

Fiscal Note

State of Alaska
2014 Legislative Session

Bill Version: SB 127
Fiscal Note Number: 1
(S) Publish Date: 2/21/14

Identifier: SB127-DOA-DMV-02-07-2014
Title: VEHICLE TRANSACTION AGENTS
Sponsor: GIESSEL
Requester: Senate State Affairs

Department: Department of Administration
Appropriation: Motor Vehicles
Allocation: Motor Vehicles
OMB Component Number: 2348

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2015	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2015 Request	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
OPERATING EXPENDITURES	FY 2015	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues	(1,223.5)		(1,223.5)	(1,223.5)	(1,223.5)	(1,223.5)	(1,223.5)
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Estimated SUPPLEMENTAL (FY2014) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2015) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? **Yes**
If yes, by what date are the regulations to be adopted, amended or repealed? **01/01/16**

Why this fiscal note differs from previous version:

Not applicable, initial version.

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Division: <u>Motor Vehicles</u>	Date: <u>02/07/2014 12:19 PM</u>
Approved By: <u>Curtis Thayer, Commissioner</u>	Date: <u>02/07/14</u>
Agency: <u>Department of Administration</u>	

FISCAL NOTE ANALYSIS #1

STATE OF ALASKA
2014 LEGISLATIVE SESSION

BILL NO. SB 127

Analysis

This bill will allow businesses that provide vehicle title and registration services to retain up to 15% of the proceeds they collect, less any taxes or fees imposed by a municipality. The current fee to register a vehicle in the State of Alaska is \$100. DMV collects a motor vehicle registration tax (MVRT) for the following communities: Anchorage, Bethel, Bristol Bay Borough, Cordova, Dillingham, Juneau, Ketchikan Gateway Borough, Kodiak Island Borough, Kenai Peninsula Borough, Mat-Su Borough, Nenana, Nome, Petersburg, Sitka, Unalaska, and Whittier. The MVRT rate varies by community and age of the vehicle.

Loss of Revenue:

DMV currently contracts with 11 businesses who conduct vehicle title and registration services.

In fiscal year 2013 the 11 business partners processed 193,679 transactions and collected a total of \$11,413,669. The collected fees breakdown as follows:

- \$8,097,804 - Motor vehicle registrations
- \$23,550 - Driver's License information/look-up fee
- \$34,699 - Miscellaneous fees (personalized plates, replacement tabs, temporary permits, etc.)
- \$3,256,745 - Motor vehicle registration tax*
- \$746 - Other trust funds (related to funds associated with specific license plates)
- \$125 - Under/over pay adjustments by DMV staff
- \$11,413,669

$\$11,413,669 - \$3,256,745 = \$8,156,924$

*The MVRT is a municipal tax and cannot be counted in the total proceeds.

After subtracting the MVRT from the total amount collected, \$8,156,924 would be available to retain. Assuming the full 15% is retained from the available collected fees, a loss of \$1,223,539 in revenue would result.

Additional information:

Business partners may charge a service fee in addition to the required registration fee. The amount of this service fee is determined by the business partner and is not regulated by or reported to DMV.

The term "proceeds" has not been fully defined, and it is unknown if service fees will be included as part of the revenue eligible for the 15% retainage. If so, this would increase the loss of revenue to the State of Alaska.