

**ALASKA STATE LEGISLATURE**  
**HOUSE STATE AFFAIRS STANDING COMMITTEE**

February 10, 2011  
8:23 a.m.

**MEMBERS PRESENT**

Representative Bob Lynn, Chair  
Representative Wes Keller, Vice Chair  
Representative Paul Seaton  
Representative Peggy Wilson  
Representative Max Gruenberg  
Representative Pete Petersen  
Representative Kyle Johansen

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

HOUSE BILL NO. 64

"An Act relating to permanent motor vehicle registration; and providing for an effective date."

- BILLS PREVIOUSLY HEARD/SCHEDULED

**PREVIOUS COMMITTEE ACTION**

BILL: HB 64

SHORT TITLE: PERMANENT MOTOR VEHICLE REGISTRATION

SPONSOR(S): REPRESENTATIVE(S) STOLTZE, KELLER

01/18/11	(H)	PREFILE RELEASED 1/7/11
01/18/11	(H)	READ THE FIRST TIME - REFERRALS
01/18/11	(H)	STA, FIN
02/10/11	(H)	STA AT 8:00 AM CAPITOL 106

**WITNESS REGISTER**

DARRELL BREESE, Staff  
Representative Bill Stoltze  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Presented HB 64 on behalf of Representative Stoltze, joint prime sponsor.

WHITNEY BREWSTER, Director  
Division of Motor Vehicles  
Department of Administration  
Anchorage, Alaska

**POSITION STATEMENT:** Answered questions during the hearing on HB 64.

**ACTION NARRATIVE**

[8:23:25 AM](#)

**CHAIR BOB LYNN** called the House State Affairs Standing Committee meeting to order at 8:23 a.m. Representatives Keller, Seaton, Wilson, Petersen, Gruenberg, and Lynn were present at the call to order. Representative Johansen arrived as the meeting was in progress.

**HB 64-PERMANENT MOTOR VEHICLE REGISTRATION**

[8:34:25 AM](#)

CHAIR LYNN announced that the only order of business was HOUSE BILL NO. 64, "An Act relating to permanent motor vehicle registration; and providing for an effective date."

[8:35:00 AM](#)

DARRELL BREESE, Staff, Representative Bill Stoltze, Alaska State Legislature, presented HB 64 on behalf of Representative Stoltze, joint prime sponsor. In response to Representative Gruenberg, he said it was not the intent of the joint prime sponsors to include motorcycles in the bill, but because they are mentioned in the fiscal note, clarification is being sought on that matter. In response to a follow-up question, he said that although the intent was not to include motorcycles, the joint prime sponsors would not seek to exclude them if it turns out that they are included.

[8:37:05 AM](#)

MR. BREESE said the purpose of HB 64 is two-fold: to make the registration process more streamlined for the consumer and to help the Division of Motor Vehicles (DMV) run more efficiently. He noted that currently Montana is the only state to offer permanent registration; it does so for vehicles that are 11 years old and older, and it charges three and one half times the regular registration fee. He stated that HB 64 proposes to

charge the lesser of five times the regular registration fee established in statute or \$100. He said those figures were arrived at in response to information obtained from the DMV back in November (2010) when the bill was being drafted, and that number differs from the fiscal note currently available, because of a mistake made by the DMV. He said should the bill make it to the House Finance Committee there will be a discussion as to how to adjust the fiscal note to match the correct statistics.

MR. BREESE said if HB 64 were enacted today, it would affect 441,000 vehicles, which is 63 percent of all the vehicles currently registered in Alaska. He reiterated that this would lighten the workload for DMV and make interaction with the DMV more user-friendly.

[8:41:08 AM](#)

MR. BREESE said that under HB 64, after 11 years the number of vehicles that would be eligible would drop by 8 percent, after 15 years it would drop to 44 percent, and after 18 years that number would drop further to 30 percent. However, he said a decrease would not really be seen because the 441,000 eligible today will increase each year. He noted as a point of interest that currently there is a vehicle that has been registered since 1900, which would be the oldest vehicle to qualify under HB 64. Mr. Breese noted that under HB 64, people would have the choice of whether to get a permanent registration or continue paying for registration every two years.

[8:42:50 AM](#)

MR. BREESE, in response to Representative Petersen, said a permanent registration would not transfer to a new owner. In response to another question, he indicated that a person with a permanent registration would still be responsible for staying current with inspection and maintenance (I/M) certification in areas of the state that require it, and he suggested that perhaps a sticker could be displayed in the window of the person's vehicle to show that IM testing is current.

