

# Permanent Vehicle Registration Bill

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## Data

The Alaska Division of Motor Vehicles reports that there are currently 695,552 passenger vehicles, non-commercial pick-up trucks, vans weighing under 10,000 pounds and motorcycles registered in the State of Alaska.

- There are currently 443,218 personal use passenger vehicles 8 years old and older, registered in the state of Alaska, or approximately 63% of the total number of personal use passenger vehicles currently registered. If this bill is approved these vehicles would be eligible permanent registration.

## Revenue Impacts

Based on the current registration fee for a passenger vehicle of \$100, for a two year period, the current revenue generated by the DMV for personal use vehicles is \$69.5 million every two years.

- By granting permanent registration to vehicles 8 and older a drop in registration revenue of \$25.2 million every two years would result. As the registration renewal for these vehicles is \$100.
- Nearly 120,000 or a quarter of the vehicles eligible after are no longer registered once they reach 11 years old, and the number decreases annually after that. At 15 years, 44.5 percent of the vehicles are still registered. At 18 years, 29.7 percent are still registered. This results in a decrease in the annual loss in revenue.

## Motor Vehicle Registration Tax

An obstacle created by the legislation, is the potential loss of the collection of municipal, borough and city Motor Vehicle Registration Tax revenue. This is currently done by DMV when vehicle registrations are renewed. The state receives 8% of the revenue collected for the MVRT, as a processing fee.

- Vehicles 8 years old and older are charged the lowest rate in the local tax structures established by local governments.
- Montana, the only other state to offer permanent registration, requires the vehicles getting a permanent registration to pay 5 times the appropriate local registration tax. This covers a significant portion of the local taxes for the vehicle. If the same practice is used in Alaska, the owner would pay local registration taxes for the next seven years when granted permanent registration.

## Special Tag Needed

A special license plate tag will need to be produced to signify a vehicle has permanent registration, rather than the normal registration which expires after two-years.

- Montana has used a special tag to identify vehicles with permanent registration.
- Cost of development should be no greater than creating the normal year tags distributed by DMV. In fact the cost will decrease as vehicles will not need to renew registration every two-years.

**Other advantages**

- Permanent registration for personal use motor vehicles will reduce the work load at the DMV, including time spent renewing vehicles. With 63 percent of vehicles eligible for permanent registration and an estimated 90 percent of the owners of eligible vehicles predicted to choose permanent registration the work load at DMV will be greatly reduced.
- This bill will result in a cost and time savings to the consumer, making the DMV more pleasant.