

12071

SENATE

TRANSPORTATION

SB

92/

HB

115

SENATE COMMITTEE REPORT

DATE: 2/28/05

FURTHER: Finance

DATE TURNED
IN TO OFFICE: 3/1/05

Transportation Committee considered CS FOR HOUSE BILL NO. 115(TRA)

HB 115 AIRPORT CUSTOMER FACILITY CHARGES

"An Act relating to charges paid or collected by users or occupants of an airport facility owned or controlled by the state; and providing for an effective date."

and recommends:

- be replaced with S CS CS HB115 (TRA)
- adopt previous CS ()
- attached amendment(s)
- adopt Letter of Intent by Committee
- further referral to Committee

Senate Bill:	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	New Title
House Bill:	
<input checked="" type="checkbox"/>	Same Title
<input type="checkbox"/>	Technical Title Change
<input type="checkbox"/>	New Title w/ SCR # <u> </u>

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
DOT	2/1/05			✓	1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
Sen. French	X			
Sen. Kookesh	X			
Sen. Thériault			✓	
Sen. Cowdery	←			
CHAIR: Sen. Huguin			✓	

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

Mary Pagenkopf

HB 115

Senate Transportation Committee 3/1/05

SB 92

Senate Transportation Committee 2/24/05

Airport Customer Facility Charges
Sponsor Statement for SCS CS HB 115 (FIN)
Released: February 7, 2005
Josh Applebee

HB 115 provides a mechanism (customer facility charges or "CFCs") to improve airport facilities without the expenditures of state funds. The most common projects to use CFCs funds are car rental facilities. The bill also provides a revenue stream to maintain and operate the facilities, without requiring an increase in the airport operating budget as the cost of maintenance will be paid using the related customer facility maintenance charge.

In 2001, the legislature passed chapter 99 SLA 2001, which authorized the imposition of customer facility charges to fund the construction of improvements on airport properties. CFCs have been imposed by many other airports around the country as a means of funding car rental facility improvements. No state credit is pledged to support the bonds. Dallas-Fort Worth and Denver are two examples out of many where CFC's have been used successfully to build these facilities.

During negotiations with the state over the implementation of the project, issues were identified and set forth in ch. 99 SLA 2001. These issues should be clarified to ensure the bonds can be marketable. Those issues revolve around clarifying the new revenue stream generated by the CFC should not be considered revenue of the state when the bond is a private initiative and ensuring that the bond trustee, not the state, will take custody of the funds.

Because the facility will revert to the state in its entirety at the end of the term, it would also be appropriate to allow the imposition of a customer facility maintenance charge to ensure the facility is well-maintained and kept up appropriately. The charge also avoids any impact on the airport's operating budget as the airport will not be responsible for the maintenance and repair of the facility while under airport car rental company's control.

This bill implements a valuable private market tool to construct improvements to Alaska airports, without the expenditure of public funds. This will improve the amenities provided to the traveling public, both Alaskan and non-Alaskan alike.

I urge your support for this bill.

SCS HB 115 (FIN) 24-LS0300/L

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http://www.akrepublicans.org/anderson/24/spst/ande_hb115.php

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Ken Erickson Bud Curtis

Airport Customer Facility Charges
Sectional Analysis for House Bill 115
Released: February 15, 2005
Josh Applebee

Section 1. The language that was added in ch. 99 SLA 2001 to AS 02.15.090(a) is being moved into a new subsection (h) for clarification purposes.

Section 2. This adds a new subsection (h) to AS 09.15.090 which now becomes the operative stand alone section allowing for the collection of customer facility charges ("CFCs"). It allows the commissioner of DOT/F, by contract or order to set the CFC, to require the car rental companies to collect the fee, and to adjust the CFC to meet debt service obligations that might be required or desirable as car rental traffic increases or decreases over time; these are carry-overs of existing law. The new language clarifies that the CFCs will be remitted to the bond trustee and not the state when the state did not issue the bonds. CFCs will still be used to repay the bond or other indebtedness incurred for the project. However, the definition of what types of indebtedness could be paid has been broadened to include debt service, creation of a debt service reserve fund, and to meet any other bond requirements.

New subsection (i) allows for the imposition of a related customer facility maintenance charge. These differ from CFCs as they are not debt related; they are collected to pay for the maintenance and operation of the facility. Thus, they will cover major repairs, on-going maintenance, utilities and insurance among other expenses. This will prevent the facility from becoming an operational liability to the department while occupied by the RACs in operation; and will ensure that a major repair fund is maintained so that when the state takes sole custody of it in 30 years, there are enough funds to undertake major repairs and allow the facility to be used for its real economic and physical life.

Section 3. AS 37.15.410 allows for issuance of revenue bonds for international airport improvements. The 2001 amendment clarified that CFCs are not considered revenues of the state for the purpose of these revenue bonds. This amendment clarifies that customer facility maintenance charges are not considered revenue of the state for the purpose of these revenue bonds.

Section 4. AS 37.15.430(.) creates the "International Airports Revenue Fund" into which airport revenues are paid. The 2001 amendment clarified that CFCs are not considered revenues of the state for the purpose of these revenue bonds. This amendment clarifies that customer facility maintenance charges are not considered revenue of the state for the purpose of these revenue bonds.

Section 5. AS 37.15.430(c) had been added by the 2001 amendment to clarify that CFCs should be remitted to the bond trustee and not the state. This amendment clarifies that the CFC is not charged to customers, it is collected from them pursuant to the order imposed by the commissioner, and further clarifies that the customer facility maintenance charge is remitted directly to a third party rather than the state.

Section 6. Establishes an immediate effective date under AS 01.10.070.

SCS HB 115 (FIN) 24-LS0300-1.

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: SB92-DOT-CO-2-22-05
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: DOT&PF
 Title Airport Customer Facility Charges RDU Administration & Support
 Component Commissioner's Office
 Sponsor Sen. Ben Stevens
 Requester Senate Transportation Component No. 530

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2005) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Nona Wilson Phone 465-3904
 Division Legislative Liaison, DOT&PF Date/Time 2/22/05 4:08 PM
 Approved by: Mike Barton Date 2/22/2005
 Agency Commissioner, DOT&PF

Alaska State Legislature
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Session:
STATE CAPITOL
JUNEAU, AK
99801-1182
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SENATOR BEN STEVENS

SPONSOR STATEMENT

Senate Bill 92

“An Act relating to charges paid or collected by users or occupants of an airport facility owned or controlled by the state.”

In 2001, the legislature passed Chapter 99 SLA 2001 relating to airport revenue bonds and customer facility charges. That bill allowed customer facility charges (CFCs) to be remitted directly to a bond trustee, not be considered revenue of the state, and utilized to pay the principal of, interest on, and any other cost of debt service on the bond indebtedness. These bonds are used for airport facility improvements.

During negotiations with the state regarding the use of CFCs for improvement of airport facilities, issues were identified in Chapter 99 SLA 2001 that required clarification. Senate Bill 92 clarifies and expands the utilization of a customer facility charge. It adds “or other third party” to who may receive the proceeds of CFCs. It also expands the types of indebtedness that can be paid. The CFC proceeds are not revenue of the state because they secure indebtedness that is managed by a trustee or another third party. Because no state credit is pledged to support the bonds, it is not considered revenue of the state. The bond is a private initiative and ensures that the bond trustee or other third party, not the state, will take custody of the funds.

Senate Bill 92 adds a customer facility maintenance charge. These charges differ from CFCs because they are not debt related. They are collected to pay for the maintenance and operation of the facility. This will prevent the facility from becoming an operational liability to the state. SB 92 also ensures that a major repair fund is maintained through deposits into the "International Airport Revenue Fund." This will be important when the state takes sole custody of the facility in 30 years. An increase in the airport operating budget will not be required because the cost of maintenance will be paid using the related customer facility maintenance charge.

SB 92 ensures the CFC and customer facility maintenance charge will be set by the Alaska Department of Transportation & Public Facilities through a public hearing process. Consumers purchasing goods and services at retail locations located on airport property pay the fees.

Airports require frequent capital improvements and maintenance to provide safe, reliable transportation. The most common projects where CFC funds are utilized are car rental facilities. Dallas-Fort Worth and Denver are two examples out of many where CFCs have been successfully used to build these facilities.

Senate Bill 92 implements a valuable private market tool to construct improvements to Alaska airports without the expenditure of public funds. This will improve the amenities provided to the traveling public.

Alaska State Legislature
PRESIDENT OF THE SENATE

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SENATOR BEN STEVENS

Sectional Analysis for Senate Bill 92

Section 1. The language that was added to AS 02.15.090(a) in Chapter 99 SLA 2001 is being moved into a new subsection (h) for clarification purposes.

Section 2. This adds a new subsection (h) to AS 09.15.090 that now becomes the operative stand-alone section allowing for the collection of customer facility charges ("CFCs). It allows the commissioner of DOT/PF, by contract or order to set the CFC, to require the car rental companies to collect the fee, and to adjust the CFC to meet debt service obligations that might be required or desirable as car rental traffic increases or decreases over time; these are carry-overs of existing law. The new language clarifies that the CFCs will be remitted to the bond trustee and not the state when the state did not issue the bonds. CFCs will still be used to repay the bond or other indebtedness incurred for the project. However, the definition of what types of indebtedness could be paid has been broadened to include debt service, creation of a debt service reserve fund, and to meet any other bond requirements.

New subsection (i) allows for the imposition of a related customer facility maintenance charge. These differ from CFCs as they are not debt related; they are collected to pay for the maintenance and operation of the facility. Thus, they will cover major repairs, on-going maintenance, utilities and insurance among other expenses. This will prevent the facility from becoming an operational liability to the department while occupied by the RACs in operation; and will ensure that a major repair fund is maintained so that when the state takes sole custody of it in 30 years, there are enough funds to undertake major repairs and allow the facility to be used for its real economic and physical life.

Section 3. AS 37.15.410 allows for issuance of revenue bonds for international airport improvements. The 2001 amendment clarified that CFCs are not considered revenues of the state for the purpose of these revenue bonds. This amendment clarifies that customer facility maintenance charges are not considered revenue of the state for the purpose of these revenue bonds.

Section 4. AS 37.15.430(a) creates the "International Airports Revenue Fund" into which airport revenues are paid. The 2001 amendment clarified that CFCs are not considered revenues of the state for the purpose of these revenue bonds. This amendment clarifies that customer facility maintenance charges are not considered revenue of the state for the purpose of these revenue bonds.

Section 5. AS 37.15.430(c) had been added by the 2001 amendment to clarify that CFCs should be remitted to the bond trustee and not the state. This amendment clarifies that the CFC is not charged to customers, it is collected from them pursuant the order imposed by the commissioner, and further clarifies that the customer facility maintenance charge is remitted directly to a third party rather than the state.

*Donald R. Fonte
Director, Government Relations*

*The Hertz Corporation
225 Bree Boulevard, Park Ridge, NJ 07656
Telephone: (201) 307-2759*

February 15, 2005

Senator Ben Stevens
State Capitol Room 119
Juneau, AK 99801

Dear Senator Stevens:

I am writing on behalf of The Hertz Corporation ("Hertz") in support of SB 92. This bill would allow a consolidated rental car facility to be built and operated at the Ted Stevens Anchorage International Airport (the "Airport") with private rather than public funds.

This legislation, together with Ch. 99 SLA 2001, will provide access to the capital markets that will allow significant infrastructure improvements at the Airport without public expenditure.