[8:44:40 AM](#)

REPRESENTATIVE GRUENBERG said another factor that must be considered is a driver's age. He explained that at age 65, a person gets a free registration on his/her vehicle. Furthermore, he surmised that some people may have specialized plates. He said he thinks those factors were not considered,

and he would like a more accurate analysis done. He opined that if the twin goals of the joint prime sponsors are to make things easier on the consumer and more efficient for the [division], then perhaps there may be a way to factor in whether a car is not used, for example, by listing the odometer reading on penalty of perjury.

[8:48:08 AM](#)

MR. BREESE responded that current statute allows for collected car plates, and that would not be changed under HB 64. Furthermore, the ability of those 65 and older to receive free registration is currently in statute and will not change. In response to Representative Gruenberg, he offered his understanding that issue of seniors getting free registration was not factored into the fiscal note.

REPRESENTATIVE GRUENBERG named two aspects [related to fees]: the cost of the plate and the tax charged. He queried, "We're not dealing here with the plate, but those guys still have to pay the tax don't they?"

MR. BREESE answered, "Correct."

REPRESENTATIVE GRUENBERG offered his understanding that whether or not someone gets a Pearl Harbor plate or a personalized plate is irrelevant to the discussion.

MR. BREESE said the information regarding taxes is included in the bill [in Section 2, subsection (b)], but only covers a period of ten years; therefore, it would be necessary to revisit the issue. He offered his understanding of how the process is handled in Montana. He indicated if the municipalities are given the responsibility to collect the taxes, then that would save money for the state.

[8:52:24 AM](#)

REPRESENTATIVE SEATON asked if the joint prime sponsors would like to take out the \$100 fee mentioned [in Section 2, subsection (b)].

MR. BREESE said Representative Stoltze chose to leave the \$100 fee in the bill to encourage discussion and debate to arrive at the best number. He said the joint prime sponsors think that five times the rate established in statute is fair. He noted that Montana's rate is 3.7. He pointed out that the five times

amount was chosen based on information from the DMV, which later proved to be incorrect. He said the DMV was off by about 300,000 vehicles that would be eligible.

MR. BREESE, in response to Representative Seaton, he said he does not know the exact number of those who do their registration by mail, but offered his understanding that it is approximately 60 percent.

REPRESENTATIVE SEATON said he would like to know how many of the in-person visits to the DMV were made solely to pay a registration fee. He asked if it is anticipated that an effect of the bill may be that parents would leave the registration of a vehicle driven by their offspring in their name, and he questioned whether that would result in confusion at the time of an accident.

MR. BREESE said the joint prime sponsor has not considered that scenario.

[8:57:02 AM](#)

REPRESENTATIVE SEATON remarked that the DMV has been a large revenue source for the state, and he questioned whether the bill may reduce the revenue stream.

MR. BREESE responded that the intent of the bill is not to reduce the revenue stream and shift that burden somewhere else. He said the current fiscal note was received recently and has generated concern.

REPRESENTATIVE SEATON explained he was seeking assurance that the intention is not to further concentrate the state's dependence on oil taxes.

[8:59:32 AM](#)

REPRESENTATIVE JOHANSEN stated, "I don't think we should be in the business of creating income streams when we don't have to." He expressed concern that the intent to lighten the load for the DMV may actually result in the division taking on more responsibility, and he said he does not want that to happen. He asked Mr. Breese if the joint prime sponsors have considered including commercial vehicles.

MR. BREESE answered that vehicle weight is a factor with commercial vehicles, and it would be more complicated to include

them. Currently the state offers permanent registration to commercial trailers, he said.

[9:01:59 AM](#)

REPRESENTATIVE JOHANSEN said he will maintain interest in that issue. Regarding the aforementioned I/M program, he asked why the state is "asking for another position and more money" in conjunction with a municipal program.

[9:03:12 AM](#)

MR. BREESE said he, too, noted the additional staff person written into the fiscal note. He further commented that he does not see any additional responsibility that would have to be covered by the Department of Environmental Conservation that is not already addressed in the memorandum of understanding. He said he finds the addition of the staff person perplexing.

REPRESENTATIVE JOHANSEN stated that he likes the concept of the bill, but does not believe that the DMV should be a money making entity.

[9:04:35 AM](#)

REPRESENTATIVE KELLER, as joint prime sponsor, asked Mr. Breese if historical vehicles and specialized plates were considered for inclusion in HB 64.

MR. BREESE answered that the DMV charges a separate charge for specialized plates, and an assumption was made that those wanting specialized plates would continue to be willing to pay the extra fee involved; therefore, specialized plates were not included in the bill.

