development of operating arrangements has been complicated by the requirements of the Minority Business Enterprise Program, by federal rulings with regard to antitrust, by the desire in many communities to ensure local participation irrespective of the qualifications and experience of the proponents, and by the increasing cost of providing capital improvements.

Consequently, the practices outlined below represent current industry trends and philosophy as of the summer of 1984. As the State implements this policy over time, it should review carefully the recommendations for individual concessions in relation to then-current industry trends and practices.

ALTERNATE METHODS OF SELECTING CONCESSIONAIRES

There are three methods of selecting concessionaires, as follows:

1. Competitive bidding to State-prepared specifications.
2. Competitive proposals, based on State-prepared specifications.
3. Negotiation with a single concessionaire on a sole-source basis.

Generally, bidding to prepared specifications is used for those concessions where it is difficult (or impossible) to differentiate types of services, income to be generated, and quality of services or products. In bidding to prepared specifications, the concession is usually awarded to the highest dollar bid received from a responsible bidder. (Many airport operators are required by law or policy to award all concession privileges by competitive bidding.)

Competitive proposals, followed by negotiation of the final terms and conditions of the agreement, are normally solicited for those concessions where type of service, volume of business to be generated, quality of services or products, and demonstrated capability and depth of management can be clearly differentiated as among concessionaires. The concession is then awarded by comparative evaluation of each proposal with respect to depth of management, demonstrated experience at other locations, reputation, success in marketing programs, character of improvements and facilities proposed, and amount of proposed investment, as well as the direct financial return.

Negotiation is normally used only where services offered are patented, unique, or available only from one concessionaire. (In many communities, local law requires that all privileges be awarded on a competitive basis; therefore, in many instances, negotiation is not allowable.)

Of the three methods of awarding privileges, the most rigid is by straight bidding to prepared specifications because the highest dollar bid from a responsible bidder must be accepted regardless of considerations beyond the minimum bidder qualifications (such as proposed design, experience, management depth, etc.). The most flexible method of awarding concession privileges is by negotiation, where the award of the privileges can be based solely on an evaluation of qualifications established by the airport operator.

The method of inviting competitive proposals is neither as rigid as bidding nor as flexible as negotiation, but does permit evaluation of all factors and the awarding of a privilege on a basis other than a sheer dollar bid.

The advantage of using a bidding process is that there can be no argument about the highest bid. The privilege is awarded to the individual, firm, or organization that submits the highest dollar amount, subject in most instances only to demonstration of minimum experience, financial responsibility, and meeting of MBE requirements. The disadvantages of straight bidding are (1) no consideration can be given in awarding the privilege to qualitative factors (beyond minimum bidder qualifications),

SB 342

CS

Terry Bunnister

AMENDMENT:

IF THE DEPARTMENT OFFERS THE EXCLUSIVE CONTRACTS BY
 COMPETITIVE PROPOSALS, THE DEPARTMENT SHALL AWARD THE
 CONTRACTS AFTER CONSIDERING FACTORS ^{SUCH AS} [INCLUDING] BUT NOT LIMITED
 TO SUCH CRITERIA AS DEPTH OF MANAGEMENT, DEMONSTRATED
 EXPERIENCE AT OTHER LOCATIONS, QUALITY OF SERVICES AND
 PRODUCTS, SUCCESS IN MARKETING PROGRAMS, CHARACTER AND
 IMPROVEMENTS OF FACILITIES PROPOSED, AND THE GENERATION OF
 LONG TERM REVENUE TO THE FUND.

insert
LN 19

[INCLUDING] SUCH AS

STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPARTMENT OF LAW

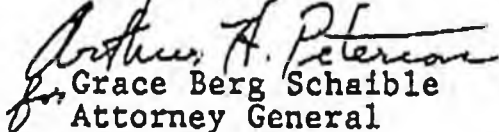
OFFICE OF THE ATTORNEY GENERAL

P.O. BOX K—STATE CAPITOL
JUNEAU, ALASKA 99811-0300
PHONE: (907) 485-3800

January 12, 1988

M E M O R A N D U M

TO: Honorable Steve Cowper
Governor

FROM: 
for Grace Berg Schaible
Attorney General

RE: Attached final bill relating to contracting procedures
for sale and delivery of in-bond merchandise at the
international airports
Our file: 773-88-0020

As requested by Laura Baker, executive secretary in your legislative section, in her December 28, 1987 memo to this department, attached is the final version of this bill. It is prepared for introduction into the Senate, as requested by Laura and the Department of Transportation and Public Facilities (DOT/PF).

As Laura also requested, the attached final bill incorporates the following changes, requested by DOT/PF, from the version sent to you on December 2, 1987:

1. References to "requests for proposals" have been changed to "competitive proposals." This more closely tracks the terminology of AS 36.30.200(a).
2. A sentence has been added (lines 18 -- 20) to state that in using the competitive proposal method, generation of revenue is to be considered a major factor.
3. The three new sentences in the December 2 version of AS 02.15.291(d), which contained references to the State Procurement Code (AS 36.30), have been deleted. DOT/PF regulations in 17 AAC 40 appear to provide competitive proposal procedures comparable to those in AS 36.30 (applicable to other airport contract procedures), and we understand that DOT/PF is in the process of adopting regulations to provide needed dispute resolution procedures comparable to the AS 36.30 procedures referred to in the last two of the deleted sentences (and possible amendments to the current regulations to make sure that they apply to the duty free shop contracts).

After discussion with DOT/PF Deputy Commissioner Bob Poe, we have made a fourth change. The proposed new third sentence of AS 02.15.091(d) has been slightly revised to track the second sentence more closely, and both the second and third sentences have been slightly revised to express more clearly DOT/PF's intent in distinguishing between competitive bid and competitive proposal criteria.

Corresponding changes have been made in the attached draft transmittal letter to the legislature.

GBS:AHP:cb

cc w/enc.:

Hon. Mark Hickey, Commissioner
Department of Transportation
and Public Facilities

Robert Poe, Deputy Commissioner
Department of Transportation
and Public Facilities

Jay Hogan, Director
Division of Budget Review
Office of Management & Budget
Office of the Governor

Mary Halloran, Director
Division of Policy
Office of Management & Budget
Office of the Governor

John Halterman, Director
Division of Audit & Management
Office of Management & Budget
Office of the Governor

Martha T. Mills
Assistant Attorney General
Transportation Section
Anchorage

MEMORANDUM

TO: Lloyd
FROM: Ray
DATE: January 25, 1988
SUBJECT: SB 342

Per: Susan Fleishaur DOT

The department is anxious for us to hear this bill. It deals with the amount of flexibility DOT is allowed when letting contracts for duty free shops within international airports in Alaska. It would allow the Department to consider criteria other than maximum generation of revenue for the International Airports Revenue Fund.

Copies of the Governor's letter of explanation and the zero fiscal note are attached.

Maybe we should schedule it to be heard along with one of the regional overview hearings in early February.

The bill is new to our committee.

RM
J

STEVE COWPER
GOVERNOR

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 14, 1988

The Honorable Jan Faiks
President of the Senate
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Senator Faiks:

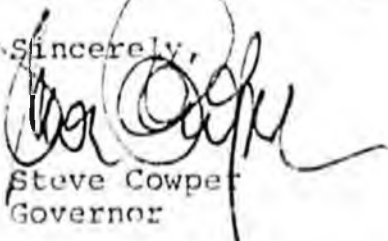
Under the authority of art. III, sec. 13, of the Alaska Constitution, I am transmitting a bill pertaining to contracting procedures for the sale and delivery of in-bond merchandise sold at Alaska's international airports. These transactions take place in the "duty free" shops.

