

ALASKA STATE LEGISLATURE

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North to the Future

Senator Cathy Giessel
Senate District N

SB 22 Motor Vehicle Registration Tax: Collection Costs Sponsor Statement

Passage of SB22 would update the collection fee charged by the Department of Motor Vehicles (DMV) to various municipalities throughout the State of Alaska for Municipal Motor Vehicle Registration Tax (MVRT). DMV's percentage fee has not changed since inception in 1993. With increases in motor vehicle rate schedules and efficiencies achieved through the use of technology, the current 8% collection fee is outdated and has resulted in significant overcharges for the cost of service provided to municipalities.

SB22 lowers DMV's collection fee for administering the MVRT program from 8.0% to 5.5%. This change will result in a net positive outcome for all affected. Using the new 5.5% rate, DMV will still retain a modest increase in their annual collection cost revenue associated with MVRT, as compared to pre-2012 collection cost revenues. The 5.5% rate is expected to generate sufficient collection cost revenue to fully cover DMV's normal operational costs associated with administering MVRT, while allowing these municipalities to retain more of their tax revenue for their discretionary use.

SB 22 responsibly reduces the size of state government while reallocating revenue back into the hands of the cities themselves, where it can better serve the people.

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