REPRESENTATIVE KELLER asked Mr. Breese to look closer at the collector car issue. He explained that collectors want to keep cars for a long time, and it would be convenient for them to be included, or at least have some sort of extended registration. Notwithstanding that, he emphasized that he does not want to slow the bill process down.

[9:06:51 AM](#)

MR. BREESE suggested that a person with a collective car could choose to get a permanent registration, but then would not have the special plate.

9:08:18 AM

REPRESENTATIVE P. WILSON said she does not think the bill is near to being ready to move out of committee. She questioned the need for another person when the work in the department will be less. She questioned the proposed fee of five times the rate established in statute or \$100.00, because she said everyone would choose the \$100 because it would be less.

9:10:34 AM

MR. BREESE said he agrees that there is work that needs to be done, primarily based on the fiscal note, but said the hearing today is helpful in finding out what needs to be done, and how much the fee should be.

9:12:06 AM

REPRESENTATIVE JOHANSEN said he wants motorcycles included in the language of the bill. He said he supports letting the House Finance Committee take care of the fiscal note. He stated support of moving the bill out of committee.

9:13:19 AM

REPRESENTATIVE GRUENBERG said his concerns are not limited to the fiscal note. He said he is not sure that the bill will reach its goal of offering convenience to those getting registrations and streamlining the DMV's operations. He suggested that one way to actually make money from this legislation is by getting money from people up front, which gives the state the use of people's money while giving those people a break up front.

MR. BREESE said if people pay a two-year registration five times, then the state has payment for ten years, but the vehicle owner may end up selling the vehicle after five years.

REPRESENTATIVE GRUENBERG suggested that the state may not want to make it a lifetime registration, but may choose instead to specify a certain period of time and get more money up front.

MR. BREESE reiterated the statistics related to attrition. He said vehicles get older and people buy new vehicles.

9:18:50 AM

REPRESENTATIVE GRUENBERG interjected another factor, which is that vehicles are more expensive and more sophisticated these days, and because of the economy, people keep their cars longer.

[9:19:11 AM](#)

MR. BREESE agreed.

[9:19:21 AM](#)

REPRESENTATIVE SEATON directed attention to page 1, line 14, which read, "A permanent registration may not be renewed." He asked if the intention of the bill is that there will be only one permanent registration entered on a vehicle, and that if a vehicle is sold it would fall back into the two-year registration cycle, or that if a person buys a vehicle that is over ten years old, then he/she will automatically qualify for a permanent registration.

MR. BREESE responded that the intent is that the vehicle registration would not be transferable. He offered further details, and said he thinks the language of the bill could be improved to clarify this issue.

[9:21:20 AM](#)

MR. BREESE, in response to a question from Representative Seaton, explained that the state collects the taxes on vehicle registrations that are imposed by certain municipalities. He said it is convenient for the municipality, and the state makes 8 percent for that service. He said the issue of whether a person would get back taxes paid on a permanent registration if that person sold the car soon afterward would have to be taken up with the municipalities.

[9:23:18 AM](#)

REPRESENTATIVE SEATON asked Mr. Reece to find out what the positions of the municipalities are regarding that issue. He then asked why a permanent registration would not work for all vehicles.

[9:26:03 AM](#)

MR. BREESE said permanent vehicle registration for all vehicles would be easier, and he surmised that shifting the tax

collection back to the municipalities would result in a big savings for the state; however, he said that since the majority of vehicle sales occur after the first five years of vehicle ownership, permanent registration instated for all vehicles would result in a loss in revenue.

[9:27:42 AM](#)

REPRESENTATIVE PETERSEN asked if the bill would inadvertently encourage older vehicles to be on the road longer than they otherwise might.

MR. BREESE said that factor was considered, but he suggested that may be a subject for another bill. He surmised that most people want to drive safe vehicles, and the bill would not increase the number of those who are already driving unsafe vehicles.

[9:29:49 AM](#)

WHITNEY BREWSTER, Director, Division of Motor Vehicles (DMV), Department of Administration, estimated that approximately 75 percent of vehicle registration transactions are done outside the DMV offices, either through the Internet, through the mail, or through one of the division's business partners, such as at an I/M station. She relayed that the DMV moved to biennial registration in 1997, with the hope that that would decrease wait time at the DMV, and that was successful. She stated that conceptually the DMV does not oppose the permanent registration of vehicles, but the division's concern is related to the administration of such a change. Regarding the motor vehicle registration tax and having municipalities collect it, she said presently there are 16 municipalities for which the DMV collects that tax in accordance with AS 28.10.431. She said that statute mandates that motor vehicle registration tax is to be collected in the same manner in which registration fees are collected; therefore, she questioned whether the municipalities would have the statutory authority under current statute to collect that tax. She said not all municipalities have adopted the fee schedule in statute, but they have the ability, by ordinance, to adopt a separate fee schedule that is more than what is set out in the schedule; therefore, there may be a fiscal impact to those municipalities. She said currently there are seven municipalities that have adopted a separate fee schedule.

