

HOUSE FINANCE COMMITTEE
April 22, 2003
3:49 P.M.

TAPE HFC 03 - 60, Side A

CALL TO ORDER

Co-Chair Williams called the House Finance Committee meeting to order at 3:49 P.M.

MEMBERS PRESENT

Representative Bill Williams, Co-Chair
Representative Kevin Meyer, Vice-Chair
Representative Mike Chenault
Representative Eric Croft
Representative Richard Foster
Representative Mike Hawker
Representative Reggie Joule
Representative Bill Stoltze
Representative Jim Whitaker

MEMBERS ABSENT

Representative John Harris, Co-Chair
Representative Carl Moses

ALSO PRESENT

Kevin Jardell, Assistant Commissioner, Department of Administration; Joanne Gibbens, Program Administrator, Division of Family and Youth Services, Department of Health and Social Services; Jack Shay, Former Mayor, Ketchikan Assembly, Borough of Ketchikan

PRESENT VIA TELECONFERENCE

Duane Bannock, Director, Division of Motor Vehicles, Department of Administration; Chuck Hosack, Division of Motor Vehicles, Anchorage

SUMMARY

HB 170 An Act increasing certain motor vehicle registration fees; and providing for an effective date.

HB 170 was reported out of Committee with "individual recommendations" and with fiscal note #1 by the Department of Administration.

SB 123am An Act relating to adoptions and guardianships that include a subsidy payment by the state;

eliminating annual review of the subsidy paid by the state after adoption of a hard-to-place child has occurred or a court has appointed a legal guardian for a hard-to-place child; and providing for an effective date.

SB 123am was reported out of Committee with "individual recommendations" and with fiscal note #1 by the Department of Health & Social Services.

#HB170

HOUSE BILL NO. 170

An Act increasing certain motor vehicle registration fees; and providing for an effective date.

DUANE BANNOCK, (TESTIFIED VIA TELECONFERENCE), DIRECTOR, DIVISION OF MOTOR VEHICLES, DEPARTMENT OF ADMINISTRATION, ANCHORAGE, explained that the bill would adjust and increase most of the fees associated with motor vehicle registration. Mr. Bannock offered to answer questions from the Committee.

Representative Stoltze asked if a leased vehicle would be considered a commercial vehicle for purposes of licensing. Mr. Bannock replied that they would be considered for rate and fee schedule purposes a commercial vehicle. Representative Stoltze pointed out that a person who leases a vehicle would pay a substantially higher fee than a person buying the same vehicle. Mr. Bannock indicated that was accurate.

Representative Croft inquired the amount of profit currently generated by the Division of Motor Vehicles (DMV). Mr. Bannock replied, last year, current revenues totaled \$46 million dollars against a \$10 million dollar budget. The 2004 projections are expenditures of approximately \$9.5 million dollars and if HB 170 passes, revenues received will total nearly \$59 million dollars.

Representative Hawker asked the last date that a revision had been made to the fee schedule. Mr. Bannock advised that the lien and title fee have never been increased. The commercial fees were adjusted slightly in 1997; prior to that, two changes were made in non-commercial fees dating back to the '70's and middle '80's.

Representative Stoltze remembered that there had been a revision made in 2000. Mr. Bannock acknowledged that 2000 had been "a little before his time", however, he did not know of any changes made then and that the last major change was made in 1997.

Representative Stoltze discussed the bill on the trucking industry, which had lowered fees on trailers to a set fee of

\$10 dollars and had a corresponding change to cover commercial tractors and trucks. Mr. Bannock interjected that structure was changed in 1997 and then had been a decrease in commercial trailer costs from a biannual registration to a one-time permanent registration charge.

Representative Croft asked if there was anything in HB 170 that shifted the one-time fee. Mr. Bannock responded that the only thing specific in HB 170 was a small change to the commercial rate and a then a change on the commercial fees for trailers. That language is indicated on Page 3, Line 5. The other change to commercial fees is listed on Page 2, Line 8, and ending on Page 3, Line 3.

CHUCK HOSACK, (TESTIFIED VIA TELECONFERENCE), DIVISION OF MOTOR VEHICLES, ANCHORAGE, noted that he was available to answer questions of the Committee.

JACK SHAY, FORMER KETCHIKAN MAYOR, CURRENT ASSEMBLY MEMBER, BOROUGH OF KETCHIKAN, voiced his appreciation for the proposed bill and any legislation that would help the community's revenue sharing.

Representative Croft MOVED to ADOPT Amendment #1.

Co-Chair Williams OBJECTED.

Representative Croft explained that the effect of the amendment would lower the fees implemented by the Division of Motor Vehicles. The yearly cost of running that agency is approximately \$10 million dollars and that the State currently makes nearly \$40-\$45 million dollars from fees collected. Representative Croft stated that the fees that he pays to DMV should be used to support that agency. HB 170 changes from that purpose to one of being a "money maker", and claimed that was inappropriate. Costs should amount more closely to the actual costs of running the agency. He acknowledged that other states have attempted to use this type-funding source to help budget gaps, irritating constituents statewide.

Representative Croft advised that Amendment #1 would cut in half the fees proposed in HB 170. That would bring in approximately \$20 million dollars State revenue. He stressed that the proposed legislation no longer would be a "user fee" but instead a "tax".

