

FISCAL NOTE

No. 2
 Bill Version: CSSB 64 (TRA)
 (S) Publish Date: 2-24-99

STATE OF ALASKA
1999 LEGISLATIVE SESSION

Revision Date: 2/18/99 11:00 a.m.
 Title: An Act relating to commercial vehicle registration fees and taxes; and providing for an effective date.
 Sponsor: (S) TRA
 Requestor: (S) TRA

Department Affected: Administration
 BRU: Motor Vehicles
 Component: _____
 COMPONENT SERIAL NO. 2348

Expenditures/Revenues: (Thousands of Dollars)
 Note: Amounts do not include inflation unless otherwise noted below

OPERATING EXPENDITURES	FY 2000	FY 2001	FY2002	FY 2003	FY 2004	FY 2005
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES						
CHANGE IN REVENUES ()	(1,350.0)	(1,350.0)	(1,350.0)	(1,350.0)	(1,350.0)	(1,350.0)

FUND SOURCE: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY 99) cost: \$ _____

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

In 1998 HB 404 was passed and that bill eliminated the requirement for annual or biennial commercial trailer registration. HB 404 increased registration fees on commercial cars, trucks, and buses to compensate for the loss of the trailer registration fees. The intent of this was to be revenue neutral with the changes. This bill addresses the same issue with the Municipal Registration Tax by increasing the tax rates on larger commercial vehicles to offset the loss of municipal tax revenue from the trailers.

DMV collects these taxes at time of registration and remits them to the appropriate municipality less an 8% collection cost which the state retains. There is no gain or loss of revenue since this bill merely shifts the existing tax burden from one class of vehicles to another. The tax rate changes can be accomplished by a computer table change in less than an hour. (continued on attached sheet)

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Phone: (907) 269-5559
 Date: _____

Approved by Commissioner: Robert Poe Jr.
 Agency: Department of Administration

Date: 2/19/99

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STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. CSSB 64 (TRA)

#2

The amendment offered in the Senate Transportation Committee will allow commercial vehicles owned by a commercial company to be registered as a non-commercial vehicle if the vehicle is leased to a person or company that uses the vehicle for non-commercial purposes. The majority of the leased vehicles are passenger vehicles and the difference in fees between commercial and non-commercial registration for a passenger vehicle is \$90. Leased vehicles are owned by the leasing company and are currently registered the same as any other vehicle used commercially. There is no requirement to disclose the fact that there is a lease when the vehicle is registered and these vehicles are not identified separately in the vehicle records. The registration fees are required by law to be paid by the owner of the vehicle which in this case is the leasing company. It is common practice in the lease agreement to have the lessee pay any fees for the leasing company. This is a private contract between the two parties in negotiating the lease and is not required by the state.

If a lease is disclosed when the vehicle is registered, DMV will list the lessee name on the registration. This is done as a courtesy only and this conveys no ownership rights to the lessee. Since these vehicles are not differentiated from any other commercial vehicles, the exact number is not known. Industry reports are that 10%-20% of new vehicles from dealers are leased rather than sold (source: R.L. Polk Company). In 1998 there were approximately 100,000 new vehicles titled in Alaska. For purposes estimating the impact on revenue, it will be assumed that 15% or 15,000 of these vehicles are leased. If these vehicles are registered at the lower fee (\$68 versus \$158), then the annual revenue loss to the state will be \$1,350,000.00 annually.