

# FISCAL NOTE

**STATE OF ALASKA**  
**2012 LEGISLATIVE SESSION**

Bill Version CSHB 64(FIN)  
 Fiscal Note Number 4  
 (H) Publish Date 4/2/12

Identifier (file name) HB064CS(FIN)-DOA-DMV-3-30-2012 Dept. Affected Administration  
 Title Permanent motor vehicle registration Appropriation Motor Vehicles  
 Allocation Motor Vehicles  
 Sponsor Representatives Stoltze, Keller  
 Requester House Finance OMB Component Number 2348

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

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

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
			FY14	FY15	FY16	FY17	FY18
<b>OPERATING EXPENDITURES</b>	<b>FY13</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>	<b>FY18</b>
Personal Services							
Travel							
Services				100.1			
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>100.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>FUND SOURCE</b>		(Thousands of Dollars)					
1002	Federal Receipts						
1003	GF Match						
1004	GF						
1005	GF/Prgm (DGF)			100.1			
1037	GF/MH (UGF)						
1178	temp code (UGF)						
<b>TOTAL</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>100.1</b>	<b>0.0</b>	<b>0.0</b>

<b>POSITIONS</b>							
Full-time							
Part-time							
Temporary							

<b>CHANGE IN REVENUES</b>				<b>5,280.0</b>	<b>6,017.5</b>	<b>(17,232.5)</b>	<b>(20,237.0)</b>
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**Estimated SUPPLEMENTAL (FY12) operating costs** \_\_\_\_\_ (separate supplemental appropriation required,  
 (discuss reasons and fund source(s) in analysis section)

**Estimated CAPITAL (FY13) costs** \_\_\_\_\_ (separate capital appropriation required,  
 (discuss reasons and fund source(s) in analysis section)

**Why this fiscal note differs from previous version (if initial version, please note as such)**

This is a fiscal note for draft CSHB64 version S  
 1) Merged the data from HB10 and HB64 into one fiscal note.  
 2) Changed the percentage of vehicles likely to opt for permanent registration due to reduced permanent registration fee.  
 The combination of the percentage and fee changes resulted in a modification to the Change in Revenues.  
 3) Reflected the changes due to new effective date.  
 4) Updated the effect on Performance Measures.

Prepared by Whitney Brewster  
 Division Motor Vehicles  
 Approved by John Cramer  
Department of Administration

Phone 907-269-5559  
 Date/Time 3/30/12 12:00 AM  
 Date 3/30/2012

**Analysis*****The effective date for this CS is January 1, 2015.***

This CS allows for permanent registration of vehicles that are at least eight years old, allows for permanent registration of all non-commercial trailers, establishes a one-time \$25 permanent registration fee, allows municipalities to establish one-time Motor Vehicle Registration Tax (MVRT) rates for permanent registrations, and caps the MVRT that DMV may collect for permanent registration at \$100.

**Expenditures**

The database for DMV will need programming to allow for permanent registration of non-commercial trailers, and permanent registration of non-commercial vehicles eight years and older.

Estimated hours: 700

Cost per hour: \$143

Total programming cost: 700 x \$143 = \$100,100.

**Revenues**

**Motor Vehicle Registration Tax (MVRT):** The DMV currently collects MVRT for 16 communities: Anchorage, Bethel, Bristol Bay Borough, Cordova, Dillingham, Juneau, Kenai Peninsula Borough, Ketchikan Gateway Borough, Kodiak Island Borough, Matanuska Susitna Borough, Nenana, Nome, Petersburg, Sitka, Unalaksa, and Whittier. Eight percent of the MVRT collected is retained by the state as collection costs; historically, the collection costs have been approximately \$1 million annually. Eliminating biennial MVRT for approximately 423.0 vehicles will reduce the collection costs going into the general fund by an indeterminate amount.