This bill amends existing AS 02.15.091(d) to allow the Department of Transportation and Public Facilities (DOT/PF) to award duty free contracts through the competitive proposal mechanism. Presently, the department must offer the duty free contracts only by competitive bid and then make the contract award after considering the generation of maximum revenue for the International Airports Revenue Fund (AS 37.15.430).

While generation of revenue is a critical component of any contract involving operation of the duty free shops, giving the department flexibility to use competitive proposal procedures will possibly increase revenue and assist the state to meet other valid goals. DOT/PF would like to be able to consider such factors as space layout, kind of merchandise, level of service, minority participation plans, and demonstrated experience. DOT/PF regulations in 17 AAC 40 govern that department's competitive proposal procedures.

I believe that this measure warrants your critical scrutiny. My Administration looks forward to working with legislative committees to explain this bill in greater detail. This bill has the support of the Department of Transportation and Public Facilities. Please call on Commissioner Mark Hickey if you have additional questions about this bill.

Sincerely,


Steve Cowper
Governor

STATE OF ALASKA 1988 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST 12/10/87

Bill Version: _____
Publish Date: _____

Revision Date: _____
Title: Contracting procedures for
in-bound merchandise at Int'l Airports.
Sponsor: Rules Committee
Requestor: Governor

Agency Affected: DOT&PF
BRU: Alaska Int'l Airport System
Airport Leasing
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	
CAPITAL	-0-	-0-	-0-	-0-	-0-	
REVENUE	-0-	-0-	-0-	-0-	-0-	

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: The fiscal impact of this bill is zero because it only defines alternate means by which the DOT&PF may obtain contracts for duty free concessions.

Prepared by: Gina Marie Lindsey
Division: Development Manager
Approved by Commissioner: *UKL*
Agency: Transportation & Public Facilities

Phone: 266-1468
Date: 12/10/87
Date: 12/10/87

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary

S B

370

5-1500B
Utermohle
4/18/88

Original sponsors: Kerttula, Szymanski,
Zharoff and Fischer

1 IN THE SENATE

BY THE TRANSPORTATION COMMITTEE

2 CS FOR SENATE BILL NO. 370 (Transportation)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to rates and fees of the Alaska
7 marine highway system and providing for preferential
8 vehicle rates for the transportation of agricultural
9 products grown in Alaska."

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

11 * Section 1. AS 19.65 is amended by adding a new section to read:

12 Sec. 19.65.030. RATES AND FEES FOR ALASKA MARINE HIGHWAY SYSTEM.

13 (a) The Department of Transportation and Public Facilities shall set
14 rates and fees for the transportation of passengers and vehicles and
15 for other services provided by the Alaska marine highway system.

16 (b) The department shall set a preferential vehicle rate for
17 vehicles transporting agricultural products grown, raised, harvested,
18 or produced in the state that is approximately 50 percent of the
19 established vehicle rate for vehicles of the same type. A vehicle is
20 eligible for the preferential vehicle rate if space is available on a
21 vessel of the Alaska marine highway system to accommodate the vehicle
22 after all vehicles paying the established vehicle rate have been
23 accommodated and if the vehicle's primary purpose for travel is to
24 transport agricultural products grown, raised, harvested, or produced
25 in the state. The department shall adopt regulations to implement
26 this subsection. In this subsection "agricultural products" means
27 dairy, vegetable, or grain products and farm animal products other
28 than live horses.

STATE OF ALASKA 1988 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: CSSB 370

Publish Date: _____

REQUEST

Revision Date: _____
 Title: "Relating to rates and fees for Alaska Marine Highway System..."
 Sponsor: Kerttula et al
 Requestor: Jones

Agency Affected: DOT&PF
 BRU: Alaska Marine Highway System
 Components: Southeast and Southwest Vessel Operations

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL		2.0				
CONTRACTUAL		3.0				
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	5.0	0	0	0	0
CAPITAL						
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Assuming changes were made to this bill as outlined in the attached position paper, no cost increase would be experienced. The revenue impact would be minimal.
 See additional analysis attached.

Prepared by: George W. Davidson (Signed) Phone: 465-3950
 Division: Alaska Marine Highway System Date: 3-3-88
 Approved by Commissioner: Mark S. Hickey Date: 3-3-88
 Agency: DOT&PF

Distribution (by preparer):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)
 Senate Secretary

FISCAL NOTE ANALYSIS

1. Analysis of Expenditures:

The proposed legislation specifies that regulations shall be adopted to implement the preferential vehicle rate for those vehicles transporting Alaskan agricultural products.

\$5.0 funding will be required in FY89 only to cover legal fees and other costs to draft and implement the necessary regulations.

2. Revenue Impacts:

Assuming that the changes in this bill recommended in the Position Paper were adopted, it is estimated that there would be a minimal loss of revenue from those currently transporting Alaskan agricultural products and paying full fare. Because we do not have manifests of goods transported, it is not possible to accurately estimate the resulting revenue decrease.

ALASKA STATE LEGISLATURE

Sen. Lloyd Jones, Chairman
Sen. John B. "Jack" Coghill, Vice Chairman
Sen. Mitch Abood
Sen. Bettye Fahrenkamp
Sen. Tim Kelly



P.O. Box V
Juneau, AK 99811

907-465-4921

Senate Transportation Committee

MEMORANDUM

TO: Legislative Legal

FROM: Ray Matiashowski, Staff
Senate Transportation Committee

DATE: 4/18/88

SUBJECT: SB 370

Please draft a CS to implement the changes outlined in the attached DOT position paper. The only other change requested deals with the last line of the bill. We would like the word "farm" inserted before the word "animal". As outlined in the position paper, we would also like horses excluded from eligibility, or from the definition of "farm animals".

Thanks.

March 2, 1988

Dear Senator Kerttula,

I wish to commend you for your support of Senate Bill no. 370 regarding transport of Alaska grown agriculture products.

I am presently retailing alfalfa hay grown "outside" and am endeavoring to provide a high quality product at a modest price for Alaska dairymen and other consumers.

My brother, who lives in Washington State, also operates a retail outlet.

If it were possible to ship Alaska grain to the lower states at a competitive price, it would help offset costly freight rates from there to here.

Thank-you for your sensitivity to Alaska's agricultural concerns. I believe this kind of thinking will help us all in securing Alaska's future agriculturally and will give us our best chance at conserving the dignity and prosperity most hard working Alaskans deserve.

Sincerely,

Gerald P. Keene
Gerald P. Keene

P.S. Any other information regarding legislation you might think of interest would be greatly appreciated.

- Letter of Support -



Dept. of Transportation & Public Facilities

POSITION PAPER

BILL NO: SB 370

W.F. Conley
APPROVED: Mark S. Hickey
Commissioner

TITLE: HALF FARE ON ALASKA MARINE HIGHWAY
SYSTEM FOR ALASKA AGRICULTURE

DATE:

The scope of this bill is extremely broad but includes a provision for administration regulations in implementation which allow for certain restrictions. These restrictions would be required to prevent those who might see the special tariff as an opportunity to save money by simply transporting a qualifying product or animal.

The following changes to the proposed legislation are suggested:

- (1) Insert the word "approximately" before 50 percent, in paragraph (b). This would allow the Alaska Marine Highway System (AMHS) to round the tariff to the nearest dollar.
- (2) In paragraph (b), change the sentence that reads beginning (line 19): "A vehicle transporting agricultural products grown, raised, harvested or produced in the State is eligible for the preferential vehicle rate if space is available on a vessel of the Alaska Marine Highway System to accommodate the vehicle after all vehicles paying the established vehicle rate have been accommodated."

