

FISCAL NOTE

STATE OF ALASKA
2013 LEGISLATIVE SESSION

Bill Version HB019
 Fiscal Note Number _____
 () Publish Date _____

Identifier (file name) HB019-DOA-DMV-2-07-13 Dept. Affected Administration
 Title Perm. Mot. Veh. Registration/Trailers Appropriation Motor Vehicles
 Allocation Motor Vehicles
 Sponsor Representatives Stoltze and Keller
 Requester House Transportation OMB Component Number 2348

Expenditures/Revenues (Thousands of Dollars)

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

| | FY14 Appropriation Requested | Included in Governor's FY14 Request | Out-Year Cost Estimates | | | | | |
|-------------------------------|------------------------------------|----------------------------------------------|-------------------------|------------|------------|------------|------------|------------|
| | | | FY14 | FY15 | FY16 | FY17 | FY18 | FY19 |
| OPERATING EXPENDITURES | | | | | | | | |
| Personal Services | | | | | | | | |
| Travel | | | | | | | | |
| Services | 100.1 | | | | | | | |
| Commodities | | | | | | | | |
| Capital Outlay | | | | | | | | |
| Grants, Benefits | | | | | | | | |
| Miscellaneous | | | | | | | | |
| TOTAL OPERATING | 100.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

| FUND SOURCE | | (Thousands of Dollars) | | | | | | |
|--------------------|------------------|------------------------|------------|------------|------------|------------|------------|------------|
| 1002 | Federal Receipts | | | | | | | |
| 1003 | GF Match | | | | | | | |
| 1004 | GF | | | | | | | |
| 1005 | GF/Prgm (DGF) | 100.1 | | | | | | |
| 1037 | GF/MH (UGF) | | | | | | | |
| 1178 | temp code (UGF) | | | | | | | |
| TOTAL | | 100.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

| POSITIONS | | | | | | | |
|------------------|--|--|--|--|--|--|--|
| Full-time | | | | | | | |
| Part-time | | | | | | | |
| Temporary | | | | | | | |

| | | | | | | | |
|---------------------------|----------------|--|----------------|-------------------|-------------------|-------------------|-------------------|
| CHANGE IN REVENUES | 5,346.0 | | 5,982.0 | (17,836.0) | (20,128.0) | (20,128.0) | (22,420.0) |
|---------------------------|----------------|--|----------------|-------------------|-------------------|-------------------|-------------------|

Estimated SUPPLEMENTAL (FY13) operating costs 0.0 (separate supplemental appropriation required)
 (discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY14) costs 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? 1/1/2014 Discuss details in analysis section.

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

Not applicable, initial version.

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 Approved by Curtis Thayer, Deputy Commissioner
Department of Administration

Phone 907-269-5559
 Date/Time 2/7/13 10:41 AM
 Date 2/7/2013

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2013 LEGISLATIVE SESSION

BILL NO. HB019

Analysis

The effective date of this bill is January 1, 2014.

This bill allows for permanent registration of non-commercial vehicles that are at least eight years old, allows for permanent registration of all non-commercial trailers, establishes a one-time \$25 permanent registration fee, allows municipalities to establish one-time Motor Vehicle Registration Tax (MVRT) rates for permanent registrations, and caps the MVRT that DMV may collect for permanent registration at \$100.

Expenditures

The database for DMV will need programming to allow for permanent registration of non-commercial trailers, and permanent registration of non-commercial vehicles eight years and older.

Estimated contract hours: 700

Cost per hour: \$143

Total programming cost: $700 \times \$143 = \$100,100$.

Revenues

Motor Vehicle Registration Tax (MVRT): The DMV currently 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, Unalaska, and Whittier. Eighty-four percent (84%) of all vehicles and 77% of all trailers reside in a community that collects MVRT, and on average, 72% of vehicles are eligible for permanent registration. Eight percent (8%) of the MVRT collected is retained by the state as collection costs; historically, the collection costs have been approximately \$1 million annually. Eliminating biennial MVRT for approximately 533,000 vehicles and trailers will reduce the collection costs. The net effect on the general fund is indeterminate.

Assumptions:

- 1) **Non-commercial vehicles at least 8 years old** - 478,400 vehicles will be eligible for permanent registration in 2014 (based on currently registered vehicles). Half (239,200) will renew in 2014 and half will renew in 2015. Approximately 30,300 vehicles will become eligible each year. This is an average of the number of currently registered vehicles with model years 2002-2012.
- 2) **Non-commercial trailers** - 115,500 trailers will be eligible for permanent registration in 2014 (based on currently-registered vehicles). Half (57,750) will renew in 2014 and half will renew in 2015. Approximately 5,000 new trailers are registered each year. This is an average of the number of currently registered trailers with model years 2002-2012.
- 3) DMV estimates that 90% of owners will elect for permanent registration on vehicles and non-commercial trailers. The additional \$25 for permanent registration is low enough to make that option attractive for all except those who know they will be moving out of state replacing the vehicle/trailer within the following two years.
- 4) DMV experience shows that registrations are never renewed on approximately 20% of older vehicles.

Performance Measures

The DMV expects this bill will have very little impact on its performance measures, since only about 11% of registration renewals are processed at a DMV office.