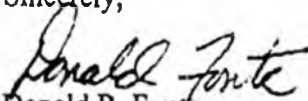
In 2001 the legislature enacted Ch. 99 SLA 2001 to authorize the imposition of customer facility charges that would be used to support capital improvements at the Airport, however under the statute there was ambiguity whether the charges would be treated as the revenue of the State that may be subject to its pre-existing revenue bonds. Such ambiguity will likely hurt the marketability of the bonds, or at a minimum, increase the financing costs due to the inherent risk in such ambiguity.

This bill would clarify that proceeds of the customer facility charges would not be considered revenue of the State when the State does not issue the underlying bonds. No state credit would be pledged in such bond issuance. In addition, SB 92 permits the use of customer facility charges to pay for the maintenance of the consolidated rental car facility as such facility will revert to the State upon repayment of the original construction bonds. These proposed changes would ensure that, among other things, a valuable capital project would be completed and properly maintained at the Airport, at little or no risk to the State.

Hertz believes that SB 92 offers an effective alternative for financing the construction and maintenance of a consolidated rental car facility without burdening the State's treasury.

For the foregoing reasons Hertz respectfully requests that the legislature approve this legislation.

Sincerely,


Donald R. Fonte

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DAN K. COFFEY**
A PROFESSIONAL CORPORATION
207 EAST NORTHERN LIGHTS BLVD.
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ANCHORAGE, ALASKA 99503

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Dan K. Coffey
dcoffey@coffey-law.net

W. Sherman Ernouf
sernouf@coffey-law.net

February 4, 2005

Representative Tom Anderson
Alaska Legislature
State Capitol Room 408
Juneau, AK 99801-1182

Dear Tom:

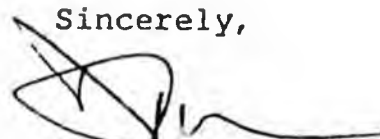
The purpose of this letter is to pledge my support for Bill HB 115 to be considered by the House Transportation Committee on Tuesday, February 8th, 2005.

As an RAC member and owner of Dollar Rent-A-Car in Anchorage, I believe that facilitating the use of CFC's to underwrite the bond issuance for the construction on consolidated car rental facilities at TSAIA is imperative to the growth of this industry. Our own customers and clients will take on the financial burden of funding this project and no State dollars will be allocated for the construction, operation, and maintenance of the facility.

In addition, certain weaknesses in the original provisions authorized in 2001 were pointed out by bond counsel as the QTA project at TSAIA was progressing. This Bill will address those weaknesses and I appreciate your representation in fixing this problem.

Thank you for your continued work in improving the services provided to travelers, to and from the State of Alaska.

Sincerely,



Dan K. Coffey



Representative Tom Anderson
State Capitol
Room 408
Juneau, Alaska 99801

Floyd and Sons
Inc.
3730 Spenard
Road
Anchorage, AK.
99517-2676

Telephone:
907-276-2855
Fax: 907 279-1326

Worldwide
Reservations
1-800-Thrifty
Anchorage Reservations:
anchorage.thrifty.com

Dear Representative Anderson,

The purpose of this letter is to inform you of my support of building a new parking garage for the car rental companies at the Ted Stevens Anchorage International Airport. The car rental companies serving the airport have very little covered parking and have long walks or have to wait for a shuttle bus ride to the terminal when returning their vehicles. All the companies at the airport receive complaints monthly on the existing layout. The complaints are less in the summer months than in the winter months when renters arrive to icy parking lots and snow covered cars.

The proposed rental car parking garage will be built using no state dollars. Our rental car customers will pay a fee to pay for the construction, operation and maintenance of the facility. This garage will give all the traveling public better parking at the airport. When the project is finished the rental cars will be moved out the existing garage so the local traveling public will have more garage parking spaces available for their short term parking needs. The airlines will not be affected by the new garage since the airport is not bonding or increasing its debt load to build the garage.

In Alaska, tourism continues to be one of few growing industries. Anchorage continues to be the year around regional hub of travel. This facility will give all eight rental car companies the ability to service the tourist arriving daily in quick and efficient manner. Our customer complaints regarding outside parking in Alaska in the winter months will vanish. The renters will remember Anchorage and Alaska as an easy and customer friendly place to visit.

My brother Darrell and I have been renting cars here in Anchorage since 1978. We have always provided the best customer service with new clean vehicles. We need this facility so we can raise the standards of service to meet customer expectations. The existing lack of covered parking falls short of customer expectations every time.

So I ask that you support and pass HB 115 24 for the future of tourism in Anchorage and Alaska.

Sincerely,

Craig W. Floyd
Vice President
Floyd and Sons Inc. dba
Thrifty Car Rental Alaska
Phone 907.276.2855 extension 21
Fax 907.279.1326

1 fixed for the international airports by order of the commissioner or by negotiated or
2 competitively offered contract. [HOWEVER, FOR THE PRIVILEGE OF
3 OCCUPYING OR USING A STATE-OWNED FACILITY ON AN AIRPORT,
4 WHICH FACILITY IS OR WILL BE ACQUIRED, CONSTRUCTED, EQUIPPED,
5 INSTALLED, OR IMPROVED WITH THE PROCEEDS OF INDEBTEDNESS,
6 THE PAYMENT OF WHICH IS SECURED SOLELY BY REVENUES FROM
7 CUSTOMER FACILITY CHARGES, THE DEPARTMENT SHALL REQUIRE
8 OCCUPANTS OR USERS OF ALL OR A PORTION OF THE FACILITY TO PAY
9 TO THE DEPARTMENT, OR SHALL REQUIRE PERSONS UNDER CONTRACT
10 TO OCCUPY OR USE ALL OR A PORTION OF THE EXISTING OR PROPOSED
11 FACILITY TO CHARGE THEIR CUSTOMERS, A UNIFORM CUSTOMER
12 FACILITY CHARGE STIPULATED BY THE DEPARTMENT IN AN AMOUNT
13 SUFFICIENT TO PAY THE PRINCIPAL OF, INTEREST ON, AND ANY OTHER
14 COST OF DEBT SERVICE ON THE INDEBTEDNESS.] Notwithstanding
15 AS 37.10.050(a), the fixing of charges, rentals, or fees as permitted under this
16 subsection is not subject to the adoption of regulation provisions of AS 44.62
17 (Administrative Procedure Act). The terms, conditions, charges, rentals, and fees shall
18 be established with due regard to the property and improvements used and the expense
19 of operation to the state. However, use of state land and buildings by the Alaska
20 Wing, Civil Air Patrol and its squadrons shall be permitted without rental charges. If
21 the department permits space in state-owned or state-controlled airports to be used as
22 lounges for members of the United States armed forces, the Alaska National Guard,
23 the Alaska Naval Militia, or the Alaska State Defense Force, and if the lounges are
24 operated by persons exempt from taxation under 26 U.S.C. 501(c)(3) (Internal
25 Revenue Code), rent may not be charged for the use of the space. The department
26 shall provide for public notice and an opportunity to comment before a charge, rental,
27 or fee is fixed by order of the commissioner as permitted under this subsection. The
28 public may not be deprived of its rightful, equal, and uniform use of the airport, air
29 navigation facility, or a portion of them.

30 * Sec. 2. AS 02.15.090 is amended by adding new subsections to read:

31 (h) For the privilege of occupying or using a state-owned facility on an airport.

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which facility is or will be acquired, constructed, equipped, installed, or improved with the proceeds of indebtedness, the payment of which, [REDACTED] is [REDACTED] secured solely by proceeds from customer facility charges, the department [REDACTED] require [REDACTED] to occupy or use all or a portion of the [REDACTED] facility, and shall require occupants or users of all or a portion of the facility, to collect from their customers [REDACTED] and remit the proceeds to (1) the department if the state on behalf of the department incurred the indebtedness; or (2) a trustee or another third party [REDACTED] the proceeds for the [REDACTED], [REDACTED] applicable [REDACTED] if the state on behalf of the department did not incur the indebtedness. The commissioner shall set the customer facility charge at an amount [REDACTED] sufficient [REDACTED] established by the indebtedness documentation, [REDACTED] principal, [REDACTED] of any reserves, [REDACTED] indebtedness documentation. The commissioner shall periodically adjust the amount of the customer facility charge to reflect changes in the amounts necessary to pay the principal and interest on the indebtedness, [REDACTED] reserves, and to [REDACTED] other requirements established by the indebtedness documentation [REDACTED] changes in the number of occupants, users, or customers of the facility. [REDACTED] proceeds of the customer facility charge [REDACTED] [REDACTED]. The commissioner may impose [REDACTED] authorized by this subsection for the international airports by order or by negotiated or competitively offered contract. The department shall provide for public notice and an opportunity to comment before a charge is set by order of the commissioner under this subsection. Notwithstanding AS 37.10.050(a), the setting of charges under this subsection is not subject to the adoption of regulation provisions of AS 44.62 (Administrative Procedure Act).

(i) In addition to requiring collection of a customer facility charge to be applied as described in (h) of this section, the department may require occupants or users of, [REDACTED] all or a portion of a state-owned facility on an airport, which facility is or will be acquired, constructed, equipped,

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installed, or improved with the proceeds of indebtedness, the payment of which is secured solely by proceeds of a customer facility charge, to collect from their customers ~~_____~~ and to remit the ~~_____~~ to (1) the department if the state on behalf of the department incurred the indebtedness; or (2) a trustee or another third party if the state on behalf of the department did not incur the indebtedness. The commissioner shall set the customer facility maintenance charge at an amount ~~_____~~ ~~_____~~, ~~_____~~, of the costs, fees, and expenses ~~_____~~ required to operate and maintain the ~~_____~~ facility, including costs of insurance and ~~_____~~ for the facility. The commissioner shall periodically adjust the amount of the customer facility maintenance charge ~~_____~~ fees, and expenses to operate and maintain the facility, including costs of insurance and ~~_____~~ for the facility and to reflect changes in the number of occupants, users, or customers of the facility. If the proceeds of the customer facility maintenance charge are remitted to a trustee or another third party ~~_____~~ ~~_____~~, the ~~_____~~ ~~_____~~ charge ~~_____~~ ~~_____~~ otherwise conducted. The commissioner may ~~_____~~ charges authorized by this subsection for the international airports by order or by negotiated or competitively offered contract. The department shall provide for public notice and an opportunity to comment before a charge is set by order of the commissioner under this subsection. Notwithstanding AS 37.10.050(a), the setting of charges under this subsection is not subject to the adoption of regulation provisions of AS 44.62 (Administrative Procedure Act).

* Sec. 3. AS 37.15.410 i. mended to read:

Sec. 37.15.410. Bond authorization. For the purpose of providing part or all of the money to be used, with or without any grants or other money that may become available, the issuance and sale of revenue bonds of the state in a total principal sum not to exceed \$524,500,000 is authorized to acquire, equip, construct, and install the additions, improvements, extensions, and facilities authorized in AS 37.15.510. The principal of and interest on these bonds shall be paid out of and secured by the gross revenue derived by the state from the ownership, lease, use, and operation of the

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1 airports, and of all the facilities of them, and out of any other money that may be
 2 appropriated for the purpose, excepting only proceeds of any customer facility charge,
 3 ~~any customer facility maintenance~~
 4 charge, set by the commissioner of transportation and public facilities under
 5 AS 02.15.090.