Mr. Bannock commented that regardless of the rate schedule, DMV will continue to do their work and that the fee rate should be decided by the Legislature.

Representative Hawker spoke against Amendment #1, noting that there are many services impacted by motor vehicles within the State. If the State were to factor in the cost

of highway patrol and the State Troopers and other aspects directly related, the proposed fees would not be enough.

KEVIN JARDELL, ASSISTANT COMMISSIONER, DEPARTMENT OF ADMINISTRATION, commented that the Administration would be opposed to the proposed amendment. He echoed sentiments voiced by Representative Hawker noting that there are costs associated beyond registration fees collected and that those fees can be designated for service funds related to the Division of Motor Vehicles.

Representative Joule understood that revenues need to be raised, however, he pointed out that last year the alcohol tax was raised and at this time, the State is reluctant to place that money into alcohol related programs. He added that there is no way to dedicate funds unless it is done through a constitutional amendment. The money raised through this legislation would be going into the general fund and would not be used for highway maintenance. Representative Joule recommended that a discussion take place regarding the long-term health of the State budget. Through the proposed legislation, the public will not know where their user fee costs are used. He agreed that revenues need to be raised, however, discussion must occur regarding the whole plan.

Co-Chair Williams asked how much general fund money is used for highway maintenance. Mr. Hosack did not know the figures regarding the Department's highway maintenance expenditures.

Mr. Jardell guaranteed that the revenue generated by the proposed fees would not generate enough funds to cover the Department of Transportation & Public Facilities highway maintenance fees.

Representative Foster commented that the budget for the Northern Region, which consists of approximately 50 villages, totals nearly \$10 million dollars a year. At the current price of eight cents per gallon, those areas raise approximately \$100 thousand dollars. He guessed that the ratio would total about 100 to 1 cash back. He stressed that the fees would help to maintain not only the roads and the hubs but also the runways. In his district's villages, which for the most part do not have cars, the proposed legislation would not have any impact. Representative Foster emphasized that even if the money does not go to roads, it can go to schools and/or welfare programs, which his district desperately needs. He voiced his support for the bill and against the amendment.

A roll call vote was taken on the motion to adopt Amendment #1.

IN FAVOR: Croft
OPPOSED: Hawker, Joule, Meyer, Stolze, Whitaker,
Chenault, Foster, Williams

Co-Chair Harris and Representative Moses were not present for the vote.

The MOTION FAILED (1-8).

Representative Foster MOVED to report HB 170 out of Committee with individual recommendations and with the accompanying fiscal note.

Representative Croft OBJECTED.

Representative Croft cautioned the Committee about the legislation. He noted that the general fund budget allocation for the Department of Transportation & Public Facilities totals approximately \$100 million dollars. The State should not pretend that the proposed fees in HB 170 would close the budget. The legislation raises approximately \$12 million dollars. He warned that the proposed fee structure could carry too much weight. He emphasized that raising fees high and avoiding a general long-range fiscal plan should be avoided. The proposed fee is not the way to fund schools and the general road system. DMV fees should be used only to fund that program.

Co-Chair Williams pointed out that a proposed long range fiscal "plan" has been discussed for years and that in the long run, the money generated from passage of HB 170 would help cover services needed now.

Representative Joule noted that he had not voted against the amendment because he did not agree in taking funds away from the current structure. However, he stated that he would vote against moving the bill from Committee because it does not fit into a long-range fiscal plan. The House Finance Committee must "collect" the pieces of that puzzle and address that long-range concern. He pointed out that the Ways and Means Committee was attempting to address these concerns and urged that HB 170, which will raise revenue, sits in Committee while the plan is being "molded" and all options are considered.

A roll call vote was taken on the motion to move HB 170 from Committee.

IN FAVOR: Meyer, Stolze, Whitaker, Chenault, Foster,
Hawker, Williams
OPPOSED: Joule, Croft

Co-Chair Harris and Representative Moses were not present for the vote.

The MOTION PASSED (7-2).

HB 170 was reported out of Committee with "individual recommendations" and with fiscal note #1 by the Department of Administration.

#SB123

SENATE BILL NO. 123 am

An Act relating to adoptions and guardianships that include a subsidy payment by the state; eliminating annual review of the subsidy paid by the state after adoption of a hard-to-place child has occurred or a court has appointed a legal guardian for a hard-to-place child; and providing for an effective date.

JOANNE GIBBENS, PROGRAM ADMINISTRATOR, DIVISION OF FAMILY AND YOUTH SERVICES, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, advised that SB 123 differs from the House version HB 166 in two ways:

- SB 123 adds guardianships to the title in addition to adoptions;
- SB 123 does put into law the requirement that upon the request of the person caring for the child, the Department "shall" review whether the subsidy is appropriate or not. Elimination of the annual review of the subsidy amount does not eliminate the right of the adoptive parent or guardian to ask for a review of the subsidy amount.

Representative Croft asked if that distinction was a difference between using the language "shall" and/or "may". Ms. Gibbens noted that the language was added on Page 1, Line 12. Representative Croft understood that from her testimony.

Representative Foster MOVED to report SB 123am out of Committee with individual recommendations and with the attached fiscal note.

There being NO OBJECTION, it was so ordered.

SB 123am was reported out of Committee with "individual recommendations" and with fiscal note #1 by the Department of Health and Social Services.

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ADJOURNMENT

The meeting was adjourned at 4:25 P.M.