[9:33:44 AM](#)

MS. BREWSTER, regarding the fiscal note, said regardless of whether the number of vehicles [to get permanent registration] is 90,000 or 443,000, there will be a revenue loss. She said the division factored in many assumptions to get an accurate figure. She directed attention to the fiscal note, which shows that in 2012, there will be an estimated 221,600 vehicles eligible for permanent registration. She explained that that is about half of the 443,000 vehicles that would be eligible for permanent registration under HB 64, with the other half coming up for renewal in 2013. She said in 2014 and beyond, there will be a loss of revenue, which would have been made through biennial registration. She said a second factor is that there would be a slight increase for motorcycle registration, because motorcycle registration currently is less than the \$100 mentioned in the bill. She stated that the division made the assumption that motorcycles would be included under HB 64, because the bill references registration procedures in AS 28.10.108, which includes motorcycles. She explained that is why motorcycles are included in the fiscal note. She reiterated that the division is not opposed to the bill, but is concerned about how it would administer it.

[9:36:18 AM](#)

MS. BREWSTER, in response to Representative Gruenberg, said the division did not factor in that many of the people with old cars are already getting free registration because they are 65 or older, but she said she does not think that would significantly change the numbers. She explained that although gathering that statistic seems simple, it is not, because in the DMV's mainframe system, vehicles are not connected to a person's driver's license, because a person does not have to own a driver's license to own a vehicle in Alaska.

REPRESENTATIVE GRUENBERG said he would like to see that statistic. He talked about the United States Postal Service's "forever stamps." He stated his assumption that from time to time motor vehicle registration fees go up, and he asked if having "forever plates" would entice people.

MR. BREWSTER said that is an interesting concept. She said the legislature sets the DMV's fees; therefore, it would be the purview of the legislature to consider that. She said the DMV would not be opposed to any changes in those fees, because those fees go directly to the general fund.

[9:39:52 AM](#)

REPRESENTATIVE GRUENBERG mentioned the concept of selling a house and having reserves from having prepaid taxes. He suggested that the plates could be associated with the car, rather than the owner, which he said would increase the value of the car because of the prepaid taxes.

MS. BREWSTER responded that that is a new concept that the DMV has not considered.

CHAIR LYNN said he thinks that concept is outside of the scope of the bill.

[9:40:49 AM](#)

MS. BREWSTER, in response to a question from Representative Seaton, offered her understanding that under HB 64, anyone who elects permanent registration would pay the lesser of five times the motor vehicle registration tax or \$100. Those municipalities that have set a fee schedule that is greater than what is set in statute would see a decrease in the taxes that are collected.

[9:42:59 AM](#)

REPRESENTATIVE SEATON said the House State Affairs Standing Committee has the jurisdiction between the state and local municipalities, and this is a case where the state may be overriding statutory authority for municipalities to set their fee rates.

MS. BREWSTER, in response to the chair, said she does not have any specific suggestions on that issue, and cannot speak for the local governments. She said she just wanted to bring it up, because the issue would impact municipalities and there is no one currently present to speak on their behalf. In response to the chair, she said she knows that the Alaska Municipal League (AML) is interested in this issue.

REPRESENTATIVE SEATON said since this issue will impact seven of the most populous communities, it is important to figure out what the impacts will be and hear testimony from those communities.

[9:45:27 AM](#)

REPRESENTATIVE KELLER echoed Mr. Breese's statement that the proposed legislation would benefit both Alaskans and the DMV. In regard to the possible impact to municipalities, he suggested that the Alaska Municipal League could share its concerns with the House Finance Committee.

[9:46:14 AM](#)

REPRESENTATIVE JOHANSEN said the bill has been noticed for five days and no one from the municipalities has stepped forward. He stated his assumption that the issue must not be that important to them if they have not shown up.

REPRESENTATIVE GRUENBERG said another possibility is that representatives of the municipalities may not yet be aware of this legislation.

CHAIR LYNN remarked that it is not the fault of the committee if municipalities don't read a notice.

[9:48:03 AM](#)

REPRESENTATIVE P. WILSON referred to the title of the bill, and observed that it does not say anything about a municipality having to take over responsibility. She added that she does not intend to hold up the bill.

