

Statutory Recommendations of DOA Finance Subcommittee:

Streamline Alaska Public Offices Commission Reporting Statutes. Since the FY15 Management Plan, the Commission's budget has seen a 42.4% reduction in UGF, resulting in a reduction of six positions (5 PFT, 1 PPT). It has become apparent that streamlining reporting requirements would better ensure the Commissioner's ability to fulfill its mission and more efficiently serve the Alaskan public.

- Revise AS 15.13.374(c) to extend the response time for advisory opinion requests from seven days to ten working days.
 - This change would allow the Commission additional time to increase efficiencies by avoiding pulling staff from one time-sensitive project to another, while still fulfilling requests within a reasonable timeframe.
- Consider amending AS 15.13.030(7), AS 15.13.040(g) and AS 15.13.090(c) and repealing AS 15.13.040(k) to reduce redundancies, inconsistencies and inefficiencies in reporting and filing requirements.

Increase Alaska Public Offices Commission Ability to Collect Fees from User Groups. While the Commission's GF/Program receipt authority has been increased from \$120,000 to \$245,300 proposed, the additional receipts are uncollectable without increasing statutory authority to increase current, or establish new, fees.

- Add a new subsection in AS 15.13.400 to formally define the term "entity." Add a new subsection within AS 15.13.050 instituting a registration fee for groups, nongroup entities and "entities."
 - This change would define a new class of persons making independent expenditures intended to influence the outcome of elections that do not technically fall within current definitions of "group" or "nongroup entity."
 - Providing this collection authority would generate revenues from the user groups whose activities take the most significant portion of the Commissioner's staff time to track.
- Explore the impact of adding subsections within Chapter 15.13 instituting fees for Public Official Financial Disclosures, Legislative Financial Disclosures and Candidate Registrations, while considering exemptions for municipal-level office holders.
 - Implementing a fee for public officials, legislators and candidates would bring in revenues from additional user groups to support important Commission operations. It was expressed by Subcommittee membership the importance of considering exceptions, where appropriate, to avoid cost-prohibitive filing and potential inefficiencies.

Statutory Recommendations from DOA Finance Subcommittee:

Standardize Minimum Age in Division of Motor Vehicles (DMV) Waivers

- Amend AS 18.65.310(g) to change eligibility for identification card fee waivers from 60 years and older to 65 years and older.
 - At the recommendation of Legislative Finance, this change would establish a qualifying age matching that in AS 28.10.411(f), increasing consistency for the Division in granting exemptions for this population.

Modify Discounts/Exemptions for DMV Vehicle Registration Fees.

- Amend AS 28.10.421(d) to increase the vehicle registration fee for municipal governments and charitable organizations from \$10 to \$50.
 - Under current statute, vehicle registration fees for municipal and charitable organizations are reduced from \$100 to \$10 per vehicle. In FY15, this \$90 discount was used for 5,543 vehicles, resulting in lost annual revenue of \$498,870. In January 2017 Indirect Expenditure Report, Legislative Finance recommended a review and modification of this discount rate first enacted in 1978.
- Repeal AS 28.10.481(i) to remove the \$100 per vehicle exemption for amateur radio exemptions.

Administration

Applicable Program

Division of Motor Vehicles

Indirect Expenditure Name

State identification cards for senior citizens

Department of Revenue Submission per AS 43.05.095

(1) Description of Provision

Waives \$15 identification card fee for applicants who are 60 years or older. Identification cards are valid for five years.

(2) Type

Exemption

(3) Authorizing Statute, Regulation or Other Authority

AS 18.65.310(g)

(4) Year Enacted

1973

(5) Sunset or Repeal Date

None

(6) Legislative Intent

Allows residents over 60 years of age to receive a free state identification card.

(7) Public Purpose

Public Service

(8) Estimated Revenue Impact

FY 2011 - \$161,265

FY 2012 - \$132,930

FY 2013 - \$137,325

FY 2014 - \$168,525

FY 2015 - \$207,630

(9) Cost to Administer

\$0

(10) Number of Beneficiaries / Who Benefits

13,842

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$207,630

(2) Estimate of Annual Monetary Benefit to Recipients

\$15

(3) Legislative Intent Met?

