

**ALASKA STATE LEGISLATURE
HOUSE TRANSPORTATION STANDING COMMITTEE**

February 24, 2011

1:12 p.m.

MEMBERS PRESENT

Representative Peggy Wilson, Chair
Representative Lance Pruitt, Vice Chair
Representative Eric Feige
Representative Craig Johnson
Representative Cathy Engstrom Munoz
Representative Pete Petersen

MEMBERS ABSENT

Representative Max Gruenberg

COMMITTEE CALENDAR

HOUSE BILL NO. 64

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

- HEARD & HELD; ASSIGNED TO SUBCOMMITTEE

HOUSE BILL NO. 10

"An Act relating to the registration fee for noncommercial trailers and to the motor vehicle tax for trailers."

- HEARD & HELD; ASSIGNED TO SUBCOMMITTEE

HOUSE JOINT RESOLUTION NO. 4

Proposing amendments to the Constitution of the State of Alaska creating a transportation infrastructure fund.

- HEARING CANCELED

HOUSE BILL NO. 30

"An Act relating to the transportation infrastructure fund, to local public transportation, to the municipal harbor facility grant fund, to motor fuel taxes, to the motor vehicle registration fee, to driver's license fees, to identification card fees, to the studded tire tax, and to the vehicle rental tax; and providing for an effective date."

- HEARING CANCELED

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
02/10/11 (H) Moved Out of Committee
02/10/11 (H) MINUTE(STA)
02/11/11 (H) STA RPT 2DP 2NR 3AM
02/11/11 (H) DP: KELLER, LYNN
02/11/11 (H) NR: JOHANSEN, GRUENBERG
02/11/11 (H) AM: P.WILSON, SEATON, PETERSEN
02/11/11 (H) TRA REFERRAL ADDED AFTER STA
02/24/11 (H) TRA AT 1:00 PM CAPITOL 17

BILL: HB 10

SHORT TITLE: NONCOMMERCIAL TRAILER REGISTRATION FEE

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) TRA, FIN
02/10/11 (H) TRA AT 1:00 PM CAPITOL 17
02/10/11 (H) Heard & Held
02/10/11 (H) MINUTE(TRA)
02/24/11 (H) TRA AT 1:00 PM CAPITOL 17

WITNESS REGISTER

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

POSITION STATEMENT: Presented HB 64 on behalf of one of the prime sponsors of the bill, Representative Bill Stoltze.

WHITNEY BREWSTER, Director
Division of Motor Vehicles (DMV)
Department of Administration (DOA)
Anchorage, Alaska

POSITION STATEMENT: Testified and answered questions on HB 64.

TONYA MILLER, City of Unalaska

Unalaska, Alaska

POSITION STATEMENT: Testified during the discussion of HB 64.

RICK GIFFORD, Manager
Kodiak Island Borough (KIB)
Kodiak, Alaska

POSITION STATEMENT: Testified during the discussion of HB 64.

JAMIE SUNDERLAND, Public Safety Director
City of Unalaska. Unalaska, Alaska

POSITION STATEMENT: Testified during the discussion of HB 64.

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

POSITION STATEMENT: Presented HB 10 on behalf of one of the prime sponsors, Representative Bill Stoltze.

ACTION NARRATIVE

[1:12:05 PM](#)

CHAIR PEGGY WILSON called the House Transportation Standing Committee meeting to order at 1:12 p.m. Representatives P. Wilson, Feige, Pruitt, Petersen, and Johnson were present at the call to order. Representative Gruenberg arrived as the meeting was in progress.

HB 64-PERMANENT MOTOR VEHICLE REGISTRATION

[1:13:04 PM](#)

CHAIR P. WILSON announced that the first order of business would be HOUSE BILL NO. 64, "An Act relating to permanent motor vehicle registration; and providing for an effective date."

