

ALASKA LEGISLATURE COMMITTEE FILES, 1989-1990 8672
6197 HOUSE TRANSPORTATION

601

2/28

8:35

Reorganized Subjects March 1st

Filming - meet,

#1

Ask Funder on line

got

X (Beverly Miller) (got)

116 Comm - 107 PF - position suggest Alternative

Foot Fads for -

115 Hudson Policy Range of Collier weather

155 Comm - Auto maker would like to meet. Clean CMS

160 Comm -

162 Comm - Not next Standards

182 -

#2

W. H. Test

Jeff OTTOSON (got)

got

Dir of Eng. Operations DOT

do suggest circulation Rogers Henry Fads disagree

212 Fads

How much Fed Fads what do you do with it

135 m

Highway Const.

252 Hudson

259 OTTOSON

265 auto

no Fads note

280

Richard Joy, Fairbanks, AK F.N.S.B. PO 1267 Clear Air Act of 1990 Specimen

Should be next 10% of 1990 baseline emissions level

20% Fads 46% Reduction (Cold Temperature Certification Program)

Spending \$1m to meet that level of Certification New

Mayor Klein and F.N.S.B. Support

346 #3

W. H. Test

Cheryl Richardson Ask Clean Air Collision

Spending from Fads

Old Street amendment will be - what

create 13 fine this yr extra Annual levels

15 in 88 Trucks to pick up post-law traffic

W. H. Testimony

Send of LTO

593 Lamm. Support another change.

Trapper from the
Roads the next issue
will be H/B 167

~~163~~ N16 Koponen called to Latta on H/B 163

592 Good pupil Elementary School being const.
No bke path, deep shoulder, no
sidewalk or lights. School will attract
1000 add'l Vehicle a day

626 Lamm

629 N16

637

Tan Ore

Side B

000

Lamm

Who did design work

Koponen

D.O.T.

017 Hds

Are there
Fed. or local \$ in this project

022 Kop.

No Fed. \$

027 H1

State Road use Local Rd.

Koponen

044 Cuts - Cruise - Road.

655 Keith local Rd. instead of State Rd.

Plans of Schools was not done when Green rd
was completed

074 Hudson

Keith Siskins, Dept. Comm. DOT

106 Lamm Why Dept kept design work in house

what are plan Dr. Inst. & Engineering

Keith Do contact out to Road work -

139 Lamm Do you know about cost of paving

Keith In house

149 Hds 15% Est. cost is that

Keith 15% is used as budget target
that 15% is what is allowed to spend

400 X Scott Declue ^{Signat} ^{and other} ^{at this} ^{point} ^{has} ^{any} ^{of} ^{the} ^{above} ^{mentioned} ^{items} ^{to} ^{be} ^{included} ⁱⁿ ^{the} ^{annual} ^{report} ^{to} ^{the} ^{Public} ^{Information} ^{Commission}
Fairbank Police

413 ~~413~~ Steven TOROK, ^{will not give} ^{at} ^{level} ^{of} ^{public} ^{information} ^{and} ^{access} ^{to} ^{the} ^{state} ^{certification} ^{program}.
Chief of State Operations Section
Environmental Protection Agency

written

449 Laman about do we do to get some people to public
mass transit.

457 TOROK
2 individuals to make work
1) make Pub Trans consent and acceptable environment
2) Commit make Affairs consent

491 Foster

503 ~~503~~ Larry Detrick (Sending Testimony)
4 EPA Consentive Protection Agency Today
written
Testimony

546 Maden ^{Quoting} how this State Auto Mont.

551 Diner how about disabled people not lost

560 ^{Madison} M.L. transit system

564 Lato DOT no problems with language of HJR 11

570 ^{Brian} ^{Spirit} ^{redirection}
585 ^{sent} CS/

- 164 Mary Harrison
Student Rep Fairbank's H. 2 School
Punch is not safe, with kids working
- 167 Cate How many students attend bus to School
May - 11/12 next walk
- Fairbank ^{project.} Joe Ryan 601 Harrison Rd
F.N.S.B. Assembly
- 217 Cate What is present Rd. I.R.
- 300 - parcel, small S.b Rd.
High Class low 7 miles
- Cate not subject for add'l 10000 people
- 236 Helson Budget Cts
- 300 Carter says that low forecast, this project is one of those
- 254 Cate
- 256 Mowal 163 out with Ind Rec
Chg.
- 259 low Ob. with proposed Discuna letter of Int.
wrote eng. plans for the lowest cost
work for purchase Section.
Report objection.
- 9:40 P/O 2R

FEBRUARY 28, 1989

COMMITTEE CALENDAR

HJR 11: "Relating to Congressional reauthorization of the Clean Air Act."

HB 163: "An Act making a special appropriation to the Department of Transportation and Public Facilities for improvements to Loftus Road in Fairbanks; and providing for an effective date."

FOR THIS MEETING, YOU HAVE BEEN GIVEN:

Folder 1: HJR 11

- ITEM #1: HJR 11/Memorandum from Sponsor
- #2: Fiscal Note/Department of Environmental Conservation
Position Paper/Department of Transportation
- #3: Backup/Fairbanks North Star Borough
- #4: Backup/Alaska League of Women Voters

Folder 2: HB 163

- ITEM #1: HB 163
- #2: Position Paper/Rep. Koponen
- #3: Fiscal Note
- #4: Memorandum/Fairbanks North Star Borough
- #5: Location/Design Study Report
- #6: Statutes

WORK DRAFT

WORK DRAFT

WORK DRAFT

Z

6-0420H
Bradley
3/15/89

Original sponsors: Brown, Goll,
and M.Davis

1 IN THE HOUSE BY THE TRANSPORTATION COMMITTEE
2 CS FOR HOUSE JOINT RESOLUTION NO. 11 (Transportation)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 Relating to Congressional reauthoriza-
6 tion of the Clean Air Act.

7 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

8 WHEREAS the people of the state are committed to healthful air for
9 residents of the state to breathe; and

10 WHEREAS the air in Anchorage and Fairbanks periodically contains
11 levels of carbon monoxide during cold weather conditions that exceed air
12 quality standards; and

13 WHEREAS carbon monoxide presents a health risk to humans because it
14 robs the body of oxygen and is a particular health risk to the elderly,
15 infants, pregnant women, and individuals with chronic heart and lung dis-
16 eases; and

17 WHEREAS carbon monoxide is a product of inefficient combustion and at
18 least 90 percent of the carbon monoxide in the air of Anchorage and
19 Fairbanks results from automobile exhausts during the cold winter months;
20 and

21 WHEREAS the carbon monoxide levels in Anchorage and Fairbanks can be
22 reduced by the adoption of two primary strategies: by reducing the number
23 of automobile miles traveled during the cold winter months and by reducing
24 the amount of carbon monoxide each vehicle emits; and

25 WHEREAS the expanded use of mass transit and ride-sharing will reduce
26 the number of automobile miles traveled, thus reducing the amount of carbon
27 monoxide emitted; and

28 WHEREAS the Anchorage and Fairbanks municipal governments are present-
29 ly restricted by Federal law in their ability to use Federal gas tax funds

1 to expand mass transit and other more efficient transportation measures;
2 and

3 WHEREAS the Environmental Protection Agency now certifies new vehicles
4 for carbon monoxide emissions at temperatures ranging between 68 and 86
5 degrees Fahrenheit, instead of a range more appropriate to colder climates;
6 and

7 WHEREAS a cold temperature certification program could reduce actual
8 carbon monoxide emissions by as much as 46 percent; and

9 WHEREAS the Congress of the United States is now in the process of
10 reauthorizing and amending the Clean Air Act;

11 BE IT RESOLVED that the Alaska State Legislature urges the Congress to
12 support the reauthorization of the Clean Air Act with amendments noted in
13 this resolution; and be it

14 FURTHER RESOLVED that the Alaska State Legislature urges the Congress
15 to increase mass transit funding as a means of mitigating the adverse
16 effects of transportation related air pollution; and be it

17 FURTHER RESOLVED that the reauthorization of the Clean Air Act require
18 the Environmental Protection Agency to certify motor vehicles for carbon
19 monoxide emission compliance at 20 degrees Fahrenheit.

20 COPIES of this resolution shall be sent to the Honorable Dan Quayle,
21 Vice-President of the United States and President of the U.S. Senate; the
22 Honorable Jim Wright, Speaker of the U.S. House of Representatives; and to
23 the Honorable Ted Stevens and the Honorable Frank Murkowski, U.S. Senators,
24 and the Honorable Don Young, U.S. Representative, members of the Alaska
25 delegation in Congress.
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28
29

Original sponsors: Brown, Goll,
and M. Davis

IN THE HOUSE

BY THE TRANSPORTATION COMMITTEE

CS FOR HOUSE JOINT RESOLUTION NO. 11 (Transportation)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SIXTEENTH LEGISLATURE - FIRST SESSION

Relating to Congressional reauthoriza-
tion of the Clean Air Act.

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

WHEREAS the people of the state are committed to healthful air for residents of the state to breathe; and

WHEREAS the air in Anchorage and Fairbanks periodically contains levels of carbon monoxide during cold weather conditions that exceed air quality standards; and

WHEREAS carbon monoxide presents a health risk to humans because it robs the body of oxygen and is a particular health risk to the elderly, infants, pregnant women, and individuals with chronic heart and lung diseases; and

WHEREAS carbon monoxide is a product of inefficient combustion and at least 90 percent of the carbon monoxide in the air of Anchorage and Fairbanks results from automobile exhausts during the cold winter months; and

WHEREAS the carbon monoxide levels in Anchorage and Fairbanks can be reduced by the adoption of two primary strategies: by reducing the number of automobile miles traveled during the cold winter months and by reducing the amount of carbon monoxide each vehicle emits; and

WHEREAS the expanded use of mass transit and ride-sharing will reduce the number of automobile miles traveled, thus reducing the amount of carbon monoxide emitted; and

WHEREAS the Anchorage and Fairbanks municipal governments are presently restricted by Federal law in their ability to use Federal gas tax funds

to expand mass transit and other more efficient transportation measures;
and

WHEREAS the Environmental Protection Agency now certifies new vehicles for carbon monoxide emissions at temperatures ranging between 68 and 86 degrees Fahrenheit, instead of a range more appropriate to colder climates;
and

WHEREAS a cold temperature certification program could reduce actual carbon monoxide emissions by as much as 42 percent; and

WHEREAS the Congress of the United States is now in the process of reauthorizing and amending the Clean Air Act;

BE IT RESOLVED that the Alaska State Legislature urges the Congress to support the reauthorization of the Clean Air Act with amendments noted in this resolution; and be it

FURTHER RESOLVED that the Alaska State Legislature urges the Congress to increase mass transit funding as a means of mitigating the adverse effects of transportation related air pollution; and be it

FURTHER RESOLVED that the reauthorization of the Clean Air Act require the Environmental Protection Agency to certify motor vehicles for carbon monoxide emission compliance at a colder temperature range.

COPIES of this resolution shall be sent to the Honorable Dan Quayle, Vice-President of the United States and President of the U.S. Senate; the Honorable Jim Wright, Speaker of the U.S. House of Representatives; and to the Honorable Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska delegation in Congress.

2

6-0420H /
Bradley
3/15/89

Original sponsors: Brown, Toll,
and M. Davis

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 2 CS FOR HOUSE JOINT RESOLUTION NO. 11 (Transportation)
 3 IN THE LEGISLATURE OF THE STATE OF ALASKA
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15 infants, pregnant women, and individuals with chronic heart and lung dis-
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23 of automobile miles traveled during the cold winter months and by reducing
24 the amount of carbon monoxide each vehicle emits; and

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26 the number of automobile miles traveled, thus reducing the amount of carbon
27 monoxide emitted; and

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10 reauthorizing and amending the Clean Air Act;

11 BE IT RESOLVED that the Alaska State Legislature urges the Congress to
12 support the reauthorization of the Clean Air Act with amendments noted in
13 this resolution; and be it

14 FURTHER RESOLVED that the Alaska State Legislature urges the Congress
15 to increase mass transit funding as a means of mitigating the adverse
16 effects of transportation related air pollution; and be it

17 FURTHER RESOLVED that the reauthorization of the Clean Air Act require
18 the Environmental Protection Agency to certify motor vehicles for carbon
19 monoxide emission compliance at 20 degrees Fahrenheit.

20 COPIES of this resolution shall be sent to the Honorable Dan Quayle,
21 Vice-President of the United States and President of the U.S. Senate; the
22 Honorable Jim Wright, Speaker of the U.S. House of Representatives; and to
23 the Honorable Ted Stevens and the Honorable Frank Murkowski, U.S. Senators,
24 and the Honorable Don Young, U.S Representative, members of the Alaska
25 delegation in Congress.
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STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPT. OF ENVIRONMENTAL CONSERVATION

OFFICE OF THE COMMISSIONER
PO BOX O, JUNEAU, ALASKA 99811-1800

(907) 465-2600

March 15, 1989

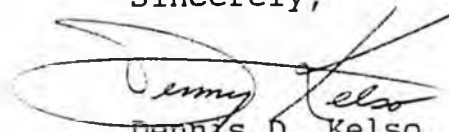
The Honorable Bette Cato
Alaska State House
PO Box V
Juneau, AK 99811

Dear Representative Cato:

I would like to submit to you some suggested language regarding HJR 11. Enclosed is a copy of HJR 11 containing the suggested editorial corrections. These changes improve the technical accuracy of the resolution. If you or your staff should have any questions, please do not hesitate to contact Leonard Verrelli at 465-2666.

Thank you for your consideration and assistance.

Sincerely,



Dennis D. Kelso
Commissioner

Enclosure

cc: Representative Kay Brown



Tom Fink,
Mayor

Municipality of Anchorage

Department of Health and Human Services

825 "L" Street
P.O. Box 196650 Anchorage, Alaska 99519-6650



March 6, 1989

Representative Bette Cato
Chair, Transportation Committee
Alaska State House of Representatives
P.O. Box V
Juneau, AK 99811

RE: HJR 11

Dear Representative Cato:

Bette

I am writing to you concerning HJR 11 and its impact on reauthorization of the Clean Air Act by the United States Congress. This resolution supports two very worthy amendments, the testing of new vehicles at cold temperatures and increased funding for transportation enhancement measures such as mass transit.