Yes

(4) Should it be Continued, Modified or Terminated?

Continue exemption -- but recommend review of minimum age for consistency across DMV-related statutes.

Administration

Applicable Program

Division of Motor Vehicles

Indirect Expenditure NameMotor vehicle license plates and registrations
fees for amateur radio users**Department of Revenue Submission per AS 43.05.095****(1) Description of Provision**

Waives \$100 registration fee for certain amateur radio users with an amateur mobile radio license issued by the Federal Communications Commission (FCC).

(2) Type

Exemption

(3) Authorizing Statute, Regulation or Other Authority

AS 28.10.421, AS 28.10.181(i)

(4) Year Enacted

1978

(5) Sunset or Repeal Date

None

(6) Legislative Intent

Allows the registration of an amateur mobile radio station vehicle for each radio license issued by the FCC.

(7) Public Purpose

Public Service Determined in AS 28.10.421(d)(8)

(8) Estimated Revenue Impact

FY 2011 - \$17,400

FY 2012 - \$16,600

FY 2013 - \$8,600

FY 2014 - \$4,400

FY 2015 - \$4,400

(9) Cost to Administer

\$0

(10) Number of Beneficiaries / Who Benefits

44

Legislative Finance Analysis per AS 24.20.235**(1) Estimate of Annual Revenue Foregone by the State**

\$4,400

(2) Estimate of Annual Monetary Benefit to Recipients

\$100

(3) Legislative Intent Met?

Yes

Administration

Applicable Program

Division of Motor Vehicles

Indirect Expenditure Name

Motor vehicle license plates and registrations fees for amateur radio users

Legislative Finance Analysis per AS 24.20.235**(4) Should it be continued, modified or terminated?**

Continue exemption, which is based on the potential public service provided by a vehicle equipped with a radio.

2018 SESSION OPERATING BUDGET STATUTORY CHANGE PROPOSAL

OFFERED IN: House Finance University Budget Subcommittee

TO: AS 14.43.510(a)

OFFERED BY: Representative LeDoux

RECOMMENDED STATUTE CHANGE:

AS 14.43.510(a) is amended to read:

(a) Except as provided under (b) and (c) of this section, as a condition of participating in a medical education program under AS 14.42.033, a program participant shall agree to either return to the state and actively engage in professional medical practice or repay financial support provided by the state on behalf of the program participant. The financial support to be repaid is equal to **the full** [50 percent of the] amount paid for each program participant by the state to the contracting postsecondary institution, plus interest. The rate of interest is equal to the 12th Federal Reserve District discount rate in effect on March 1 of the year in which the financial support is provided plus two percentage points. Interest imposed under this subsection begins to accrue when the person terminates studies under the medical education program. Accrued interest shall be added to the principal balance of the repayment obligation at the time the borrower is obligated to commence repayment and at the end of a deferment period.

EXPLANATION:

The purpose of the WWAMI program, as stated on the program website, is to “train physicians who will return to practice in Alaska.” The state should not pay for the educational costs of students who do not return to Alaska to practice medicine.

Education and Early Development, Alaska Student Loan Corp, Alaska Commission on Postsecondary Education

Applicable Program

WWAMI Graduate Medical Education Program

Indirect Expenditure Name

Financial support

Department of Revenue Submission per AS 43.05.095

(1) Description of Provision

The financial support to be repaid is equal to 50% of amount paid for program and its participants.

(2) Type

Discount

(3) Authorizing Statute, Regulation or Other Authority

AS 14.43.510

(4) Year Enacted

2007

(5) Sunset or Repeal Date

None

(6) Legislative Intent

Support Alaskans' medical training and reward practice in Alaska.

(7) Public Purpose

(8) Estimated Revenue Impact

FY 2011 - \$1,622,013

FY 2012 - \$1,638,596

FY 2013 - \$1,589,307

FY 2014 - \$1,578,552

FY 2015 - \$1,581,258

(9) Cost to Administer

Automated; minimal manual intervention.

(10) Number of Beneficiaries / Who Benefits

Participants of the program. At 6/30/2015 there were 183 participants with outstanding WWAMI loans.

