

HJR 42 & HB 329

Recent legislation by Representative Peggy Wilson calls for the creation of an Alaska Transportation Infrastructure Fund. The bill's sponsor statement¹ is well thought out and speaks to many of the issues addressed by this study group:

HJR 42 will put a constitutional amendment before voters to change The Alaska Constitution to allow a dedicated fund for Capital Transportation Projects.

In FY10 87% of our transportation budget came from the federal government. The current federal reauthorization legislation has already expired and is being extended month to month until new legislation can be passed. Everything we are hearing about the new reauthorization bill is unfavorable for states with small populations.

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

Even with the investment that has taken place over the years we continue to fall behind in meeting our states needs. It will continue to get worse as we see federal dollars shrinking. This dedicated fund will generate approximately \$60M the first year and grow by \$6-\$7M each year. In 30 years it will yield around \$130M.

The crafters of the constitution grandfathered in dedicated funds. They realized that some funds would be needed no matter the economic or political climate.

¹ <http://www.housemajority.org/spon.php?id=26hb329>

Transportation was one of the funds that predated the constitution. It lasted for several years until it was eliminated.

The ATIF will be seeded with a \$1B endowment. In addition to the endowment ATIF will receive the revenue generated from fuel taxes and vehicle registrations. The Department of Revenue will be charged with administering the fund. Six percent of the market value (POMV) of the fund will be available for appropriation each year. ATIF is estimated to generate \$65-70M the first year and then grow by \$5-7M per year after that.

HB 329 will create a panel to evaluate the project submissions. The panel is comprised of eight members, including 4 legislators, 2 from each house that represent a rural and an urban district. The other 4 members of the panel will be the regional directors from DOT/PF and the commissioner or a designee.

Alaska DOT/PF will be required to create a set of criteria to rank the projects. The panel will use these criteria to give each project a numeric score to be used in prioritizing the projects.

The bill defines how the funds shall be appropriated. Not more than

- 60% of the funds may be used for roads and surface transportation including rail,
- 13 % may be used for aviation,
- 12% may be used for the Alaska Marine Highway,
- 8 % may be used for harbor facilities, state owned marine facilities and for deposit into the municipal harbor facility grant fund,
- 5% may be used for local community transportation and transit,
- 2% may be used for trails and bike-paths.

Commonwealth North's Infrastructure Study Group supports the general concept behind this bill, believing it to represent many of the principles and framework that the group laid out.