6 * Sec. 4. AS 37.15.430(a) is amended to read:

*Arch
+ FB*

7 (a) There is established an enterprise fund known as the "International
 8 Airports Revenue Fund," into which shall be paid all revenue, fees, charges, and
 9 rentals derived by the state from the ownership, lease, use, and operation of the
 10 airports and all of the facilities and improvements of them and facilities and
 11 improvements used in connection with them, excepting only proceeds of any customer
 12 facility charge, ~~any customer facility~~
 13 maintenance charge, set by the commissioner of transportation and public facilities
 14 under AS 02.15.090. The revenue, charges, fees, and rentals may not include the
 15 proceeds of any state tax or license. The money in the revenue fund may only be used
 16 for the purpose of

17 (1) paying or securing the payment of the principal of and interest on
 18 the bonds and of and on any other revenue bonds issued by authorization of the
 19 legislature to provide money to acquire, equip, construct, and install additions and
 20 improvements to, and extensions of and facilities for, the airports, and to be payable
 21 out of the revenue fund;

22 (2) paying the normal and necessary costs of maintaining and
 23 operating the airports and all of the improvements and facilities of them;

24 (3) paying the costs of renewals, replacements, and extraordinary
 25 repairs to the airports and all of the improvements and facilities of them;

26 (4) redeeming before their fixed maturities any and all revenue bonds
 27 issued for the purposes of the airports;

28 (5) providing money to acquire, construct, and install necessary
 29 additions and improvements to and extensions of and facilities for the airports and all
 30 of their facilities; and

31 (6) providing money to pay any and all other costs relating to the

commissioner of transportation and public facilities under AS 02.15.090(i); and

(2) the proceeds are not, unless otherwise contractually required, revenue of the state securing any indebtedness.

~~_____~~

(1) "fees and costs" means all charges incurred by the renter before the tax imposed under this chapter except

(A) fees from the sale of automobile liability insurance, loss damage waiver insurance, and personal accident insurance;

(B) parking tickets;

(C) sales or excise taxes;

(D) payment for damages to the vehicle during the rental period; [AND]

(E) concession fees paid to an airport;

(F) customer facility charges set by the commissioner of transportation and public facilities under AS 02.15.090; and

(F) customer facility maintenance charges set by the commissioner of transportation and public facilities under AS 02.15.090;

* ~~Section 10.070(a) takes effect immediately under AS 02.15.090(i)~~

Bill History/Action Display



BILL: SB 92

SHORT TITLE: AIRPORT CUSTOMER FACILITY CHARGES

BILL VERSION:

CURRENT STATUS: (S) TRA
THEN FIN

STATUS DATE: 02/04/05

SPONSOR(s): SENATOR(S) STEVENS B BY REQUEST

HEARING: (S) TRA Feb 24 1:30 PM BUTROVIC 205 TELECONFERENCE

TITLE: "An Act relating to charges paid or collected by users or occupants of an airport facility owned or controlled by the state."

Bill Root: [Display Bill Root](#) [Next Bill](#)

[Full Text](#)

[Committee Action with Bill History](#)

Jrn-Date	Jrn-Page	Action
02/04/05	0223	(S) READ THE FIRST TIME - REFERRALS
02/04/05	0224	(S) TRA, FIN
02/04/05	0224	(S) REFERRED TO TRANSPORTATION

Similar Subject Match or Exact Subject Match

- AIRPORTS
- BONDS & BONDING
- CONTRACTORS
- CONTRACTS
- DEBT
- FEEES
- FUNDS
- REVENUE

*Industry
free customer / agency
will get 500*

*rent a car
1 concession fee to airport
10% state tax to
19 city tax*

*33% is when
we are getting*

Bill Root: [Display Bill Root](#) [Next Bill](#)

[To Report Problems with Basis Inquiry](#)

[Live KTOO Streams](#)

[Return to Basis Main Menu \(24 Legislature\)](#)

[Return to Legislature Home Page](#)

*lease hold
simple -
fee simple
lease*

*what Rev does City get from this -
City is looking at all leases -
Are the rates at fair market rates -
now pay concession fee plus rent on land
the cars are on
State property wanted to public for profit use*

Always been law that allows airports to charge CFC to finance special facilities

In 2001 - changed it ~~was~~ for airport

Industry can't do to Airports trust

Some Gov't entity has to

- Cowdery / Drive -

Band equip say proceeds can't go into
the BF

Law now
car agency collects fee / goes to trustee -

- trustee pay bond -

CFC could be imposed to pay down debt if

needs to have operation + Maintenance

as allowable under CFC

as well as debt service.

- ① add facility maint - oper
- ② clarify existing language that it is a fee that goes to

\$ under 4,000 is

what car Rental agency says.

when Bonds are sold

debt service \div by transaction

\$382 car least month

As transaction inc cost per

what happens if excess - not really any left -

SB

133

FRANK H. MURKOWSKI
GOVERNOR
GOVERNOR@GOV.STATE.AK.US



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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 4, 2005

The Honorable Ben Stevens
President of the Senate
Alaska State Legislature
State Capitol, Room 111
Juneau, AK 99801-1182

Dear President Stevens:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill establishing a permanent Aviation Advisory Board in statute.


This bill would establish a permanent advisory board within the Department of Transportation and Public Facilities (DOTPF) to make recommendations to the commissioner of DOTPF with respect to that department's aviation functions. On January 15, 2003, I created a temporary interim Aviation Advisory Board by Administrative Order No. 204. I reestablished the temporary board through Administrative Order No. 215, dated June 25, 2004. This bill would make the board permanent.

The permanent board would have the same composition as the current 10-member interim board, with representatives of various stakeholders in aviation matters. However, one additional board member would be added, to provide for an uneven number of members and thus avoid tie votes. The governor would appoint board members to staggered three-year terms. As is the case for members of the existing interim board, members would serve without compensation, other than coverage of travel and per diem expenses for members who are not state officers or employees. All members would serve at the pleasure of the governor.

This bill would afford the commissioner of the DOTPF valuable input from the perspective of the aviation industry and the two largest airport hub communities regarding state aviation policy and management. It would ensure that those same stakeholders would have an ongoing opportunity to advise and make recommendations to the commissioner of DOTPF.

I urge your prompt and favorable action on this measure.

Sincerely yours,


Frank H. Murkowski
Governor

Enclosure

STATE OF ALASKA

DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES
OFFICE OF THE COMMISSIONER

FRANK H. MURKOWSKI, GOVERNOR

3132 CHANNEL DRIVE
JUNEAU, ALASKA 99801-7898

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PHONE: (907) 465-3900

March 16, 2005

The Honorable Charlie Huggins
Chair, Senate Transportation
State Capitol, Room 417
Juneau, AK 99801

Dear Senator Huggins:

I respectfully request that you schedule Senate Bill 133 for a hearing before the Senate Transportation Committee. This bill would establish an ongoing statutory advisory board within the Department of Transportation and Public Facilities to make recommendations to the commissioner of DOT&PF with respect to aviation functions of state government.

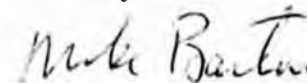
Governor Murkowski originally created the board in January 2003 under AS 44.19.028 by Administrative Order No. 204. To avoid dissolution, the board was renewed in June of 2004 through Administrative Order No. 215. This bill would continue the existence of the board without need for annual administrative renewals.

The statutory Aviation Advisory Board would have the same composition as the current 10-member interim board, with representatives of various stakeholders in aviation matters. However, one additional board member is added to provide for an uneven number of votes on the board. The governor would appoint board members to staggered three-year terms. Like the existing interim board, members would serve without compensation, other than coverage of travel and per diem expenses. All members would serve at the pleasure of the governor.

The DOT&PF manages and operates the Ted Stevens Anchorage International Airport, Fairbanks International Airport and more than 260 rural airports across the state. Steady dialogue and ongoing coordination between the state and the aviation industry are critical to the state's aviation policy as well as airport management and operations. By the same token, board members would have a continual opportunity to share their industry perspectives and make recommendations to the commissioner of DOT&PF.

I urge your prompt and favorable action on this measure.

Sincerely,



Mike Barton
Commissioner

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: SB 133
 (S) Publish Date: 3/7/05

Revision Date/Time (Note if correction): _____ Dept. Affected: DOT&PF
 Title Establish Aviation Advisory Board RDU Administration & Support
in Statute Component Commissioner's Office
 Sponsor House Rules
 Requester Governor's Office Component No. 530

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2005) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The Department of Transportation has issued a zero fiscal note for this legislation due to the fact that DOT/PF has already requested \$20,000 of general funds in its 2006 operating budget. The amount would cover board member per diem and travel, and minor room rental and supplies expenses.

Prepared by: Nona Wilson Phone 465-3904
 Division: Legislative Liaison, DOT&PF Date/Time 2/28/05 1:39 PM
 Approved by: Mike Barton Date 2/28/2005
 Agency: Commissioner, DOT&PF

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: SB 133
 (S) Publish Date: 4/25/05

Revision Date/Time (Note if correction): _____ Dept. Affected: DOT&PF
 Title Aviation Advisory Board RDU Administration & Support
 Component Advisory Boards
 Sponsor Senate Rules
 Requester Senate Finance Component No. 2786

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel	16.0	16.0	16.0	16.0	16.0	16.0
Contractual	2.0	2.0	2.0	2.0	2.0	2.0
Supplies	2.0	2.0	2.0	2.0	2.0	2.0
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	20.0	20.0	20.0	20.0	20.0	20.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	20.0	20.0	20.0	20.0	20.0	20.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	20.0	20.0	20.0	20.0	20.0	20.0

Estimate of any current year (FY2005) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The amount shown covers board member per diem and travel, minor room rental, supplies, and teleconference costs.

Prepared by: Nona Wilson Phone 465-3904
 Division: Legislative Liaison, DOT&PF Date/Time 4/25/05 8:27 AM
 Approved by: Mike Barton Date 4/25/2005
 Agency: Commissioner, DOT&PF



March 15, 2005

Nona Wilson
Legislative Liaison
Alaska Department of Transportation and Public Facilities
3132 Channel Drive, Suite 300
Juneau, AK 99801-7898

Dear Ms. Wilson:

The Aircraft Owners and Pilots Association (AOPA) is a membership association consisting of over 400,000 pilots and aircraft owners nationwide, 4,600 of whom reside in the state of Alaska. AOPA is committed to ensuring the continued viability, growth, and development of aviation and airports in Alaska and the United States.

The Aircraft Owners and Pilots Association strongly supports Senate Bill 133, regarding the establishment of an aviation advisory board for the Department of Transportation and Public Facilities. Given the huge role that aviation plays in the transportation system of Alaska, it is vital to have a forum for the aviation community to provide input on policy and management issues to the department.

On behalf of the 4,600 AOPA members in Alaska, we thank Governor Murkowski for sponsoring this bill.

Sincerely,

A handwritten signature in cursive script that reads "Tom George".

Tom George
Alaska Regional Representative

TOM GEORGE
ALASKA REGIONAL REPRESENTATIVE
PERSONAL ADDRESS: P.O. Box 83750 FAIRBANKS, AK 99708
907-388-9955 (PHONE) 907-455-9001 (FAX)
E-MAIL: tom.george@aopa.org

SB 133 Sectional Analysis

Section 1:

This creates a new article in AS 44, consisting of six new statutory sections, to permanently establish the Aviation Advisory Board within the Department of Transportation and Public Facilities.

AS 44.42.210(a) provides that the purpose of the board is to advise and provide recommendations to the commissioner on public policy related to the department's exercise of its aviation functions.