Change the sentence to read: A vehicle whose primary purpose for travel is to transport agricultural products grown, raised . . . "

- (3) The definition of "agricultural products" as written includes live animals. The transport of horses, which is quite common, would be included and it is felt that horses should be specifically eliminated from eligibility for the special tariffs.

Assuming the scope were narrowed to include only those vehicles whose primary reason for travel was for the transportation of agricultural products (not forest products or fish) and assuming horses were not included, the impact on the AMHS would be minimal.

The position of the Department on such legislation would be neutral.

The net result and intent of the bill is to provide financial support for Alaska farm products. The cleaner way to do so, from AMHS's view, is to provide that assistance directly to the farmer in the form of a rebate on approved shipping bills.

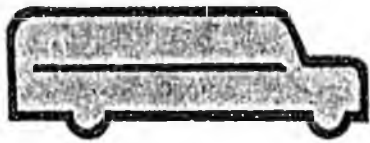
One final concern is that if such a tariff provision is approved for the agricultural industry, this would set a precedent for other industries, such as mining or fishing or timber, further reducing revenues and increasing the net cost of AMHS operations.

For further information call Susan Fleischhauer at 465-3900

S B

375

ALASKA MOTOR COACHES, Inc.



P.O. Box 952, Delta Junction, Alaska 99737

Telephone (907) 895-4550

February 11, 1988

TO: Senator Jack Coghill
Senator Bettye Fahrenkamp
Representative Dick Shultz
Representative Bette Cato

FROM: Loretta Nistler
Alaska Motor Coaches, Inc.

RE: HB 305, HB 397, SB 375

My purpose is to relay some thoughts as you consider legislation which will affect school transportation in the State of Alaska.

School transportation regulations, as they were amended last year, likely do need some refining. But I do not believe that they need to be rewritten to accommodate every person who disagrees with them as they stand.

→ This is 2700's - 011 (RM)
HB 305: I do not believe the State should mandate a wage for school bus drivers unless, heaven forbid, government mandates a wage for every worker in private industry. (Mandated wages for the construction industry under Title 36 are already costing the public far more than is reasonable!) We don't need that in the school transportation industry. The argument that a minimum wage of \$9.62 per hour (2½ times the Alaska minimum) would result in less turnover of drivers will not stand up unless and until school bus driving becomes a FULL-TIME JOB. Here in Delta, Alaska Motor Coaches is already paying drivers \$13.50 an hour. Many school bus drivers in the state already make wages above the proposed minimum. Some school bus drivers drive for less than two hours a day. (Here, we pay a minimum of \$30 a day to people who have shorter routes.) Now, I realize that, in the larger school districts, there are drivers who do more than one route, serve more than one school and do activity trips during the day. They come close to having a full-time job. This is not the case in the rural areas -- the law, as you design it, will apply to all of us, not just Anchorage and Fairbanks.

I fully concur with the school bus driver age change in HB 305. (In fact, most insurance companies prefer 25, rather than 21, and we've insisted on 25 years of age for quite a few years.)

I strongly disagree with the proposed requirement for two years of licensed driving in Alaska before a person can apply for a school bus permit. As much as we like to believe that everything's different and tougher in Alaska, we must admit that a lot of the smaller states have driving conditions similar to, or worse than, those in Alaska! The required driver training should take care of any such experience a driver might be lacking.

Specializing in Safe Dependable School Transportation Since 1956

At the End of the Alaska Highway

Senators Coghill, Fahrenkamp
Representatives Shultz, Cato
February 11, 1988

Page 2

HB 397 and SB 375: Both of these bills are obviously designed to take the pressure off the requirement for licensed drivers. Apparently, as the regs now stand, they are causing a hardship for people who transport "school age children" for non-school activities, such as Girl Scouts, Youth Hockey, etc.

I believe SB 375 does more to correct this situation than would HB 397. I do not feel the length of the vehicle is relevant. I've driven conventional school buses for nearly 25 years; I've driven the mini-type school buses on occasion, and I've driven 14-passenger vans a fair amount. I can tell you from experience that, while a van may be shorter than a regular school bus, it sometimes takes a lot of skill to keep one on the road! No, length should not be the only deciding factor as to whether or not the driver should have a school bus permit.

I would be interested to know which "person or motor vehicle" might be exempted under regulations as yet unknown?

While I can fully sympathize with those who have intercity motor coaches and want to take charter and activity trips for various schools, I have some real concerns about "exempting" these people from licensing. Is there some way they can be trained, tested, examined and permitted without having to use a Yellow School Bus with stop arm and flashing lights for the driving portion of the test? One particular coach driver with whom I'm acquainted, out of the Moose Creek area near Fairbanks, claims he is being discriminated against because he can't get a school bus permit with his coach and because training is not available except through driver trainers in the employ of school bus contractors -- his competitors for activity trips.

I would sincerely hope that the objections of some coach operators won't result in a "watering down" of the licensing requirements to transport our school children! Please don't exempt coaches simply because these people are unhappy about the current regs!

To become a licensed school bus driver now, after the training, physical examination and testing, drivers are checked for any possible background record of sexual abuse, drug and alcohol abuse, etc. Their driving records are also subject to scrutiny by the Division of Motor Vehicles and the contractors' insurance companies.

An exemption for coach drivers for intercity activity trips would simply put you in the position of saying that a driver must be trained, tested and screened to transport kids to and from school, but ANYBODY can drive a coach-load of kids from Fairbanks to Anchorage! There are presently no State licensing requirement for intercity coach drivers.

The primary reason many of us have worked toward more stringent requirements for school bus driver licensing is SAFETY.

We fully intended that all people who are transporting our school children should be licensed drivers...including those who take them to Anchorage or Valdez or Fairbanks or Soldotna or Tok for activities. School districts that own their own vans don't like it -- they like to use the excuse, perhaps not in so many words, that it's somehow "beneath" a teacher or coach to have to be trained to drive kids around in the school van. Locally, they've gotten

Senators Coghill, Fahrenkamp
Representatives Shultz, Cato
February 11, 1988

Page 3

around the present "9+ passengers or less" stipulation by removing a seat from their 12 or 14-passenger vans so they can't carry more than 10 people, a maximum of nine passengers plus the driver. These vans have recently made trips to Valdez and Anchorage, driven by coaches who are not licensed as school bus drivers, carrying school students to sports activities.

Most of us in the school transportation industry have no problem with a teacher or activity sponsor transporting students to field trips within the local area, in school vans, without a school bus driver's permit.

We do object to unlicensed teachers or sponsors or coaches transporting students on the longer extra-curricular activity trips. We object, not because we have licensed drivers and inspected vehicles to transport those children, but because the teachers/sponsors/coaches usually have other things on their minds while they're going to or from a school activity. They are respected professionals, certainly, and most of them are fine teachers and coaches. But they sometimes tend to think of "driving" as an incidental activity. They're concerned about winning a game or placing well in a match; on the way home, they're more likely to be concerned about why they didn't win or place, or planning for the next victory. The professional school bus driver is concerned first about safety and getting the students there and back safely.

May I suggest that perhaps the "key" to who must be licensed to drive a school bus or van, would be the distance to be traveled. Could we use INTERCITY and INTRACITY as the determining factors?

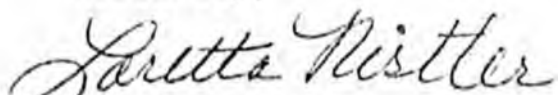
Could SB 375 be amended in this manner:(a) ... a person may not drive a school bus transporting school children to or from school to enable them to participate in class or any INTERCITY school activity...?

