

Fiscal Note

State of Alaska
2018 Legislative Session

Bill Version: HB 386
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB386-DOA-DMV-02-23-18
Title: VESSELS: REGISTRATION/TITLES; DERELICTS
Sponsor: SEATON
Requester: House Special Committee on Fisheries

Department: Department of Administration
Appropriation: Motor Vehicles
Allocation: Motor Vehicles
OMB Component Number: 2348

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below.

(Thousands of Dollars)

	FY2019 Appropriation Requested	Included in Governor's FY2019 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2019	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Personal Services							
Travel							
Services	90.0		50.0	50.0	50.0	50.0	50.0
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	90.0	0.0	50.0	50.0	50.0	50.0	50.0

Fund Source (Operating Only)

1005 GF/Prgm (DGF)	90.0		50.0	50.0	50.0	50.0	50.0
Total	90.0	0.0	50.0	50.0	50.0	50.0	50.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

1250 UGF Rev (UGF)	589.3		589.3	589.3	***	***	***
Total	589.3	0.0	589.3	589.3	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2018) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2019) cost: 0.0 (separate capital appropriation required)
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes
If yes, by what date are the regulations to be adopted, amended or repealed? 07/01/21

Why this fiscal note differs from previous version/comments:

Not applicable, initial version.

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Agency: Department of Administration

Phone: (907)269-5574
Date: 02/23/2018
Date: 02/23/18

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2018 LEGISLATIVE SESSION

BILL NO. HB 386

Analysis

HB 386 amends AS 05.25.055 to require boats that do not meet exemption specifications to be titled, registered, and numbered. DMV does not currently title boats and would need to adopt regulations and program our software to address this new procedure. HB 386 will also increase the price of a motorized boat three year registration period to \$30, add a \$20 fee for boat titles or duplicate titles and a \$75 fee to register, renewal or transfer registration of a barge.

Cost to DMV:

Based on similar experience implementing new requirements, DMV estimates 400 hours of programming time will be needed to analyze, program, add, and test the new functionality of issuing boat titles in the Alaska Licensing and Vehicle Information Network program, at a contractor cost of \$100/hr.

$400 \text{ hrs} \times \$100/\text{hr} = \$40,000$

Based on prior experience with vehicle title disputes and boat registrations, DMV requests an increment of \$50,000 to cover increased law fees related to boat title disputes for future years.

Additional information

In FY2017 a total of \$525,648 in boat registration fees were collected. Annually DMV transfers revenue appropriated to the following departments:

- The Department of Natural Resources - maximum of \$300,000/year
- The Department of Commerce, Community and Economic Development - maximum of \$196,900/year

Any excess revenue collected lapses to the general fund.

Generated Revenue:

There are over 68,000 motorized boats registered in the State of Alaska. A title fee of \$20 would generate approximately \$1.36 million. Due to the three-year registration period, approximately \$453,340 in revenue for titling would be generated for the first three fiscal years. Once currently registered boats are titled, the only time a title will change is when a boat is bought or sold. DMV does not have a mechanism to estimate future boat sales.

Title fees

$68,000/3 \text{ year registration} = 22,667 \text{ boats per year}$
 $22,667 \times \$20 = \$453,340 \text{ yearly}$

The increase of the current three year boat registration fee from \$24 to \$30 will result in additional revenue of \$408,000 over a three year span.

Increased registration fees

$\$6 \times 68,000 = \$408,000 / 3 \text{ year registration} = \$136,000 \text{ yearly}$

Future titling revenue would be based on new and used boat sales and is unable to be estimated; therefore, the agency submits an "indeterminate revenue" fiscal note for FY22-FY24.

Total new yearly revenue over a three year span

\$453,340 - new title fees
\$136,000 - increased registration fee
\$589,340 - total increased revenue over a three year span