Estimated Revenue Change - HB 19 - TOTAL

| | | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|-------------|---------------------------------------------------------------------------|------------------|------------------|-------------------|-------------------|-------------------|-------------------|
| 2014 | Increase from perm reg | 6,682.5 | - | - | - | - | - |
| | Loss in biennial fees | - | - | (23,090.0) | - | (23,090.0) | - |
| 2015 | Increase from perm reg | | 7,477.5 | - | - | - | - |
| | Loss in biennial fees | | - | - | (25,955.0) | - | (25,955.0) |
| 2016 | Increase from perm reg | | | 795.0 | - | - | - |
| | Loss in biennial fees | | | - | - | (2,865.0) | - |
| 2017 | Increase from perm reg | | | - | 795.0 | - | - |
| | Loss in biennial fees | | | - | - | - | (2,865.0) |
| 2018 | Increase from perm reg | | | - | - | 795.0 | - |
| 2019 | Increase from perm reg | | | - | - | - | 795.0 |
| | Total Estimated Revenue Increase/(Decrease)* | 6,682.5 | 7,477.5 | (22,295.0) | (25,160.0) | (25,160.0) | (28,025.0) |
| | Assume 20% leave state, no longer in service or do not re-register | (1,336.5) | (1,495.5) | 4,459.0 | 5,032.0 | 5,032.0 | 5,605.0 |
| | Net Estimated Revenue Increase/(Decrease) | 5,346.0 | 5,982.0 | (17,836.0) | (20,128.0) | (20,128.0) | (22,420.0) |

*assume 100% of vehicles re-register

Vehicles

| | | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|----------------------------------------------------------------------------------|----------------------------------------------------|----------------|----------------|-------------------|-------------------|-------------------|-------------------|
| 2014: 239.2 current vehicles eligible for perm reg | | | | | | | |
| | 215.3 opt for perm reg (239.2 x 90%) | | | | | | |
| | Increase from perm reg (215.3 x \$25) | 5,382.5 | | | | | |
| | Loss in biennial fees (215.3 x \$100) | | | (21,530.0) | | (21,530.0) | |
| 2015: 269.5 vehicles eligible for perm reg, including 30.3 newly eligible | | | | | | | |
| | 242.6 opt for perm reg (269.5 x 90%) | | | | | | |
| | Increase from perm reg (242.6 x \$25) | | 6,065.0 | | | | |
| | Loss in biennial fees (242.6 x \$100) | | | | (24,260.0) | | (24,260.0) |
| 2016: 30.3 newly eligible for perm reg | | | | | | | |
| | 27.3 opt for perm reg (30.3 x 90%) | | | | | | |
| | Increase from perm reg (27.3 x \$25) | | | 682.5 | | | |
| | Loss in biennial fees (27.3 x \$100) | | | | | (2,730.0) | |
| 2017: 30.3 newly eligible for perm reg | | | | | | | |
| | 27.3 opt for perm reg (30.3 x 90%) | | | | | | |
| | Increase from perm reg (27.3 x \$25) | | | | 682.5 | | |
| | Loss in biennial fees (27.3 x \$100) | | | | | | (2,730.0) |
| 2018: 30.3 newly eligible for perm reg | | | | | | | |
| | 27.3 opt for perm reg (30.3 x 90%) | | | | | | |
| | Increase from perm reg (27.3 x \$25) | | | | | 682.5 | |
| 2019: 30.3 newly eligible for perm reg | | | | | | | |
| | 27.3 opt for perm reg (30.3 x 90%) | | | | | | |
| | Increase from perm reg (27.3 x \$25) | | | | | | 682.5 |
| | Total Estimated Revenue Increase/(Decrease) | 5,382.5 | 6,065.0 | (20,847.5) | (23,577.5) | (23,577.5) | (26,307.5) |

Non-Commercial Trailers

| | | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--------------------------------------------------------------------------------|----------------------------------------------------|----------------|----------------|------------------|------------------|------------------|------------------|
| 2014: 57.8 current trailers eligible for perm reg | | | | | | | |
| | 52.0 opt for perm reg (57.8 x 90%) | | | | | | |
| | Increase from perm reg (52.0 x \$25) | 1,300.0 | | | | | |
| | Loss in biennial fees (52.0 x \$30) | | | (1,560.0) | | (1,560.0) | |
| 2015: 62.8 trailers eligible for perm reg, including 5.0 newly eligible | | | | | | | |
| | 56.5 opt for perm reg (62.8 x 90%) | | | | | | |
| | Increase from perm reg (56.5 x \$25) | | 1,412.5 | | | | |
| | Loss in biennial fees (56.5 x \$30) | | | | (1,695.0) | | (1,695.0) |
| 2016: 5.0 trailers newly eligible for perm reg | | | | | | | |
| | 4.5 opt for perm reg (5.0 x 90%) | | | | | | |
| | Increase from perm reg (4.5 x \$25) | | | 112.5 | | | |
| | Loss in biennial fees (4.5 x \$30) | | | | | (135.0) | |
| 2017: 5.0 trailers newly eligible for perm reg | | | | | | | |
| | 4.5 opt for perm reg (5.0 x 90%) | | | | | | |
| | Increase from perm reg (4.5 x \$25) | | | | 112.5 | | |
| | Loss in biennial fees (4.5 x \$30) | | | | | | (135.0) |
| 2018: 5.0 trailers newly eligible for perm reg | | | | | | | |
| | 4.5 opt for perm reg (5.0 x 90%) | | | | | | |
| | Increase from perm reg (4.5 x \$25) | | | | | 112.5 | |
| 2019: 5.0 trailers newly eligible for perm reg | | | | | | | |
| | 4.5 opt for perm reg (5.0 x 90%) | | | | | | |
| | Increase from perm reg (4.5 x \$25) | | | | | | 112.5 |
| | Total Estimated Revenue Increase/(Decrease) | 1,300.0 | 1,412.5 | (1,447.5) | (1,582.5) | (1,582.5) | (1,717.5) |