This would permit unlicensed teachers/sponsors/coaches to transport students on field trips and activities in school vans within the local community, INTRACITY, but would require licensed school bus drivers to transport them on longer, more hazardous INTERCITY activity trips. I'm certain it will need more refinement but, rather than using the size of the vehicle (as in HB 397) it would limit the distance students could be transported by an unlicensed driver.

You may also need to come up with a special license of some sort to suit the coach people whose buses don't meet the specifications for a "school bus".

Thank you for your consideration and taking time to read this material. And thank you for your interest and concern for the safety of Alaska's school children!

Cordially,


Loretta Nistler

cc: Romaine Kareen, DOE
Other Legislators and
interested individuals

A M E N D M E N T

Offered in the SENATE

TO: SB 375

Page 1, line 13, after "transporting":

Delete "school-age"

Insert "school [SCHOOL-AGE]"

Page 1, line 17, after "commissioner.":

Insert "In this subsection, "classroom studies" means curriculum studies that take place in a school building."

S B

4 2 1

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: SB 421
PUBLISH DATE: Senate 3/10/88

FISCAL NOTE

REQUEST:

Revision Date: 3/9/88 Agency Affected: DOT&PF
 Title: An Act relating to outdoor advertising within highway r-o-w. BRU: Engineering & operation standards
 Sponsor: Sen. Fahrenkamp Components: _____
 Requestor: Senate L & C

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		0	0	0	0	0
CAPITAL		0	0	0	0	0
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

The department has adequate funds in the Governor's budget to cover the cost of implementing regulations.

Prepared by: *John Pugh* Phone: _____
 Division: Senate Labor & Commerce Committee Date: 3/9/88

Approved by Commissioner: _____ Date: _____
 Agency: _____

Distribution (by preparer):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

Fiscal Note

SENATE COMMITTEE REPORT

FURTHER

DATE TURNED INTO OFFICE 3/29/88

3/10/88
Mr. President:

Transportation Committee considered SB 421

outdoor advertising within highway rights-of-way; efd

and recommended

[] replace with _____ CS _____) [] same title
[] or adopt _____ CS _____) [] new title

[] attached amendment(s) and

[] do pass

[] do not pass

[] no recommendation

[X] individual recommendations

[] further referral to _____

[] letter of intent adopted _____

Committee [X] attached or [] adopted fiscal note(s)
[] new [] updated or [] previous
[X] zero [] fiscal impact

MEMBERS SIGNING DO PASS

Tim Kelly
[Signature]
Butte Fabrikant

OTHER RECOMMENDATIONS

[Signature] No Rec

[Signature] (Do Pass)
Chairman signature and recommendation

[] Committee Backup attached

Alaska State Legislature

SENATOR BETTYE FAHRENKAMP
CHAIRMAN, LEGISLATIVE COUNCIL
CHAIRMAN, OIL AND GAS COMMITTEE
515 7TH AVENUE, SUITE 130
FAIRBANKS, ALASKA 99701
OFFICE (907) 452-4882
HOME (907) 456-2899



WHILE IN JUNEAU
P.O. BOX V
JUNEAU, ALASKA 99811
CAPITOL ROOM 125
OFFICE (907) 465-3834
HOME (907) 780-6027

Senate

MEMORANDUM

TO: Senator ^{BJ} Ed Jones, Chairman
Senate Transportation Committee

FROM: Senator ^{BJ} Bettye Fahrenkamp

DATE: March 24, 1988

RE: SB 421 An Act relating to outdoor advertising within highway rights-of-way; and providing for an effective date.

SB 421 would allow advertising on bus benches and bus shelters within a right-of-way by permit. Last year, SB 4 passed and was signed into law. It authorized advertising on bus benches and shelters along rights-of-way. At that time, it was thought that advertising within rights-of-way would be allowable under existing law by permit. However, as DOT/PF implemented SB 4, it came to our attention that advertising that is visible from the roadway would not be allowable.

If this bill passes, DOT/PF would issue an Encroachment Permit under 17 AAC 10.010 as authorized by AS 19.25.200 to allow such advertising.

The bill has the support of DOT/PF and is allowable under federal law. The bill has a zero fiscal note.

Sectional Analysis

Section 1. AS 19.25.080 Purpose is amended to include outdoor advertising within a right-of-way. Also, it clarifies that outdoor advertising can take place on secondary as well as primary or interstate roads.

Section 2. AS 29.25.105 Limitations of outdoor advertising signs, displays and devices. A new section is added to allow outdoor advertising within the right-of-way of an interstate, primary or secondary highway under the authority of a permit issued under the existing encroachment statutes.

Section 3. Provides for an immediate effective date.

STATE OF ALASKA
1988 LEGISLATIVE SESSION

BILL VERSION: SB 421
PUBLISH DATE: Senate 3/10/88

FISCAL NOTE

REQUEST:

Revision Date: 3/9/88 Agency Affected: DOT&PF
 Title: An Act relating to outdoor advertising within highway r-o-w. BRU: Engineering & operation standards
 Sponsor: Sen. Fahrenkamp Components: _____
 Requestor: Senate L & C

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		0	0	0	0	0

CAPITAL		0	0	0	0	0
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

The department has adequate funds in the Governor's budget to cover the cost of implementing regulations.

Prepared by: *[Signature]* Phone: _____
 Division: Senate Labor & Commerce Committee Date: 3/9/88

Approved by Commissioner: _____ Date: _____
 Agency: _____

Distribution (by preparer) :
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

SB

463

SENATE BILL NO. 463

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act relating to unused airline tickets."

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

* Section 1. AS 34.45.760(10) is amended to read:

(10) "intangible property"

(A) includes

(i) money, checks, drafts, deposits, interest, dividends, and income;

(ii) credit balances, customer overpayments, gift certificates, security deposits, refunds, credit memos, unpaid wages, [UNUSED AIRLINE TICKETS,] and unidentified remittances;

(iii) stocks and other intangible ownership interests in business associations;

(iv) money deposited to redeem stocks, bonds, coupons, and other securities, or to make distributions;

(v) amounts due and payable under the terms of insurance policies; and

(vi) amounts distributable from a trust or custodial fund established under a plan to provide health, welfare, pension, vacation, severance, retirement, death, stock purchase, profit-sharing, employee savings, supplemental unemployment insurance, or similar benefits;

(B) does not include

(i) unused airline tickets; or

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(ii) shares of stock issued by a corporation organized under 43 U.S.C. 1601 - 1629a (Alaska Native Claims Settlement Act) or [TO] unclaimed dividends payable on the shares of stock;

DISCUSSION ON ABANDONED PROPERTY LAW RE: UNUSED AIRLINE TICKETS

MarkAir's position is that unused airline tickets should not be classified as abandoned property. The main reasons for this position are:

- I Of all the airline tickets sold, very few of these tickets actually result in unused transportation.
- II Of all the tickets sold but not used, most have a de minimus value.
- III Accounting for tickets sold over an extended period carries a significant and burdensome cost.
- IV Tickets are sold with the understanding they are good for travel anytime within the subsequent year unless restrictions are imposed on their use due to special discounted fares.

MarkAir utilizes a computerized system to account for the sale of tickets and passenger revenue. The system matches each sales document with its related tickets based on the ticket and coupon number.

A simplified description of how MarkAir's sales and Match-Use Accounting System works may be helpful at this point.

A passenger ticket or excess baggage ticket is prepared at a MarkAir ticket counter, city ticket office or any of five hundred plus travel agency locations authorized to issue tickets on MarkAir. An accounting copy of the transaction

is submitted to the Anchorage accounting office for recording its value, taxes, routing and other data by ticket number.

The ticket number, along with its value and issue date becomes the basis of a Match-Use file and general ledger transportation liability account. As a flight coupon is used by the passenger, the coupon is processed into the file using its fourteen digit ticket number. The system will then match the coupon to a sales record and reduce the liability value of the file and the general ledger for the amount of the ticket.