AS 44.42.210(b) specifically requires the commissioner to consult with the advisory board with respect to candidates to fill, on a permanent basis, the position of chief administrative officer of the Ted Stevens Anchorage and Fairbanks International Airports.

AS 44.42.220(a) states that the board shall meet at least once a year, or more frequently as determined appropriate by the chair of the board, to carry out its advisory functions.

AS 44.42.220(a) and (b) also provides that meetings and records of the board are subject to public meetings and public records laws.

AS 44.42.230(a) adds one additional member to the board for the purposes of having a tie-breaking vote. This section increases board membership from 10 to 11 members. All members serve at the pleasure of the governor.

AS 44.42.230(a)(1) through AS 44.42.230(a)(10) establishes those sectors from which membership shall be drawn:

- One member representing a statewide trade association of air carriers
- One member representing a statewide membership organization of pilots, aircraft owners, and other aviation supporters, organized to promote noncommercial aviation in the state
- One member representing air carriers signatory to the Alaska International Airport System operating agreement
- One member who owns or is employed by an Alaska regional air carrier
- One community leader residing in the unorganized borough of the state
- One member to represent the mayor of the Municipality of Anchorage
- A member to jointly represent the mayors of the City of Fairbanks and the Fairbanks North Star Borough
- A member to represent the tenants of the Alaska International Airport System, but does not represent an air carrier
- One member representing an air carrier engaged exclusively in the air cargo business in the state
- Two members who represent other interests that the governors determines appropriate to advise on aviation activities in the state

AS 44.42.230(b) requires the governor to appoint at least one member from each of the four judicial districts of the state in order to provide geographic balance on the board.

AS 44.42.230(c) provides that the governor designate a chair from among board members, or, at the governor's request, allows for the board to elect a chair from among its members who are not state employees or officers.

AS 44.42.230(d) provide for board members to be appointed to staggered three-year terms and to serve until a successor is appointed.

AS 44.42.240 provides that board service is uncompensated, but board members who are not state employees or officers are entitled to payment of travel expenses and per diem as provided in AS 39.20.180 for members of boards and commissions.

AS 44.42.290 Defines the "Alaska International Airport System" as the Ted Stevens Anchorage International Airport and the Fairbanks International Airport. "Board" means the Aviation Advisory Board established in AS 44.42.200.

Section 2:

The Revisor's Instruction provides for designation of existing AS 44.42.010 – AS 44.42.080 as article 1 of AS 44.42 under the heading "Article 1. Department Organization and Functions." Section 2 also designates AS 44.42.900 as article 3 of AS 44.42 under the heading "Article 3. General Provisions."

Section 3:

Effective date as per AS 01.10.070(c).

SB

153

SB153



FRANK H. MURKOWSKI
GOVERNOR

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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 24, 2005

The Honorable Ben Stevens
President of the Senate
Alaska State Legislature
State Capitol, Room 111
Juneau, AK 99801-1182

Dear President Stevens:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to international airports revenue bonds.

The bill would amend AS 37.15.410 to increase the cumulative authorization for international airports revenue bonds from the current \$524,500,000 to \$812,500,000. This increase will allow the sale of up to \$288,000,000 in new international airports revenue bonds to support capital improvement programs for fiscal years 2006 through 2009 at the Ted Stevens Anchorage International Airport and Fairbanks International Airport, which together comprise the Alaska International Airports System (AIAS). AS 37.15.410 states the cumulative amount of bonds authorized since the creation of the international airports revenue bonding program, including those already fully retired, and does not reflect the dollar amount of bonds outstanding at any given time.

Funding for operations and capital improvements of the AIAS is obtained from charges for the use of airport facilities, primarily paid by commercial airlines. The AIAS and the airlines that are signatories to the International Airports System Operating Agreement have agreed to a capital improvement program approved by the signatory airline ratepayers through a voting procedure under the Operating Agreement. With full support of the airlines, revenue bond funding allows the cost of long-term airport projects to be spread over longer periods of time, such as the useful life of the projects. Annual debt service will be paid through airline rates and fees -- and in some cases, federal grant proceeds or passenger facility charges.

COMMITTEE COPY

The Honorable Ben Stevens

March 24, 2005

Page 2

Additional bond authorization under AS 37.15.410 was granted in 2001 and again in 2003, to implement the AIAS capital improvement program through fiscal year 2005. Additional bond authorization is now required to finance the continuation of the capital improvement program. AS 37.15.410 has, to date, authorized the state to issue up to \$524,500,000 of revenue bonds to support airport projects. This authority, cumulative since the inception of AS 37.15.410, has been exhausted, with outstanding bond principal standing at approximately \$427,000,000 as of June 30, 2004. The increase in this bill is required to allow the sale of additional bonds.

The authority sought in this bill would increase the bond authorization limit to finance capital improvements at both the Ted Stevens Anchorage International Airport and Fairbanks International Airport through fiscal year 2009. By including the full authorization in this bill, the state could sell bonds in a single offering or in multiple offerings, as best maximizes the efficiency and reduces the cost of bond issuance, while providing financing as required to meet project needs.

At Anchorage, these bond proceeds would provide some or all of the state share for federal airport improvement program projects such as airfield pavement maintenance, equipment, noise abatement program implementation, master planning, advanced project/parking design study, and aircraft rescue and fire fighting building rehabilitation. Anchorage bond projects not primarily supported by federal money include such projects as information technology improvements, terminal rehabilitation, general aviation parking and taxiway relocation, and homeland security renovation. Bond proceeds also would fund the lion's share of the Anchorage South Terminal Concourse A and B remodel project.

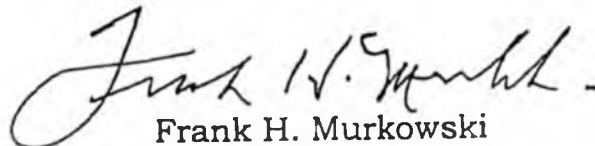
At Fairbanks, these bond proceeds would provide the state share for primary runway reconstruction, including pavement replacement, associated airfield lighting reconstruction, and relocation of the heavy aircraft cargo apron to meet airport design criteria and to permit development of underutilized land. Bond proceeds also would replace worn out airport operations, safety, and maintenance equipment. Finally, the bond proceeds would provide the bulk of the funding necessary for a terminal area development project at Fairbanks. This project would upgrade and replace Fairbanks terminal facilities to resolve seismic and code deficiencies, as well as to accommodate future growth in passenger numbers.

The AIAS is an increasingly vital and growing part of our economic engine. The AIAS and the state's major air carriers propose to continue

The Honorable Ben Stevens
March 24, 2005
Page 3

developing our world-class international airports through the implementation of the International Airports Operating Agreement, supported by the issuance of the additional revenue bonds that would be authorized by this bill. In order to assure timely project development, I urge your prompt and favorable action on this measure.

Sincerely yours,

A handwritten signature in cursive script, reading "Frank H. Murkowski".

Frank H. Murkowski
Governor

Enclosure

STATE OF ALASKA

FRANK H. MURKOWSKI, GOVERNOR

DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES
OFFICE OF THE COMMISSIONER

3132 CHANNEL DRIVE
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April 4, 2005

The Honorable Charlie Huggins
Chair, Senate Transportation
State Capitol, Room 417
Juneau, Alaska 99801

Dear Senator Huggins:

I respectfully request that you schedule Senate Bill 153 for a hearing before the Senate Transportation Committee. This bill would authorize the sale of up to \$288 million in new international airport revenue bonds that will fund terminal remodels at the Anchorage and Fairbanks International Airports. In addition, it would provide state matching dollars for federal airport improvement projects and fund other smaller capital improvement projects.

Annual debt service on the revenue bonds will be paid for primarily through airline rates and fees. All the projects requiring bond funding were approved by the Alaska International Airport Systems' 26 signatory airlines in January of this year.

At the Ted Stevens Anchorage International Airport, the bond package includes \$91 million for a seismic retrofit of the A and B concourses of the South Terminal. The fix ensures that the rest of the terminal meets current health and safety standards and will assist with business development.

In addition to the Concourse A and B retrofit, bonds will provide funding in Anchorage for the federally required match for airfield projects and equipment.

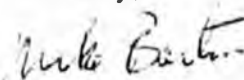
In Fairbanks, \$86.8 million in bond proceeds will upgrade and replace terminal facilities to accommodate future growth in passenger numbers and address seismic and code issues. Bond proceeds will also provide for the state share of primary runway reconstruction and replacement of airport equipment.

Cash flow analysis indicates the need for a bond sale in January of 2006.

The Governor has submitted in his FY06 capital budget some spending authority requests for portions of the bond-funded program to be initiated in FY06. Additional spending authority for bond-funded projects will also be required in fiscal years 2007 through 2009.

I urge your prompt and favorable action on this measure.

Sincerely,

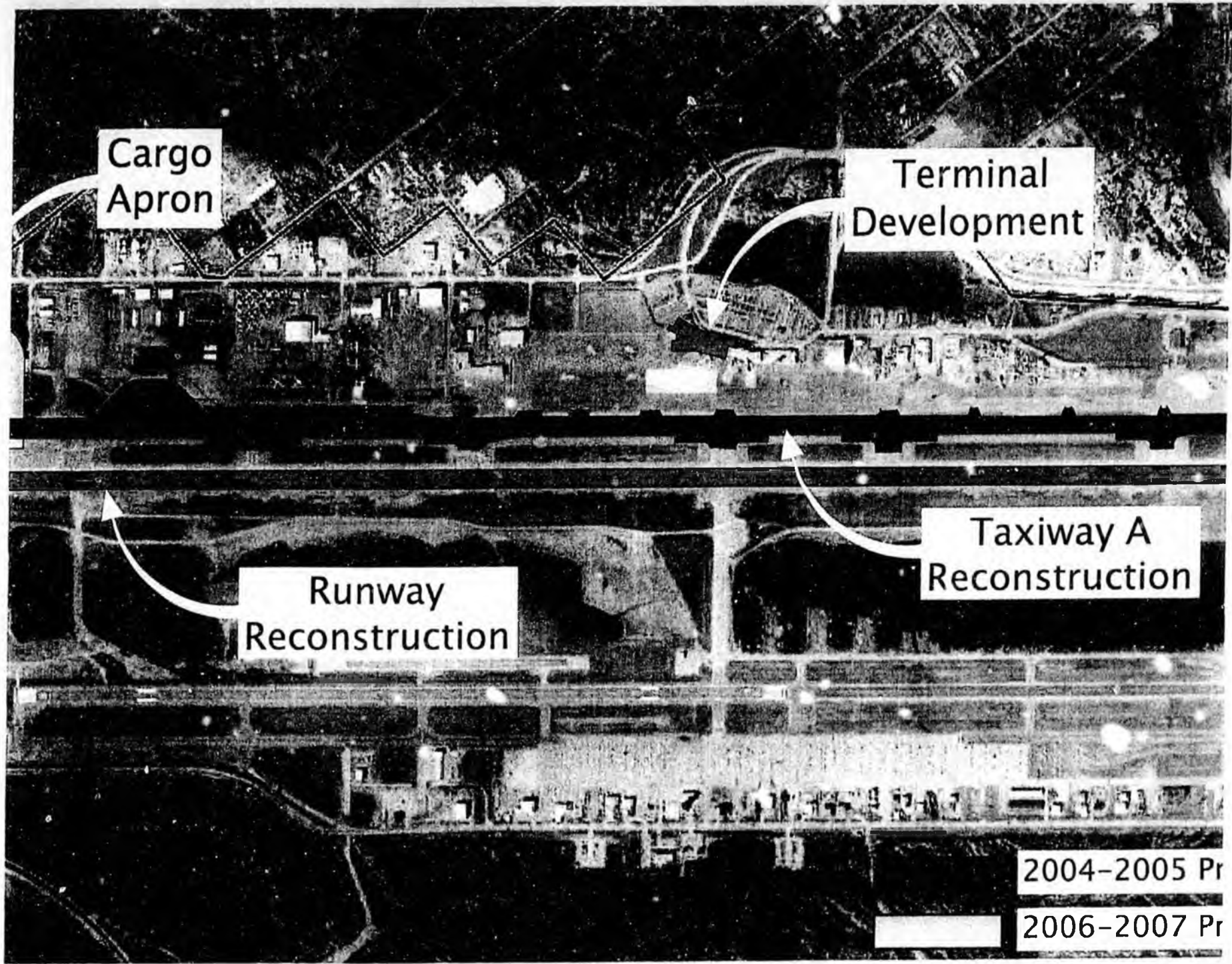

Mike Barton
Commissioner

AIAS Bond Funding Requirement

AIRPORT	ITEM	OTHER FUNDING	BONDS	TOTAL
ANC	A&B Retrofit	51.5	91.5	143.0
FAI	TERMINAL	12.4	86.8	99.2
ANC	CIP (FY06 - 09)	118.8	29.2	148.0
FAI	CIP (FY06 - 09)	50.4	5.5	55.9
Deferred	CIP (FY04 - 06)	0.0	19.9	19.9
TOTAL		233.1	232.9	466.0
Capitalized Interest			30.2	
Issuance Costs			24.9	
Total Bond Sale			288.0	

