

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number _____
Bill Version HB064
() Publish Date _____

Identifier (file name) HB064-DOA-DMV-02-18-11 Dept. Affected Administration
Title Permanent non-commercial vehicle registration Appropriation Division of Motor Vehicles
Allocation Motor Vehicles
Sponsor Rep(s) STOLTZE, KELLER, Costello, Neuman
Requester House Transportation OMB Component Number 2348

Expenditures/Revenues (Thousands of Dollars)

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

	Appropriation Required	Information					
OPERATING EXPENDITURES	FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Personal Services							
Travel							
Services		57.2					
Commodities							
Capital Outlay							
Grants							
Miscellaneous							
TOTAL OPERATING	0.0	57.2	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES							
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CHANGE IN REVENUES		256.0	296.0	(15,684.0)	(18,194.0)	(18,204.0)	(20,714.0)
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF		57.2					
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other (please identify)							
TOTAL	0.0	57.2	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2011) cost 0.0

POSITIONS

Full-time							
Part-time							
Temporary							

Why this fiscal note differs from previous version (if initial version, please note as such)

This version differs from the previous version as follows:

- 1) The new version includes sections on Performance Measures and Economic Impact;
- 2) The previous version included vehicles with senior and/or military exemptions from registration fees;
- 3) There are some minor changes to the class codes used to determine vehicle quantities; and
- 4) The previous version listed the registration fee for motorcycles as \$68 rather than the correct fee of \$60.

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Department of Administration

Phone 907-269-5574
Date/Time 2/18/11 4:00 PM
Date 2/18/2011

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BILL NO. HB064

Analysis

Performance Measures

The Division of Motor Vehicles (DMV) expects this bill will have very little impact on its performance measures.

- 1) DMV will still be required to collect the \$2.00 I/M fee biennially on all vehicles requiring an emissions inspection.
- 2) Approximately 75% of registration renewals are processed over the internet, via mail, or by DMV's business partners; only about 25% are processed at the counter in a DMV office.
- 3) Registration renewals are the fastest transactions performed in DMV offices, taking 3-5 minutes each.

Expenditures

The database for Division of Motor Vehicles (DMV) will need reprogramming to allow for permanent registration on non-commercial vehicles.

Estimated hours: 400

Cost per hour: \$143

Total programming cost: $400 \times \$143 = \$57,200$.

Revenues

Motor Vehicle Registration Tax (MVRT): The DMV collects MVRT for 16 communities: Anchorage, Bethel, Bristol Bay Borough, Cordova, Dillingham, Juneau, Kenai Peninsula Borough, Ketchikan Gateway Borough, Kodiak Island Borough, Matanuska Susitna Borough, Nenana, Nome, Petersburg, Sitka, Unalaksa, and Whittier.

Eight percent of the MVRT collected is retained by the state as collection costs. Although the increase or decrease in revenues from the collection costs are indeterminate, the revenues will change proportionately with the registration fees.

Registration Fees:

Assumptions:

- 1) 355,000 vehicles will be eligible for permanent registration in 2012 (based on currently-registered vehicles). Half (177.5) will renew in 2012 and half will renew in 2013.
Approximately 28,400 vehicles will become eligible each year. This is an average of the number of currently registered vehicles with model years 2004-2010.
- 2) All permanently registered vehicles will stay in service for the next 5 years and will not change ownership.
- 3) 90% of owners will elect for permanent registrations, based on the following:
 - a) The biennial registration fee established in AS 28.10.421 is \$100 for 96% of the vehicles eligible for permanent registration. Since the permanent registration fee is the lesser of 5 times the \$100 (\$500) fee or \$100 dollars, the registration fee would be \$100, whether renewing for two years or permanently. The other 4% of registrations are for motorcycles with a \$60 biennial registration. Although the \$100 permanent registration fee is greater than the \$60 biennial fee, assumption is that 90% will opt for permanent registration.
 - b) The maximum additional Motor Vehicle Registration Tax (MVRT) would be \$16 for motorcycles ($\$4 \text{ MVRT} \times 5 = 20$ less $\$4 = \16) and \$64 ($\$16 \text{ MVRT} \times 5 = \80 less $\$16 = \64) for all other eligible vehicles. The registration fees that would have been paid at the next renewal would offset either of those one-time increases in MVRT.
 - c) The only benefit to retaining biennial registration would be for those who intend to sell their vehicle or move out of state within two years.

See Page 3 for calculations

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Analysis Continued

<u>Calculations</u>	2012	2013	2014	2015	2016	2017
4% of vehicles are motorcycles (M/C)						
96% - all others (Others)						
2012: 177.5 current vehicles eligible for perm reg						
159.8 opt for perm reg (177.5 x 90%)						
M/C -6.4 opt for perm reg (159.8 x 4%)						
Inc from perm reg ((6.4x\$100)-(6.4x\$60))	256.0					
Loss in biennial fees (6.4x\$60)			(384.0)		(384.0)	
Others-153.4 opt for perm reg (159.8 x 96%)						
Loss in biennial fees (153.4x\$100)			(15,340.0)		(15,340.0)	
2013: 205.9 vehicles eligible for perm reg, including 28.4 newly eligible						
185.3 opt for perm reg (205.9 x 90%)						
M/C -7.4 opt for perm reg (185.3 x 4%)						
Inc from perm reg ((7.4x\$100)-(7.4x\$60))		296.0				
Loss in biennial fees (7.4x\$60)				(444.0)		(444.0)
Others-177.9 opt for perm reg (185.3 x 96%)						
Loss in biennial fees (177.9x\$100)				(17,790.0)		(17,790.0)
2014: 28.4 newly eligible for perm reg						
25.6 opt for perm reg (28.4 x 90%)						
M/C -1.0 opt for perm reg (25.6 x 4%)						
Inc from perm reg ((1.0x\$100)-(1.0x\$60))			40.0			
Loss in biennial fees (1.0x\$60)					(60.0)	
Others-24.6 opt for perm reg (25.6 x 96%)						
Loss in biennial fees (24.6x\$100)					(2,460.0)	
2015: 28.4 newly eligible for perm reg						
25.6 opt for perm reg (28.4 x 90%)						
M/C -1.0 opt for perm reg (25.6 x 4%)						
Inc from perm reg ((1.0x\$100)-(1.0x\$60))				40.0		
Loss in biennial fees (1.0x\$60)						(60.0)
Others-24.6 opt for perm reg (25.6 x 96%)						
Loss in biennial fees (24.6x\$100)						(2,460.0)
2016: 28.4 newly eligible for perm reg						
25.6 opt for perm reg (28.4 x 90%)						
M/C -1.0 opt for perm reg (25.6 x 4%)						
Inc from perm reg ((1.0x\$100)-(1.0x\$60))					40.0	
2017: 28.4 newly eligible for perm reg						
25.6 opt for perm reg (28.4 x 90%)						
M/C -1.0 opt for perm reg (25.6 x 4%)						
Inc from perm reg ((1.0x\$100)-(1.0x\$60))						40.0
Total Estimated Revenue Increase/(Decrease)	256.0	296.0	(15,684.0)	(18,194.0)	(18,204.0)	(20,714.0)

Economic Impact

This bill will increase revenues by approximately \$250.0 per year for the first two years; in subsequent years, the DMV estimates annual losses of \$18 - \$20 million. Those losses will decrease as the 355,000 vehicles initially eligible for permanent registration go out of service.