The entire sales record for each ticket will remain in the file until one of two events occur: (1) all coupons are matched off or, (2) the record becomes fifteen months old, at which time the remaining open coupons are removed.

The checks and balances in the system include a computerized file which provides an item by item history of transportation coupon values and is the support to the transportation liability account in the general ledger. On a monthly basis, the general ledger account is reconciled to the computer file, with accepted differences resulting in revenue adjustments.

Since the monthly revenue dollars are entirely controlled within the computer system, tickets which are used but are not processed for whatever reason, are excluded from the match process. This results in an overstatement of the transportation liability and understatement of revenue. Unmatched tickets having an issue date in excess of fourteen months from the current month are recorded as revenue.

The major areas which cause revenue to age-off rather than be matched-off are as

follows:

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1. Failure to lift flight coupons and excess baggage coupons from passengers makes it impossible to remove them by the match-use process from the sales record.
2. Loss of entire flight envelopes containing the flight coupons lifted from passengers results in used MarkAir flight coupons not being match-used off the sales record.
3. Failure of headquarters accounting personnel and the system to match used flight coupons off the sales record by:
 - a) Failure to process coupons/data.
 - b) Key punch error in fourteen digit ticket number.
 - c) Unable to read the fourteen digit ticket number.
4. Failure for other airlines to bill MarkAir because of similar mishandling problems as mentioned in 3.
5. Tickets which are refunded but are not removed from the sales record because of the absence of applicable ticket and coupon number.
6. Refunds of "Aged" sales. Refunds of tickets over fourteen months in age are made and accounted for in the current accounting period. No adjustments for these refunds can ever be made to a closed record.

7. Unsupported exchange use tickets not being removed from the sales record because the applicable ticket and coupon numbers were not available.

Adjustments to the transportation liability account are also required to adjust the sales record for fare changes, refund fees and commission expense paid to travel agencies.

An analysis of ticket sales and lift processing has been performed to define what accounts for this failure to achieve matched use removal:

About sixty-three percent of use against MarkAir sales is from LIFT use. Passenger coupons can be lifted by MarkAir personnel in several airport locations. For passenger convenience and to relieve congestion, some flight coupons may be lifted at the podium in the gate waiting area and some are lifted by the inflight attendants at the doorway to the plane. All coupons for the same flight are consolidated, put into a flight envelope and sent into the Anchorage accounting office.

The flight envelopes are checked against a flight roster. Coupons issued by other airlines are separated from those issued by MarkAir. The other airline sales coupons are input and processed to the billing system. MarkAir lift coupons are input and processed to be matched to the sales record computer file.

Approximately twenty-nine percent of the tickets sold by MarkAir are used for flights on other airlines. The other airlines then bill MarkAir for these used flight coupons. The billed coupon numbers are entered into our system to match-off use from the computer sales record file. A major problem encountered

here is that many times an airline will bill multiple coupons for the same ticket but indicate only one coupon number with the entire billing on the one coupon. This results in a failure to remove used coupons from the sales record file.

Refunds are made at ticket counters, ticket offices, at travel agencies and in the Anchorage accounting office. When refunds are made, the refunded coupons are batched and sent to data input so that the ticket and coupon numbers can be input to relieve the sales records. There have always been a number of difficulties processing refunded coupons to the computer file. The refunds are made but the coupons may go to storage prematurely without the use (refund) being processed against the sales record file. Some refunds made in the field are missing entire or partial coupon and ticket numbers or we are unable to read them. Other refunds are made to passengers who have lost their flight coupons and we are unable to determine the complete ticket or coupon number.

The exchange of one ticket for another ticket creates a new sales record. When flight coupons are exchanged for new transportation, the exchanged flight coupons are normally attached to the new sales records and sent into the accounting office to process both the "use" on the old sale and to establish a new sale record. Whenever new transportation is issued without receiving the old flight coupon, the necessary ticket and coupon number required to clear the old record is absent and the transportation liability is incorrectly overstated.

Approximately ninety-nine percent of use is properly applied in the normal routine manner to the computer sales record file. The other one percent is

taken as aged revenue because we know the problems and errors which exist in the handling of used tickets. MarkAir has always been concerned about use processing errors, but it has never been economically justifiable to seek a hundred percent accuracy from the many employees handling transactions many times.

While nearly all tickets sold are used by the passenger, some very small percentage remain unused. Since we refund expired tickets as well as lost tickets, unused and unrefunded tickets are most likely of little value. We have found people generally seek refunds on unused tickets of almost any value, however, refund fees and adjustments for breaking restrictions on discounted tickets e.g., weekender or supersaver fares, make the nuisance of applying for the refund of certain tickets not worth the value of these promotional tickets.

Accounting for sold tickets over an extended period carries significant costs. These costs arise from record keeping, research, auditing and storage. For a carrier like MarkAir, this cost today would involve adding additional personnel, record storage space and computer processing and storage capability. These costs would continue to rise over the years as additional sales records continue to be added to historical files. Small carriers without a computerized match-use system would be forced to add personnel and computer hardware and software to develop a similar capability. The result would be the eventual resolution of most unused tickets as misprocessed or mishandled or unused discounted tickets which through the passage of time may have no refund value.

Finally, since tickets are generally valid for one year after purchase, being forced to refund unused tickets many years after they are sold infringes on the contract made between the airline and the ticket purchaser. The airline will

have provided the availability of transportation for the year after purchase and incurred the costs associated with producing the service and schedule. Whether the tickets are used or not, airlines will have held up their side of the contract and one year later if the ticket has expired they deserve to retain the value of the ticket and not be required to incur the costs to track, audit and research old tickets for years.

SB

473

RECEIVED MAR 4 1988
RECEIVED MAR 4 1988

**DAWSON ST.
INVESTMENT
COMPANY**

907-279-5208 2152 DAWSON ST. ANCHORAGE, ALASKA 99503

February 29, 1988

Senator Rick Walford
Juneau, Alaska

Dear Senator Walford:

Well, the Sun. "News" shows you taking quite a bit of heat on the "Frequent Flyer" issue. I'd like to encourage you, and point out that I think you are right.

Since these incentives came out, they have seemed to me, a bit of a kickback. In essence, they are saying "Spend your companies' travel dollars with us, and we'll give you a free trip". I think most of us do not fly enough on our own to warrant such competition in Frequent Flyer promotions.

Scott McMurrin, points out in the same "News" that Alaska Airlines is offering a free flight anywhere they go, for two roundtrips to LA. So this is at the least a possible 50% benefit on the flight. Many private companies require turning those benefits in to the company, and the IRS considers them income and taxes them.

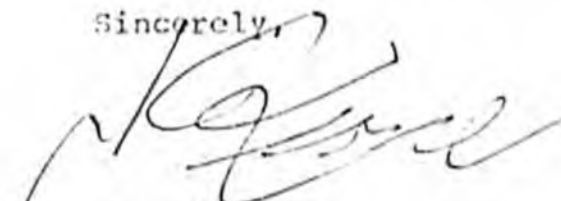
The APEA stance that this is some rightful job benefit, is particularly irksome. In the past I've observed various state employees flying around the state with, something less than the justification for the trip required, were they paying for it themselves. Also, I notice that going in and out of Dillingham, they are on the more expensive of the flights available. Could it possibly be that one has Frequent Flier? What about scheduling? If using different airlines would save part of a day, or staying overnight, but would ruin the mileage benefit? Is it beyond imagination, that certain trips might be taken just to round out family vacation plans?