[1:13:28 PM](#)

DARRELL BREESE, Staff, Representative Bill Stoltze, Alaska State Legislature, on behalf of one of the prime sponsors, Representative Bill Stoltze, related that HB 64 would offer a permanent motor vehicle registration to vehicles that are eight years old or older. The reason for the bill is to make process more user friendly since older vehicles tend to be used less frequently. He recalled that some people use their older pickups for snowplowing or other activities such as dump runs. He offered his belief that to reregister the older vehicle each

two years is burdensome. The goal is to create an option for owners to permanently register their eight years or older vehicles. He related that if a vehicle is sold the new owner is required to register the vehicle again. The biennial registration would still be an option for the owner. Some issues arose in hearings held by the prior committee with respect to how the motor vehicle tax change would affect municipalities. He said he hopes to remedy any issues with HB 64 in a future committee substitute for the bill. In response to Chair P. Wilson, he explained the proposed committee substitute is not yet ready.

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REPRESENTATIVE PRUITT asked whether the potential exists for the state to increase revenues for motor vehicle registration fees. He said after a few years an owner could pay for the permanent registration and later sell the vehicle. The new owner would register the vehicle which could generate more revenue.

MR. BREESE answered no, not as HB 64 is currently written since the proposed motor vehicle registration fee in the bill is set at five times the normal motor vehicle registration fee or \$100, whichever is less. Under current law, the motor vehicle biennial registration fee is set at \$100. He said the sponsor anticipated some debate to determine if the \$100 fee was a fair rate. He was uncertain as to the best rate to charge for trailers. He welcomed more people being involved at the committee level. He agreed if the rate increases it is possible state to revenues collected to also increase, at least initially. He related a scenario in which the motor vehicle registration fees were be increased by five times the current fee. He assumed half of vehicles would be registered in year one and the other half in year two. In year three, the permanently registered vehicle owners would not pay any additional fees. In that scenario, some revenue would be lost in year three and subsequent years, he said.

REPRESENTATIVE PRUITT related his understanding that the amount of revenue lost would be almost a wash since the owner would prepay the entire fee. The amount would potentially be the same over the course of time, he stated.

MR. BREESE agreed. He used his previous scenario, and stated that if fees are set at five times the registration fee, the owner would essentially pay for ten years of biennial registration fees for his/her vehicle. He suggested that using

the state's budget process, the state would not consider revenue in year one and two to be projected in years three and four. Therefore, it would appear as a reduction in years three through five.

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CHAIR P. WILSON referred to page 2, lines 8-10 of HB 64. She stated that an owner of a permanently registered motor vehicle is not required to pay other fees or taxes under this chapter. She pointed out that many municipalities charge fees for vehicle registration and expressed her concern since she was uncertain of the fees.

MR. BREESE responded that 16 communities, including Anchorage, Bethel, Bristol Bay, Cordova, Dillingham, Juneau, Kenai, Ketchikan, Kodiak, Matanuska-Susitna, Nenana, Nome, Petersburg, Sitka, Unalaska, and Whittier have enacted ordinances to collect additional fees.

CHAIR P. WILSON referred to the handout in members' packets and read the anticipated lost revenue by communities, including losses for the Matanuska-Susitna at \$4 million, Anchorage at \$5.3, Kenai at \$1.5 million, and for the overall total lost revenue anticipated at \$12.3 million.

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REPRESENTATIVE PRUITT asked whether the figures were correct.

MR. BREESE answered yes.

[1:22:06 PM](#)

WHITNEY BREWSTER, Director, Division of Motor Vehicles (DMV), Department of Administration (DOA), introduced herself and stated she was available to answer questions.

CHAIR P. WILSON recalled an attorney general's opinion on the about municipality taxes on permanent vehicle registration fees.

MS. BREWSTER explained that the Department of Law advises that to review HB 64 to determine whether municipalities could rather than the DMV. She stated that municipalities would not have that ability under the current statute and structure.

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REPRESENTATIVE JOHNSON pointed out the \$12 million municipalities would lose is \$12 million that would go into Alaskans' pockets. He stated it is not like it is vanishing or disappearing.

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TONYA MILLER, City of Unalaska, explained that the City of Unalaska just implemented a \$100 biennial fee for junked vehicle disposal. She explained that the City of Unalaska has just implemented the law so the city has limited data on how much revenue would be lost. She offered that the city received \$3,330 in one month. She anticipated the total loss of \$30 to \$50 thousand per year. She advised members that the City of Unalaska has had an issue with junked vehicles, that it decided to provide a local remedy and thereby instituted the additional \$100 biennial fee. She concluded that removing the motor vehicle fees as proposed in HB 64 would be detrimental to the City of Unalaska.

