

FISCAL NOTE

STATE OF ALASKA
2001 LEGISLATIVE SESSION

Fiscal Note Number: 6
 Bill Version: CSHB 39(TRA)
 (H) Publish Date: 2/28/01

Revision Date/Time (Note if correction): _____ Dept. Affected: Administration
 Title: An act relating to registration of motor vehicles, BRU: Motor Vehicles
to operating a motor vehicle, aircraft, or watercraft..... Component: _____
 Sponsor: Representative Kott
 Requester: H (Trans) Component Number: 2348

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services	236.9	236.9	236.9	236.9	236.9	236.9
Travel						
Contractual	34.8	26.3	6.3	6.3	6.3	6.3
Supplies	9.9	2.1	2.1	2.1	2.1	2.1
Equipment	32.4	0.0	0.0	0.0	0.0	0.0
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	314.0	265.3	245.3	245.3	245.3	245.3

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	314.0	265.3	245.3	245.3	245.3	245.3
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	314.0	265.3	245.3	245.3	245.3	245.3

Estimate of any current year (FY2001) cost: 0.0

POSITIONS

Full-time	6	6	6	6	6	6
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Proposed CSHB39(tra) would require that the DMV verify that an applicant for vehicle registration provide proof of motor vehicle insurance under AS 28.22 before issuing a vehicle registration.

In Calendar Year 2000 there were approximately 385,300 original or renewal registrations processed. Approximately 85,000 of these were processed by business partners (car dealers or inspection stations). Under this bill, the partners would have to verify insurance on any transactions they process but this would not have a fiscal impact on DMV since the partners are not paid for these transactions. It may have an impact on the partners in that, with the added complexity and attendant customer complaints, they may not wish to continue this service. If this occurs, these transactions would revert back to a DMV office for processing and would require an additional 4 PFT positions that are not included in this fiscal note.

Prepared by: Charles R. Hosack Phone 269-5559
 Division: Motor Vehicles Date/Time 2/5/01 3PM
 Approved by: Jim Duncan, Commissioner Date 2/5/01
 Agency: Department of Administration

For distribution information, call the Governor's Legislative Office

ANALYSIS: (continued)

Of the remaining 300,300 transactions, approximately 40,000 were trailers which generally will not have a separate liability policy. DMV does not intend to ask for proof of insurance when registering trailers. Approximately 10,000 were larger commercial trucks which are already required to file proof of insurance with Division of Vehicle Enforcement in DOT. DMV does not intend to verify insurance on these vehicles.

That leaves 250,300 vehicle registration transactions in which DMV must verify insurance before registering the vehicle. In the verification process DMV must ensure that the vehicle or driver is included in the policy and that the policy is in effect at the time of registration. Since this is a new requirement many of the customers will not be aware of the requirement and will be turned away necessitating a second visit to DMV. DMV must also spend time addressing customer complaints/comments on the new requirements. It is estimated that on an average an additional 2 minutes per transaction will be needed. To absorb this workload DMV will need an additional 4.5 positions.

Approximately 29,000 of these transactions were done on electronic venues such as the web or phone which required no human intervention to process the transaction. It will not be possible to verify insurance in these venues so all of these transactions will revert back to the DMV field offices. It will require 1.5 positions to process these transactions.

Many of the registrations renewals processed by mail will have to be returned because insurance proof was not submitted. This will increase customer complaints which will take employee time to address. Additional postage costs are estimated to be \$5,000.

These costs reflect what will be needed to comply with the requirements of the bill but this will not have a substantial impact on uninsured drivers. The registration period for most vehicles is 2 years whereas the typical insurance policy is only written for 6 months and this leaves the potential for large gaps in coverage. The only effective method is to have continuous electronic verification with the insurance companies. There are vendors who provide this service and the annual cost is based on the number of registered vehicles. At a typical cost of \$2 per vehicle, the cost for this service in Alaska would be \$1.4 million per year.

Summary of Costs

6 PFT positions @ \$39,477	236,862
Standard Equipment, Supplies, phone @ \$8678	52,068
Postage	5,000
Advertising (first two years)	20,000
TOTAL	\$313,930