The testing of new vehicles is currently done at temperatures ranging from 58 to 86 degrees Fahrenheit. An emission test standard for new vehicles at 20 degrees Fahrenheit would substantially reduce emissions of carbon monoxide. Cold temperature testing is the best long-term strategy for Anchorage, Fairbanks, and other cities to meet the National Ambient Air Quality Standard for carbon monoxide.

We also recognize the need to find additional sources of revenue to operate mass transit systems. The Department of Health and Human Services fully supports HJR 11 as amended. My staff is available to provide technical assistance to support its passage.

Sincerely,

Robert A. (Bert) Hall, Director
Department of Health and Human Services

dsl24

cc: Tom Fink, Mayor
Glen Glenzer, Executive Manager,
General Government Operations
Lee Browning, P.E., Manager, Environmental Services

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5-0420E

Original sponsors: Brown, Goll,
and M. Davis

IN THE HOUSE

BY THE TRANSPORTATION COMMITTEE

CS FOR HOUSE JOINT RESOLUTION NO. 11 (Transportation)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SIXTEENTH LEGISLATURE - FIRST SESSION

Relating to Congressional reauthoriza-
tion of the Clean Air Act.

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

WHEREAS the people of the state are committed to healthful air for residents of the state to breathe; and

WHEREAS the air in Anchorage and Fairbanks periodically contains levels of carbon monoxide during cold weather conditions that exceed air quality standards; and

WHEREAS carbon monoxide presents a health risk to humans because it robs the body of oxygen and is a particular health risk to the elderly, infants, pregnant women, and individuals with chronic heart and lung diseases; and

WHEREAS carbon monoxide is a product of inefficient combustion and at least 90 percent of the carbon monoxide in the air of Anchorage and Fairbanks results from automobile exhausts during the cold winter months; and

WHEREAS the carbon monoxide levels in Anchorage and Fairbanks can be reduced by the adoption of two primary strategies: by reducing the number of automobile miles traveled during the cold winter months and by reducing the amount of carbon monoxide each vehicle emits; and

WHEREAS the expanded use of mass transit and ride-sharing will reduce the number of automobile miles traveled, thus reducing the amount of carbon monoxide emitted; and

WHEREAS the Anchorage and Fairbanks municipal governments are presently restricted by Federal law in their ability to use Federal gas tax funds

to expand mass transit and other more efficient transportation measures;
and

WHEREAS the Environmental Protection Agency now certifies new vehicles for carbon monoxide emissions at temperatures ranging between 68 and 86 degrees Fahrenheit, instead of a range more appropriate to colder climates;
and

WHEREAS a cold temperature certification program could reduce actual carbon monoxide emissions by as much as 42 percent; and

WHEREAS the Congress of the United States is now in the process of reauthorizing and amending the Clean Air Act;

BE IT RESOLVED that the Alaska State Legislature urges the Congress to support the reauthorization of the Clean Air Act with amendments noted in this resolution; and be it

FURTHER RESOLVED that the Alaska State Legislature urges the Congress to increase mass transit funding as a means of mitigating the adverse effects of transportation related air pollution; and be it

FURTHER RESOLVED that the reauthorization of the Clean Air Act require the Environmental Protection Agency to certify motor vehicles for carbon monoxide emission compliance at a colder temperature range.

COPIES of this resolution shall be sent to the Honorable Dan Quayle, Vice-President of the United States and President of the U.S. Senate; the Honorable Jim Wright, Speaker of the U.S. House of Representatives; and to the Honorable Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska delegation in Congress.

AMENDMENT

by Rep. Brown

Page 2, lines 15 to 18

Delete subparagraph (1) regarding the local option of using federal gas tax money for transit.

Insert instead a new paragraph following line 21, to read:
FURTHER RESOLVED that the Alaska State Legislature urges the Congress to increase mass transit funding as a means of mitigating the adverse impacts of transportation-related air pollution.

pg 2 - 6 beginning at 20° F

" 8 - 28 to 46 2

20 - -

HJR 11

AMENDMENT

by Rep. Brown

Page 2, line 15

Delete "emission"

Insert "air quality"

FISCAL NOTE

REQUEST:

Revision Date: _____
 Title: Reauthorization of the Clean Air Act
 Sponsor: Representative Kay Brown
 Requestor: House Transportation Committee

Agency Affected: Environmental Conservation
 BRU: _____

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS: None

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Amy D. Kyle *ADK*
 Division: Commissioner's Office

Phone: 465-2600
 Date: 26 Feb 1989

Approved by Commissioner: *[Signature]*
 Agency: Dept. of Environmental Conservation

Date: February 27, 1989

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

Kay Brown

Alaska State Legislature House of Representatives

M E M O R A N D U M

TO: Rep. Bette Cato, Chair
House Transportation Committee

FROM: Rep. Kay Brown *TW*

DATE: February 27, 1989

RE: HJR 11, Relating to Congressional reauthorization of
the Clean Air Act

Reauthorization of the federal Clean Air Act is again before Congress. HJR 11 urges Congress to support the reauthorization. Moreover, it urges Congress to include two amendments that will help address the carbon monoxide problems in Alaskan cities, as well as in the rest of the country. Currently, neither Anchorage nor Fairbanks are in compliance with air quality standards; the high levels of carbon monoxide present in cold weather pose a serious health hazard to our citizens, particularly infants, the elderly, and those with heart and lung diseases.

The first amendment supported by HJR 11 would permit cities that exceed air quality standards (Anchorage and Fairbanks as well as about 60 other cities in the nation) the local option of using federal gas tax funds to operate transportation programs that can reduce air pollution. The utilization of federal gas taxes for mass transit, light rail, ride-sharing systems, and similar transportation measures would allow nonattainment cities to address their transportation needs in an overall plan that includes air quality and health concerns.

The second amendment to the Clean Air Act supported by HJR 11 would require the Environmental Protection Agency to certify motor vehicle emission compliance at a colder temperature range. Certification at temperatures beginning at 20 degrees Fahrenheit instead of only at 68 to 86 degrees could reduce carbon dioxide emissions by as much as 28 percent. This amendment has been urged by Alaska successfully in the past; last year it was included in legislation approved by the U.S. Senate and incorporated into a version of the Clean Air Act reauthorization. The 100th Congress failed to pass a reauthorization bill, but, according to the Governor's Washington office, the state is continuing this "cold start" effort with the current Congress.

HJR 11 has been endorsed by the Fairbanks Assembly, the Alaska Lung Association, the League of Women Voters, and others. The Anchorage Assembly is taking up a resolution of support on Feb. 28. A resolution very similar to HJR 11 was previously adopted by the U. S. Conference of Mayors.

I thank you for hearing HJR 11. I hope the committee will agree that the Alaska Legislature's support of reauthorization of the Clean Air Act, with the proposed amendments, is important to the health of Alaskan residents.



*Department of Transportation
and Public Facilities*

POSITION PAPER

BILL NO: HJR 11

APPROVED: M. K. D. H. G.

TITLE: A Resolution relating to
Congressional reauthorization
of the Clean Air Act.

DATE: February 27, 1989

The problem of winter time air pollution in Anchorage and Fairbanks is a serious health issue. The department supports that portion of the resolution that would require EPA to certify motor vehicles for carbon monoxide emission compliance at a colder temperature.

We oppose Alaska taking a position at the national level that would contravene a long standing prohibition against the use of federal-aid highway receipts for operating purposes. We believe this message would be detrimental to the on-going, emotionally-laden debate concerning how the formula for allocating the federal gas tax receipts should be constructed.

Presently, Alaska is the greatest beneficiary state receiving over \$5 for every \$1 dollar of contribution. Many high-population states which receive less than their total gas tax contributions find this inappropriate. At this time, the 50 state highway or transportation administrators (equivalent to our DOT&PF Commissioner) have been debating a policy position for submittal to Congress. At the root of our basic argument for maintaining Alaska's high ratio of receipts to contributions is the premise that we are a young, sparsely populated state, hampered by a significant percentage of federal in-holdings, which has yet to complete a basic highway network.

With this resolution we would seriously deflate this argument. The idea that we have such an "abundance" of federal-aid that we can divert some of it to transit operating assistance instead of our basic highway needs would seriously undermine our position. We, of course, already have a difficult job of persuasion, given our low state gas tax and the permanent fund dividends which are generally misunderstood by officials from other states.

At this time, some of the federal-aid highway receipts are used by the Anchorage Transit Authority for capital purposes. Approximately \$1 million per year is appropriated for this purpose. However, there has been a long-standing prohibition on the use of the highway funds for state operating purposes, whether for highway operations or transit operations.

For more information contact Catherine McHugh - 465-3900

There is already a federal program for providing operating assistance to municipal transit authorities. The Urban Mass Transit Authority (UMTA) has a transit-aid program for this purpose. In the near future the Congress will consider the new budget. In the current submittal the UMTA federal transit aid program would be slashed by 50% including total elimination of operating assistance aid for all municipalities greater than 200,000 population.

In addition, both Anchorage and Fairbanks have the ability under state law to levy fuel tax increments for transit related projects. That they have not yet utilized this avenue for revenue would not be lost on defenders of the highway trust fund.

In conclusion, we believe the request that Congress permit the use of federal-aid highway receipts for transit operating purposes would be controversial and unattainable and therefore detrimental to sensitive on-going discussion concerning how the new formula will allocate federal gas tax receipts. As an alternative, we recommend a resolution supporting an enlarged UMTA transit aid program as an appropriate method by which to pursue resolution of the winter time air problem.

This position is not meant to be contrary to the public need for transit or clean air. At present, the federal-aid received by the state is insufficient for our capital needs. Deteriorating highways and important new routes yet unbuilt speak volumes to this fact. Given the strength of the highway lobby at the national level, the resolution is not likely to achieve the intended result. But on the downside, the resolution could undermine the state's vigorous defense of our share of the federal gas tax receipts. If this debate is lost Alaska stands to lose millions of dollars annually. It is in this context that our position is proffered.

For more information contact Catherine McHugh - 465-3900



Fairbanks North Star Borough

25th Silver Anniversary

January 23, 1989

Representative Kay Brown
Alaska State House
P.O. Box V
Juneau, Alaska 99811

Dear Representative *Kay* Brown:

I am writing to thank you for your sponsorship of HJR.11, relating to U.S. Congressional reauthorization of the Clean Air Act. This resolution would support the inclusion of two worthy amendments in any such reauthorization. The first would give communities in nonattainment of federal air quality standards, such as Anchorage and Fairbanks, the local option of using Federal gas tax funds for the operation of mass transit, carpooling, and other transportation measures. Such a provision would utilize monies paid directly by the owners of motor vehicles, whose vehicles account for over 90% of all carbon monoxide (CO) emitted in the Fairbanks area. This "pollution tax" would be a very equitable method for communities to charge the cost of control measures directly to those who are responsible for the problem.

The second amendment would continue the work that the Fairbanks North Star Borough has accomplished over the last two years, in our efforts to get the federal government to mandate the cold temperature CO testing of all new vehicles. Such a certification program, if required down to 20°F, appears to provide the best available method for significantly reducing future ambient CO concentrations on a national level, and would provide even greater benefits in Anchorage and Fairbanks.

The Fairbanks North Star Borough Administration heartily endorses HJR.11. This resolution has our full support, and I am instructing my staff to render any assistance necessary for its passage.

Sincerely,

Juanita
Juanita Helms
Borough Mayor

JH/RWJ/mnb

rj-5/bud



Fairbanks North Star Borough

25th Silver Anniversary

February 10, 1989

Representative Kay Brown
Alaska State House
P.O. Box V
Juneau, Alaska 99811

Dear Representative Brown:

I am writing to you on behalf of the Fairbanks North Star Borough's Pollution Control Commission to thank you for your sponsorship of HJR.11, relating to U.S. Congressional reauthorization of the Clean Air Act. This resolution supports the inclusion of two possible amendments to the reauthorization. The first would give the communities in nonattainment of federal air quality standards, such as Fairbanks and Anchorage, the local option of using federal gas tax funds for the operation of mass transit, carpooling, and other transportation measures. Such a provision would utilize monies paid directly by the owners of motor vehicles, whose vehicles account for over 90% of all carbon monoxide (CO) emitted in the Fairbanks area. The Pollution Control Commission believes that this "pollution tax" would be a very equitable method for communities to charge the cost of control measures directly to those who are responsible for the problem.

The second amendment would continue the work accomplished by the Borough in the last two years to get the federal government to mandate cold temperature CO testing of all new vehicles. This certification program, if required down to 20°F, would provide the best available method for significantly reducing future ambient CO concentrations on a national level, with even greater benefits in Fairbanks and Anchorage.

The Pollution Control Commission is a commission appointed by the Borough Mayor, and charged with advising the Mayor, staff and Assembly on environmental matters. As such, the Commission is very interested in pursuing whatever means available to reduce CO levels in Fairbanks. HJR.11 would help accomplish this goal. For this reason, it has our full support and endorsement.

Sincerely,

A handwritten signature in black ink that reads 'Scott C. DeClue'. The signature is written in a cursive style and is followed by a long horizontal line.

Scott C. DeClue, Vice-chair
Pollution Control Commission

RJ/SCD/mnb

jh-28/jh1

By: Juanita Helms
Introduced: 02/23/89
Adopted: 02/23/89

RESOLUTION NO. 89-022

A RESOLUTION RELATING TO HOUSE JOINT
RESOLUTION NO. HJR-11 IN THE
LEGISLATURE OF THE STATE OF ALASKA

WHEREAS, House Joint Resolution No. HJR-11 has been introduced into the Legislature of the State of Alaska, Sixteenth Legislature, First Session, to urge the Congress to support the reauthorization of the Clean Air Act with certain amendments; and

WHEREAS, House Joint Resolution No. HJR-11 would further urge the inclusion of the following amendments to a reauthorized Clean Air Act:

(1) permit cities that exceed emission standards established under the Act the local option of using Federal gas tax money for the operation of mass transit, light rail, ride-sharing systems and other transportation measures as a means of reducing air pollution; and

(2) require the Environmental Protection Agency to certify motor vehicles for carbon monoxide emission compliance at a colder temperature range beginning at 20 degrees Fahrenheit; and

WHEREAS, the people of the Fairbanks North Star Borough are committed to healthy air for residents of the Borough to breathe.

