

Dear Senator Giessel,

We have compiled talking points to specifically address questions raised in committee. We hope this will assist in getting the needed votes to move the bill out of Senate Affairs.

Is this a \$1.2 million giveaway?

- This is not a giveaway it is a reallocation of funds. The 15% retained by the Business Partners are reallocated back to the people and reinvested into the economy. Alaskan residence gains are greater when the private sector reinvests into the Alaskan economy.
- Currently business partners are subsidizing the state by providing personnel, supplies, equipment, technical support and serving as an information source as evidenced by the many telephone calls received each day by business partners.
- Credit Card fees represent one of the highest costs for Business Partners and add up to hundreds of thousands of dollars in lost profit per year. The State receives 100% of their funds while the business partner loses profit and for several transactions loses money performing the transaction.

Are the customers aware of the “delta” in the form of a service charge?

- Yes. As a contract requirement, Business Partner Service Fees are prominently displayed so that every customer is informed before the transaction occurs. Additionally, a notice is posted stating the Business Partner is a privately owned business that charges a service fee in addition to the State DMV fees.

If business partners did not exist, what would the additional work load be for the DMV?

- Business Partner programs processed 193,697 transactions in fiscal year 2013.
- Based on the State DMV calendar of 251 working days would result in an additional 771 transactions per day. If each employee averaged 40 transactions per day, at a *minimum* an additional 19 state employees would be needed.
- With new processing staff come additional overhead burdens such as increased management, human resource support, and workspace. The state would have to open new DMV locations to accommodate the overflow of customers.
- *Question: What is the total cost to the state for a DMV employee?*

Would it cost more for the state to provide the personnel and other facilities requirements than the proposed 15% retained commission?

- Due to the high overhead for the state, if the DMV had to assume the services provided by the business partners, it could potentially cost a minimum of 25% more than the proposed 15% retained commission.
- With the increased staffing the state would have to retain a new facility to handle the increase in business traffic and potentially reopen branches on Saturdays.

Why do the business partners need an additional retained commission when they charge a fee to their customers for their services and why did they not need it in the past?

- No business is immune from the increase in inflation and the cost of doing business. DMV Business Partners have experienced increased costs for supplies, office space, and staffing.
- The additional fees charged are set by individual business partners and are determined at a level that attracts customers. The demand curve is pretty elastic as when the price goes up for the

transaction, the number of transactions can be expected to go down. It is in the best interest of all concerned to keep the service fees at a reasonable level but that level does not provide the necessary capital to invest in needed new equipment or employees.

- New equipment and employees allow the business partners to expand their working hours and their locations to provide more convenience to their customers and to provide a higher level of efficiency to enable better customer service to new and existing customers.
- The retained earnings can allow for Business Partners to expand and create jobs in the private sector while accommodating the growing trend of Alaskan residence using private DMV's, with no added costs to the state.
- Please note: The State DMV charges customers a \$10 service fee for registration transactions performed in person rather than online or by mail.

Summary of Points

- Retained funds are simply reallocated to Alaskans and reinvested in the Alaskan economy
- New technology purchases
- Offsetting Credit Card fees
- Extended Business Hours
- Business Partner Expansions to meet the growing demand of Alaskan residents
- Job creation in the private sector
- The objective is to provide improved service to the public