**Registration Fees (calculations can be found on the file HB064 revenue est 2012-3-30.pdf :**

Assumptions:

- 1) **Vehicles at least 8 years old** - 369,500 vehicles will be eligible for permanent registration in 2015 (based on currently-registered vehicles). Half (184.7) will renew in 2015 and half will renew in 2016. Approximately 24,800 vehicles will become eligible each year. This is an average of the number of currently registered vehicles with model years 2007-2011.
- 2) **Non-commercial trailers** - 100,000 trailers will be eligible for permanent registration in 2015 (based on currently- registered vehicles). Half (50.0) will renew in 2015 and half will renew in 2016. Approximately 4,300 new trailers are registered each year. This is an average of the number of currently registered trailers with model years 2007-2011
- 3) DMV estimates that 90% of owners will elect for permanent registration on vehicles and non-commercial trailers in 2015 through 2016. The additional \$25 for permanent registration is low enough to make the permanent registration option attractive for all except those who know they will be moving out of state or replacing the vehicle/trailer within the following two years.
- 4) DMV estimates that 50% of owners will elect for permanent registration in 2017 and following. 2017 is the first year that any permanent MVRT will go into effect. Since permanent registration will reduce MVRT in outgoing years for all participating communities, DMV assumes those communities will establish a higher rate for permanently registered vehicles and trailers to make up for revenues that would be lost in outgoing years.

**Performance Measures**

The DMV expects this bill will have very little impact on its performance measures, since only about 11% of registration renewals are processed at a DMV office.

## Estimated Revenue Change - CSHB 64 - TOTAL

	2013	2014	2015	2016	2017	2018
<b>2015:</b>						
Increase from perm reg			5,280.0			
Loss in biennial fees					(17,970.0)	
<b>2016:</b>						
Increase from perm reg				6,017.5		
Loss in biennial fees						(20,647.0)
<b>2017:</b>						
Increase from perm reg					737.5	
<b>2018:</b>						
Increase from perm reg						410.0
<b>Total Estimated Revenue Increase/(Decrease)</b>			<b>5,280.0</b>	<b>6,017.5</b>	<b>(17,232.5)</b>	<b>(20,237.0)</b>

## Vehicles

	2013	2014	2015	2016	2017	2018
<b>2015: 184.7 current vehicles eligible for perm reg</b>						
166.2 opt for perm reg (184.7 x 90%)						
Increase from perm reg (166.2 x \$25)			4,155.0			
Loss in biennial fees (166.2 x \$100)					(16,620.0)	
<b>2016: 213.1 vehicles eligible for perm reg,</b> including 28.4 newly eligible						
191.8 opt for perm reg (213.1 x 90%)						
Increase from perm reg (191.8 x \$25)				4,795.0		
Loss in biennial fees (191.8 x \$100)						(19,180.0)
<b>2017: 28.4 newly eligible for perm reg</b>						
25.6 opt for perm reg (28.4 x 90%)						
Increase from perm reg (25.6 x \$25)					640.0	
<b>2018: 28.4 newly eligible for perm reg</b>						
14.2 opt for perm reg (28.4 x 50%)						
Increase from perm reg (14.2 x \$25)						355.0
<b>Total Estimated Revenue Increase/(Decrease)</b>	<b>-</b>	<b>-</b>	<b>4,155.0</b>	<b>4,795.0</b>	<b>(15,980.0)</b>	<b>(18,825.0)</b>

## Non-Commercial Trailers

	2013	2014	2015	2016	2017	2018
<b>2015: 50.0 current trailers eligible for perm reg</b>						
45.0 opt for perm reg (50.0 x 90%)						
Increase from perm reg (45.0 x \$25)			1,125.0			
Loss in biennial fees (45.0 x \$30)					(1,350.0)	
<b>2016: 54.3 trailers eligible for perm reg,</b> including 4.3 newly eligible						
48.9 opt for perm reg (54.3 x 90%)						
Increase from perm reg (48.9 x \$25)				1,222.5		
Loss in biennial fees (48.9 x \$30)						(1,467.0)
<b>2017: 4.3 trailers newly eligible for perm reg</b>						
3.9 opt for perm reg (4.3 x 90%)						
Increase from perm reg (3.9 x \$25)					97.5	
<b>2018: 4.3 trailers newly eligible for perm reg</b>						
2.2 opt for perm reg (4.3 x 50%)						
Increase from perm reg (2.2 x \$25)						55.0
<b>Total Estimated Revenue Increase/(Decrease)</b>	<b>-</b>	<b>-</b>	<b>1,125.0</b>	<b>1,222.5</b>	<b>(1,252.5)</b>	<b>(1,412.0)</b>