NOW, THEREFORE, BE IT RESOLVED that the Fairbanks North Star Borough Assembly supports and endorses House Joint Resolution No. HJR-11 in the Legislature of the State of Alaska, Sixteenth Legislature, First Session.

BE IT FURTHER RESOLVED that the Fairbanks North Star Borough Assembly urges the Interior Legislative Delegation to actively support the passage of HJR No. 11 in the Legislature of the State of Alaska, Sixteenth Legislature, First Session.

PASSED AND APPROVED THIS 23RD DAY OF FEBRUARY, 1989.

Chris Buil
Presiding Officer

ATTEST:

Mona Lee Pexler
Clerk of the Assembly

Date: 2-27-89

To: Kay Brown

From: Marge Hays *M.H.*
Natural Resource Director
AK League of Women Voters

Re: House Joint Resolution 11

The Alaska League of Women Voters supports House Joint Resolution 11 concerning air pollution controls.

The League's position on natural resources includes the following:

"Promote an environment beneficial to life through the protection and wise management of natural resources in the public interest by recognizing the interrelationship of air quality, energy, land use, waste management and water resources."

We support the concept that the protection of our natural resources and environment is the responsibility of all levels of government.

We find the proposed legislation compatible with this and wish to encourage further legislation which would promote a healthy environment.

Thank you.

Transportation NATIONAL POSITION

Position in Brief: Promote energy-efficient and environmentally sound transportation systems that improve the well-being of cities and other communities and afford better access to housing and jobs.

The League's History

League concern at the national level about public transportation first surfaced as a result of League efforts on behalf of equal opportunity for employment and housing. The 1971 Air Quality position added another dimension to this concern by urging "measures to reduce vehicular pollution . . . and development of alternate transportation systems." In 1972, the national board responded to questions of interpretation with respect to national action on a balanced system of transportation by synthesizing the two positions into a unified Transportation position. The six-point position was announced in the form of a memorandum on guidelines for action on transportation under existing national Human Resources and Environmental Quality positions. In 1976, following League concurrence on the Energy Conservation position, the national board reaffirmed the national League's Transportation position. In 1979, the Urban Policy position reinforced the theme that federal aid for highway construction should be reduced, and the Transportation

position wording was changed to make that point clear.

The League first put the position to work by backing the efforts of a national coalition to amend the Federal Aid Highway Act of 1972 to permit financing part of the costs of urban mass transit from highway trust funds. The League also supported the National Mass Transportation Assistance Act of 1974. More recently the focus has been to prevent stalling or cutting federal assistance to mass transit systems.

In response to the growing urgency to improve and promote public transportation systems as effective alternatives to automobiles, the 1980 convention voted to give greater visibility to the Transportation position by listing it as a separate item.

Leagues continue to use the Transportation position together with their own local or ILO positions to coordinate local and regional moves to improve mass transit and to support other alternatives; such as reserved express lanes for buses and carpools.

The League's Position

Statement of Position as Announced by National Board, December 1972 and Revised June 1979:

The League of Women Voters of the United States believes that federal aid for highway construction should be reduced and that cities must have the opportunity to plan and adequately finance integrated transportation systems of their own choice. The League believes that the highway trust fund should be restructured so that cities and states may use the fund to build whatever form of ground transit they find necessary. Alternate forms of transportation such as trains, buses, moving sidewalks, bicycles and street cars must be integrated into comprehensive transit systems for our cities. Transportation systems dependent on public financing should be publicly controlled. Transportation should be considered a public service whose operating costs are subsidized as are the operating costs of all public services.

The League believes that transportation planning and construction must weigh all social and environmental costs, and that continuous and widespread community participation must be ensured throughout the planning, development and operation of any transit program.

Further Guidelines on Energy Efficiency, as Developed by National Board, January 1976:

- Government policy should promote the development, nationwide, of transportation systems, in particular rail systems, where they can move people, goods and raw materials in a more energy-efficient manner than alternative systems.
- Federal, state, regional and local funding for public transportation (private as well as publicly owned) should support energy-efficient, suburban and urban transportation projects. States should be encouraged to allocate highway funds for mass transit. Disincentives should be enacted to discourage the use of private automobiles (except for car-pooling) where alternative public transportation exists.
- Government policy should encourage the manufacture and purchase of more efficient cars. Mandatory fuel economy performance standards for automobiles should be established with no relaxation of the auto emission standards.
- Government policy should encourage community development/transportation patterns that promote efficient energy use.

seen fit to offer.

Something in the air

Here in Anchorage, the December air has carried more than snow and rain clouds and sunshine. Four times in the last eight days carbon monoxide pollution has reached unhealthy levels, according to the city health department.

During 1988, Anchorage carbon monoxide levels have exceeded federal standards 14 times.

This news doesn't get the kind of attention it deserves.

Too many people are still under the misapprehension that this corner of the last frontier is free of big-city air pollution problems.

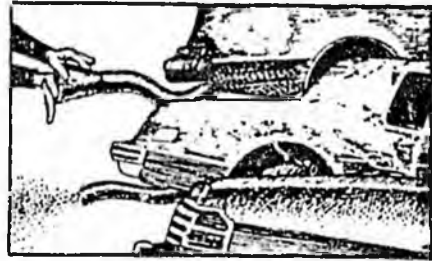
On a human level, this ignorance can be harmful. When air pollution reaches unhealthy levels, it begins to pose risks to people with heart and lung ailments.

On a policy level, ignorance of local air pollution breeds complacency. Public indifference increases the chances the city will try to continue business as usual, catering to the cars that cause the pollution and short-shrifting strategies needed to clear the air.

In the short run, Anchorage needs to clean up its cars. The city is studying the possibility of expanding the emissions testing program to include Mat-Su Valley commuters. If that doesn't work, Anchorage may have to consider mandating use of pollution-reducing oxygenated fuels, as Denver now does.

In the long run, Anchorage needs to cut its dependence on the automobile. That will take careful planning of future growth and a much stronger commitment to transit.

Anchorage's 14 air pollution violations in 1988 are 13 more than federal law allows. If the violations persist, the city faces the loss of federal highway funds. That threat, and the prospect of having air worthy of Los Angeles, should keep air pollution control at the top of the public agenda.



88/02/21

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AMERICAN  LUNG ASSOCIATION of ALASKA*Dedicated to the prevention and control of lung disease*

February 27, 1989

House Transportation Committee
Box V
Juneau, Alaska 99811

Dear Chairperson Cato and committee members:

The American Lung Association of Alaska and its volunteer organization the Clean Air Coalition urge your support of the entire House Joint Resolution 11, especially the "local option" to spend gas tax monies on less polluting transportation modes such as transit and light rail.

The National Department of Transportation reported to Congress this month that it is not feasible to adequately enlarge the nation's highway system to meet surging traffic demand, and planners will seek other options for relieving traffic demand including expanded transit. It is already difficult to find enough money to operate and maintain these highways. Now the rising costs of construction and right-of-way acquisition further limit expansion possibilities.

Carbon monoxide, a deadly poison from inefficient gas combustion, continues to plague Anchorage and Fairbanks, as both cities continue to violate healthy air quality standards. Over 90 percent of the carbon monoxide in Anchorage air is estimated to come from automobiles.

It is appropriate for the source of air pollution to pay for its cleanup. In this case, gasoline tax can finance air pollution reduction programs. It is also time for our nation to modernize its transportation systems, reduce congestion, save money and energy, and clean up its air.

HJR 11 asks that communities violating Federal air quality standards be allowed the option of spending gas tax revenues on transit, light rail and other strategies, if we choose to do so.

This is the most obvious source of revenue to reduce air pollution and modernize our transportation system. Please vote "yes" on the entire resolution.

Sincerely,



Cheryl Richardson
Anchorage Clean Air Coalition

H J R

15

STATE OF ALASKA
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY
LEGISLATIVE REFERENCE LIBRARY

POUCHY - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMFR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

HJR 15

House Transportation

2/14/89

SJR 15

House Transportation

3/14/89

HOUSE COMMITTEE REPORT

(5) Date Referred: January 23, 1989 FURTHER REFERRALS: FINANCE

Date of Committee Action: 2/16/89

The TRANSPORTATION Committee recommends that:

HOUSE JOINT RESOLUTION NO. 15 [FEDERAL MOTOR FUEL TAX INCREASE & USE]
Relating to the increase in federal motor fuel taxes and the use of fuel taxes to reduce the federal budget deficit.

[] be replaced with _____ [] the same title
[] a new title

[] have attached amendment(s)

- [] do pass
- [] do not pass
- [] no recommendation
- [] individual recommendations
- [] additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- [] fiscal impact
- [] zero fiscal note
- [] zero with analysis

APPROVES PREVIOUS:

- [] fiscal note(s) published: _____
- [] zero fiscal notes(s) published: _____

SIGNING DO PASS:

Bill Hudson

Ben ...

Butter ...

Richard ...

Brew ...

SIGNING OTHER THAN DO PASS:

(Do Not Pass, No Recommendation, Amend)

Butter ...
Chairman's signature

File #1, Article #1,

Uehling's Statement to House Transportation on SJR 15

SJR 15 IS A RESOLUTION IN SUPPORT OF THE STATE AND FEDERAL EFFORT TO IMPROVE ALASKA'S OPPORTUNITIES IN THE INTERNATIONAL AIR TRAVEL SYSTEM.

THE NEWLY CREATED AVIATION BILATERAL COMMITTEE (ABC), ESTABLISHED IN DOTPF, TAKES ADVANTAGE OF EXPERTISE FROM MANY STATE AGENCIES. THIS TASK FORCE IS WORKING TO ENHANCE ALASKA'S POSITION IN INTERNATIONAL AVIATION NEGOTIATIONS.

IT ALSO APPEARS THAT THE FEDERAL GOVERNMENT, ESPECIALLY THE US DEPT OF STATE, IS BEGINNING TO CHAMPION ALASKA'S CASE IN THE ONGOING BILATERAL AVIATION AGREEMENT NEGOTIATIONS, ESPECIALLY WITH JAPAN. THE ALASKA CONGRESSIONAL DELEGATION HAS BEEN INSTRUMENTAL IN MOTIVATING STATE DEPARTMENT SUPPORT FOR ALASKA'S SPECIAL SITUATION.

CHIEF AMONG ALASKA'S RECENT ACCOMPLISHMENTS IS ALASKA'S INCLUSION AMONG PROPOSED "GATEWAYS" FOR US-ASIAN AIR TRAFFIC. UNLIKE OTHER PROPOSED "GATEWAYS", ALASKA HAS BEEN NAMED AS A STATE, NOT AS A SPECIFIC CITY OR AIRPORT.

IN BRIEF, THIS RESOLUTION LENDS LEGISLATIVE SUPPORT FOR THE ONGOING EFFORTS AND ENCOURAGES STATE AND FEDERAL AGENCIES TO CONTINUE TO SUPPORT INTERNATIONAL AGREEMENTS THAT WILL ALLOW ALASKA'S AIRPORTS TO TAKE ADVANTAGE OF THEIR UNIQUE GEOGRAPHICAL LOCATION AND EXCELLENT FACILITIES.

MADAME CHAIRMAN, THIS RESOLUTION WAS AMENDED IN THE SENATE INTERNATIONAL TRADE AND TOURISM COMMITTEE AND THE HOUSE FOREIGN TRADE COMMITTEE. BOTH OF THE COMMITTEES' MODIFICATIONS SIMPLY RE-ORDERED SECTIONS OF THE RESOLUTION. I HAVE NO OBJECTION TO THE CHANGES MADE IN EITHER COMMITTEE.

3-13-89

3/14

House Trans.
CS/SJR 15 - Uehling -

8:32

Absent

Hedson

Foster

Rep Cato started the issue deal came up in Korea -

836 Sent. Rep Uehling was called to testify.

written testimony. Get written Testimony from Uehling

Int'l tourism important sec. Gaming
- 8 Corp -

120 Rep Foster in Attendance.

121 Cato

143 Uehling

153 Lujan Record & Resolution her. + passed Senate
Uehling -

166 - ~~Comm~~ Supports Resolution

174 Foster - wants something stronger than Resolution

179 Uehling Support from Gov.

206 Foster - (circ box) how does effect?

212 Cato Marketing hotel

221

Uelky

235

237

low wave I/R.

266

8:50

MARCH 14, 1989

COMMITTEE CALENDAR

CS/SJR 15 (ITT): Supporting bilateral aviation agreements to better promote international tourism and the movement of cargo through the Alaska International Airport System.

FOR THIS MEETING, YOU HAVE BEEN GIVEN:

Folder 1:CS/SJR 15 (ITT)

- ITEM #1: CS/SJR 15
- #2: Fiscal Note/International Trade & Tourism Committee
- #3: Aviation Bilateral Comm./Roles & Responsibilities
- #4: Letter to International Tourism Marketing Council
- #5: Department of Transportation/Japan & Luxembourg
- #6: Economic Impacts of Overflights

1 IN THE SENATE

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

2

SENATE BILL NO. 188

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act increasing the motor fuel tax."

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

8 * Section 1. AS 43.40.010(a) is amended to read:

9 (a) There is levied a tax of 16 [EIGHT] cents a gallon on all
10 motor fuel sold or otherwise transferred within the state, except that

11 (1) the tax on aviation gasoline is four cents a gallon,

12 (2) the tax on motor fuel used in and on watercraft of all
13 descriptions is five cents a gallon, and

14 (3) the tax on all aviation fuel other than gasoline is two
15 and one-half cents a gallon.

16 * Sec. 2. AS 43.40.010(b) is amended to read:

17 (b) There is levied a tax of 16 [EIGHT] cents a gallon on all
18 motor fuel consumed by a user, except that

19 (1) the tax on aviation gasoline consumed is four cents a
20 gallon,

21 (2) the tax on motor fuel used in and on watercraft of all
22 descriptions is five cents a gallon, and

23 (3) the tax on all aviation fuel other than gasoline is two
24 and one-half cents a gallon.

