

# FISCAL NOTE

Bill Version: CSHB 108 (FIN)

(H) Publish Date: 2/9/00

**STATE OF ALASKA  
2000 LEGISLATIVE SESSION**

Revision Date/Time 1/31/00 Dept. Affect Administration  
 Title An act relating to boat registration . . . ERU Motor Vehicles  
 Component \_\_\_\_\_  
 Sponsor Representative Hudson  
 Requester H (FIN) Component Serial No. 2348

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Personal Services	260.7	295.1	272.6	272.6	272.6	272.6
Travel	15.0	15.0	15.0	15.0	15.0	15.0
Contractual	115.5	91.0	91.0	91.0	91.0	91.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	80.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>471.2</b>	<b>401.1</b>	<b>378.6</b>	<b>378.6</b>	<b>378.6</b>	<b>378.6</b>

<b>CAPITAL EXPENDITURES</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
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<b>CHANGE IN REVENUES ( )</b>	<b>466.5</b>	<b>933.0</b>	<b>933.0</b>	<b>933.0</b>	<b>933.0</b>	<b>933.0</b>
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**FUND SOURCE** (Thousands of Dollars)

FUND SOURCE	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	471.2	401.1	378.6	378.6	378.6	378.6
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0
Other (Specify Type)	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>471.2</b>	<b>401.1</b>	<b>378.6</b>	<b>378.6</b>	<b>378.6</b>	<b>378.6</b>

Estimate of any current year (FY00) cost: 0.0

**POSITIONS**

POSITIONS	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Full-time	5	5	5	5	5	5
Part-time	2	2	2	2	2	2
Temporary	2	2	0	0	0	0

**ANALYSIS:** (Attach a separate page if necessary)

The analysis will assume that the program will start on January 1, 2001. The positions that will be needed to administer the program will be hired on October 1, 2000, to allow time for training and establishing the program. Costs shown for FY 01 will only reflect partial year costs for 9 months of personal services costs and 6 months of registration activity.

(Continued on the attached sheet)

Prepared by Charles R. Hosack Phone 269-5559  
 Division Motor Vehicles Date/Time 1/31/00  
 Approved by Commissioner Bob Poe Date 1/31/00 1/31/00  
 Agency Department of Administration

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**ANALYSIS CONTINUED:**

Discussions and Assumptions

The Coast Guard currently requires registration of powered boats used on navigable waterways and has approximately 33,000 registered boats. Assuming that an equal number of registrations expire in each year, this results in a registration workload of 11,000 boats per year. To process this workload the Coast Guard has 1.5 positions (1 dedicated full time and 1 which assists in administration and during the peak season) and has requested an additional full time position to prevent backlogs. These registrations are maintained on a stand alone computer system using specially developed software known as SABRE (State of Alaska Boat Registration). This system is a windows based system that is not networked or available to other users.

Under the proposed law all powered boats would be registered by DMV not just those on navigable waterways. Increased enforcement by law enforcement agencies and Division of Parks would increase the number of registered boats. There is no accurate number of the total number of powered boats in the state, however estimates from the various sources place the number between 50,000 to 100,000. This figure is mainly based on boat sales of 10,000 per year. For purpose of this fiscal note, it is assumed that there will be 75,000 registered powered boats. The bill also requires the registration of non-powered boats over 10 feet in length which were not previously required to be registered by the Coast Guard. The estimate of non-powered boats in the state is 100,000 boats. This estimate is based on the experience of other states which register non-powered boats. The registration period for all boats will be three years resulting in an annual registration workload of 58,300 boat registrations.

The Coast Guard has offered to give the SABRE registration system to the state, however there are problems with using it. The rationale for having DMV register boats is the fact that there are offices located throughout the state and there is an information system available to these offices, to law enforcement, and to other agencies as required. The DMV system has an integrated accounting module to properly account for state revenues. The SABRE system is not compatible with the current DMV system and would require extensive modification to make it so. It would be more cost effective and efficient to create a new application on the DMV system by modifying the vehicle registration system to accommodate boat registration.

Initial Start-up Costs

During the first year there will be additional costs to modify the DMV information system for the boat registration program and to convert the existing boat registration data base to the DMV system. The programming needs will be done by contract programmers and the conversion of the data base will require either manual data entry or manual verification of each entry due to the differences between the two operating systems. The data entry will be done by non-permanent project employees. These costs will be incurred in the first calendar year of the program, which will cross fiscal years. With an assumed start date of Jan 1, 2001, all employees will start on Oct 1, 2000, so that they can receive initial training, test the computer systems, and provide training for both the boat dealers and DMV employees

The costs associated with the start-up are as follows:

	<u>FY 01</u>	<u>FY 02</u>
2 non-perm employees MVCSR* 1 (range 10) for 12 months	\$67.5	\$22.5
300 hours contract programming @ \$125/hr	\$37.5	
Equipment (computer workstations)	\$20.0	
Total	\$125.0	\$22.5

These costs will be incurred only in the first year of the program.

\*Motor Vehicle Customer Service Representative

On-going Operating Budget Costs

In addition to the initial costs to establish the system and to convert the data from the SABRE system to the DMV system, there will be the regular costs to renew registrations of boats that are expiring and to register boats as they are sold by the dealers. Dealers are required to have a customer complete an application for any boat sold at retail and then send the registration application along with the appropriate fees to DMV. Boats due for registration renewal will be incorporated into the normal renewal system the same as a vehicle. This will include an initial renewal notice and the opportunity to renew by mail, by phone, by internet, or in person at any DMV office. The on-going costs will be based on an annual registration workload for 58,300 boats.

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**Cost Detail**

	<u>FY 01</u>	<u>FY 02</u>
1 PFT MVCSR III (range 14) lead worker	\$35.7	\$47.6
4 PFT MVCSR Is (range 10)	\$135.0	\$180.0
2 PFT (Seasonal) MVCSR Is (range10)	\$22.5	\$45.0
Postage costs (postage envelopes)	\$13.0	\$26.0
Forms cost (applications and registrations)	\$10.0	\$10.0
Validation Decals (90,000* @ \$0.50 ea.)	\$45.0	\$45.0
Training Costs (for Boat Dealers and DMV employees)	\$10.0	\$10.0
Travel & Per Diem cost for training and auditing	\$15.0	\$15.0
Equipment (computer workstations)	\$60.0	
Total	\$346.2	\$378.6

Revenue

There will be 25,000 powered boat registrations processed each year at \$24 for the three year period generating \$600.0 in GF revenue annually. There will 33,300 non-powered boat registrations processed each year at \$10 generating \$333.0 in GF revenue annually. The total GF revenue for all registrations will be \$933.0. The revenue estimate is based on the assumption that all boat owners will comply with the law. The enforcement efforts will have an impact on the revenue generated.