**Alaska International Airport System
FY06 – FY09
Bond Funded Projects**

<u>FAI</u>	<u>Bond Amount</u>	<u>Total Project</u>
Federal Match - Runway Reconstruction	\$ 2,587,500	\$ 51,750,000
Airfield Maintenance Equipment	\$ 2,934,000	\$ 2,934,000
Terminal Redevelopment	<u>\$ 86,843,500</u>	<u>\$ 99,843,500</u>
	\$ 92,365,000	\$154,527,500
<u>ANC</u>		
Federal Match – Airfield, Aprons, GA Parking, Taxiways	\$ 5,439,662	\$ 51,307,848
AOA Snow Melting System	\$ 3,000,000	\$ 3,000,000
South Terminal Seismic and Security Retrofit	\$ 91,500,000	\$143,000,000
Consolidated Facilities Center	\$ 5,000,000	\$ 5,000,000
Homeland Security/Terminal Area Upgrades	\$ 13,639,000	\$ 14,639,000
Noise Abatement and Land Acquisition	\$ 2,661,000	\$ 23,361,000
Safety/Security/Information Systems Improvements	\$ 6,474,000	\$ 11,974,000
Utilities/Roads/Grounds Upgrades	\$ 5,084,000	\$ 6,584,000
Airfield Maintenance Equipment	\$ 4,363,000	\$ 18,033,000
Advance Project Planning/Design	<u>\$ 6,900,000</u>	<u>\$ 10,900,000</u>
	\$144,060,362	\$287,798,848



Cargo
Apron

Terminal
Development

Runway
Reconstruction

Taxiway A
Reconstruction

2004-2005 Pr

2006-2007 Pr



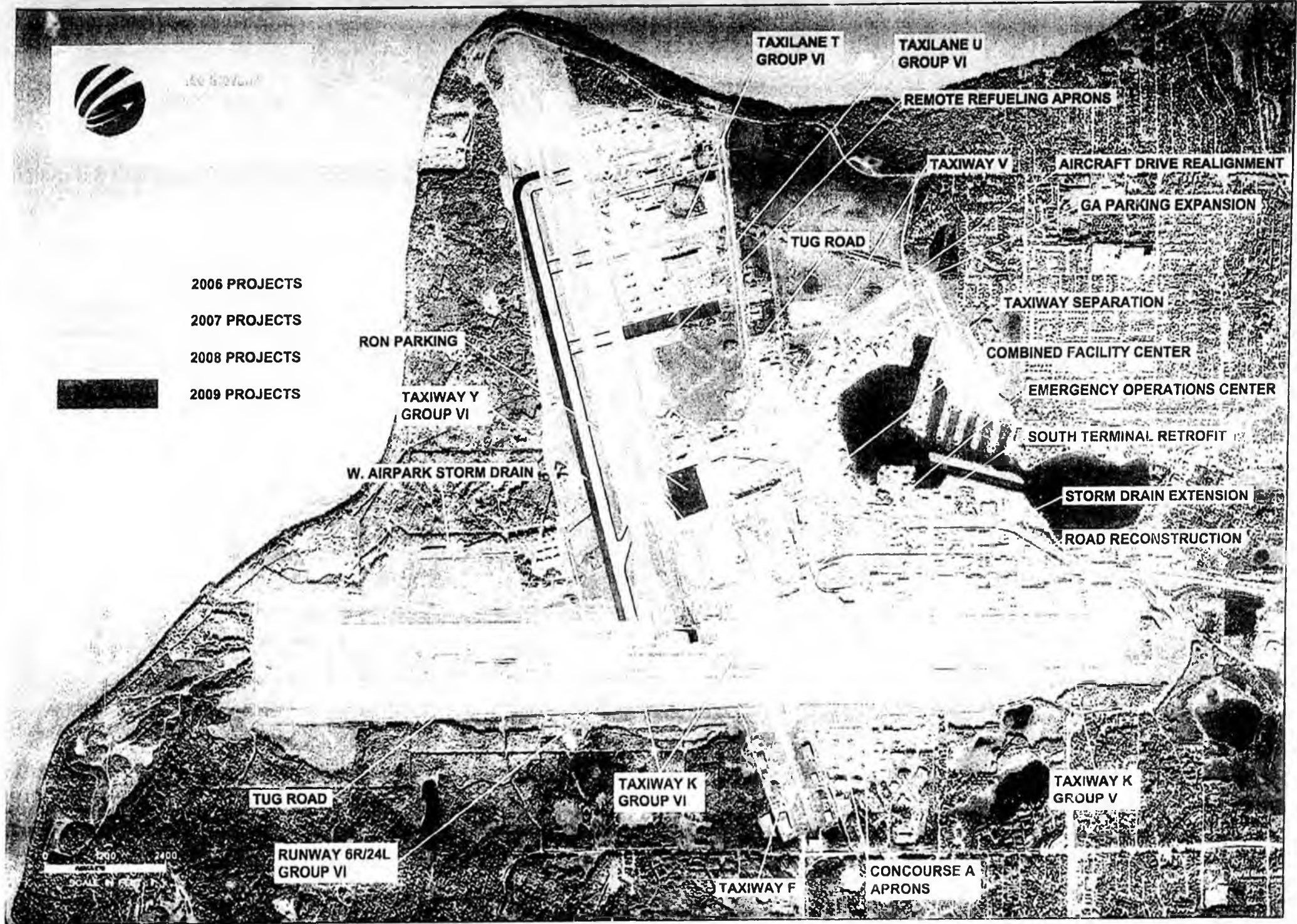
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2006 PROJECTS

2007 PROJECTS

2008 PROJECTS

2009 PROJECTS



**Alaska International Airport System
FY06 – FY09
Bond Funded Projects**

<u>FAI</u>	<u>Bond Amount</u>	<u>Total Project</u>
Federal Match - Runway Reconstruction	\$ 2,587,500	\$ 51,750,000
Airfield Maintenance Equipment	\$ 2,934,000	\$ 2,934,000
Terminal Redevelopment	<u>\$ 86,843,500</u>	<u>\$ 99,843,500</u>
	\$ 92,365,000	\$154,527,500
<u>ANC</u>		
Federal Match – Airfield, Aprons, GA Parking, Taxiways	\$ 5,439,362	\$ 51,307,848
AOA Snow Melting System	\$ 3,000,000	\$ 3,000,000
South Terminal Seismic and Security Retrofit	\$ 91,500,000	\$143,000,000
Consolidated Facilities Center	\$ 5,000,000	\$ 5,000,000
Homeland Security/Terminal Area Upgrades	\$ 13,639,000	\$ 14,639,000
Noise Abatement and Land Acquisition	\$ 2,661,000	\$ 23,361,000
Safety/Security/Information Systems Improvements	\$ 6,474,000	\$ 11,974,000
Utilities/Roads/Grounds Upgrades	\$ 5,084,000	\$ 6,584,000
Airfield Maintenance Equipment	\$ 4,363,000	\$ 18,033,000
Advance Project Planning/Design	<u>\$ 6,900,000</u>	<u>\$ 10,900,000</u>
	\$144,060,362	\$287,798,848