HOUSE JOINT RESOLUTION 15 URGES THE UNITED STATES CONGRESS TO OPPOSE AN INCREASE IN THE FEDERAL MOTOR FUEL TAXES AND THE USE OF THE TAXES TO REDUCE THE FEDERAL BUDGET DEFICIT. THE AMERICAN ASSOCIATION OF STATE HIGHWAYS AND TRANSPORTATION OFFICIALS RECENTLY COMPLETED A STUDY WHICH ESTIMATED THAT THE NATION'S ANNUAL HIGHWAY CAPITAL NEEDS OVER THE NEXT 30 YEARS ARE NEARLY DOUBLE CURRENT INVESTMENT LEVELS.

WHILE THERE IS NO AMOUNT SET FOR THIS PROPOSED INCREASE, THE FIGURE BEING DISCUSSED IS APPROXIMATELY 50 CENTS. WHEN WE CONSIDER THAT THE FEDERAL MOTOR FUEL TAX CURRENTLY CHARGED IS 9 CENTS PER GALLON, THIS INCREASE WOULD BE DISASTEROUS. HOW WOULD THE ELDERLY AND DISADVANTAGED COPE WITH SUCH A RISE - 9 CENTS TO 59 CENTS.

VARIOUS NATIONAL ECONOMISTS AS WELL AS MEMBERS OF THE NATIONAL ECONOMIC COMMITTEE PROPOSED THIS INCREASE BECAUSE EVERY CENT INCREASE EQUATES OUT TO A BILLION DOLLARS. THEREFORE, THIS WOULD MEAN AN ADDITIONAL \$50 BILLION DOLLARS THAT COULD BE USED TO HELP OFFSET THE DEFICIT.

GLEN ANDERSON, PUBLIC WORKS AND TRANSPORTATION COMMITTEE CHAIRMAN HAS INTRODUCED H.R 41 IN CONGRESS. THIS RESOLUTION IS VIRTUALLY THE SAME AND H.J.R. 15 - OPPOSES ANY INCREASE IN THE GAS TAX FOR DEFICIT REDUCTION. THIS RESOLUTION HAS OVER 130 CO-SPONSORS CURRENTLY.

I THINK WE NEED TO SEND A STRONG MESSAGE TO CONGRESS.

HOUSE JOINT RESOLUTION 15 URGES THE UNITED STATES CONGRESS TO OPPOSE AN INCREASE IN THE FEDERAL MOTOR FUEL TAXES AND THE USE OF THE TAXES TO REDUCE THE FEDERAL BUDGET DEFICIT. THE AMERICAN ASSOCIATION OF STATE HIGHWAYS AND TRANSPORTATION OFFICIALS RECENTLY COMPLETED A STUDY WHICH ESTIMATED THAT THE NATION'S ANNUAL HIGHWAY CAPITAL NEEDS OVER THE NEXT 30 YEARS ARE NEARLY DOUBLE CURRENT INVESTMENT LEVELS.

REP ANTHONY BEILENSON (CALIFORNIA) RECENTLY INTRODUCED HR 1023 WHICH WOULD IMPOSES A 50 CENT PER GALLON GAS TAX FOR DEFICIT REDUCTION. *This increase would be phased in at 10 cents per year for five years* WHEN WE CONSIDER THAT THE FEDERAL MOTOR FUEL TAX CURRENTLY CHARGED IS 9 CENTS PER GALLON, THIS INCREASE WOULD BE DISASTEROUS. HOW WOULD THE ELDERLY AND DISADVANTAGED COPE WITH SUCH A RISE - 9 CENTS TO 50 CENTS.

VARIOUS NATIONAL ECONOMISTS AS WELL AS MEMBERS OF THE NATIONAL ECONOMIC COMMITTEE, GENERAL ACCOUNTING OFFICE SENATOR PAUL VOKER, DAN ROSTHANKOWSKI - CHAIR OF THE HOUSE WAYS AND MEANS COMMITTEE INITIALLY PROPOSED THIS INCREASE BECAUSE EVERY CENT INCREASE EQUATES OUT TO A BILLION DOLLARS. *or \$50 billion dollars in total that could be used to*

~~THIS~~ WOULD HELP OFFSET THE DEFICIT.

PRESIDENT BUSH'S FEBRUARY 9TH BUDGET SHOWS A STRONG COMMITMENT TO HONOR THIS CAMPAIGN PLEDGE OF NO NEW TAXES AND A FREEZE ON SPENDING. WHILE THIS INCREASE IN FEDERAL MOTOR FUEL TAX IS NOT CURRENTLY PART OF THE FEDERAL BUDGET IT IS DEFINITELY PART OF THE

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*Senator Symms
of Idaho
has S.R. 63*

I THINK WE NEED TO SEND A STRONG MESSAGE TO CONGRESS.



THE
aashto
journal
™

WEEKLY
TRANSPORTATION
REPORT

SUNNY MAYS SCHUST, Editor

Volume 89, No. 8

February 24, 1989

Gas Tax Resolution Introduced in Senate

Senator Steve Symms of Idaho this week introduced a "sense of the Senate" resolution opposing the use of a gasoline excise tax for deficit reduction.

The Symms resolution, S. Res. 63, is similar to H. Res. 41, introduced in the House by Rep. Glenn Anderson, Chairman of the House Public Works and Transportation Committee, and other committee leaders. The House resolution has attracted 139 cosponsors.

In introducing the resolution Symms said a fuels excise tax should not be viewed "as the course of least resistance" in reducing the federal deficit. He stated, "For more than 30 years now, Federal motor fuel and truck taxes have been used almost exclusively to finance the Federal-aid highway program and for the past seven years, the mass transit program. The pay as you go, user-financed highway program serves as a model of federalism because Congress has respected the trust our predecessors intended to impart when they established the Highway Trust Fund."

Symms said that the "trust has been diminished in recent years" because Congress has reduced spending in the highway program so that the trust fund's cash balance would offset the federal deficit. "If Congress increases motor fuel taxes, user fees to reduce the deficit rather than pay for highway construction and maintenance, all pretense of maintaining the fiscal integrity of the Highway Trust Fund will be eliminated," he added.

Symms stated that the nation has "tremendous unmet highway and bridge needs that only grow more expensive as we delay those projects in order to increase the cash balance in the Highway Trust Fund." He urged other senators to join in sponsoring the resolution opposing the use of the federal fuels tax for deficit reduction.

Continued . . .

American Association of State Highway And Transportation Officials
EXECUTIVE OFFICE: 444 N. Capitol Street, N.W., Suite 225 Washington, D.C. 20001 Telephone (202) 624-5800

Francis B. Francois, Executive Director

Gas Tax Bill Introduced

California Representative Anthony C. Beilenson has introduced legislation (H.R. 1023) to enact a 50 cent-per-gallon motor fuels tax for deficit reduction, to be phased in over five years.

The tax, which would increase by 10 cents per year over the next five years, would apply to gasoline, diesel fuel, gasohol, methanol and ethanol. It would not apply to gasoline used for noncommercial aviation. Revenues from the tax would accrue to the general treasury, rather than to the Highway Trust Fund.

In introducing the bill Beilenson said that his proposal "would make an enormous contribution toward reducing our federal budget deficit, the number one problem facing our nation today." Beilenson added that the tax would also reduce the U.S. trade deficit, lessen the nation's vulnerability to a new energy crisis, improve U.S. auto industry competitiveness and reduce air pollution.

Foreign oil imports have increased from 27 percent of total supplies in 1985 to 40 percent in 1988, he stated, maintaining that higher gasoline prices would encourage fuel conservation. He estimated that a person who drives 10,000 miles per year, in a car that gets 25 miles per gallon, would pay an extra \$40 per year for gasoline, adding up to \$200 per year in the fifth year of the tax.

Oversight Committee to Review Trust Funds

House Ways and Means Committee Chairman Dan Rostenkowski of Illinois has requested that the Subcommittee on Oversight review the transportation trust funds during this session of Congress.

Rostenkowski announced that he had requested the Subcommittee to conduct oversight reviews of some 13 issues and to provide reports to the full committee. One of the issues identified by the Chairman is an examination of federal trust funds. The Subcommittee is to continue its review of the operation and future status of the Airport and Airway Trust Fund, and initiate oversight work on the Highway Trust Fund, which has not been evaluated by the subcommittee in recent years. No dates have been set for the oversight hearings.

The Senate Transportation Appropriations Subcommittee has scheduled a hearing on the transportation trust funds for May 11, the final day of

Continued . . .

February 23, 1989

Route to _____

Volume 41, Number 8

AGC TESTIFIES ON INDIVIDUAL SURETY ABUSE

In highly effective testimony before the House Government Activities and Transportation Subcommittee on the issue of eliminating individual surety abuse, AGC Senior Vice President-Elect Kirk Fordice made the following points:

- Proposed revisions of the Federal Acquisition Regulation (FAR) are necessary because "to permit the current procedures to go unamended makes a mockery of the federal government's effort to curb waste, fraud and abuse in the procurement system."
- The revisions will not eliminate use of individual sureties. Rather, "individual sureties will now be required to meet reasonable standards..."

Mr. Fordice's testimony cited the problems being addressed in the FAR proposal—payment and performance bonds "backed" by individual sureties who have

continued on page 2



AGC Pres. Suplica Invites...Transportation Secretary Skinner accepts invitation to address the AGC Convention in Atlanta.

See page 3 for Convention highlights.

HR 1023

50-CENT PER GALLON GAS TAX FOR DEFICIT REDUCTION PROPOSED

A 50-cent per gallon gas tax for deficit reduction has been introduced in the House by Rep. Anthony Beilenson (D-Calif.). AGC maintains that increasing the gas tax for deficit reduction would:

- Divert billions of dollars annually from the Highway Trust Fund while the condition of our highways and bridges continues to decline;
- Breach the user fee concept of the gas tax;
- Undermine state efforts to finance their own transportation needs;
- Unfairly single out American motorists to shoulder the burden of reducing the deficit;
- Hit rural and western motorists especially hard.



AGC Senior Vice President-Elect Kirk Fordice testifies in the House on the need for reasonable individual surety requirements. Rep. Cardiss Collins (right photo) chairs the hearing.

Page 1

HOUSE JOINT RESOLUTION 15 URGES THE UNITED STATES CONGRESS TO OPPOSE AN INCREASE IN THE FEDERAL MOTOR FUEL TAXES AND THE USE OF THE TAXES TO REDUCE THE FEDERAL BUDGET DEFICIT. THE AMERICAN ASSOCIATION OF STATE HIGHWAYS AND TRANSPORTATION OFFICIALS RECENTLY COMPLETED A STUDY WHICH ESTIMATED THAT THE NATION'S ANNUAL HIGHWAY CAPITAL NEEDS OVER THE NEXT 30 YEARS ARE NEARLY DOUBLE CURRENT INVESTMENT LEVELS.

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I THINK WE NEED TO SEND A STRONG MESSAGE TO CONGRESS.

HARRIS

Director,

National
A.G.C.
Lobbying Dept.

2/16/89 Nat. A.G.C. Mary Jo Peterson - Tax & Fiscal
Affairs

of Economic Think tanks, ^{Unit off} GAO, Paul Vohar,
Dan Rosthankowski Chair ^{House} Ways & Means Committee
National Economic Commission - held hearings &
a number of economist, Carter & Fed all said
raise gas tax to help pay off the Fed. Def.

Big picture: H & S. are done, Bush Right.

Reagan's budget come in, the Bush 2/9/89 his
budget no new taxes / spending freeze. ~~Two~~ Two
Chairs of tax writing committee support impact
fees, taxes - ~~not~~ ^{with} move ~~out~~ Bushes on or
asking for them - ^{to do it} don't want the Democrats
blamed for raising or attempting to raise taxes.

Bus. Politics
Taken a wait & see attitude on Bush's budget.
Were hoping for a budget summit between
Adm. & H & S. leadership ~~which~~ to sit down &
cut some deals this is not happening. Lets
see if Bush's plan of no new taxes & a freeze
works - Will see all sorts, including gas tax
to lower the Fed. def. on 10/1 if it doesn't
work.

Only grass roots support, letters, resolutions
very helpful.



Dept. of Transportation & Public Facilities

POSITION PAPER

BILL NO: HJR 15

TITLE: Relating to the increase in federal motor

APPROVED: Mark S. Hickey
Commissioner

DATE: February 16, 1989

fuel taxes and the use of fuel taxes to reduce
the federal budget deficit

The Department strongly supports the passage of this resolution for all the reasons stated in the resolution. For several years at the national level the U.S. Congress has considered proposals to impose a new federal gasoline tax of 20 to 30 cents per gallon to increase general revenues. Revenues from the existing federal tax of 9 cents per gallon are dedicated to the Highway Trust Fund.

The department has paid close attention to these proposals because of their potential impact on the federal-aid highway program. We anticipate that Alaska will receive at least \$140 to 150 million annually in federal highway funds for the next three years; this funding pays for almost all of our current highway construction budget. State transportation officials have been adamant in their opposition to these proposals because of the importance of using gas tax revenues to pay for highway construction.

The department believes it is the state's and the nation's best interest to support a strong federal-aid highway program financed through federal taxes on gasoline and diesel fuel purchase. Proposals to create an additional federal tax on gasoline purchase could endanger this successful financing mechanism and reduce significantly the amount of federal dollars Alaska receives each year.

STATE OF ALASKA
1989 LEGISLATIVE SESSION

BILL VERSION: HJR 15
PUBLISH DATE: 1/23/89

REQUEST: **FISCAL NOTE**

Revision Date: 1/23/89
Title: Relating to the increase in federal motor
fuel taxes and the use of fuel taxes to reduce
the federal budget deficit

Agency Affected: DOT&PF
BRU:

Sponsor: Cato
Requestor: House Transportation

Components: Highway Program

EXPENDITURES/REVENUES: (THOUSANDS OF DOLLARS)

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

CAPITAL	0	0	0	0	0	0
---------	---	---	---	---	---	---

REVENUE	0	0	0	0	0	0
---------	---	---	---	---	---	---

FUNDING: (THOUSANDS OF DOLLARS)

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

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

Prepared by: M. Clyde Stoltzfus, Special Assistant to the Commissioner
Division: Commissioner Office

Phone: 465-3900
Date: 02/16/89

Approved by Commissioner: Mark S. Hickey *MSH*
Agency: Department of Transportation and Public Facilities

Date: 02/16/89

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

POSITION PAPER
A.G.C. of ALASKA
TO THE
HOUSE TRANSPORTATION COMMITTEE
ON
HJR 15
INCREASE IN FEDERAL MOTOR FUEL TAXES AND THE USE OF FUEL TAXES
TO REDUCE THE FEDERAL BUDGET DEFICIT.