I see only small differences between this and state employees getting a trip for having directed other purchasing to particular vendors. If they need "morale boosting for being away from home", this should be handled separately.

Not long ago, while running a construction project, with a closed street at 3 am, I bought donuts and coffee for everyone. The Anchorage police who were handling the traffic, turned it down, mentioning that they don't take any gifts. I thought that was taking things a little too far. But gifts of hundreds, perhaps thousands, to public employees, is certainly not the right policy.

I would like to see some version of your bill passed.

Sincerely,



Jack Keane

Michael W. Roberts
6732 Stella Place
Anchorage, AK 99507

March 3, 1988

Senator Arliss Sturgulewski
Alaska State Senate
P.O. Box V
State Capitol
Juneau, AK 99811

Dear Arliss,

A recent article in the Anchorage Times concerning a bill introduced by Senator Rick Halford caught my attention. I want to let you know that I strongly support Senator Halford's proposal to require state employees to keep track of their airline frequent flier mileage, and then to use any mileage awards for state travel.

I can't understand the positions taken by opponents to this proposal. The airfare is being paid for with public funds. Any awards that may be derived from miles flown on state business should be retained by the state. If traveling is a requirement for any given position, then the salary and benefits already outlined in the contract must be accepted by each employee as adequate compensation. That is, each employee has already agreed to perform their job for a given amount of pay knowing that air travel and time away from home would be involved. The state isn't obligated to give any more than the contract calls for.

The problem with too many public employees is that they think government funds come from a bottomless pit. If they worked in private industry for a company whose revenues were on the decline, and failed to do their part in helping the bottom line, they'd probably find themselves out of a job. Don't they realize that the cost of these "free vacations" are financed in part by the airfare actually paid out by the state?

Opponents to Senator Halford's proposal may reconsider their arguments if they were to receive 1099 forms each year requiring them to pay income tax on their "free vacations" to Hawaii.

Sincerely,

Michael W. Roberts
Michael W. Roberts
Senate District F

cc: Senator Rick Halford

February 29, 1988

Honorable Lloyd Jones
Chairman
Senate Transportation Committee
P.O. Box V
Juneau, Alaska 99811

Dear Senator Jones:

I recently had the opportunity to obtain a copy of Cherie Shelley's February 23, 1988 letter to you regarding APEA's concerns about SB 473. I have been in the airline/travel industry business for 18 years, and if I may, would like to offer my response to each item and thereby assist you in your response to their concerns and questions brought up in the letter.

1. "How would travel benefits acquired from personal travel be distinguished from business travel. Press reports indicate that employees would have two different airline benefits accounts, one for personal use and one for business use. The legislation does not address this issue and there is no requirement on the airline industry to issue two employee accounts to accommodate the State of Alaska."

Response:

As the state pays for tickets with state travel requests or field warrants, a ticket is easily identifiable as one purchased by the state. I am aware that some people purchase their tickets by credit card or personal check and then get reimbursed by the state. I have never understood why, but, I'm sure that this would have to be addressed.

It is my recommendation that the state apply for travel account numbers to be issued to each department in care of their fiscal section. Each traveler would use the same number assigned to his or her department. This would eliminate the need for actual cards. It would also credit all of the accumulated mileage to the individual departments account. After 25,000 miles, the airlines could issue a free round-trip positive space ticket to that department, valid for one year from the date of issue. These tickets would be used at the discretion of the department for necessary state business travel.

2. "Are employees required as a part of their state duties to participate in airline benefit programs? Could employee elect not to participate?"

Response:

This question makes this program sound like a tedious punishment. As a response, I cannot imagine why a state employee would not elect to participate in a program to the financial

benefit of the state economy.

3. "What happens to travel account benefits if an employee terminates? Under the current Alaska Airlines program it takes 25,000 miles to obtain a coach ticket. An employee, may terminate with 24,000 miles. Would those mileage benefits be lost?"

Response:

If the airlines could issue a travel mileage account number for each department, there would be no mileage lost to the state.

4. "Would an employee be required to cash in the award as soon as a coach fare is available or would the employee be allowed to save mileage benefits for a first class fare?"

Response:

As the program stands now, space available First Class upgrades are automatically issued after 5,000 miles and may be used without deducting any mileage. Those upgrades could be used at the discretion of the commissioner.

5. "Would the employee be allowed to use travel benefits that frequently accrue to family members as a result of the mileage account. An example would be half fair tickets for family members."

Response:

If the individual paid for the ticket out of their personal funds, then yes. If the state paid for the ticket, then no.

6. "What disciplinary measures would be appropriate for using the travel benefits for personal use. What disciplinary measures would be appropriate for intentionally refusing to participate in travel benefits programs. What disciplinary measures would be appropriate for accidentally forgetting to collect travel benefits?"

Response:

Based upon my suggestion to item 1, I really don't think disciplinary action is necessary. If a person elects not to participate, he or she is only hurting his or her department's own travel budget. I don't think the state should be responsible

for disciplining poor judgment.

7. "Would travel accounts be monitored so that all employees are treated equally?"

Response:

If travel accounts are monitored now, so that all employees are treated equally, I would assume they would continue to be monitored in the same fashion.

8. "AS 39.25.210 provides that violation of the Personnel Act is a misdemeanor. If the state does not have a way to monitor travel benefit activities it seem unfair to selectively enforce misdemeanor charges against employees which could result in termination."

Response:

As I stated in my response to item 6, not participating in the program is punishment enough. Violation is not an issue if each department has their own travel mileage account; the responsibility would be removed from the individual employee and placed in the hands of the fiscal section of each department, currently in charge of travel expenditures.

9. "Travel is for the benefit of the employer, not the employee. Most employees who travel are not overtime eligible and frequently ravel on their own time. For a typical one day trip from Juneau to Anchorage, an employee may arrive at the airport a 6:00 a.m. (2 hours before the regular work day) and not arrive back in Juneau until 9:30 pm. (5 hours after the normal close of business). Thus in order to work 7 1/2 hours in Anchorage for the employer's convenience, the employee has donated 7 hours of his or her personal time which may have been spent with the employee's family or other personal endeavors. Extended business travel often cause the employee personal expense and hardship.

Travel incentive awards have been negotiated in collective bargaining agreements. The current supervisory agreement provides that bargaining unit members shall retain travel incentive awards resulting from travel on behalf of the employer. Similar language was also in the tentative agreement with the General Government unit. Travel incentive awards are an appropriate subject of bargaining rather than statute.

It is not good public policy to enact legislation based on a private corporations current promotional plans. Today's

travel benefits may very well be gone tomorrow. APEA urges the committee not to pass this legislation."

Response:

Each department has a travel budget (to accommodate airfare and per diem). If by participating, the department accumulates mileage benefits in the way of free tickets, the departments cannot help but be benefited. It would also cut down or even eliminate indirect travel (at an increased expense to the state) for the sole reason of accumulating personal mileage. If nothing else, i.e., if the program were eliminated all together for state employees, the money saved by paying for direct travel would save the state money.

Travel is for the benefit of the employer (State of Alaska), to this I agree. On an application for state employment is a space asking "Are you willing to travel?" If a person accepts a position and is aware that travel is in the job description, I can only assume that aspect of the job is discussed before employment. If travel is in the job description and the job is accepted, where is the complaint?

I would like to close by saying the state has a wonderful bargaining tool with the airlines. The state spends a lot of money on travel. I am sure our local carriers, presently serving the state, would welcome more of our state dollars spent on them in the lower 48 states. If the state is benefitting by their travel program, then it only makes sense to utilize their services whenever possible. There is room for negotiation.

SB 473, as it was originally introduced is a positive step towards a cost saving measure to the state. I strongly recommend the bill be enhanced to address specifics and remove any chance for this bill to fail.

