

Forrest Wolfe

From: Moore, Daniel A. <MooreDA@ci.anchorage.ak.us>
Sent: Monday, March 16, 2015 2:44 PM
To: Forrest Wolfe
Cc: Harrington, Shalon; Denny DeWitt (ddewitt@gci.net)
Subject: FW: Additional Questions Re: SB 22 and MVRT
Attachments: sb22 data for Forrest.xlsx

Importance: High

Forrest—

I reviewed the information provided by Amy Erickson of DMV. It does provide helpful details as to how they came up with their \$1.6M statewide MVRT program cost estimate, however it also further proves the point that the MOA is being significantly overcharged and that the 8% statutory rate for their admin charge needs to be lowered.

Specifically, using DMV's figures provided in the attached Excel spreadsheet:

- Anchorage-based, non-Fiscal group PCN cost devoted to MVRT = \$403,605
- Assuming 45% of all MVRT is Anchorage-based, then Fiscal Group PCN cost devoted to MVRT = \$206,949
- Anchorage-based leasing cost devoted to MVRT = \$72,446
- Total costs, using DMV's figures, related to Anchorage MVRT = \$683,020
- Actual cost charged to MOA for 2014 calendar year MVRT collections = \$945,470
- Overcharge to MOA = \$262,450 (i.e., 38% overcharge to MOA based on DMV's figures; in addition MOA is paying 59% of statewide MVRT program costs despite having 45% of MVRT registered vehicles, per DMV's figures)

No municipal entity should be charged by DMV more than the costs incurred to administer. The current 8% statutory fee is set too high because it is resulting in an inequitable, unsupported overcharge to MOA and to other MVRT communities. In order to correct this misallocation of costs, Senator Giessel has introduced SB22 to lower the 8% statutory rate. By lowering the rate to 5.5% the statewide MVRT program will still collect sufficient money for DMV to operate without leading to any layoffs of positions (per DMV's response below) and it would re-establish a fair pro-ration of costs across all MVRT communities. MOA's share of MVRT

registered vehicles has been close to 45% for many years (i.e., *both before and after* the MOA changed its MVRT rate schedule in 2012). Prior to 2012, statewide MVRT admin costs were appropriately spread pro-rata based on Anchorage's actual share of MVRT registered vehicles (i.e., an approximate 45% share), however since the change in the rate schedule the MOA now pays at a pro-rated amount of 59% (using DMV's figures) despite having the same population of registered vehicles since before 2012. Final note: DMV is not losing money with auto registrations overall... in addition to the local MVRT amounts collected, DMV collects a \$100.00 state registration fee for each registered vehicle – this amounts to many millions of dollars in fees to DMV. Note also that the processing of payments and auto registration documents is done simultaneously for both MVRT and the SOA registration fee, so actual, applied labor cost is shared or divided.

Prior to 2012, for many years running DMV's MVRT program operated without raising any issues about the sufficiency of its annual budget of nearly \$1M to administer the statewide MVRT program. Starting in 2012, because of the MOA's MVRT rate change schedule, DMV began generating \$1.6M of MVRT admin fees from the 8% statutory rate (i.e., an increase of over \$550K), yet DMV did not alter its baseline operating costs to administer MRVT nor did DMV expand or enhance services to the MOA or other MVRT communities to justify the additional admin revenues it was collecting from MVRT communities.

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From: Forrest Wolfe [mailto:Forrest.Wolfe@akleg.gov]
Sent: Monday, March 16, 2015 1:18 PM
To: Denny DeWitt; Harrington, Shalon; Moore, Daniel A.
Subject: FW: Additional Questions Re: SB 22 and MVRT

Amy got back to us with answers to our additional questions. I just got this and haven't really had a chance to go over anything just yet; wanted to get it to you all right away.

We have another hearing scheduled for tomorrow @ 3:30; if you could make yourselves available for testimony and questions again, I would greatly appreciate it.

Thanks,

Forrest