THANK YOU MS. CHAIRMAN. FOR THE RECORD, MY NAME IS RESA JERREL AND I AM THE DIRECTOR OF GOVERNMENTAL RELATIONS FOR THE ASSOCIATED GENERAL CONTRACTORS OF ALASKA (A.G.C. OF ALASKA). ON BEHALF OF OUR OVER 600 MEMBER FIRMS WE APPRECIATE THE OPPORTUNITY TO TESTIFY IN FAVOR OF HJR 15.

THE PROPOSAL TO INCREASE THE FEDERAL GASOLINE TAX FOR DEFICIT REDUCTION WOULD SEVERELY HAMPER THE NATIONS ABILITY TO MEET ITS TRANSPORTATION NEEDS AND WOULD ADVERSELY AFFECT THE NATION'S PRODUCTIVITY AND COMPETITIVENESS. SUCH A TAX WILL SURELY DESTROY THE NATIONS SUCCESSFUL HIGHWAY PROGRAM. NOT ONLY WILL IT BREACH THE USER FEE CONCEPT OF THE GAS TAX, IT WOULD COME AT A TIME WHEN WE SHOULD BE INCREASING OUR INVESTMENT IN HIGHWAYS.

A.G.C. OF ALASKA OPPOSES A FUEL TAX INCREASE FOR DEFICIT REDUCTION FOR THE FOLLOWING REASONS:

HIGHWAY AND BRIDGE NEEDS - RAISING THE GAS TAX FOR DEFICIT REDUCTION WOULD DIVERT BILLIONS OF DOLLARS ANNUALLY FROM THE HIGHWAY TRUST FUND WHILE THE CONDITION OF OUR HIGHWAYS AND BRIDGES CONTINUE TO DECLINE. FURTHERMORE, IT WOULD COME AT A TIME WHEN WE SHOULD BE INCREASING OUR INVESTMENT IN HIGHWAYS.

BREACH USER FEE CONCEPT - SUCH A TAX WOULD BREACH THE USER FEE CONCEPT OF THE GAS TAX WHICH HAS BEEN CRITICAL TO THE PUBLIC'S SUPPORT OF THE HIGHWAY PROGRAM.

PREEMPT STATE TAXES - THE TAX WOULD UNDERMINE STATE EFFORTS TO FINANCE THEIR OWN TRANSPORTATION NEEDS THROUGH USER FEE TAXES.

UNFAIR TAXATION - AMERICAN MOTORIST WOULD BE SINGLED OUT TO SHOULDER THE BURDEN OF REDUCING THE DEFICIT.

ALASKA INEQUITIES - MOTORIST IN ALASKA STATES, IN PARTICULAR, WHERE DRIVING DISTANCES ARE GREATER, WOULD BE HIT ESPECIALLY HARD BY THE TAX.

HIGHWAYS PAY THEIR WAY - THE NATION'S HIGHWAY TRANSPORTATION SYSTEM HAS NOT CONTRIBUTED TO THE NATIONAL DEFICIT. THE FEDERAL HIGHWAY TRUST FUND IS REQUIRED BY CONGRESS ALWAYS TO HAVE ENOUGH FUNDS TO COVER EXPENDITURES.

WE URGE ALL OF YOU TO SUPPORT HJR 15 AND HELP IN EXPEDITING IT'S PASSAGE.

THANK YOU FOR THIS OPPORTUNITY SPEAK OUT IN FAVOR OF THE RESOLUTION.

NATIONAL

NEWSLETTER



February 9, 1989

Route to _____

Volume 41, Number 6



A coalition of groups opposed to a gas tax for deficit reduction is holding meetings at AGC of America.

GAS TAX FOR DEFICIT REDUCTION—AGC CONTINUES ITS OPPOSITION

AGC continues its efforts to protect the nation's highway program from the threat of a gasoline tax increase for deficit reduction.

As part of its continuing efforts, a coalition of industry groups opposed to such a tax met again at AGC of America on February 6 to outline a strategy to defeat any such proposal and to show our concern to House of Representatives staff. At an earlier meeting, Rep. Bud Shuster (R-Pa.) said the possibility of a gas tax for deficit reduction is the greatest threat he's ever seen to the nation's highway program.

House Resolution 41--introduced by Rep. Glenn Anderson (D-Calif.), Public Works and Transportation Committee Chairman, Rep. John Paul Hammerschmidt

(R-Ark.), the committee's Ranking Republican member, and Rep. Shuster, Ranking Republican on the Subcommittee on Surface Transportation, has 13 new cosponsors, bringing the current total to 124.

The new cosponsors are:

- | | |
|--------------------------------------|----------------------------------|
| <i>Richard Stallings (D-Ida.)</i> | <i>Mickey Edwards (R-Okla.)</i> |
| <i>Philip Crane (R-Ill.)</i> | <i>John Tanner (D-Tenn.)</i> |
| <i>Peter Visclosky (D-Ind.)</i> | <i>William Lipinsky (D-Ill.)</i> |
| <i>Richard Baker (R-La.)</i> | <i>Don Ritter (R-Pa.)</i> |
| <i>Ron Marlenee (R-Mont.)</i> | <i>Robert Walker (R-Pa.)</i> |
| <i>George Hochbrueckner (D-N.Y.)</i> | <i>Bill Sarpalius (D-Tex.)</i> |
| | <i>Richard Armev (R-Tex.)</i> |

CONTACT YOUR SENATORS AND REPRESENTATIVE -- Let your Senators and Representative know your opposition to any proposals to increase the gas tax for deficit reduction. Address your letters to: The Hon. _____, United States Senate, Washington, DC 20510 or The Hon. _____, U.S. House of Representatives, Washington, DC 20515. The phone number for the Capitol switchboard is (202) 224-3121.

NEW AGC GAS TAX PUBLICATION -- AGC has prepared a brochure detailing the case against raising the gas tax for deficit reduction. The brochure, which is in question and answer format, will be available for use by chapters shortly.

Rx FOR PRODUCTIVITY: BUILD INFRASTRUCTURE

BY DAVID ASCHAUER,
SENIOR ECONOMIST AT THE
FEDERAL
RESERVE BANK OF
CHICAGO

David Aschauer is senior economist at the Federal Reserve Bank of Chicago and author of landmark studies on the link between capital investment and productivity. His work has been featured in Business Week and Engineering News Record. Mr. Aschauer has uncovered striking evidence that the recent fall-off in public works—or infrastructure—investment is at the core of the current slowdown in U.S. productivity. What follows are excerpts from a speech Mr. Aschauer gave before the AGC explaining his findings.

Since 1982 the United States has staged a truly impressive economic performance. An expansion of output lasted longer than in any other peacetime period in American history; an addition of over 13 million workers to the ranks of the employed; a fall in the unemployment rate from 9.5 percent of the labor force to less than 6 percent; an inflation rate seemingly under control and minute in comparison with the double-digit rates of price increase which burst out in the 1970s—all are signs of a robust, vital economy.

Still, some troubling clouds have been gathering on the horizon. The growth in output that is not directly attributable to increased levels of private capital stock



"Our ability to compete with other nations has been eroded by the low level of public investment in the United States."

and employment—or what economists call "total factor productivity" growth—has slumped during the last decade and a half in the United States. A few specific numbers: the annual growth rate of total factor productivity in the private business economy has plummeted from 1.5 percent during the 1950s and 1.8 percent throughout the 1960s to .8 percent in the

1970s and a dismal .7 percent in the first half of the present decade.

Not only has productivity growth fallen over time, but relative to the experience of our major international competitors as well. The growth in Gross Domestic Product per employed person in the United States has been the lowest in the Group of Seven major industrialized countries. While Japan has achieved productivity growth in excess of 3 percent per annum and West Germany some 2.4 percent, the United States lags far behind at less than one percent.

Economists have offered several explanations of the decline in productivity growth in the United States. A surge in aggregate productivity can be expected whenever resources—labor and capital—are shifted from less to more productive sectors of the economy. The migration of labor from farm to nonfarm occupations had such an effect, but mostly came to a halt by the mid 1960s. Thus from then on productivity growth was slower than before. Zvi Griliches of Harvard University has emphasized a general slowing of expenditures on research and development and a related slowing of technological change. John Tatom and Robert Raasche have pointed a finger at higher energy prices. Finally, a lower level of capacity utilization also may explain some of the reduction of

productivity.

But there are problems with each of these explanations. For example, while the usual dating of the onset of the productivity slump is in early 1973, the first oil shock did not occur until October of that year. Also, while total R&D spending has fallen, this is due to a decline in government R&D and not private R&D, which instead has risen. And the combination of all these factors does not go far enough. The Bureau of Labor Statistics—the government productivity watchdog—estimates that these factors account for only about one-fourth of the slower productivity growth in the private economy.

Usually, concern about the infrastructure centers on questions of safety, convenience, and "quality of life." These concerns are legitimate. But there are deeper implications in the national neglect of our public facilities for the health of the United States economy. Indeed, I have uncovered striking evidence that the recent fall-off in public works spending is at the very core of the productivity slowdown.

Since the framing of the Constitution in the hot Philadelphia summer of 1787, the American populace has been suspicious of government, its individualistic spirit looking first to the free market for the proper conduct of economic affairs. Ronald Reagan's Inaugural assertion that "Government is not the solution to our problem" but rather "government is the problem" landed on sympathetic ears during the early 1980s. "Big government" brings with it intrusive and burdensome regulations, raising the costs of doing business through increased paperwork and forced expenditures on nonproductive items such as pollution control, safety devices, and health facilities. "Big government" involves transfer payments which often require individuals to halt productive activities just so as to qualify to receive welfare payments. Big government ultimately must be financed with higher taxes on labor, capital, or both, which diminish the incentives to produce on the market. Simply put, a large government sector acts as a drag on the process of economic growth. Indeed, a number of academic scholars have begun to estimate the economic effect of government spending

on the supply side of the economy. An expanding body of empirical evidence supports the hypothesis that there is a significant negative relationship between government spending levels and economic growth rates.

I am not an advocate of "big government." However, it must be admitted that on net a host of government activities must enhance rather than detract from the productivity of the private sector, particularly when it is recognized that what lowers unit production costs also increases private productivity. It goes nearly without saying that much private sector production is critically dependent on the availability of public services of a collective or quasi-collective sort such as transportation, water supply, and waste disposal, components of a basic public infrastructure.

Consider a New York firm producing clothing for distribution and sale throughout the United States and the world. The availability of mass transit lowers the commuting cost of the employees which, in turn, pushes down the wages the firm must offer to attract workers. The close proximity of fire and police stations reduces insurance premiums. An uninterrupted water supply allows for the washing and drying of fabrics; an unclogged sewer system clears away the tainted water for treatment. Uncongested city streets serve double duty. Materials can be brought in daily, thereby paring inventory levels and saving on inventory management costs. Trucks move finished clothing to interstate highways and to airports for national and international distribution.

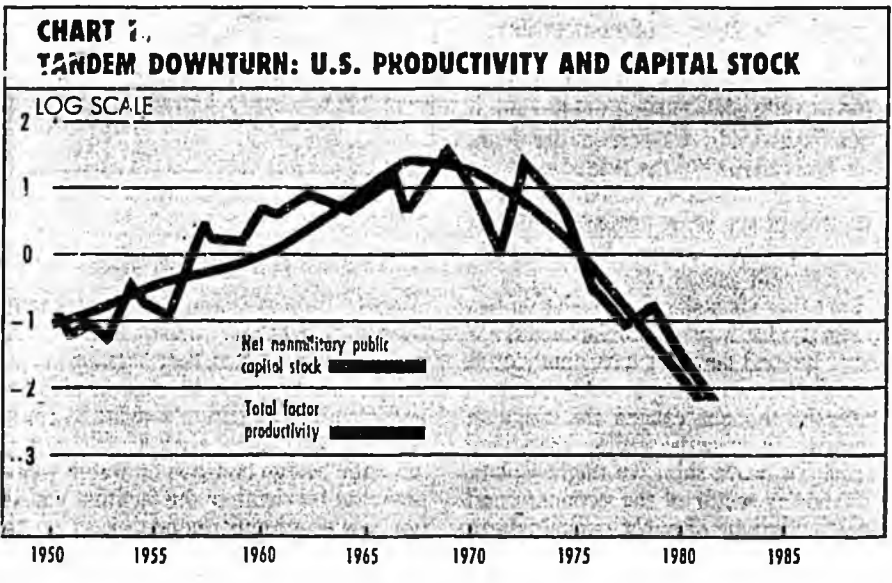
Table 1 depicts the pattern of govern-

TABLE 1

TRENDS IN GOVERNMENT SPENDING AS A PERCENTAGE OF GNP

	Total	Public Nonmilitary Investment	Transfers to Individuals	Net Interest
1950-55	25.0	3.2	4.7	1.3
1956-60	26.3	3.2	5.3	1.2
1961-65	27.7	3.4	6.0	1.2
1966-70	30.0	3.4	7.0	1.2
1971-75	31.7	2.9	9.9	1.1
1976-80	31.8	2.4	11.1	1.3
1981-85	34.4	2.0	12.3	2.1

Source: Bureau of Economic Analysis, U.S. Department of Commerce.