Thank you.

Sincerely,

Elaine Braun

Elaine Braun
P.O. Box 211145
Auke Bay, Alaska 99821
789-5911

cc: Honorable Rick Halford
Senator
Alaska State Legislature

Senator Rick Halford



Senate District 1
Chugiak, Eagle River, East Anchorage, Fort Richardson

Senate Finance Committee
Co-Chairman

February 16, 1988

MEMORANDUM

TO: All Senators

FROM: Senator Rick Halford, Co-Chairman
Senate Finance Committee *Rick*

SUBJECT: Co-Sponsorship of State Travel Benefit
Legislation

Attached is a bill I will be introducing on Tuesday. The legislation will ensure that the State receives travel benefits for mileage accumulated by employees, but paid for by the State.

It is an effort to cut back state spending by taking advantage of travel benefits offered by various airlines. Currently, employees often accumulate these benefits on their own personal accounts.

Should you be interested in co-sponsoring this legislation, please give Theresa Maser of my office a call at 465-4958 by 4:00 p.m., today.

Thank you.

1 IN THE SENATE

BY HALFORD

2 SENATE BILL NO.

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to use by state employees of certain
7 travel benefits."

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

9 * Section 1. AS 39.25 is amended by adding a new section to article 6
10 to read:

11 Sec. 39.25.185. USE OF TRAVEL BENEFITS. A state employee who
12 acquires travel benefits from the use of an airline ticket that was
13 paid for by the state shall use the travel benefits during the em-
14 ployee's conduct of business for the state. In this section,

15 (1) "paid for by the state" includes state reimbursement of
16 the employee for the expense of the ticket;

17 (2) "travel benefits" means airline tickets, airline dis-
18 counts, and airline upgrades.
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SB 473

February 19, 1988

The Hon Rick Halford
Alaska State Senate
Juneau Alaska

Dear Senator Halford:

Once again the infant mentality to squeeze one more drop from the milk pail upends itself in the Senate. Talk about going from the ridiculous to the sublime; The caption reads: "Free air miles should go back to state" (and related story - EMPIRE, FEB 18, 1986) really takes the cake. About as smart as a fence post and as dumb as a box of rocks! If Sen. Halford's bill passes, I suppose all state employees will then be required to carry two bonus mileage cards. One for their personal use and one for the state system. Alright, I can live with that. No problem. What I want to know is: who gets to use the "150 free tickets" the system saved?? Anyone wanna bet it would NOT be the state employees?

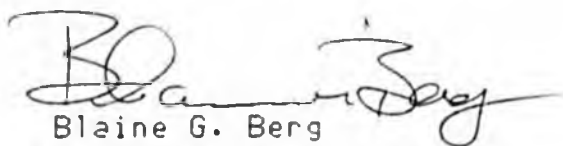
Actually, there is a lot of supposition in what Sen. Halford is suggesting: (1) He supposes ALL state employees travel. (2) He supposes ALL state employees who do travel get free bonus mileage. (3) He supposes ALL state employees who travel record their travel mileage for travel bonuses and last but not least (4) He (probably) supposes ALL state employees who travel and get free airplane tickets go to Hawaii or Jamaica in January!! Does he have this recorded? Does he know that ALL state employees who travel DO have bonus cards? This is all supposition! Where are the figures? Where are the facts? However I will credit Sen. Halford with an astounding sense of logic. I can follow his logic! Can You? Its simple: "all cows that I've seen are brown" (ie: All state employees I've seen have bonus cards) therefore ALL cows are brown! (ie: therefore ALL state employees have bonus cards!) I will grant that probably a majority of the well traveled state employees DO have travel cards, but what percentage does this group of state employees constitute?

Sen. Halford can make suppositions, therefore, I can too! First I would suppose that Sen. Halford will NOT require that elected officials put THEIR travel bonus back into the state coffers. You can bet your sweet bippy on that. Second, it would be safe to suppose that this would precipitate a domino effect as to who would and who would not be required to donate their travel bonus to the state system. That is probably why he can suppose only fifty state employees travel per week. After all, rank doth have its privilege, right? Yet he does go on: the savings to the state (estimated) would be \$55,000 a year, supposing (again) these 50 state employees traveled between Juneau and Anchorage every week. What did you say this years (FY88) state budget is? Ah yes \$2,569,600,000 Let's see then, fiftyfive grand would represent about two onehundredths of one percent of that budget. WOW, AM I EVER IMPRESSEED! WHAT A SAVINGS! TWO ONEHUNDRETHS OF ONE PERCENT (0.00214%)! Even the savings on the total transportation bill (12.7 million) is LESS THAN ONE HALF OF ONE PERCENT (0.433%)! Senator, you're REALLY into saving the BIG buckos aren't you?!

The next question then is what would be the cost to the airlines to administer the program? Nothing, of course! They have already arbitrarily, capriciously and maliciously vetoed the idea. Good for them!. What then would be the cost for the state to administer the program? Well first the state would have to establish a "Division of Accumulated Air Miles" (DAAM). Then a director would have to be hired. This director's salary would (of course) be sixty thousand dollars a year. Sorry Senator, you blew it already and haven't even hired a secretary. Not even an accountant to keep track of mileage; nor a disbursing officer to disburse the 150 free tickets. So now the state is spending \$200,000 a year for a program to save \$55,000 a year!

On the other hand, if the state is really spending 12.7 million dollars for transportation, then maybe the state should operate its own airline, and car rental system. After all, the state already owns a ferry system and a railroad! This would complete the entire transportation systems picture. Then the Senator can introduce a bill to change the background of the state flag from blue to red!

C'mon Senator, remember the good ol' honor system? Honestly, between you and me and the rest of the state, who put you up to this two-bit snipe hunt anyway????



Blaine G. Berg
P.O.Box 210488
Auke Bay, AK 99821

cc: Sen. Jim Duncan, Juneau
Rep. Bill Hudson, Juneau
Rep. Fran Ulman, Juneau
Editor, The Juneau Empire, Juneau
Editor, Anchorage Daily News, Anchorage

PS. I would still like to know who the recipients would be of the 150 "free" tickets?

September 29, 1987

Garrey Peska
Chief of Staff
Office of the Governor
P.O. Box A
Juneau, Alaska 99811-0101

Re: Governor Steve Cowper's
request for suggestions
for cost saving measures

Dear Mr. Peska

This suggestion is regarding state travel and the mileage incentive plans offered by the air carriers, primarily Alaska and Delta Airlines.

Currently, individuals traveling on state business are personally accumulating travel incentive mileage, thus obtaining free travel for themselves or their families. In addition case, potential travel benefits to the state are being lost by travelers presently not participating in the programs. As the state pays for the travel, earning the rewards offered by the airlines, the state should receive the benefits. Specifically, this suggestion would work as follows:

1. Each department responsible for its own budget would have a frequent flyer identification number issued by the airlines.

2. The state currently uses field warrants or state travel request for all travel. With the computers in use today, travel agents and airline ticket agents are required to ask for the form of payment before running out a ticket. If the form of payment is a state travel request or field warrant, the agent would know that the mileage number should be credited to the state department identification number.

3. On Alaska Airlines, for example, a department would be awarded a free positive space round-trip coach coupon, (after every 25,000 accumulated miles) to any destination in Alaska Airline's system. I have enclosed a copy of Alaska Airlines Gold Coast Travel Plan, Rules and Conditions pamphlet for your reference. A sample of how quickly the miles accumulate is eight round-trip tickets from Anchorage to Seattle would entitle the department to the award of a free coupon. The savings to the state would accrue in two ways:

1. All travel paid for by the state would accumulate mileage credits to be used for future state travel authorized by the department; and

2. eliminate or substantially reduce indirect travel, for the purpose of personal mileage accumulation, i.e. Juneau to Anchorage via Fairbanks on Delta Airlines; an additional expense to the state in the amount of \$278.00.