Ted Stevens
Anchorage
International Airport



2006 PROJECTS

2007 PROJECTS

2008 PROJECTS

2009 PROJECTS

RON PARKING

TAXIWAY Y
GROUP VI

W. AIRPARK STORM DRAIN

TUG ROAD

RUNWAY 6R/24L
GROUP VI

TAXILANE T
GROUP VI

TAXILANE U
GROUP VI

REMOTE REFUELING APRONS

TAXIWAY V

TUG ROAD

AIRCRAFT DRIVE REALIGNMENT

GA PARKING EXPANSION

TAXIWAY SEPARATION

COMBINED FACILITY CENTER

EMERGENCY OPERATIONS CENTER

SOUTH TERMINAL RETROFIT

STORM DRAIN EXTENSION

ROAD RECONSTRUCTION

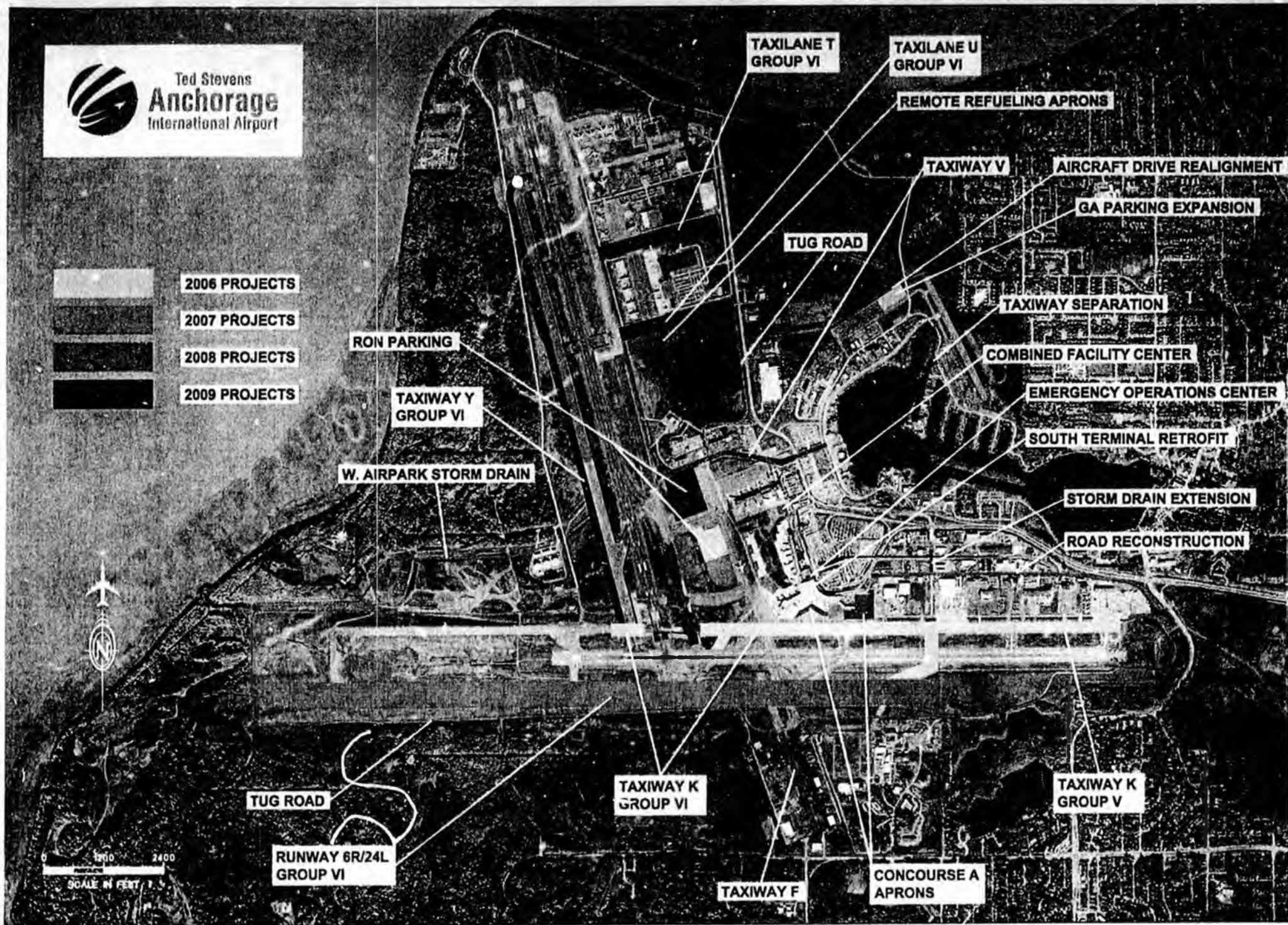
TAXIWAY K
GROUP VI

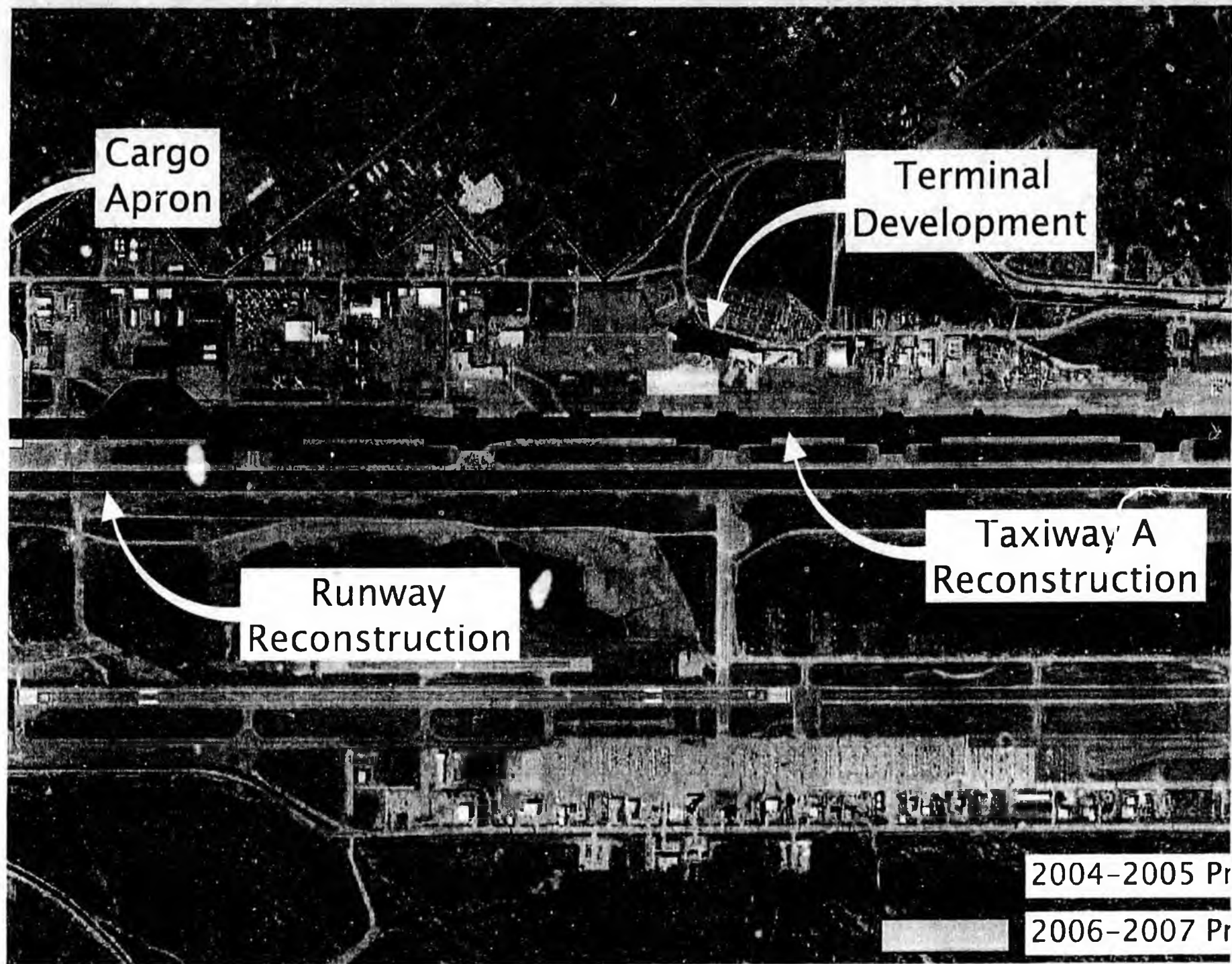
TAXIWAY K
GROUP V

TAXIWAY F

CONCOURSE A
APRONS

0 1200 2400
SCALE IN FEET





Cargo
Apron

Terminal
Development

Runway
Reconstruction

Taxiway A
Reconstruction

2004-2005 Pr

2006-2007 Pr

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: SB 153
 (S) Publish Date: 3/29/05

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
 Title Airport Bonds RDU Revenue Operations
 Component Treasury Division
 Sponsor Rules Committee
 Requester Governor Component No. _____

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel	15.0					
Contractual		10.0	10.0	10.0	10.0	10.0
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Debt Service			19,465.2	19,465.2	19,465.2	19,465.2
TOTAL OPERATING	15.0	10.0	19,475.2	19,475.2	19,475.2	19,475.2

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()	*	*	*	*	*	*
-------------------------------	---	---	---	---	---	---

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	15.0	10.0	10.0	10.0	10.0	10.0
1005 GF/Program Receipts						
1037 GF/Mental Health						
AIAS Revenue Fund			19,465.2	19,465.2	19,465.2	19,465.2
TOTAL	15.0	10.0	19,475.2	19,475.2	19,475.2	19,475.2

Estimate of any current year (FY2005) cost: 0.0
 Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation authorizes the State Bond Committee to issue \$288.3 million in revenue bonds to support the Alaska International Airport System capital improvement program.

Project size is approximately \$265 million. Initial debt assumptions are \$100 million in variable-rate bonds, and the balance in 25-year term bonds with fixed interest rates and serial maturities. Eighteen months of capitalized interest is assumed, with interest expense to be paid from bond proceeds. The blended assumed interest rate is 4.46%. Assumptions, including interest rates, are likely to change over time.

Prepared by: Deven Mitchell, State Debt Manager Phone 465-3750
 Division: Treasury Division Date/Time 3/21/05 3:35 PM
 Approved by: Tom Boutin, Deputy Commissioner Date 3/21/2005
 Agency: Department of Revenue

SB

174



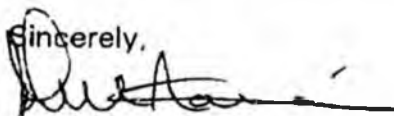
U-HAUL CO. OF ALASKA

4751 OLD SEWARD HIGHWAY • ANCHORAGE, ALASKA 99503-7417 • PHONE: (907) 562-2735 • FAX: (907) 561-0466

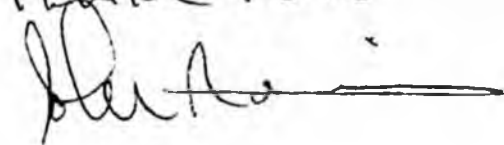
April 21, 2005

Dear Senator Charlie Huggins,

Thank you for your support of our Senate Bill 174.

Sincerely,


John R. Norris
Marketing Company President
U-Haul Company of Alaska Inc,

SENATOR HUGGINS
YOU AND YOUR STAFF
ARE CERTAINLY MAKING
ALASKA A BETTER PLACE
TO LIVE -
THANKS TO YOU & YOUR
TEAM FOR ALL YOU DO -


ALASKA STATE LEGISLATURE

Chair:
Legislative Council

Member:
Community and Regional Affairs
Judiciary
Labor and Commerce – Vice Chair



Session:
Alaska State Capitol
Juneau, AK 99801-1182
Phone: (907) 465-3777
Fax: (907) 465-2819
Toll Free (877) 861-5688

Interim:
10928 Eagle River Road – Suite 238
Eagle River, AK 99501-2133
Phone: (907) 694-8944
Fax: (907) 694-8945

REPRESENTATIVE PETE KOTT DISTRICT 17 – EAGLE RIVER

Sponsor Statement for House Bill 199

In 2003 the Alaska State Legislature passed HB 271 as a tourism-based tax on passenger rental cars and recreational vehicles. The purpose of the tax was to tax visitors using our road system, not local citizens. However, House Bill 271 has negatively impacted Alaska citizens needing to move, our local independent outlets, and the consumer truck rental business overall. The Department of Revenue has assessed the tourism-based tax on all rental vehicles, including trucks less than 26,001 pounds. This interpretation of the law results in the 10 percent tax being applied to Alaska businesses and citizens renting trucks. The 10% state tax, along with the local municipal and city taxes, adds considerably to the total rental fee.

In 2004 HB 347 was introduced to correct the unintended consequence created by HB 271 and provided an exemption for taxicabs. This corrective legislative passed and was signed into law.

Now in 2005 House Bill 199 is introduced to correct another unintended consequence by adding removing "rental trucks". This legislation would ensure that the tax applies more specifically to the intended target of visitors renting passenger vehicles and recreational vehicles, rather than the unintended target of Alaska businesses and citizens who rely on truck rentals for the continued flow of commerce and movement of household goods.

HOUSE BILL NO. 199
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FOURTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE KOTT

Introduced: 3/4/05

Referred: Transportation, State Affairs, Finance

A BILL
FOR AN ACT ENTITLED

1 "An Act excluding certain trucks from the definition of 'passenger vehicle' for purposes
2 of the passenger vehicle rental tax; and providing for an effective date."