Rx FOR PRODUCTIVITY: BUILD INFRASTRUCTURE

BY DAVID ASCHAUER,
SENIOR ECONOMIST AT THE
FEDERAL
RESERVE BANK OF
CHICAGO

ment spending over the period 1950 to 1985. Total government expenditure—consisting of outlays on goods and services, net interest, and transfer payments to individuals such as Social Security, AFDC (Aid to Families with Dependent Children), and Food Stamps—has steadily risen as a percentage of Gross National Product, from 25 percent during the early 1950s to 34.4 percent by the early 1980s. Of this total, the component increasing at the fastest rate has been transfer payments to individuals, from 4.7 percent of GNP during the first half of the 1950s to 12.3 percent by 1980-85. At the same time, government spending on nonmilitary capital goods—infrastructure expenditures—has fallen from 3.2 percent of GNP to a mere 2 percent. Statistically, it is clear that increased government transfer payments to individuals—accelerating after 1965—are largely responsible for both increased total government spending and a shift in budget shares away from public investment in infrastructure. The welfare state has squeezed out expenditures on more traditional government services such as roads, police services, fire protection, and waste disposal.

This shift in the composition of government spending has adversely affected private sector productivity. Chart 1 shows the tight relationship between productivity in the private business economy and the level of the nonmilitary public capital stock. Productivity clipped along at a 2 percent annual rate during 1950 to 1970 while the net public capital stock expanded by 4.1 percent per year. However, after 1970 the rate of increase in the public capital stock fell to a mere 1.6 percent per year, bringing with it a slump in productivity growth to a miserly .8 percent annual rate.

That there is a strong correlation between productivity and public capital appears beyond doubt. I have conducted various statistical tests to verify that low public investment causes the sluggish productivity growth, rather than vice versa. To prove this, we might isolate a particular sector of the economy and a particular type of public capital where

we would be very comfortable in ascribing a productivity interpretation to the relationship. As it turns out, the level of output per hour in the trucking and warehousing industry is highly positively related to the net stock of streets and highways, with a one percent increase in the stock of highways inducing an increase in trucking output per hour at .8 percent. Trucking is only one component of the process of moving people and goods in the United States, the total cost of which amounts to some 18 percent of Gross National Product. Extrapolating from this result then suggests how important an adequate and well-maintained transportation network is to an economy so dependent on the speedy distribution of goods and services from factory to market. As Nancy Rutledge, Executive Director of the National Council on Public

market as quickly, we may be putting a stranglehold on our economic future."

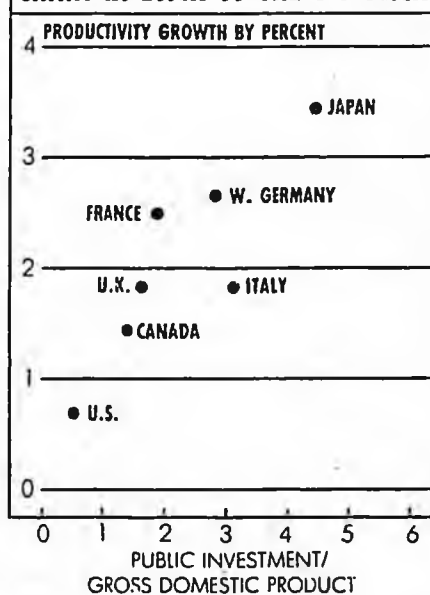
Indeed, this warning should be heeded. Our ability to compete with other nations has been eroded by the low level of public investment in the United States. Chart 2 shows that the U.S. lies at the back of the G-7 pack both in terms of growth in output per hour—labor productivity growth—and in the level of public investment relative to Gross Domestic Product. On the other hand, Japan has sustained higher levels of public investment and has achieved higher productivity growth.

That public capital augments private productivity as suggested above then leads directly to a policy proposal that the United States should dramatically increase its level of public investment spending. I adhere to the proposal of the National Council on Public Works Improvement that spending on infrastructure facilities should be boosted to some \$90 billion or \$100 billion a year.

The evidence presented suggests that more attention should be paid to the composition of the government's expenditure, and particularly the effects such composition may have on the macroeconomy's profitability and productivity. While total government spending mounts, investment in public works slides. Indeed, the share of total government outlays dedicated to public investment declined from nearly nine percent in 1965 to a mere six percent in 1985. By reorienting our public spending priorities so as to upgrade and expand the public capital stock, we can be confident we will heighten the productivity of our workforce and improve our position in the increasingly competitive international marketplace.

—By David Aschauer, senior economist, Federal Reserve Bank of Chicago

CHART 2. BACK OF THE G-7 PACK



Works Improvement, has warned, "there's another, more subtle and powerful effect of this deterioration in our capital works projects that is silently undermining our nation's ability to compete in the world market. It's not a dramatic bridge collapse or water shortage, but by virtue of the fact that we're not able to produce goods or get to the

AGC

NEWS RELEASE

For additional information:
William Henry
(202) 393-2040



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WASHINGTON, D.C. 20006 • (202) 393-2040

FOR IMMEDIATE RELEASE

FEBRUARY 2, 1989

AGC PRESIDENT SUPICA SALUTES 110 COSPONSORS OF H.RES. 41 OPPOSING
A GAS TAX HIKE FOR DEFICIT REDUCTION

WASHINGTON, D.C. -- Associated General Contractors of America (AGC) President Jim Supica saluted the 110 cosponsors of House Resolution 41 which opposes proposals to increase the nation's fuel tax for deficit reduction.

"Many members of the House Public Works Committee, and other representatives deeply involved in the nation's vital transportation programs, understand the devastating effect such a tax would have on our highways and bridges," Mr. Supica said. "They are showing their concern, in part, by cosponsoring H. Res. 41 opposing a federal gas tax increase for deficit reduction."

In a recent letter to all members of Congress, President Supica explained that such a tax "would severely hamper this nation's ability to meet its transportation needs and would adversely affect this nation's productivity and competitiveness." He urged Congress to reject any such proposal.

Mr. Supica pointed to a recent study by the American Association of State Highway and Transportation Officials which estimates that the nation's annual highway capital needs over the next 30 years are nearly double current investment levels. "In light of this study," Mr. Supica said, "a tax on gasoline for deficit reduction will surely destroy the nation's successful highway program. Not only will it breach the user fee concept of the gas tax...it would come at a time when clearly we should be increasing our investment in highways."

-more-

AGC is...8,500-plus General Contracting Firms...112 Nationwide Chapters...22,000 Affiliate Firms...3,500,000-plus Employees...\$150 Billion-plus Market. AGC members perform more than 80 percent of America's contract construction of commercial buildings, highways, heavy engineering, industrial, utility and municipal facilities, and more than 50 percent of the construction performed overseas by American firms.

The nation's highway program is financed through user fees, in the form of state and federal gasoline taxes, Mr. Supica explained. "Taxing gasoline for deficit reduction will surely preempt any state's ability to avail of this key revenue source to meet ever increasing needs." Mr. Supica also reiterated his call for the \$15 billion Highway Trust Fund balance to be used for its intended purpose rather than for masking the deficit.

Mr. Supica explained that AGC opposes a fuel tax increase for deficit reduction for the following reasons:

Highway and bridge needs—Raising the gas tax for deficit reduction would divert billions of dollars annually from the Highway Trust Fund while the condition of our highways and bridges continues to decline. Furthermore, it would come at a time when we should be increasing our investment in highways.

Breach user fee concept—Such a tax would breach the user fee concept of the gas tax which has been critical to the public's support of the highway program.

Preempts state taxes—The tax would undermine state efforts to finance their own transportation needs.

Unfair taxation—American motorists would be singled out to shoulder the burden of reducing the deficit.

Regional inequities—Motorists in Western states, in particular, where driving distances are greater, would be hit especially hard by the tax.

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NATIONAL

NEWSLETTER



January 12, 1989

Route to _____

Volume 41, Number 2

AGC PRESIDENT SUPICA TO 101ST CONGRESS: PROTECT AMERICA'S TRANSPORTATION SYSTEM - REJECT A GAS TAX HIKE FOR DEFICIT REDUCTION

Despite published reports to the contrary, a fuel tax increase for deficit reduction is a very real possibility, and a very real threat to the nation's transportation network, according to AGC President Jim Supica. In a letter to all members of Congress, President Supica explained this week that such a tax "would severely hamper this nation's ability to meet its transportation needs and would adversely affect this nation's productivity and competitiveness." He urged Congress to reject any such proposal. Mr. Supica pointed to a recent study by the American Association of State Highway and Transportation Officials which estimates that the nation's annual highway capital needs over the next 30 years are nearly double current investment levels. "In light of this study," Mr. Supica said, "a tax on gasoline for deficit reduction will surely destroy the nation's successful highway program. Not only will it breach the user fee concept of the gas tax...it would come at a time when clearly we should be increasing our investment in highways."



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CONTACT YOUR SENATORS AND REPRESENTATIVE

Let your Senators and Representative know your opposition to any proposals to increase federal fuel taxes for deficit reduction. Address your letters to: The Hon. _____, United States Senate, Washington, DC 20510 or The Hon. _____, U.S. House of Representatives, Washington, DC 20515. The phone number for the Capitol switchboard is (202) 224-3121.

WHY AGC OPPOSES A GAS TAX INCREASE FOR DEFICIT REDUCTION

- Highway and bridge needs--Raising the gas tax for deficit reduction would divert billions of dollars annually from the Highway Trust Fund while the condition of our highways and bridges continues to decline. Furthermore, it would come at a time when we should be increasing our investment in highways.
- Breach user fee concept--Such a tax would breach the user fee concept of the gas tax which has been critical to the public's support of the highway program.
- Preempts state taxes--The tax would undermine state efforts to finance their own transportation needs.
- Unfair taxation--American motorists would be singled out to shoulder the burden of reducing the deficit.
- Regional inequities--Motorists in Western states, in particular, where driving distances are greater, would be hit especially hard by the tax.

Page 1



January 19, 1989

Route to _____

Volume 41, Number 3

GAS TAX FOR DEFICIT REDUCTION—MAJOR THREAT TO THE NATION'S HIGHWAY PROGRAM

AGC continues its efforts to protect the nation's highway program from a very real possibility and threat—a gasoline tax increase for deficit reduction.

During a January 18 meeting of industry groups opposed to such a tax, held at AGC of America, Rep. Bud Shuster (R-Pa.) said that the possibility of a gas tax for deficit reduction is the greatest threat he's ever seen to the nation's highway program.

Explaining that the federal government is not even spending badly needed dollars which have accumulated in the Highway Trust Fund, Rep. Shuster said adding a gas tax for deficit reduction would further harm efforts to improve the highway system. Rep. Shuster, Rep.



Rep. Bud Shuster

Glenn Anderson (D-Calif.), Public Works and Transportation Committee Chairman, and Rep. John Paul Hammerschmidt (R-Ark.), the committee's Ranking Republican member, today introduced a resolution, H.R. 41, opposing any efforts to increase the gas tax for deficit reduction. The resolution has 61 original cosponsors. Last week, AGC President Jim Supica called on Congress to reject a gas tax increase for deficit reduction. In a letter to all members of Congress, President Supica said such a tax "would severely hamper this nation's ability to meet its transportation needs and would adversely affect this nation's productivity and competitiveness."

Growing Opposition To Gas Tax For Deficit Reduction..As many industry and consumer groups have mobilized opposition to a gas tax for deficit reduc-

tion, media coverage opposing such a tax has grown. In a recent column in the *Washington Times*, for instance, former Federal Highway Administrator Ray Barnhart said that "While deficit reduction is clearly a worthy national priority, it should not blind us to the overwhelmingly negative impact this tax would have" on America's deteriorating road infrastructure.

"IT IS IMPERATIVE THAT AGC MEMBERS URGE THEIR REPRESENTATIVE TO COSPONSOR HOUSE RESOLUTION 41 OPPOSING A GAS TAX FOR DEFICIT REDUCTION"—AGC PRESIDENT SUPICA

A FUEL TAX INCREASE FOR DEFICIT REDUCTION—NO SOLUTION

With pressure mounting to reduce the federal budget deficit, the threat of an increase in the federal fuel tax for deficit reduction has never been greater.

Some have embraced the idea as the "easy solution" to the federal deficit. But what looks like an easy solution is really no solution at all. In fact, the tax would have severe consequences on America's transportation system, the economy, and freedom of mobility.

continued on page 2

GAS TAX from page 1

A gas tax increase for deficit reduction would:

- Only reduce the federal deficit by 27 cents for every dollar of tax raised.
- Threaten the nation's highway program by destroying the user fee concept of the gas tax.
- Divert billions of dollars annually from highways at a time when increased infrastructure investment is desperately needed.
- Single out the nation's motorists to shoulder the burden of reducing the deficit.
- Derail many state initiatives for increasing funding for state highway and bridge improvements.
- Drive up the cost of doing business, increase inflation and harm American businesses in the world marketplace.
- Take away from infrastructure investment, thus further harming the economy.
- Place the heaviest burdens on rural Americans and on the poor.
- Undo many beneficial aspects of tax reform.



A Coalition of industry groups opposed to a gas tax increase for deficit reduction mapped strategy during a recent meeting at AGC headquarters. Rep. Bud Shuster is speaking. The meeting was also addressed by AGC Legislative Committee Chairman Doug Plitcock.

180- What's some of the fuels, so as to repairing
roads.

190 Clyde Stottos. Special Asst. to Comm.
Steadily Support. HSR 15.

Poles by American people - 732 opposed said gas taxes
to balance budget. 995 feel would hurt economy
Fuel tax has been average alike as matter
what income.
Highways would be reduced

3rd from lowest on the amount for collected
taxes of gallon of gas.

-298 Gb- would like to

311- Foster - Move HSR 15 pass the law. He
with I.d.v. Rec.

9:40

HR 12
HJR 15

8:35

037 Holmes Rep Bill Nelson Dist. 4 called to testify. HR 12
Since his primary sponsor 74-79 Act as Director of Ferry Syst.
Development & Adaptation for AKMHS. Submitted to
legislature for approval. Advanced planning to help
deal with Ferry System. Several 100,000
spent on plans for F/S but none completed.
Bill calls for a special tax for submitting
Master plan to Legislature. Least some at
granted cost.

Each Dist. tries to develop ~~the~~ plan
must be a Master Plan.

