

# STATE OF ALASKA

## DEPARTMENT OF ADMINISTRATION DIVISION OF MOTOR VEHICLES

*Sean Parnell, GOVERNOR*  
*Annette Kreitzer, Commissioner*

Whitney Brewster, Director  
1300 W. Benson Blvd.  
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April 6, 2010

Representative Bill Stoltze  
State Capitol Room 515  
Juneau AK, 99801

Dear Representative Stoltze:

I am writing you regarding HB 329 – Transportation Infrastructure Fund (TIF) – sponsored by Representative Peggy Wilson, which has been scheduled for a hearing in House Finance on Saturday, April 10. Conceptually, the Division of Motor Vehicles (DMV) does not have an objection to this bill, however, it does have serious concerns with vehicle registration fees being utilized for the Fund and its impact on DMV operations.

Currently, almost all DMV appropriations, including capital, are funded via Receipt Supported Services. The division generates approximately \$64.4 million in revenue annually of which \$37.4 million would be transferred to the TIF under HB 329 and \$12 million is collected on behalf of other entities. This leaves approximately \$14.9 million in remaining fees available for DMV operations. If, in addition to the \$14.9 million in DMV fees, only 3% of TIF appropriation is available to assist in funding DMV operations as is specified in the bill, there would be insufficient revenues to fund the entire DMV operating appropriation (see table below), and none for any capital appropriations. The DMV would likely be put in the position of requesting supplemental funding for known costs from the Legislature.

FY	DMV Funding from TIF		DMV fees available to fund operations <sup>1</sup>	Total Available for DMV operations	Estimated DMV Operating Costs <sup>3</sup>	Excess / (Shortfall)
	Estimated TIF Appropriation <sup>2</sup>	3% available for DMV				
2012	\$ 92,957.0	\$ 2,788.7	\$ 14,907.1	\$ 17,695.8	\$ 17,263.2	\$ 432.7
2013	94,198.6	2,826.0	14,907.1	17,733.1	18,402.5	(669.5)
2014	95,468.9	2,864.1	14,907.1	17,771.2	19,617.1	(1,845.9)
2015	96,768.7	2,903.1	14,907.1	17,810.2	20,911.8	(3,101.7)
2016	98,099.0	2,943.0	14,907.1	17,850.1	22,292.0	(4,441.9)
2017	113,313.8	3,399.4	14,907.1	18,306.5	23,763.3	(5,456.8)

<sup>1</sup> \$64,356 less \$12,000 collected for other agencies less \$37,416 collected for TIF

<sup>2</sup> From the schedule provided by Rep. Peggy Wilson

<sup>3</sup> Assuming 3% growth, based on estimates in DMV's 10-year plan

Please note that this concern was brought to the attention of Representative Wilson as well as the House Transportation committee. In an effort to not hold the bill up, it was decided that this specific concern would be forwarded to the House Finance committee for possible resolution.

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The DMV does not want to jeopardize its ability to collect the revenue that is being contemplated for the TIF, nor its ability to carry out its statutory obligations. I suggest that the cost of funding the DMV be completely paid out of the revenue it collects, with the remainder of the funds going to the TIF. The bill language in section 4 could be modified to read:

(g) The Department of Administration shall separately account for and deposit into the special transportation fund registration fees collected under this section in excess of those required for DMV operating and capital appropriations.

If you have any questions or would like to discuss this issue in greater depth, please feel free to contact me at 269-5574.

Sincerely,



Whitney Brewster  
Director

cc: Representative Mike Hawker, Co-Chairman  
Representative Bill Thomas, Vice-Chairman  
Representative Alan Austerman  
Representative Mike Doogan  
Representative Anna Fairclough  
Representative Neal Foster  
Representative Les Gara  
Representative Reggie Joule  
Representative Mike Kelly  
Representative Woodie Salmon  
Representative Peggy Wilson  
Commissioner Annette Kreitzer  
Jerry Gallagher, Governor's Legislative Office