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

4 * **Section 1.** AS 43.52.099(2) is amended to read:

5 (2) "passenger vehicle" means a motor vehicle as defined in
6 AS 28.40.100 that is driven or moved on a highway or other public right-of-way in the
7 state, but does not include

8 (A) a commercial motor vehicle as that term is defined in
9 AS 28.40.100;

10 (B) emergency or fire equipment that is necessary to the
11 preservation of life or property;

12 (C) a farm vehicle that is controlled and operated by a farmer,
13 used to transport agricultural products, farm machinery, or farm supplies to or
14 from that farmer's farm, not used in the operations of a common or contract

1 motor carrier, and used within 150 miles of the farmer's farm;

2 (D) a recreational vehicle; [OR]

3 (E) a taxicab: or

4 (F) a rental truck; in this subparagraph, "rental truck"
5 means a motor vehicle with a gross vehicle weight rating greater than
6 8,500 pounds that is designed, used, or maintained primarily for the
7 transportation of personal property;

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

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: HB 199
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
 Title Exclude certain trucks from RDU Taxation and Treasury
vehicle rental tax Component Tax
 Sponsor Representative Kott
 Requester Representative Kott Component No. 2476

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
CHANGE IN REVENUES ()	(275.0)	(275.0)	(275.0)	(275.0)	(275.0)	(275.0)

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2006) cost: 0.0
 Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Bill Language: This bill will exempt trucks with a gross vehicle weight rating greater than 8,500 pounds and used or maintained primarily for the transportation of personal property from the vehicle rental tax. The intent of this bill is to exempt trucks rented by individuals to move their personal property from the vehicle rental tax.

Revenue: Currently, rental trucks are subject to the vehicle rental tax. Exempting rental trucks from the vehicle rental tax will result in a decrease in vehicle rental tax revenue of approximately \$250,000 to \$300,000 each fiscal year.

Prepared by: Johanna Bales Phone 269-6628
 Division: Tax Division Date/Time 4/8/05 10:21 AM
 Approved by: Jerry Burnett Date 4/8/2005
 Agency: Department of Revenue

Testimony of John Norris on HB 199
House Transportation Committee
April 12, 2005

For the record my name is John Norris. I am the President of U-Haul Company of Alaska, Inc and I reside 4631 Shelburn Place, Anchorage Alaska 99516

Good afternoon Mr. Chairman and members of the transportation committee.

Thank you for this opportunity to testify in support of HB 199.

In 2003, HB 271 was introduced and promoted as a tourism tax on passenger rental cars and recreational vehicles. The stated purpose of the tax was to only tax tourism, not the local citizen. I was taken off guard and surprised when the Department of Revenue began to assess the tax on U-Haul rental trucks. The passage of HB271 had the unintended consequence of taxing Alaska businesses and citizens renting trucks used primarily for the transportation of personal property.

House Bill 271 has impacted:

- a) Alaska citizens needing to move.
- b) Local independent outlets.
- c) Our business overall.

YTD 17% less people are using our services. For the Month of March we saw a 29% drop in customers. Moving is a very stressful time for people. The additional tax is charged to the customer often when they can least afford it. This adds considerable stress to there move.

The consumer has other options to move that are **NOT TAXED**. The 10% state tax along with the local municipal and city taxes adds considerably to the total rental fee and stress level of the average mover.

After HB 271 became law, HB 347 was introduced during the 2004 legislative session to correct the unintended inclusion of taxicabs. HB 347 provided an exemption for taxicabs and was passed and signed into law at the very end of last session.

HB 199 would provide the same relief for trucks as has been provided for taxi cabs. This legislation adds wording to remove "rental trucks" from the tax. This legislation would ensure that the tax applies to the intended target- out of state tourists renting passenger and recreational vehicles rather than Alaska businesses and citizens wishing to move personal goods.

95% of the customers who use our services are Alaska residents. Alaskans rely on our truck rentals for the continued flow of goods and movement of personal property

The Alaska Trucking Association favors this amendment, along with the Truck Renting and Leasing Association. So far as I am aware there is no industry group that opposes this corrective legislation.

Listed below are some facts and figures regarding my company:

Current truck license and registration fees paid:	\$ 26,050.00
Total payroll	\$1,103,963.09
Property taxes paid	\$ 141,500.00
Company owned moving centers	3
Company owned repair shops	3
Independent dealers	54
Municipal and Borough taxes paid	\$45,000
Payroll unemployment tax paid	\$24,779.04
Employees	65

Since starting this business in 1982, we have shown an increase in the utilization of U-Haul trucks by the Alaskan consumer with no less than a 7% increase, with most years above 10% until last fiscal year, for the first time ever, we saw a 17% **decrease** in utilization. While I cannot contribute this solely to any one item, the communication from our Alaskan customers is that the 10% tax on truck rentals has been a significant hardship for them at a time when they need as much help as we can give them.

This tax is having a significant impact on how Alaskans move, yet is a small amount compared to the estimated 6 million dollars that will be collected from the intended target of SB 271. I anticipate the fiscal note for taxes on truck rentals will be around \$325,000.

Additionally, truck rentals done by businesses are often necessary for companies to meet their peak or seasonal demands. Higher transportation costs will almost certainly result in higher consumer product costs. In either case, local Alaska residents are bearing the burden of the 10% tax.

I would greatly appreciate it if you will support HB 199.

Thank you



Alaska State Legislature

Senate Majority Web: www.akrepublicans.org

Sponsor: Senator Charlie Huggins
Current Version: SB 174
Contact: Deb Grundmann, 465-3878

Fact Sheet for: Senate Bill 174

Short Title: EXEMPT UHAULS FROM VEHICLE RENTAL TAX

Summary:

- Exempts rental trucks used for the transportation of personal property from the state motor vehicle rental tax.

Benefits:

- Prevents Alaskans from paying a tax intended for tourists.

Background:

- In 2003, the state passed a motor vehicle tax intended to raise revenue from visitors using the state's road system. SB 174 seeks to address an unintended consequence of the bill. It applied the tax to rental trucks used to move personal belongings. The legislation ensures only visitors, not Alaskans, pay the tax.

ALASKA STATE LEGISLATURE

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907-373-4724 – Fax
Senator_Charlie_Huggins@legis.state.ak.us



State Capitol, Room 417
Juneau AK 99801-1182
907-465-3878
Fax: 907-465-3265
800-862-3878
www.akrepublicans.org/huggins/

Charlie Huggins Senator

4/16/05

Sponsor Statement

SB 174 – “An Act excluding certain trucks from the definition of ‘passenger vehicle’ for purposes of the passenger vehicle rental tax; and providing for an effective date.”

SB 174 was introduced to correct an unintended consequence of legislation passed in 2003.

In 2003 the Alaska State Legislature passed HB 271 as a tourism-based tax on passenger rental cars and recreational vehicles. The purpose of the tax was to tax visitors using our road system, not local citizens. However, House Bill 271 has negatively impacted the following:

- 1.) Alaska citizens needing to move,
- 2.) Our local independent outlets,
- 3.) The consumer truck rental business overall.

The Department of Revenue has assessed the tourism-based tax on all rental vehicles, including trucks less than 26,000 pounds. This interpretation of the law results in the 10% tax being applied to Alaska businesses and citizens renting trucks. The 10% state tax, along with the local municipal and city taxes adds considerably to the total rental fee.

In 2004 HB 347 was introduced to correct the unintended consequence created by HB 271 and provided an exemption for taxicabs. This corrective legislation passed and was signed into law.

SB 174 will ensure that the tax applies more specifically to the intended target of visitors renting passenger vehicles and recreational vehicles, rather than the unintended target of Alaska businesses and citizens who rely on truck rentals for the continued flow of commerce and movement of household goods.

Senate Floor Bullets

SB 174 – “An Act excluding certain trucks from the definition of ‘passenger vehicle’ for purposes of the passenger vehicle rental tax; and providing for an effective date.”

- SB 174 was introduced to correct an unintended consequence of legislation passed in **2003 - House Bill 271**
- HB 271 imposed a tax on passenger rental cars and recreational vehicles. The purpose to tax visitors using our road system, not local citizens.
- Bill 271 has negatively impacted the following:
 - 1.) Alaska citizens needing to move,
 - 2.) Our local independent outlets,
 - 3.) The consumer truck rental business overall.

SB 174 will ensure that businesses and citizens who rely on truck rentals for the continued flow of commerce and movement of household goods will not be assessed this tax.

A rental truck being exempted under this legislation has to meet two criteria:

- 1.) a gross vehicle weight rating greater than 8,500 pounds
- 2.) a truck that is designed or maintained PRIMARILY for the transportation of personal property

The department of Revenue expects to receive approximately \$7.4 million from the vehicle rental tax. Exempting rental trucks as proposed under this legislation will result in a loss of revenue in the amount of approximately \$275.0 as the fiscal note shows.

Misc. Facts

49 - Independent U-Haul Outlets in the State.

3 - U-haul moving centers

5- Storage facilities with “U-haul” type trucks

ALASKA STATE LEGISLATURE

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Fax: 907-465-3265
800-862-3878
www.akrepublicans.org/huggins/

Charlie Huggins Senator

May 4, 2005

To: Representative Norman Rokeberg, Chairman
House Rules Committee

From: Senator Charlie Huggins 

Subject: Request to Schedule HCSSB 174(FIN) for a floor vote

I respectfully request the scheduling of House CS for SB 174 (FIN) – “An Act excluding certain trucks and vehicles provided by automobile dealers as replacement transportation during warranty, recall, or service contract repairs from the from the definition of ‘passenger vehicle’ for purposes of the passenger vehicle rental tax; and providing for an effective date,” for a House floor vote at your earliest convenience.

Thank you for your favorable consideration of this request.

Attachments

ALASKA STATE LEGISLATURE

Senate District H
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Wasilla AK 99654
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907-373-4724 – Fax
Senator_Charlie_Huggins@legis.state.ak.us



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Charlie Huggins Senator

5/4/05

Sponsor Statement

House CS for SB 174 (FIN) – “An Act excluding certain trucks and vehicles provided by automobile dealers as replacement transportation during warranty, recall, or service contract repairs from the from the definition of ‘passenger vehicle’ for purposes of the passenger vehicle rental tax; and providing for an effective date.”

House CS for SB 174(FIN) will correct unintended consequences of legislation passed in 2003.

In 2003 the Alaska State Legislature passed HB 271 as a tourism-based tax on passenger rental cars and recreational vehicles. The purpose of the tax was to tax visitors using our road system, not local citizens. However, House Bill 271 has negatively impacted two categories of rentals.

The first category negatively impacted relates to the rental of U-Haul type trucks and affects the following:

- 1.) Alaska citizens needing to move,
- 2.) Our local independent outlets,
- 3.) The consumer truck rental business overall.

The Department of Revenue has assessed the tourism-based tax on all rental vehicles, including trucks less than 26,000 pounds. This interpretation of the law results in the 10% tax being applied to Alaska businesses and citizens renting trucks. The 10% state tax, along with the local municipal and city taxes adds considerably to the total rental fee.

The second category impacted relates to rental vehicles when provided by an automobile dealer to a customer, as replacement transportation during warranty, recall, or service contract repairs. HCSSB 174 (FIN) clarifies that under this instance the customer and or dealership is exempt from the imposed vehicle rental taxes.

HCSSB 174(FIN) will ensure that the tax applies more specifically to the intended target of visitors renting passenger vehicles and recreational vehicles, rather than the unintended target of Alaska businesses and citizens.

Talking Points
Supporting Senate Concur with House Amendments

HCS SB 174 am H – An act excluding certain trucks and vehicles provided by automobile dealers as replacement transportation during warranty, recall, or service contract repairs from the definition of ‘passenger vehicle’ for purposes of the passenger vehicle rental tax.

The House Finance Committee adopted the following amendment:
The effect of the amendment is it (exempts “loaner” vehicles from the tax when dealer providing it to the customer for warranty, recall etc.)