161 Guss

169 Holmes Yes

178 Guss Does this plan comply

181 Holmes ~~Why not.~~

195 George Davidson Dir. AKMHS.
Goal of HR 12, accomplish the goals and develop
Master Plan for AKMHS. Environmental ^{Review} ~~Review~~ in
detail. Also ^{giving} ~~has~~ been Federal Aid program.
Condition ^{up to} ~~Surveys~~ Mandated priorities, 2 people
working on it, we feel we can meet April 15
deadline.

281 Guss

287 David

290 Guss

8 35

Cato, Lower Br

H.C.R. 12

Bill Hudson - District 4 representative
#

1974-1979 - Director of Ferry System
Bill is straightforward + simple but
very important.

Calls for development + adoption of
A.M.H.S. masterplan that will require
quite a lot of careful planning +
forward thinking long term planning. Submitted to Leg. for review
Advance planning that will help ^{ad. approval}

administration, public + legislative deal with
the future growth + development of legislature.

Bill address on some of the frustrations
legislature has. Several hundred thousand
dollars spent on plans etc and then
these plans not be carry out

Great advance planning with

Cumett masterplan is over 1 year late
Therefore this bill requires masterplan
be submitted to legislature by April 15,
1984.

Bill also requires that masterplan contain
input from all communities served.

We have looked at high speed ferries.
We are using our mainline ferries
as feeder ferries - we have
look many times at roads to +

from many southeast communities
but no roads get.

Therefore we need to make sure
that the ferry system is running
~~adequately~~ and as efficiently as possible.
We need a plan, we need it in
a timely manner & we need it
to address some very important issues
that we outlined in this resolution

Ben

Is April 15, 1989 the date
for the current plan.

Bill

Yes. The plan is over a year late.
D.O.T. stated the plan is on a desk
at D.O.T.

April 15th is a realistic date because
much of the things required by this bill
have already been done.

George
W. W.

Feb HCR 12 gives A.M.H.S. the
needed push to produce report.

Stan McAlister, project manager
will be dedicated to this project
until completed.

Consideration of road alternatives
Southeast ^{transportation} plan was recently completed
which ~~contains~~ studies & outlines
all the road alternatives. The
information in southeast plan will

be incorporated in masterplan.
To expense + time consuming to
redo the same thing.

4 - environmental ^{Impacts have been Reversed} information

As they become site specific the
environmental impacts will be identified.
There has been a broad overview of environmental
impacts done, however in order to get this report
out in a timely manner would like to
do an overview + be specific as each
~~they~~ ~~important~~ environmental problem is
identified.

Bill

As far as dovetailing the road alternatives report to the A.M.H.S. masterplan.

If the commissioner + the department will take the official stand on these recommendations + these will become A.M.H.S. + D.O.T. official recommendations.

There are so many ideas + recommendations out there regarding road alternatives. We need to have an official stand from D.O.T. as what you consider to be the best road alternatives.

~~# Summary of road alternatives~~

Bar

take 12 - move up to 3

a written summary of the ~~consideration of linkage~~ relationships between → (go on) the A.M.H.S. + the state.

amendment to audit

* 523 -

* 561 para act

563 ~~Law~~ Law sent to para HCR 12
out of committee with I/Rover.
Object. No

578 CHAAL next Order of House
HSR 15.

Committee found out to Rep 15
50 Rep votes could testify

583
Rep Cato
House Document
#6

you brief Overview of HSR 15

632

Tape 1 000
Side B

Lesson who is pushing A this legislation

037 ~~what~~ What is current Fed tax on gallon gas
9¢ - Increase to 50¢ Raise 50 billion dollars

075 * Rese Jerald Sen. Supports HSR 15

111 Hedman Would Support State gas tax

112 Yes Start tax

121 Foster This support State gasoline tax

125 Rese - Diesel gas. Motor fuel exempt.

160 ~~Support~~ -
Dir. to Committee
Act. Gas tax

Belle #1
Don #2
Chad #3

HJR

41

HOUSE COMMITTEE REPORT

(5)

Date Referred: April 20, 1989

FURTHER REFERRALS:

Date of Committee Action: 5/2/89

The TRANSPORTATION Committee considered:

~~HOUSE JOINT RESOLUTION NO. 411~~

[CONGRESSIONAL OVERSIGHT OF TANKER SAFETY]

Relating to the safety of oil tanker traffic into and out of the Port of Valdez.

RECOMMENDATIONS:

- [] be replaced with CS (Res) [] the same title
[] a new title
[] have attached amendment(s)
[✓] do pass
[] do not pass
[] no recommendation
[] individual recommendations
[] additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):
(Dept)

APPROVES PREVIOUS:

(Date/Dept)

- [] fiscal impact _____
[] zero fiscal note _____
[] zero with analysis _____

- [] fiscal note(s) _____
[✓] zero fiscal note(s) _____
[] zero fn/analysis _____

SIGNING DO PASS:

SIGNING:

(Check approp. column)

Do Not Pass No Rec Amend

Butte Cat
Ben S...
Richard J. ...

	Do Not Pass	No Rec	Amend

Butte Cat
Chairman's Signature

HOUSE COMMITTEE REPORT

(9)

Date Referred: April 5, 1989

FURTHER REFERRALS: TRANSPORTATION

Date of Committee Action: 4-19-89

The RESOURCES Committee considered:

HJR 41

HOUSE JOINT RESOLUTION NO. 41

[CONGRESSIONAL OVERSIGHT OF TANKER SAFETY]

Relating to the safety of oil tanker traffic into and out of the Port of Valdez.

RECOMMENDATIONS:

- be replaced with CS HJR 41 (RES) the same title
- have attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):
(Dept)

APPROVES PREVIOUS:

(Date/Dept)

- fiscal impact _____
- zero fiscal note _____
- zero with analysis _____

- fiscal note(s) _____
- zero fiscal note(s) _____
- zero fn/analysis _____

SIGNING DO PASS:

SIGNING:

(Check approp. column)

Do Not Pass No Rec Amend

	Do Not Pass	No Rec	Amend

 Chairman's Signature

FISCAL NOTE

REQUEST:

Revision Date: _____
 Title: Congressional Oversight of Tanker Safety
 Sponsor: _____
 Requestor: House Resources Committee

Agency Affected: _____
 BRU: _____
 Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
CONTRACTUAL	-0-	-0-	-0-	-0-	-0-	-0-
SUPPLIES	-0-	-0-	-0-	-0-	-0-	-0-
EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
LAND & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
GRANTS, CLAIMS	-0-	-0-	-0-	-0-	-0-	-0-
MISCELLANEOUS	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
---------	-----	-----	-----	-----	-----	-----

REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
---------	-----	-----	-----	-----	-----	-----

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME	-0-	-0-	-0-	-0-	-0-	-0-
TEMPORARY	-0-	-0-	-0-	-0-	-0-	-0-

ANALYSIS : (Attach a separate page if necessary)

Prepared by: House Resources Committee Phone: 465-2487
 Division: Representative Cliff Davidson, Chairman Date: 4/18/89

Approved by Commissioner: _____ Date: _____
 Agency: _____

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

VALDEZ TANKER FLEET HAS TAKEN A BEATING



Anchorage Daily News/Paul Souders

The oil tanker Exxon Long Beach sails through the Valdez Narrows for Prince William Sound after loading at the port facility in Valdez.



Anchorage Daily News map

Rough seas leave mark on vessels laden with oil

By PATTI EPLER
Daily News reporter

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A decade of sailing the world's roughest seas has taken its toll on the giant tankers that carry millions of gallons of North Slope crude oil from Valdez to the Lower 48.

The Valdez fleet now includes some of the world's worst tankers, according to one ranking, and a rising frequency of spills and hull cracks is causing concern about how safe Alaska waters are from a devastating oil spill.

Two January oil spills in Port Valdez have sharpened focus on the issue of the tanker fleet's soundness and prompted shipping industry scrutiny of the vessels.

Records and reports obtained under the Freedom of Information Act, a search of state files and interviews with shippers and government officials reveals:

- An increasing number of structural failures — mainly hull cracks — has prompted the Coast Guard and the American Bureau of Shipping to put the Alaska fleet under closer review. Coast Guard records show the number of hull cracks in tankers has doubled since 1984.

- About 20 percent of the fleet is rated undependable by a former tanker officer who provides the only rating service for potential charterers.

Please see Page A-9, TANKERS



A tugboat trails the tanker Exxon Long Beach through the Valdez Narrows, about three-quarters of mile wide at its narrowest. The tug is required in case the tanker loses power.

Anchorage Daily News Photo by [unreadable]

TANKERS: Wear of rough seas shows in the cracks of steel hulls

(Continued from Page A 1)

• Tanker owners and operators have reportedly taken less time to replace worn or damaged equipment problems on general shippers. The Coast Guard, which has the main authority over tankers, hasn't fined a tanker more than \$1,000 in at least four years. And the U.S. Department of Environmental Conservation has issued more than 150 notices of violation to tankers in the past five years—but only once has tried to collect money for costs or fines.

• Alaska tankers have a higher rate of structural failures than any other class of U.S. commercial ship, mainly due to the rough weather they encounter.

The Gulf of Alaska, a place the textbooks call "the mother of storms," can generate seas as tall as a five-story building and winds up to 150 miles per hour. Even the relatively benign 28-foot swells that are routinely storm-driven shoreward across the vast North Pacific can bend the steel hull of a heavily loaded tanker like a wire coat hanger.

"If you bend a coat hanger once a day, it's going to take a long time to break," says Coast Guard Lt. Cmdr. Tom Purtell, author of a recent report on the structural soundness of American shipping. "But if you bend it once a minute you might get it to fail in a day."

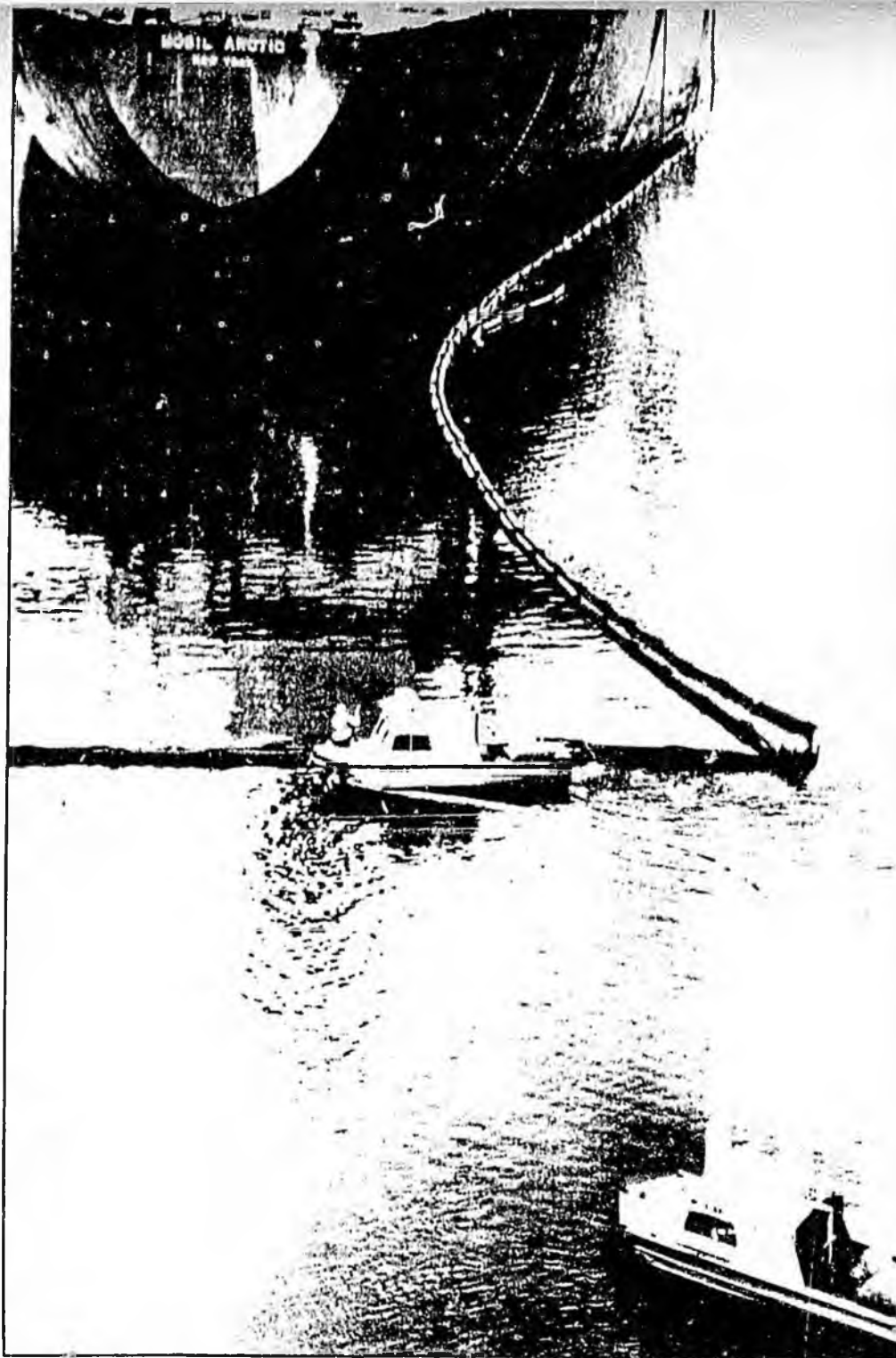
"It's the same stresses for a ship. How many times can you flex a piece of steel before whatever imperfections are in it come to fail? A ship exposed to the extremes of the environment persistently is going to suffer a higher frequency of failure."

• *How many times can you flex a piece of steel before whatever imperfections are in it come to fail?*

— Coast Guard Lt. Cmdr. Tom Purtell



U.S. Coast Guard Cmdr. Steve McCall says that overall the Valdez tanker fleet is still in good shape.



Crews on two small boats clean up oil spilled into Valdez harbor while the tanker Mobil Arctic loads oil. Alyeska officials said the oil may have been left over from a January spill.

Tankers have made more than 17,000 voyages up and down the West Coast since the trans Alaska pipeline began operating in 1977, creating the so-called TAPS trade. Despite early fears of catastrophic oil spills, the shippers' environmental record has been very good: Two major spills happened when tankers ran aground — one off the coast of Washington in 1986 and one last week near Honolulu — and two in the Gulf of Alaska from hull cracks, both involving the same tanker, the *Stuyvesant*.

