

ALASKA

Sources of Revenue

- Fuel Taxes
- Motor Vehicle or Rental Car Sales Taxes
- Vehicle Registration, License, or Title Fees
- Vehicle or Truck Weight Fees
- Tolls
- General Funds
- Interest Income
- Licenses, Permits, or Fees

Finance Mechanisms

- General Obligation or Revenue Bonds
- GARVEE Bonds
- Build America Bonds
- State Infrastructure Bank (SIB)
- Allocated Private Activity Bonds (PABs)
- PPPs & Design-Build

Alaska State Legislature Party Composition

- House: 15 Democrats and 25 Republicans
- Senate: 7 Democrats and 13 Republicans
- Governor: Sean Parnell (R)

Transportation Governance Statutes

- Alaska Statute 19.05 to 75 and 44.42
- Alaska Constitution Article IX, 7: “State constitution prohibits dedication of state revenues to any special purpose, unless federally required or dedicated prior to statehood.”
- Alaska Statutes 19.15.030: participation by municipality in federal highway construction

Transportation Funding Initiative

Election Cycle: November 6, 2012

Title of Legislation: State General Obligation Transportation Project Bonds: “Bonding Proposition A” (Chapter 18, Session Laws of Alaska 2012)

Type of Legislation: Legislatively-Referred Transportation Bond Act

Sponsor of Legislation: Alaska State Legislature

Summary of Legislation: The Alaska State Legislature created Bonding Proposition A through House Bill 286, and the bill was then legislatively-referred to the voters of Alaska. The bond measure proposed issuing a general obligation bond of \$453,499,200 to be allocated for the design and construction of multiple transportation projects throughout the state. Alaska’s Department of Commerce, Community, and Economic Development would receive \$195,400,000 for projects, and the Department of Transportation and Public Facilities would be appropriated \$254,500,000 for state transportation projects. The main provisions in the bond measure included a \$50 million grant for a Port of Anchorage project and a \$35 million project for the reconstruction of Anchorage’s Glenn Highway.

Status of Legislation: Voters in Alaska approved this general obligation transportation bond measure.

2012 Election Results

58.13%	Yes
41.87%	No

Summary of Proposition A's Transportation Projects

Department	Project	Amount
Department of Commerce, Community, and Economic Development	Anchorage - Port of Anchorage Expansion	\$50,000,000
Department of Commerce, Community, and Economic Development	Bethel - Harbor Dredging	\$4,000,000
Department of Commerce, Community, and Economic Development	Bristol Bay Borough - Port of Bristol Bay: Expansion and Pile Dock Replacement	\$7,000,000
Department of Commerce, Community, and Economic Development	Emmonak - Port Improvements	\$3,000,000
Department of Commerce, Community, and Economic Development	Haines Borough - Boat Harbor Upgrades	\$15,000,000
Department of Commerce, Community, and Economic Development	Hooper Bay - Boat Harbor	\$1,000,000
Department of Commerce, Community, and Economic Development	Kodiak - Pier III Replacement	\$15,000,000
Department of Commerce, Community, and Economic Development	Kotzebue - Cape Blossom Road and Deep Water Port	\$10,000,000
Department of Commerce, Community, and Economic Development	Matanuska - Susitna Borough – Bogard Road Extension East	\$13,500,000
Department of Commerce, Community, and Economic Development	Matanuska - Susitna Borough – Port Mackenzie-Rail Extension	\$30,000,000
Department of Commerce, Community, and Economic Development	Nenana - Totchaket Resource Development Corridor Access	\$6,500,000
Department of Commerce, Community, and Economic Development	Newtok Traditional Council - Mertarvik Evacuation Road Construction	\$4,100,000
Department of Commerce, Community, and Economic Development	Nome - Port Design and Construction	\$10,000,000
Department of Commerce, Community, and Economic Development	Sand Point - Sand Point Road Rehabilitation	\$2,500,000
Department of Commerce, Community, and Economic Development	Seward - Marine Industrial Center Expansion	\$10,000,000

Department of Commerce, Community, and Economic Development	Sitka - Sawmill Cove Industrial Park Dock	\$7,500,000
Department of Commerce, Community, and Economic Development	St. George - Harbor Reconstruction	\$3,000,000
Department of Commerce, Community, and Economic Development	Togiak - Waterfront Transit Facility	\$3,300,000
Department of Transportation and Public Facilities	Anchorage - Glenn Highway, Hiland Road to Artillery Road Reconstruction	\$35,000,000
Department of Transportation and Public Facilities	Anchorage - Glenn Highway/Muldoon Road Interchange Reconstruction	\$15,000,000
Department of Transportation and Public Facilities	Anchorage - New Seward Highway/36th Avenue Reconstruction	\$26,000,000
Department of Transportation and Public Facilities	Anchorage - New Seward Highway – MP 75-90 Bridge Repairs	\$10,000,000
Department of Transportation and Public Facilities	Anchorage - O'Malley Road Reconstruction	\$15,000,000
Department of Transportation and Public Facilities	Elliott Highway, MP 108-120 Reconstruction	\$6,500,000
Department of Transportation and Public Facilities	Fairbanks - Old Steese Highway to McGrath Road Reconstruction and Extension	\$24,000,000
Department of Transportation and Public Facilities	Fairbanks - Wendell Street Bridge Replacement	\$14,400,000
Department of Transportation and Public Facilities	Juneau - Glacier Highway, MP 4-6 Improvements	\$5,500,000
Department of Transportation and Public Facilities	Juneau - Mendenhall Loop Improvements	\$6,000,000
Department of Transportation and Public Facilities	Kenai - Kenai Spur Road Rehabilitation	\$20,000,000
Department of Transportation and Public Facilities	Ketchikan - Shelter Cove Road Construction and Improvements	\$19,000,000
Department of Transportation and Public Facilities	Mat-Su - Fairview Loop Reconstruction	\$10,000,000
Department of Transportation and Public Facilities	Mat-Su - Knik Goose Bay Road Reconstruction	\$15,000,000
Department of Transportation and Public Facilities	North Pole - Plack Road Improvements	\$5,000,000
Department of Transportation and Public Facilities	Platinum Airport Runway Extension	\$3,100,000
Department of Transportation and Public Facilities	Richardson Highway - Ruby Creek Bridge Replacement	\$11,000,000
Department of Transportation and Public Facilities	Sitka - Katlian Bay Road Construction	\$14,000,000