Legislative Finance Analysis per AS 24.20.235

(1) Estimate of Annual Revenue Foregone by the State

\$1,581,258

(2) Estimate of Annual Monetary Benefit to Recipients

\$8,641

(3) Legislative Intent Met?

Yes

(4) Should it be Continued, Modified or Terminated?

Recommend the rate be re-evaluated. The next item discharges the remainder of the loan based on participants returning to Alaska. There may be merit in providing a stronger incentive to return to the state by increasing the

Education and Early Development, Alaska Student Loan Corp, Alaska Commission on Postsecondary Education

Applicable Program

WWAMI Graduate Medical Education Program

Indirect Expenditure Name

Financial support

Legislative Finance Analysis per AS 24.20.235**(4) Should it be Continued, Modified or Terminated? (cont.)**

amount of the loan that must be repaid by participants who do not return.

Revenue

Applicable Program

Tire Fee

Indirect Expenditure Name

Exemption from Studded Tire Fee for
Lightweight Studs

Department of Revenue Submission per AS 43.05.095**(1) Description of Provision**

Excludes tires that are studded with studs weighing less than 1.1 grams each from the \$5 fee.

(2) Authorizing Statute Regulation or Other Authority

AS 43.98.025 (b)

(3) Year Enacted

2003

(4) Sunset or Repeal Date

None

(5) Legislative Intent

The Legislature intended to provide an incentive to encourage the widespread use lightweight studs to reduce road damage.

(6) Public Purpose

To encourage use of light-weight studs to prevent possible road damage.

(7) Estimated Revenue Impact

FY 2009 - Unknown. Filers do not have to report the number of tires sold with lighter-weight studs.

FY 2010 - Unknown. Filers do not have to report the number of tires sold with lighter-weight studs.

FY 2011 - Unknown. Filers do not have to report the number of tires sold with lighter-weight studs.

FY 2012 - Unknown. Filers do not have to report the number of tires sold with lighter-weight studs.

FY 2013 - Unknown. Filers do not have to report the number of tires sold with lighter-weight studs.

(8) Cost to Administer**(9) Number of Beneficiaries**

Unknown

Legislative Finance Analysis per AS 24.20.235**(1) Estimate of Annual Revenue Foregone by the State**

Indeterminate

(2) Estimate of Annual Benefit to Recipients

Indeterminate

(3) Legislative Intent Met?

Yes

(4) Should it be Continued, Modified or Terminated?

Recommend continuation based on meeting legislative intent. Stud weight has been directly related to pavement wear in numerous studies.

Revenue

Applicable Program

Vehicle Rental taxes

Indirect Expenditure Name

Reduced rate for RVs

Department of Revenue Submission per AS 43.05.095**(1) Description of Provision**

Recreational vehicles (RVs) are taxed at a rate of 3% while other vehicle rentals are taxed at a rate of 10%.

(2) Authorizing Statute Regulation or Other Authority

AS 43.52.040

(3) Year Enacted

2003

(4) Sunset or Repeal Date

None

(5) Legislative Intent

The Legislature adopted the reduced rate for RVs to reflect the higher per-day rental cost of RVs compared to other vehicles. The rate was intended to make the tax relatively even on a dollar-per-day basis.

(6) Public Purpose

To equalize the tax incidence on RVs and other vehicles.

(7) Estimated Revenue Impact

FY 2009 - \$849,690

FY 2010 - \$703,740

FY 2011 - \$791,446

FY 2012 - \$837,671

FY 2013 - \$841,825

(8) Cost to Administer**(9) Number of Beneficiaries**

Unknown

Legislative Finance Analysis per AS 24.20.235**(1) Estimate of Annual Revenue Foregone by the State**

\$841,825

(2) Estimate of Annual Benefit to Recipients

Indeterminate

(3) Legislative Intent Met?

Yes

(4) Should it be Continued, Modified or Terminated?

Recommend reconsideration of reduced tax rate. The Vehicle Rental Tax is a sales tax on vehicle rentals only. Sales taxes are typically applied to the total dollar value of the sale. Justification should be provided to support the need for a reduced rate in the RV market.