Since 1977, there have been about 400 oil spills in Port Valdez, nearly all less than a barrel in size, according to oil company and state records.

Over time, the worst ships are being scrapped from the fleet because, as Alaska oil production declines and pipelines carry more oil from the West Coast to the east, fewer ships are needed, shippers say.

But, with no new tankers

being built, state and federal officials and some tanker owners are concerned repeated stress on remaining tankers could result in more major spills.

"Overall, I think (the fleet's) in very good condition," says Cmdr. Steve McCall, head of the Coast Guard's Valdez office. "Whether or not another 10 years from now it'll be a real problem, we don't know."

Now, the New York-based Tanker Advisory Center gives about 20 percent of the Valdez tanker fleet its lowest rating, and another 10 percent rank only fair. More than 30 percent are rated very high.

Arthur McKenzie, a former tanker officer who runs the service to advise potential charterers of a tanker's likelihood to have problems, generally considers the Alaska tankers to be in good shape.

Still, about 16 of the 80 tankers that regularly call at Port Valdez have earned his lowest rating, based mainly on their age, ownership and the number of casualties — collisions, strandings, groundings, machinery and structural problems — they've had.

According to his 1987 ratings guide, which included information on 3,200 tankers worldwide, one regular visitor to Port Valdez — the *Cove Leader*, which spilled about 2,500 gallons of crude into the port earlier this year — had more casualties on its record than all but one other tanker. Two other *Cove* ships that frequent the Valdez trade also had higher numbers of casualties than most other ships in the guide.

Last April, the Coast Guard decided to look for any trends of structural problems in the U.S. ocean-going commercial fleet,

much the same as the Federal Aviation Administration is trying to pinpoint a pattern of problems with the nation's airlines. The Coast Guard examined the records of 445 ships, including 245 freighters and 200 tankers, and reviewed casualty reports from 1984 through 1986.

Purtell, who headed the study, and his investigators noted a "strong trend" in the number of cracks being reported in tankers plying the North Pacific. "While TAPS tankers make up only 13 percent of the entire fleet, they accounted for 52 percent of all the structural failures during 1984 through 1986," their report said.

The investigators were surprised to find that younger ships actually had three times as many structural failures as ships more than 21 years old, the age generally considered "old" by the Coast Guard. Most of the

Alaska tankers were built in the past 20 years.

"The real intention of that report is to acknowledge the TAPS trade as an extreme service that really requires a higher degree of attention," says Purtell.

As a result of the study, Coast Guard headquarters has told all offices to give "special consideration" to the TAPS tankers. When in dry dock, the ships are to be given an especially thorough structural inspection and checked for internal fractures that could spread to the hull. Requests to stay longer in dry dock by tanker operators could signal a problem.

In January, two tankers calling at Port Valdez sprang leaks from hull cracks within a two-week period. People began asking if the tanker fleet was getting old, and the American Bureau of Shipping decided to investigate.

"In this case, we looked into it rather thoroughly," says Tom Tucker, vice president of the New Jersey-based organization that oversees design and construction standards for the U.S. shipping industry. "We determined it was a problem unique to the (Alaska) service." The bureau has alerted its West Coast surveyors and inspectors to be on the watch for stress problems with the fleet.

Bureau inspectors examined the two ships, the *Thompson Pass* and the *Cove Leader*, researching original designs and performance records. They ruled out construction flaws, he says.

Instead, the bureau believes unusual stress and strain on TAPS tankers comes from tumultuous Gulf of Alaska storms. Hurri-

Please see Page A-10,
TANKERS



A sea otter floats in Valdez Harbor. In background an oil tanker sits in port.

TANKERS: Fleet shows the wear

Continued from Page A-9

cane-force winds are common, and the Navy has measured seas up to 40 feet high, says Gary Hufford, chief regional scientist for the National Weather Service.

Geographic and oceanographic conditions also combine to produce long, rolling swells, 12 feet high in winter, eight feet in summer. "That's a phenomenal height," Hufford says.

Across this environment sails the oil tanker, unable to venture too far off course to avoid the weather. The tankers "are taking all those big waves right on the beam," notes Hufford. "They're always getting pounded from the side."

Tanker operators describe a process called "hogging and sagging" to explain what happens to the long, heavy tankers when a wave passes under. As the wave lifts the ship, bow and stern "hog" — go down in the water. When the wave passes, the middle "sags" as the bow and stern come back up.

Tankers are designed to be flexed over and over again without failing, but the repetition of stress or concentration of stresses in one area seems to be causing cracks to appear more frequently than anticipated, much as in the wire coat hanger analogy, according to tanker operators, the Coast Guard and others.

"The trouble with any trade route that is basically north to south," says Roger Gale, BP Oil Co.'s manager of marine operations, "is how do you dodge something

that is crossing over you? You either have to stop and wait until it passes or go like hell. And most of the ships don't have that kind of speed."

The key to lessening stress on a tanker is the skill of the ship's master in steering through the rough seas. "The real issue here is do the people on board the ship know when to slow down a little bit, change the course a little bit," says Gale. "It's amazing how a few degrees change in course to shift the wind can make the ship ride a little bit easier."

About 75 tankers a month call at Alyeska's pipeline terminal in Port Valdez. The two largest — the ARCO Independence and the ARCO Spirit — are as long as an aircraft carrier and twice as heavy when loaded. At 262,000 deadweight tons each — the sum of cargo and fuel — those two are medium-sized in terms of today's supertankers; the biggest now runs more than 500,000 tons.

Each of the two ARCO ships can carry 2 million barrels, or 84 million gallons, of crude oil. The 21 cargo tanks on each ship are so big that the crew sometimes paddles around in rafts to inspect the tanks.

The Coast Guard requires tankers to be dry-docked and inspected about every two years. A Coast Guard inspector as well as an American Bureau of Shipping surveyor examines each tanker while it's out of the water.

The big tanker operators

— Arco, Exxon Corp. and BP — say catching small cracks before they become big ones is the best way to prevent oil spills. The companies spend millions of dollars a year on inspection and maintenance, and have staffs of marine engineers and inspectors to keep their fleets in good shape.

BP is Alaska's largest oil producer and it's biggest shipper. Arco and Exxon each own about 10 tankers that sail to Valdez; BP, which is prohibited from owning ships under the Jones Act because it's a British company, charters 22 tankers that move its Alaska crude to the West Coast and Panama.

BP keeps abreast of its rented fleet through its port captains, former tanker officers who check the ships at most ports they enter. A staff of marine superintendents and engineers inspect the tankers about once a year to look for cracks and pits and other potential problems, according to Gale and Fred Garibaldi, vice president of transportation for BP Oil.

They point out that no oil company wants to see its oil spilled into the ocean — the loss of the cargo as well as cleanup costs run into the millions of dollars before it's settled.

Several independent tanker companies own ships regularly hired under short-term or one-time charters for the Valdez trade. And some operators and of-



A tanker fi



Dan Lawn, c

Please see Page A-11, TANKERS

HJR

72

Relating to requirements for the carriage of oil in double-hulled tankers.

RECOMMENDATIONS:

- [] be replaced with _____ [] the same title
- [] have attached amendment(s) [] a new title
- [] do pass
- [] do not pass
- [] no recommendation
- [✓] individual recommendations
- [] additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS:

(Date/Dept)

- [] fiscal impact _____
- [✓] zero fiscal note Transportation
- [] zero with analysis _____

- [] fiscal note(s) _____
- [] zero fiscal note(s) _____
- [] zero fn/analysis _____

SIGNING DO PASS:

Ben S. ...

Bill ...

Thomas H. ...

SIGNING: (Check approp. column)

	Do Not Pass	No Rec	Amend
<i>Richard ...</i>		X	
<i>Arew A ...</i> ^{do pass w/ amendment}			X

Richard ...
Chairman's Signature

26
27
28
29
H

WHEREAS the additional ...

shipyard in the United States adds less than one-tenth of a cent per gall to the cost of crude oil carried over the life of the tanker; and

WHEREAS double-hulled design and construction can be achieved witho

FISCAL NOTE

REQUEST: House Transportation Committee

Revision Date: _____
Title: requirements relating to
the carriage of oil in double hull tankers
Sponsor: cotton, Kubina, menard, Davis
Requestor: House Transportation Committee

Agency Affected: Revenue
BRU: _____
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 90	FY 91	FY 92	FY 93	FY 94	FY 95
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-0	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY	-0-	-0-	-0-	-0-	-0-	-0-

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Walter Muller, House Transportation Committee Phone: 465-4858
Division: House Transportation Committee Date: 1/30/90
Approved by Commissioner: Richard J. [Signature] Date: _____
Agency: _____

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

The following information was taken from:

An Assessment of Tanker Transportation Systems in Cook Inlet and Prince William Sound

Prepared for: Alaska Oil Spill Commission

Prepared by: Engineering Computer Optecnomics, Inc.

Section V.8 - Cost of Improved Tankers

Figure V - 6 illustrates the increased cost of improved tankers based on the improved 70,000 deadweight ton Cook Inlet crude carrier and the improved 250,000 deadweight ton Prince William Sound crude carrier. Both of these crude carriers incorporate the engineering subsystems discussed within this section, with cost data verified by U.S. shipyards, and are governed by the following factors:

- Single ship bid from U.S. shipyard (Nov. 1989) with a 1992 delivery;
- Service speed is 14 knots;
- Designed for ice operations in Cook Inlet/Prince William Sound;
- Main propulsion - diesel engine(s); and,
- Hydraulic unit for auxiliary thruster and cargo pumps.

Figure V - 6 also shows that the construction cost of a 70,000 deadweight ton, single hull tanker, is approximately 85 million dollars, whereas the cost of an improved B/15 double hull tanker (separation between the inner and outer hulls is the tanker's beam divided by 15), of the same deadweight, is 93 million dollars. This 8 million dollar increase in construction cost equates to a cost increase of 9.4 percent for the Cook Inlet crude carrier.

From the same graphic, it is shown that the cost of a 250,000 deadweight ton, single hull tanker, is approximately 175 million dollars, whereas the cost of an improved B/15 double hull tanker, of the same deadweight, is approximately 192 million dollars. The computed cost increase of 17.2 million dollars equates to a cost increase of 9.8 percent for the Prince William Sound crude carrier.

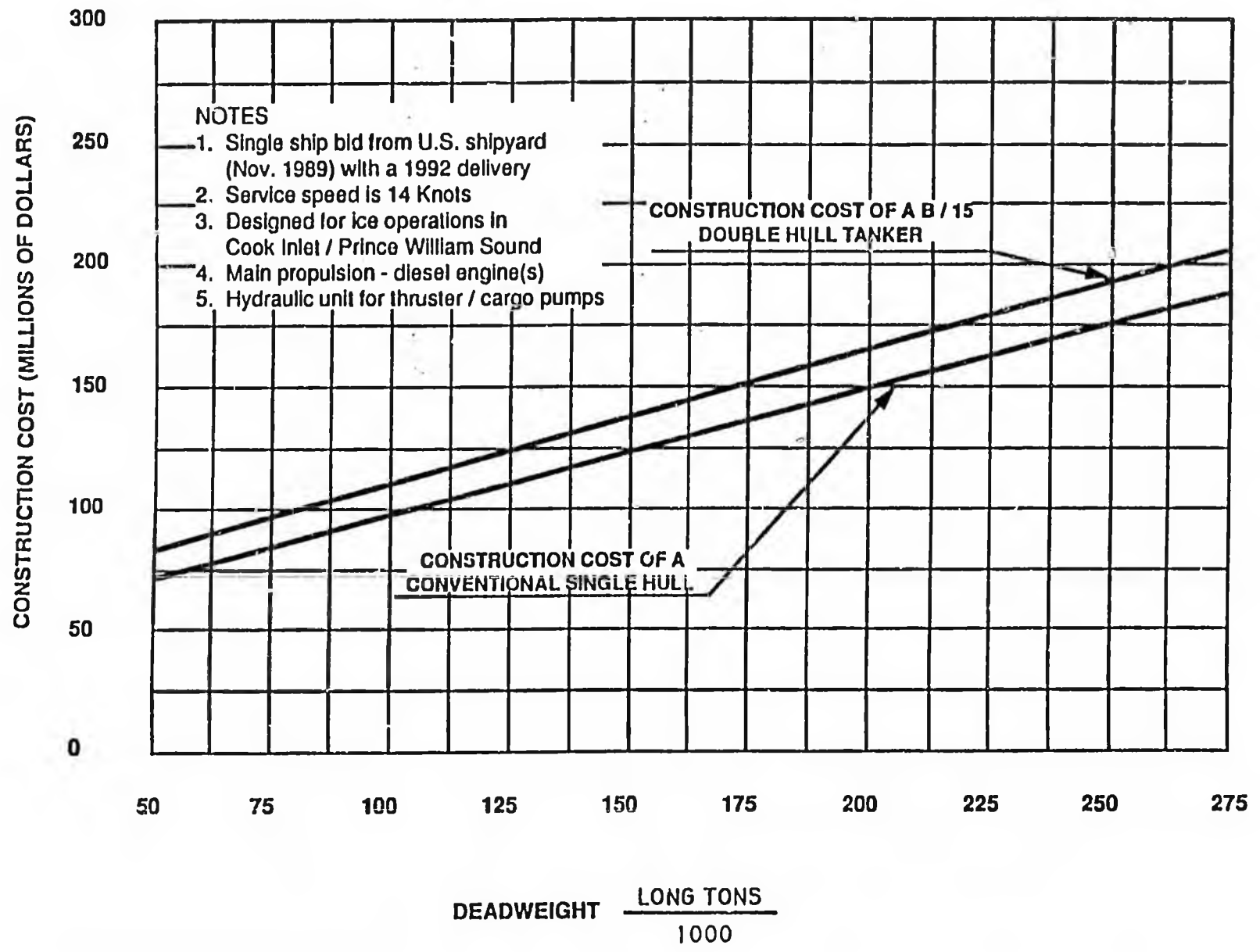


FIGURE V - 6