Summary

Voters approved Proposition 2, a measure to issue a general obligation bond to support transportation projects throughout the state of Alaska—the bond would not exceed \$453,499,200.

This bond measure received minimal media attention prior to the election. In a Fairbanks Daily News-Miner article on October 26, 2012, it was speculated that the legislative strategy behind pursuing a bond measure was to garner state-wide support for the package of transportation projects by including specific projects for each section of Alaska. However, there were not any outside groups that advocated for the passage of this legislation.

Main Issues

Lack of Formal Support and Opposition on Election Day. The State of Alaska’s Official Voter Pamphlet did not include any formal statements on the ballot for support or opposition to the ballot measure. Moreover, there were not any “pro” or “con” ballot measure committees identified, which also suggests that there were not any financial contributions.

Lack of Media Attention. In addition to criticizing the expensive nature of the proposal, the *Fairbanks Daily News-Miner* editorial board discussed how this ballot measure had received little media attention. The editorial board wrote that the ballot measure did not have “a statement in support of the bond package or a statement in opposition of the measure, which is really unfortunate. In a way, it’s in keeping with the stealth nature of this measure. No one knows anything about it.”¹

Arguments in Favor of Legislation

Fiscal Policy Support. Alaska State Senate Majority Leader, Mr. Kevin Meyer (R-Anchorage), planned to vote for the bond measure and said that borrowing money to support the transportation projects was acceptable because of a strong credit rating.² Alaska State Senate Finance Co-Chairman, Mr. Bert Stedman (R) also voiced his support for the measure in its entirety and he also said that the proposed projects would be reviewed before grants were issued because this would still be public money.³

Mr. Steve Colt, a University of Alaska Anchorage economics professor bolstered this argument; he said that interest rates were very low for bonds. Mr. Colt said that this [was] “probably the best bond climate for public sector bonding as long as [he had] been in Alaska.”⁴

¹ *Fairbanks Daily News-Miner*

² Shinohara, October 30, 2012

³ Shinohara, October 30, 2012

⁴ Shinohara, October 30, 2013

Arguments in Opposition to Legislation

Fiscal Policy Opposition. The editorial board of the *Fairbanks Daily News-Miner* opposed this ballot measure, and the board wrote that the ballot measure “received next to no attention in Alaska yet, but the biggest price tag on the Nov. 6 ballot is attached to Bonding Proposition A, which is running about \$15 million a word.”⁵

Mr. Brad Keithley, the president of Keithley Consulting, LLC, an Alaska-based oil, gas and fiscal policy consulting firm, was another critic of the bond measure. Keithley opposed the ballot measure because he believed the proposed funds would exacerbate Alaska’s fiscal problems.

Environmental Opposition. Cook Inletkeeper, a not-for-profit organization focused on protecting the Cook Inlet watershed, opposed the ballot measure’s proposed Port of Anchorage project because of the negative impact it could have on salmon.

Text of Legislation: “Bonding Proposition A: State General Obligation Transportation Project Bonds”

Shall the State of Alaska issue its general obligation bonds in the principal amount of not more than \$453,499,200 for the purpose of paying the cost of state transportation projects?

Additional References

Text of Legislation: <http://www.elections.alaska.gov/doc/oepl/2012/Region-1-Book-Final-2012.pdf>

Editorial Article: http://www.newsminer.com/most-costly-question-on-nov-ballot-runs-to-more-than/article_0cd246dc-2104-5507-999a-c8c470931556.html

Alaska Division of Elections: <http://www.elections.alaska.gov/results/12GENR/data/results.htm>

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Keithley, Brad. “Thoughts on Alaska Oil & Gas: A Blog from Brad Keithley & Keithley Consulting, LLC.” <http://bgkeithley.com/2012/10/24/alaska-fiscal-policy-vote-no-on-bonding-proposition-a/>

Shinohara, Rosemary. Alaska Voters to Decide on \$453 Million in Transportation Bonds on Nov. 6.” *Anchorage Daily News*. 30 October 2012. <http://www.adn.com/2012/10/30/2677272/alaska-voters-to-decide-on-453.html>

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⁵ *Fairbanks Daily News-Miner*