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RICK GIFFORD, Manager, Kodiak Island Borough (KIB), related his understanding that the KIB receives an additional \$283,000 in fees for the vehicle registration fees it collects. The KIB uses its fees to help fund schools but also remits \$100,000 towards recycling junked and abandoned vehicles, mostly older vehicles that are left behind after the fishing season by fishermen and cannery workers. He said a 63 percent reduction would be approximately \$178,000 per year. The figure considers the fees collected in the first two years, but he thought it was possible the KIB would lose the entire \$283,000. He said he was uncertain. However, either way the loss of revenue would represent a significant amount for the KIB. He reported that it costs the city from \$400 to \$1,000 per vehicle to ship the vehicles off the island in order to recycle them.

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MR. GIFFORD explained that if an owner was responsible and recycled the vehicle rather than junking, that would be great. Unfortunately, many do not do so. He further explained that the owner currently only pays \$100 in vehicle registration fees. Since owners are not willing to ship their vehicles off the island the vehicles remain behind and the KIB is forced to remove them. He recalled the DMV may have previously had a fund

designated for use for the purpose of disposing of junked or abandoned vehicles, but he was uncertain. He commented that he has discussed this issue with many other communities. He also commented that this issue is also a state issue as well since some of the vehicles are left on state roads or right-of-way. He expressed concern that HB 64 would reduce the City of Unalaska and other municipalities' ability to address junked or abandoned vehicle.

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REPRESENTATIVE PETERSEN asked whether a lifetime registration on vehicles eight years old or older would encourage people to keep vehicles longer or would add to junked vehicles.

MR. GIFFORD said he was uncertain. He said a cost is involved, whether the cost is incurred by the municipality or the individual.

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REPRESENTATIVE JOHNSON asked whether it is illegal to abandon a vehicle.

MR. GIFFORD answered yes. He indicated that owners often do not keep up the registration, but may give to a friend and the title is not transferred and then they leave the island. It is difficult to find them or enforce the law.

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JAMIE SUNDERLAND, Public Safety Director, stated that his department has the responsibility for junked or abandoned vehicles. He related he has an employee, the DMV employee in Unalaska, who works for him at the satellite office. This office is funded through commission fees from DMV. He also stated that lifetime registration may impact the commission fees since the city would have fewer customers. He highlighted his primary concern is to address junked vehicles in a remote community. He stated that the shipping fee for vehicles is quite high. The cheapest way to ship a vehicle out of Unalaska to the mainland is via the Alaska Marine Highway System (AMHS). The cost to ship a vehicle costs about \$1,000 to/from Unalaska. Vehicles are typically older vehicles and many owners are transient workers from out of state or out of country so collecting the fee is impossible. The City of Unalaska has instituted its \$200 biennial tax to collect a fund for disposing

of junked or abandoned vehicles. The city must drain the fluids and remove the tires prior to shipping. He said it seems like the junked car would have a value but it has not had a resale value in his experience so it can be quite expensive to dispose of the vehicle. He expressed concern that if HB 64 was amended to allow the municipality to collect the tax outside of the permanent registration, it may also prove difficult. In those instances the municipality would need to create a separate registration system locally for a vehicle, perhaps by using a window tag. The community would also need to develop a means to collect and enforce the tax. He concluded, "We see that as potentially difficult."

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MR. BREESE asked whether he was referring to the Motor Vehicle Registration Tax (MVRT) or another tax.

MR. SUNDERLAND answered that this tax is collected through the MVRT. The City of Unalaska set the revenue aside in a special fund to be used for disposal of junked vehicles. He reiterated that the tax is collected by the DMV as a MVRT. In response to Chair Wilson, Mr. Sunderland explained the MVRT is the state Motor Vehicle Registration Tax. He offered that in the event an owner paid \$100 to register the vehicle, the owner would pay an additional tax at the time to the municipality. The DMV would return this fee to the community approximately six weeks later.

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REPRESENTATIVE MUNOZ asked for the percentage that is returned to communities.

MR. SUNDERLAND responded that the DMV retains eight percent as a collection fee. In response to Chair Wilson, he repeated that the DMV retains eight percent of the registration tax.

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REPRESENTATIVE MUNOZ asked whether 92 percent of the one-time fee, once instituted, would be returned to municipalities.

