# Fiscal Note

State of Alaska
2018 Legislative Session

Bill Version: SB 92
Fiscal Note Number:
() Publish Date:

Identifier: SB092-DOA-DMV-02-11-18
Title: VESSELS: REGISTRATION/TITLES; DERELICTS
Sponsor: MICCICHE
Requester: Senate Resources

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 | | | | | | | |
| Commodities | | | | | | | |
| Capital Outlay | | | | | | | |
| Grants & Benefits | | | | | | | |
| Miscellaneous | | | | | | | |
| **Total Operating** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** |

**Fund Source (Operating Only)**

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| None | | | | | | | |
| **Total** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** |

**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:** 40.0 *(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If yes, by what date are the regulations to be adopted, amended or repealed? 07/01/21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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Division: Motor Vehicles — Date: 02/11/2018 01:00 PM
Approved By: Leslie Ridle, Commissioner — Date: 02/12/18
Agency: Department of Administration

**FISCAL NOTE ANALYSIS**

**STATE OF ALASKA** **BILL NO.** SB 92
**2018 LEGISLATIVE SESSION**

## Analysis

SB 92 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. SB 92 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 for 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. Because the effective date of this legislation is set at January 1, 2018, DMV will need a supplemental appropriation to cover these costs.

400 hrs x $100/hr = $40,000

DMV is also requesting a yearly increment of $50,000 to cover increased attorney fees related to boat title disputes. Currently DMV spends approximately $120,000 on attorney fees related to vehicle title and other disputes.

**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.

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.

Title fees
68,000/3 year registration = 22,667 boats per year
22,667 x $20 = $453,340 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.

Increased registration fees
$6 x 68,000 = $408,000 / 3 year registration = $136,000 yearly

**Total new yearly revenue over a three year span**
$453,340 - new title fees