I submit this suggestion with 17 years of travel industry experience. I would be willing to discuss this in detail at your earliest convenience. If you have questions or if I can be of further help please let me know.

Sincerely,

Elaine Braun
P.O. Box 211145
Auke Bay, Alaska 99821
789-5911 (after 1:00 pm)

cc: Hon. Jim Duncan
Alaska State Senate

Hon. Fran Ulmer
Alaska House of Representatives

Hon. Bill Hudson
Alaska House of Representatives

P. O. Box 100193
Anchorage, Alaska 99510
March 1, 1988

RECEIVED MAR 3 1988

Sen. Rick Halford
Pouch V
Juneau, Alaska 99811

Dear Rick:

As you will note from the mass of materials enclosed, I've been looking into travel savings for government in Alaska for quite a while. I was able to do it officially because Mayor Knowles had considered a way to use for charitable purposes the gold bars which were offered as travel bonuses by one airline. One thing led to another and I compiled some of the enclosures. I have even more in the file, but realize you have a limited amount of time to devote to this.

Good addresses to remember if you seek additional information on how other governmental entities have handled this question:

Society of Travel Agents in Government, Inc.
35 Wisconsin Circle, N.W., #201
Washington, D. C. 20815
301/654-8595

National Institute of Governmental Purchasing, Inc.
115 Hillwood Avenue
Falls Church, VA 22046
703/533-7300
(State of Alaska is a member)

Let me know if you'd like to see what else is in the file; or if you'd like to discuss what my research has turned up; or if you'd like me to visit STAG or NIGP with specific questions when I go back to the East at the end of May.

I wish you all success in this endeavor, in which I devoutly believe.

Sincerely,

Peggy
Peggy Hackett

Enclosures

RECEIVED FEB 22 1988

KETCHIKAN DAILY NEWS * PIONEER PRINTING * MEMO

.....from the desk of Lew Williams, Jr.

13/Feb/88

Rick: Congratulations on SB473 to give the state mileage credit for state travel.

One thing I suggested to Josephson when he tried to correct this abuse was to put state travel between Seattle, Juneau, Anchorage & Sits out for Dids. You have 2 or more airlines on those routes now.

Alaska Air has the best schedules but Delta might increase flights into

.....from the desk of Lew Williams, Jr.

Verneer is assumed govt
traffic. Or, Alaska Air
might offer a lower price
for state travel without
the credit for mileage.

As much travel as state
employees and state board
& commission members
(and legislators) do, you might
want to set up a state
office that issues tickets
for whatever airline
wins the bid.

Any employee who doesn't
get his ticket in time

.....from the desk of Lew Williams, Jr.

For travel from the state travel office, pay for the fare himself and turn in the ticket receipt to be reimbursed. If the employee advances the cost of travel then we can keep the mileage credit but gets reimbursed only at state rate.

(You might have to negotiate that last part if state fares are much lower than regular). But most state employees would use state-issued tickets. Not

.....from the desk of Lew Williams, Jr.

many of them have the
money or credit to
advance travel funds,

Lew

FEB 3 1988

Pamela L. Rogers
10501 Stroganof Dr.
Anchorage, AK 99516
1/31/88

Senator Jan Faiks
President of the Senate
P. O. Box V
Juneau, AK 99811

Dear Senator Faiks,

I wrote to you several times during the last session, and will probably write to you several times during this session. I should note that I write from the perspective of a "rank-and-file" state employee. Please inform your outstanding staff that I do not expect every letter to be answered personally, including this one. (You are without question the most conscientious public official I have ever known when it comes to answering your mail!)

I am writing this letter to urge you to introduce or support legislation that would require all "frequent flier" mileage accumulated by state employees on state trips to be used ONLY for future state travel. I recently learned that the federal government has instituted this wise, and fiscally responsible, policy. I believe that a considerable amount of state money would be saved through such an effort. At least it warrants investigation.

I realize this won't be popular with the more highly paid officials who travel frequently and who are able to take "free" vacations as a result, but it would do a great deal to boost rank-and-file morale and the money saved could be used for municipal revenue sharing, education and capital projects. Maybe "free" vacations are a requisite perk for those who are forced to travel, as I've been told. In normal times I might even agree, but during these tight budgetary times all state employees should be asked to make sacrifices.

Please consider this suggestion.

Sincerely,

Pamela L. Rogers



ALASCOM

Telegram

RECEIVED MAR 1 1988

09007 NL ANCHORAGE ALASKA EO 02-27 7234 AST
PMS

SENATOR RICH HALFORD

JUNEAU AK

SUPPORT YOUR BILL. TO REQUIRE STATE EMPLOYEES TO KEEP
TRACK OF FREQUENT FLYER MILEAGE AND USE SAME FOR STATE
TRAVEL ONLY.
C E ASBODARD
1381 HILLCREST
ANCHORAGE AK 99503

1988 FEB 29 AM 9:47

APR 21 1988

RECEIVED MAR 4 1988

March 1, 1988

Senator Rick Halford
P.O. Box V
Juneau, Alaska 99811

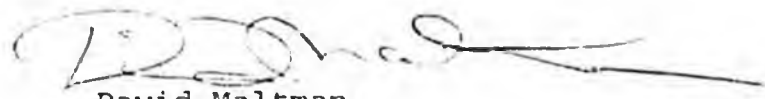
Dear Senator Halford:

This letter is in support for your bill to utilize State Employee's airline mileage premiums to defray the expense of State travel. Recognizing that this is not a popular measure among State employees, I want to let you know I think it is a good idea and and congratulate you for trying.

Actually, your idea seems quite reasonable. It would certainly lower the cost of cravel to the State and it is not much to ask of people that continue to be paid at pipeline salaries and enjoy comparatively bountiful benefits.

Realizing that it is difficult if not impossible to achieve any concessions from State employees and that responsibility for State personnel cost rest primarily with the Governor, you have my continued support for your efforts.

Sincerely,



David Maltman
4800 Mills Drive
Anchorage, 99508

Senator Rick Halford

MAR 28 1988



Senate District 1
Chugiak, Eagle River, East Anchorage, Fort Richardson

Senate Finance Committee
Co-Chairman

Lloyd: FYI. My idea was to call for bids on state travel between Ketchikan, Sitka, Homer, Anchorage, & Fairbanks. It might encourage commercial service into Ketchikan & Sitka. It might get lower prices - with no ground threat between Homer & Ketchikan.

March 19, 1988

Lew Williams
Pioneer Printing
Post Office Box 7900
Ketchikan, Alaska 99901

Dear Mr. Williams:

Thank you for your letter supporting Senate Bill 473, "An Act relating to use by state employees of certain travel benefits."

The Federal Government has a travel policy currently in place that obligates employees to account for promotional materials given to them by an airline. When the employee receives promotional material, it is understood that they are accepting it on behalf of the Government and therefore must relinquish it to the Government.

In the search for cost saving measures to the state, it is my belief that we must look at all possible savings plans. If a person earns a mileage award as a direct result of state travel then it seems only logical that he use the award on future state travel.

I appreciate your comments about putting state travel out to bid. Maybe this can be discussed during the deliberations in the Senate Transportation Committee. As you know, Senator Lloyd Jones chairs that committee and I encourage you to let him know of your interest.

Thank you for informing me of your support.

Sincerely,

Handwritten signature of Rick Halford in cursive.

Senator Rick Halford
Co-Chairman
Senate Finance Committee

RH:tam