MR. BREESE answered that the 92 percent of the one-time fee for the MVRT would be reimbursed to municipalities, but the registration fee is retained by the DMV. In further response to Representative Munoz, he explained that the way HB 64 is currently written, the owner would be charged \$100 for vehicle

registration fee, plus an additional \$100 for the municipal tax. He reiterated the fees for the permanent registration proposed in HB 64 is based on five times the current biennial registration tax.

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REPRESENTATIVE PETERSEN asked whether the bill is also designating how much tax local municipalities can charge owners for vehicles.

MR. BREESE answered yes. HE said HB 64 would limit the MVRT municipalities can collect. He suggested a simple solution exists, which he would be happy to share.

REPRESENTATIVE JOHNSON asked whether the suggested changes will be incorporated into the forthcoming committee substitute.

MR. BREESE stated that the sponsor is currently working on changes that would be incorporated into a committee substitute to present to the committee at a future date. In further response to Representative Johnson, Mr. Breeze anticipated a committee substitute would be prepared for the next committee meeting.

REPRESENTATIVE JOHNSON suggested that if substantive changes will be made to HB 64, the committee could adopt the proposed committee substitute (CS) and address the changes at that time.

CHAIR P. WILSON indicated that a CS is not yet prepared.

REPRESENTATIVE PETERSEN said he agreed with Representative Johnson.

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REPRESENTATIVE MUNOZ agreed also. She asked whether a future CS will contemplate returning a portion of the registration fees to communities, as well.

MR. BREESE answered that the current statute does not return registration fees to municipalities for any vehicle fees collected. The only portion returned to municipalities by the DMV is the MVRT. He referred to two methods to return the fees, one is by using a set chart, and the other method allows municipalities to set their own tax, which many municipalities

have already done. He clarified that this is not referenced in HB 64 in its current form.

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REPRESENTATIVE MUNOZ hoped any proposed CS would consider ways to lessen the impact to municipalities. She said she supports the intent to help Alaskan consumers, but she expressed concern about the impact. She pointed out that Juneau would face a \$500 thousand impact, which is a big impact for a community.

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CHAIR P. WILSON related that she requested some additional work on the bill.

MR. BREESE offered to share recommendations made by the DMV.

CHAIR P. WILSON stated she would leave public testimony open. [HB 64 was held over and assigned to a subcommittee chaired by Representative Petersen. Committee members assigned to the subcommittee are Representatives Pruitt, Munoz, and Gruenberg].

HB 10-NONCOMMERCIAL TRAILER REGISTRATION FEE

[1:41:23 PM](#)

CHAIR P. WILSON announced that the final order of business would be HOUSE BILL NO. 10, "An Act relating to the registration fee for noncommercial trailers and to the motor vehicle tax for trailers."

[1:41:44 PM](#)

DARRELL BREESE, Staff, Representative Bill Stoltze, Alaska State Legislature, on behalf of one of the prime sponsors, Representative Bill Stoltze, summarized that HB 10 would allow permanent registration for noncommercial trailers. The primary goal of HB 10 is to bring the noncommercial trailer registration in line with commercial trailer registration. Currently, commercial trailers can register by paying a permanent registration fee. Noncommercial trailer owners pay a \$30 biennial fee or can opt to pay a one-time registration fee of \$100 for noncommercial trailers. This bill would allow owners of snow machines, boats, and lawnmowers the same advantage as commercial trailer owners.

REPRESENTATIVE PRUITT asked for clarification on the \$25 fee.

MR. BREESE agreed the fee to register a commercial trailer is \$25. In further response to Representative Pruitt, he referred to page 2, line 3 of HB 10, which keeps the biennial registration fee for noncommercial trailers at \$30 or allows them to pay a one-time registration fee for noncommercial trailers at \$100.

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CHAIR P. WILSON agreed the committee has raised legitimate concerns on these two bills. She assigned HB 10 and HB 64 to a subcommittee with Representative Petersen as Chair, and identified Representatives Pruitt, Munoz, and Gruenberg to serve on the subcommittee.

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REPRESENTATIVE PETERSEN asked for clarification on HB 10, as to whether the trailer could be any age.

MR. BREESE agreed.

[HB 10 was held over.]

[1:46:33 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Transportation Standing Committee meeting was adjourned at 1:46 p.m.