REPRESENTATIVE JOHANSEN noted that Ms. Brewster had said that the municipalities indicated to her that they were interested in HB 64. He further relayed that he used to be a professional lobbyist and, during that time, looked at every bill that was announced. He opined that there is no excuse for municipalities not attending to a bill of interest to them.

[9:49:35 AM](#)

REPRESENTATIVE PETERSEN asked Ms. Brewster what she meant when she said the municipalities have an interest in the bill.

[9:49:58 AM](#)

MS. BREWSTER indicated that an AML lobbyist had inquired as to the possible impact of the proposed bill on local government, but said since there was no impact reflected in the fiscal note, the DMV was unable to answer that question.

[9:51:03 AM](#)

MR. BREESE, in response to Representative P. Wilson's concern, indicated that HB 64 does not address what happens to motor vehicle tax beyond a certain period, which is why that is not reflected in the bill title. Regarding the suggestion to include commercial vehicles, he said it would be necessary to consider the depreciation of commercial vehicles and how long the vehicles are maintained. In response to Chair Lynn, he said he does not think there are any issues in the bill that could not be addressed in the next committee of referral.

[9:53:13 AM](#)

CHAIR LYNN closed public testimony.

[9:53:24 AM](#)

REPRESENTATIVE PETERSEN opined that because so many questions have been raised regarding HB 64, it is not ready to move out of committee.

[9:53:58 AM](#)

REPRESENTATIVE SEATON reiterated that the House State Affairs Standing Committee is the committee of jurisdiction regarding the interaction between state and municipal laws. He said HB 64 would change the authorities that municipalities have under current statute to set schedules regarding motor vehicle taxes, which would significantly reduce municipalities' revenues. He said the committee has not heard from any municipality. He said a number of issues have been raised, but are unanswered. He noted that the committee has not heard from the DMV as to whether the bill would streamline its work. He opined that the bill is not ready to move out of committee.

[9:56:01 AM](#)

REPRESENTATIVE GRUENBERG echoed the comments of Representatives Petersen and Seaton that this bill has had no work done on it, and he recommended taking time on it. He said, "You can't just wink at these issues." He opined that the House State Affairs Standing Committee is a good committee that should do its job and "not just pass it out for political expediency."

CHAIR LYNN responded that no one would pass out this or any bill for political expediency.

[9:57:33 AM](#)

REPRESENTATIVE JOHANSEN said no one can state another person's intent for voting to move a bill out of committee. He said he learned from Ms. Brewster that including motorcycles would raise costs, which he relayed is not his wish.

[9:58:41 AM](#)

MR. BREESE, in response to Representative P. Wilson, said the joint prime sponsors would like the bill moved to the House Finance Committee where the financial impacts can be addressed.

[9:59:43 AM](#)

REPRESENTATIVE KELLER expressed his confidence that the issue of financial impact can be address in the House Finance Committee.

[10:00:36 AM](#)

REPRESENTATIVE KELLER moved to report HB 64 out of committee with individual recommendations and the accompanying fiscal notes.

REPRESENTATIVE SEATON objected.

A roll call vote was taken. Representatives Keller, Johansen, and Lynn voted in favor of moving HB 64 out of committee with individual recommendations and the attached fiscal notes. Representatives Seaton, Gruenberg, and Petersen voted against it.

REPRESENTATIVE P. WILSON said, "I think it should have amendments - pass with amendments."

CHAIR LYNN asked Representative P. Wilson for clarification of her vote.

REPRESENTATIVE JOHANSEN requested an at-ease.

The committee took a brief at-ease.

[10:03:08 AM](#)

CHAIR LYNN announced that the original roll call vote would be voided.

[10:03:09 AM](#)

REPRESENTATIVE KELLER moved to report HB 64 out of committee with individual recommendations and the accompanying fiscal notes.

CHAIR LYNN reminded committee members that individual recommendations could be the following: do pass, do not pass, no recommendation, or amend.

[10:03:28 AM](#)

REPRESENTATIVE SEATON objected.

[10:03:31 AM](#)

A roll call vote was taken. Representatives Johansen, P. Wilson, Keller, and Lynn voted in favor of moving HB 64 out of committee with individual recommendations and the attached fiscal note. Representatives Seaton, Gruenberg, and Petersen voted against it. Therefore, HB 64 was reported out of the House State Affairs Standing Committee by a vote of 4-3.

[10:04:46 AM](#)

**ADJOURNMENT**

There being no further business before the committee, the House State Affairs Standing Committee meeting was adjourned at 10:05 a.m.