

House Finance Committee
2nd Session, 28th Alaska State Legislature
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SB 127 IS BAD LEGISLATION, DRIVING CASH AWAY FROM ALASKA'S STATE TREASURY

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Greetings House Finance Co-Chair Stoltz and Co-Chair Austerman, members of the finance committee,

Thanks for the opportunity to add my comments to the public record. I speak against SB 127 and ask that all members of this committee consider holding this bill in committee or offer no votes on this bill in its current form.

I do believe in public/private partnerships only when the public does not lose revenue already dedicated as income. Allocating public dollars to subsidize private partners does not follow the original intent of the partnership. The intent of our DMV partnership with private business is to collect revenue on behalf of the state, and so far the partnership has been great taking some of the workload away from DMV staff while revenue generation has had modest increases due to population demand.

Dept. of Administration/DMV Fiscal Note shows a loss of \$1,979.8 million if SB 127 passes the House and signed into law. I ask you, the House Finance Committee, can we really afford the \$2 million loss of revenue when Alaska is on the hook for hundreds of millions in tax credits? How many teachers can be hired with \$2 million?

SB 127 does not make fiscal sense for the State of Alaska, as taking a loss of revenue in exchange for one business sector gain's is not in the best interest of the citizens who depend on that revenue for program services.

The DMV Partners currently charge service fees to their customers above the fees collected for the State of Alaska. The service fees charged are for the private business to process the DMV paperwork on behalf of the state. Revenue generated from service fees helps to pay employees, credit card fees, and other business related expenses plus profit margin.

One private business has been able to open 4 DMV locations in 3 cities statewide using the model of charging service fees for their convenience. The business has averaged a 27% growth in new business, both total revenue and total transactions since July 1, 2004, the numbers presented on public record show increases to the private sector.

Auto dealerships can be DMV partners and they charge DOC fees plus collect the state registration fees when you purchase a new or used vehicle. Has anyone purchased a vehicle from a dealership in the past year? Then you paid DOC fees to have your vehicle titled and registered. Auto Dealerships make profit margin on the sale of the vehicles, charging DOC fees covers their administration time for registration and titling vehicles with the state.

Language in SB 127 that authorizes DMV partners to use DMV logos in marketing is good for the partnership, but the possible loss of revenue is not good. SB 127 has sailed through 3 committees prior to this committee, two on the senate side, one on the house side, and it looks to me as no one is questioning the loss of revenue.

I ask where are the checks and balances of this 28th Legislature when it comes to legislation like SB 127. No one has come up with any solutions other than to give \$2 million of public money to businesses that already collect their own revenue, charging service fees.

I have a suggestion for keeping \$2 million in the state treasury, do not pass SB 127 and I encourage private business to increase their fees to customers that use the private DMV services as a matter of convenience.

Please do not pass SB 127, let's keep public money for public use. I ask that this committee and the 28th Legislature, be smart and efficient with public money.

SB 127 drives cash right out of the state treasury. It is ok to say no. . .

Best,

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