H(FIN) amendment - Page 2, line 10 – added (G) – a vehicle provided by an automobile dealer to a customer as replacement transportation during warranty, recall, or service contract repairs if the dealer does not receive compensation from the customer for providing the vehicle;

The House Floor amended section (G) by taking out the words [from the customer]

5/9/05

House Floor Bullets

HCSSB 174 (FIN)– “An Act excluding certain trucks from the definition of ‘passenger vehicle’ for purposes of the passenger vehicle rental tax; and providing for an effective date.”

- SB 174 was introduced to correct unintended consequences of legislation passed in 2003 - House Bill 271
- HB 271 imposed a tax on passenger rental cars and recreational vehicles. The purpose to tax visitors using our road system, not local citizens.
- Bill 271 has negatively impacted the following:
 - 1.) Alaska citizens needing to move,
 - 2.) Our local independent outlets,
 - 3.) The consumer truck rental business overall.

SB 174 will ensure that businesses and citizens who rely on truck rentals for the continued flow of commerce and movement of household goods will not be assessed this tax.

A rental truck being exempted under this legislation has to meet two criteria:

- 1.) a gross vehicle weight rating greater than 8,500 pounds
- 2.) a truck that is designed or maintained PRIMARILY for the transportation of personal property

The department of Revenue expects to receive approximately \$7.4 million from the vehicle rental tax. Exempting rental trucks as proposed under this legislation will result in a loss of revenue in the amount of approximately \$275.0 as the fiscal note shows.

Misc. Facts

49 - Independent U-Haul Outlets in the State.

3 – U-haul moving centers

5- Storage facilities with “U-haul” type trucks

House Finance Committee amended SB 174 to include another instance of an unintended consequence of the legislation passed in 2003.

On page 2 lines, 10- 13 were added to clarify that rental vehicles, when provided by an automobile dealer to a customer as replacement transportation during warranty, recall or service contract repairs, are exempt from imposed vehicle rental taxes.

Bills aim to exempt U-Hauls from tax

■ **RENTALS:** Current law charges 10 percent fee on trucks, vans.

By **LARRY PERSILY**
Anchorage Daily News

JUNEAU — Legislators hadn't intended that any more Alaskans than absolutely necessary should have to pay the vehicle rental tax adopted two years ago, so they're going back into the law this year to exempt rentals of U-Hauls and other similar trucks and vans.

"It's relief for local kinds of people," said Sen. Charlie Huggins, who is sponsoring a bill to exempt rental trucks used "primarily for the transportation of personal property."

Imposing the tax on U-Hauls and such rentals drives up the cost of business for Alaskans, the first-term Wasilla Republican said.

The legislation is written to specifically exempt trucks rated at more than 8,500 pounds gross weight, which covers the entire U-Haul fleet.

The Department of Revenue estimates the exemption will cost the state \$275,000 a year in tax revenues.

The Legislature in 2003 adopted a 10 percent state tax on vehicle rentals, including recreational vehicles, starting Jan. 1, 2004. The state expects to earn about \$7.4 million a year from the tax on motor vehicles, with most of the money coming from summer tourists.

Although the existing law exempts large trucks from the tax, no U-Haul truck is large enough to meet the exemption.

Legislators last year tried unsuccessfully to amend the law at the same time they approved an exemption for people who lease their taxicabs. John Norris, president of the U-Haul Company of Alaska, testified last year that the 10 percent tax was a hardship on Alaskans.

Norris did not return a call for comment for this story.

No renters have called the state Tax Division to complain, said the division's Johanna Bales.

"We have gotten calls from the truck places," she said.

"The purpose of the tax was to tax visitors using our road system, not local citizens," said Rep. Pete Kott, sponsor of the 2003 law. It was never his intent to tax Alaskans who rent trucks to move their household belongings, the Eagle River Republican said.

Huggins' proposal, Senate Bill 174, is scheduled for its first hearing Tuesday in Senate Transportation, which he chairs.

Kott also has a bill in this session to exempt

Anchorage Daily News

RENTALS: Tax targeted

Continued from B-1
sures needs to pass both chambers before going to the governor for signature into law.

Though he voted for the original tax bill, Sen. Con Bunde sees the U-Haul exemption as another effort to avoid taxing Alaskans.

"That's what I've been preaching to everybody who comes in," the Anchorage Republican said. "It's unrealistic to think we can get someone else to pay our bills."

The Municipality of Anchorage, which charges an 8 percent

tax on motor vehicle rentals, exempts U-Hauls, trucks and all other vehicles "used exclusively for commercial or non-commercial hauling or delivery of cargo," according to municipal code.

Some states, such as Nevada and Oregon, impose a tax on truck rentals, while others, including Washington and California, do not collect a rental tax and charge only their regular sales tax.

■ Reporter Larry Persily can be contacted at lpersily@adn.com, or in Juneau at 523-9306.



■ **FOR COMPLETE** legislative coverage and tools for participating in the process, go to

www.adn.com

Talking Points
Supporting Senate Concur with House Amendments

HCS SB 174 am H – An act excluding certain trucks and vehicles provided by automobile dealers as replacement transportation during warranty, recall, or service contract repairs from the definition of 'passenger vehicle' for purposes of the passenger vehicle rental tax.

The House Finance Committee adopted the following amendment:
The effect of the amendment is it (exempts "loaner" vehicles from the tax when dealer providing it to the customer for warranty, recall etc.)

H(FIN) amendment - Page 2, line 10 – added (G) – a vehicle provided by an automobile dealer to a customer as replacement transportation during warranty, recall, or service contract repairs if the dealer does not receive compensation from the customer for providing the vehicle;

The House Floor amended section (G) by taking out the words [from the customer]

5/9/05

original bill passed the
Senate 4/28/05 7-18

The amended bill passed the House
on reconsideration

433

5/10/05

FRANK H. MURKOWSKI
GOVERNOR

GOVERNOR@GOV.STATE.AK.US



STATE OF ALASKA
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JUNEAU

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January 26, 2006

The Honorable John Harris
Speaker of the House
Alaska State Legislature
State Capitol, Room 208
Juneau, AK 99801-1182

Dear Speaker Harris:

On this date I have signed the following bill passed by the second session of the Twenty-Fourth Alaska State Legislature. I am transmitting the engrossed and enrolled copies to the Lieutenant Governor's Office for permanent filing:

HCS SB 174(FIN) AM H

"An Act excluding certain trucks and vehicles provided by automobile dealers as replacement transportation during warranty, recall, or service contract repairs from the definition of 'passenger vehicle' for purposes of the passenger vehicle rental tax; and providing for an effective date."

Chapter No.1, SLA 2006

Sincerely yours,

A handwritten signature in cursive script that reads "Frank H. Murkowski".

Frank H. Murkowski
Governor

Enclosure

FRANK H. MURKOWSKI
GOVERNOR

GOVERNOR@GOV.STATE.AK.US



STATE OF ALASKA
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January 26, 2006

The Honorable Ben Stevens
President of the Senate
Alaska State Legislature
State Capitol, Room 111
Juneau, AK 99801-1182

Dear President Stevens:

On this date I have signed the following bill passed by the second session of the Twenty-Fourth Alaska State Legislature. I am transmitting the engrossed and enrolled copies to the Lieutenant Governor's Office for permanent filing:

HCS SB 174(FIN) AM H

"An Act excluding certain trucks and vehicles provided by automobile dealers as replacement transportation during warranty, recall, or service contract repairs from the definition of 'passenger vehicle' for purposes of the passenger vehicle rental tax; and providing for an effective date."

Chapter No.1, SLA 2006

Sincerely yours,

A handwritten signature in cursive script that reads "Frank H. Murkowski".

Frank H. Murkowski
Governor

Enclosure



LAWS OF ALASKA

2006

Source

HCS SB 174(FIN) am H

Chapter No.

1

AN ACT

Excluding certain trucks and vehicles provided by automobile dealers as replacement transportation during warranty, recall, or service contract repairs from the definition of "passenger vehicle" for purposes of the passenger vehicle rental tax; and providing for an effective date.

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

THE ACT FOLLOWS ON PAGE 1

AN ACT

1 Excluding certain trucks and vehicles provided by automobile dealers as replacement
2 transportation during warranty, recall, or service contract repairs from the definition of
3 "passenger vehicle" for purposes of the passenger vehicle rental tax; and providing for an
4 effective date.

5

6 * Section 1. AS 43.52.099(2) is amended to read:

7 (2) "passenger vehicle" means a motor vehicle as defined in
8 AS 28.40.100 that is driven or moved on a highway or other public right-of-way in the
9 state, but does not include

10 (A) a commercial motor vehicle as that term is defined in
11 AS 28.40.100;

12 (B) emergency or fire equipment that is necessary to the
13 preservation of life or property;

14 (C) a farm vehicle that is controlled and operated by a farmer,

1 used to transport agricultural products farm machinery, or farm supplies to or
2 from that farmer's farm, not used in the operations of a common or contract
3 motor carrier, and used within 150 miles of the farmer's farm;

4 (D) a recreational vehicle; [OR]

5 (E) a taxicab;

6 (F) a rental truck; in this subparagraph, "rental truck"
7 means a motor vehicle with a gross vehicle weight rating greater than
8 8,500 pounds that is designed, used, or maintained primarily for the
9 transportation of personal property; or

10 (G) a vehicle provided by an automobile dealer to a
11 customer as replacement transportation during warranty, recall, or
12 service contract repairs if the dealer does not receive compensation from
13 the customer;

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

AUTHENTICATION

The following officers of the Legislature certify that the attached enrolled bill, HCS SB 174(FIN) am H, consisting of 2 pages, was passed in conformity with the requirements of the constitution and laws of the State of Alaska and the Uniform Rules of the Legislature.

Passed by the Senate January 11, 2006



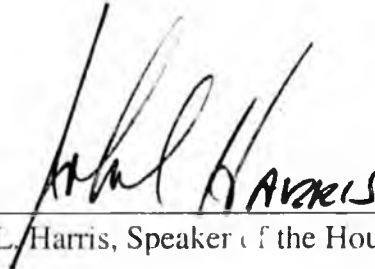
Ben Stevens, President of the Senate

ATTEST:



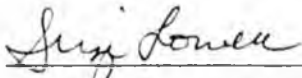
Kirsten Waid, Secretary of the Senate

Passed by the House May 10, 2005



John L. Harris, Speaker of the House

ATTEST:

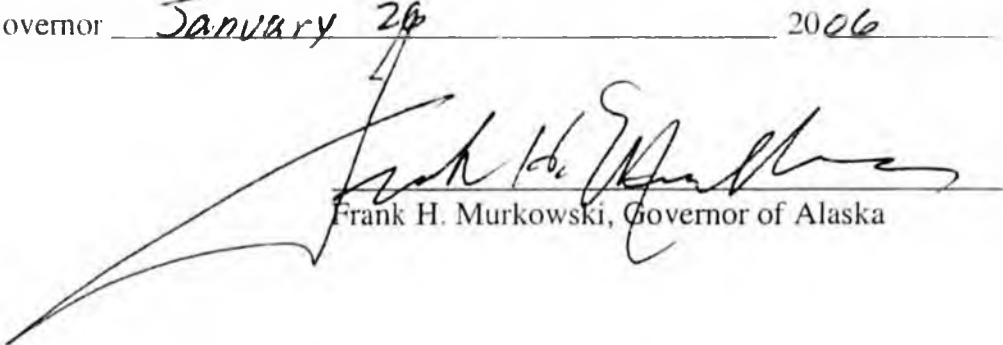


Suzi Lowell, Chief Clerk of the House

Approved by the Governor

January 26

2006



Frank H. Murkowski, Governor of Alaska