

**ALASKA STATE LEGISLATURE
HOUSE TRANSPORTATION STANDING COMMITTEE**

February 14, 2013

1:06 p.m.

MEMBERS PRESENT

Representative Peggy Wilson, Chair
Representative Doug Isaacson, Vice Chair
Representative Eric Feige
Representative Lynn Gattis
Representative Craig Johnson
Representative Bob Lynn
Representative Jonathan Kreiss-Tomkins

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE BILL NO. 19

"An Act relating to permanent motor vehicle registration; relating to the registration fee for noncommercial trailers and to the motor vehicle tax for trailers; and providing for an effective date."

- MOVED CSHB 19(TRA) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HB 19

SHORT TITLE: PERM. MOT. VEH. REGISTRATION/TRAILERS

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

01/16/13	(H)	PREFILE RELEASED 1/7/13
01/16/13	(H)	READ THE FIRST TIME - REFERRALS
01/16/13	(H)	TRA, FIN
02/07/13	(H)	TRA AT 1:00 PM BARNES 124
02/07/13	(H)	Heard & Held
02/07/13	(H)	MINUTE(TRA)
02/14/13	(H)	TRA AT 1:00 PM BARNES 124

WITNESS REGISTER

DARREL BREESE, Staff
Representative Bill Stoltze

Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Testified on behalf of Representative Bill Stoltze, joint prime sponsor of HB 19.

AMY ERICKSON, Director
Division of Motor Vehicles (DMV)
Department of Administration (DOA)
Anchorage, Alaska

POSITION STATEMENT: Answered questions during the discussion of HB 19.

KATHIE WASSERMAN, Executive Director
Alaska Municipal League (AML)
Juneau, Alaska

POSITION STATEMENT: Testified and answered questions on HB 19.

ACTION NARRATIVE

[1:06:10 PM](#)

CHAIR PEGGY WILSON called the House Transportation Standing Committee meeting to order at 1:06 p.m. Representatives Isaacson, Feige, Gattis, Johnson, Kreiss-Tomkins, Lynn, and Wilson were present at the call to order.

HB 19-PERM. MOT. VEH. REGISTRATION/TRAILERS

[1:07:10 PM](#)

CHAIR P. WILSON announced that the only order of business would be HOUSE BILL NO. 19, "An Act relating to permanent motor vehicle registration; relating to the registration fee for noncommercial trailers and to the motor vehicle tax for trailers; and providing for an effective date."

[1:07:32 PM](#)

DARREL BREESE, Staff, Representative Bill Stoltze, speaking on behalf of the sponsor, Representative Bill Stoltze, stated that HB 19 would allow for permanent registration of motor vehicles older than eight years and for noncommercial trailers. He explained that owners would have an option to pay a \$25 fee in addition to the regular registration fee for permanent registration. This bill would add several provisions, including one to allow municipalities to cover any potential loss in revenue by establishing a motor vehicle registration tax (MVRT).

Currently, the Division of Motor Vehicles (DMV) collects the MVRT on behalf of the municipalities, with 16 municipalities having established this tax. The bill would also not allow the DMV will to collect any MVRT tax on behalf of a municipality if the rate is set above \$100.

1:09:04 PM

CHAIR P. WILSON asked him to explain the provision for the DMV not collecting the MVRT if the rate is set higher than \$100.

MR. BREESE answered that currently, the state collects the MVRT on behalf of municipalities, who levy the tax. The DMV currently collects the MVRT and charges an eight percent administrative cost to do so. The MVRT's rate varies based on the MVRT rate adopted by each of the 16 municipalities. Section 9 of HB 19 relates that municipalities who set their tax rate for registration of motor vehicles or noncommercial trailers above \$100 must collect the one-time tax at the time of registration. He related that Section 9 shifts the burden of the tax collection for MVRT rates higher than \$100 from the DMV to the individual municipality.

1:10:30 PM

REPRESENTATIVE ISAACSON asked for further clarification. He understood the DMV could only collect a one-time registration tax.

MR. BREESE further explained that current statute allows for the MVRT to be collected once at the time of registration. However, if the City of North Pole sets the MVRT higher than \$100, the city would need to collect the entire tax.

REPRESENTATIVE ISAACSON related he has several cars that are older than eight years. He asked for the reason for the constraint. For example, the community would have the burden to collect the tax if a municipality set the tax at \$125.

MR. BREESE answered that most people don't realize the MVRT is a municipal tax and not a state tax.

REPRESENTATIVE ISAACSON asked whether the sponsor would support an amendment that would remove the cap on the MVRT collected by the DMV on behalf of municipalities.

MR. BREESE said the sponsor likes the bill as it stands but he will allow the committee to proceed and consider the measure.

[1:13:15 PM](#)

CHAIR P. WILSON understood that the \$100 MVRT in question is a municipal tax.

MR. BREESE answered yes; the MVRT is a municipal tax. He clarified that if municipalities choose to enact the MVRT in excess of \$100 the DMV would not collect it. He pointed out the \$100 figure is an arbitrary number and only one community in Alaska - Dutch Harbor/Unalaska - would be affected since that community currently sets the MVRT at \$116. He explained that the Dutch Harbor/Unalaska community would need to lower its tax to \$100 or less, if it wishes the DMV to continue to collect the MVRT. He reminded the committee that the MVRT is a municipal tax. Further, he pointed out that municipalities who collect their own taxes would also not pay the eight percent it does to DMV in administrative costs, so those funds would be available to cover any additional costs to implement collections of the MVRT.

CHAIR P. WILSON pointed out a spreadsheet in members' packets entitled, "Estimated Revenue MVRT Change Using Current MVRT Rates" that identifies the effect of HB 19 and the revenue losses in the 16 communities over time for permanent registration of vehicles.

[1:15:13 PM](#)

REPRESENTATIVE FEIGE understood the MVRT is collected for vehicle registration taxes, but municipalities also have property taxes. He asked whether the MVRT could be collected at the same time using the same process.

MR. BREESE answered yes.

REPRESENTATIVE FEIGE asked for further clarification on whether the municipal MVRT is solely a vehicle tax and does not contain any personal property taxes.

MR. BREESE answered not to my knowledge.

REPRESENTATIVE FEIGE asked what the MVRT is used for by municipalities.

MR. BREESE related his understanding that the MVRT is deposited into the municipal general funds and each municipal legislative body would decide how to allocate its funding. He offered his belief that Unalaska uses its revenue to remove abandoned and junk vehicles. He said he was not aware of how the funds are otherwise allocated. In further response, he reiterated the funds would be deposited into each municipal general fund and allocated by the municipality for its specific purposes.

[1:16:23 PM](#)

REPRESENTATIVE FEIGE related his understanding that a municipality could replace general fund revenue from someplace else within the municipality.

MR. BREESE answered yes; however, the bill also allows municipalities to increase the MVRT rates for permanently registered vehicles or noncommercial trailers by ordinance once every two years to make up potential revenue losses.

[1:17:20 PM](#)

REPRESENTATIVE FEIGE referred to the 16 communities and asked if any impose other taxes.

MR. BREESE answered yes, several do, but he was unsure of the specific taxes levied.

REPRESENTATIVE FEIGE asked whether any of the municipalities depend solely on the MVRT for revenue.

MR. BREESE answered no, not to his knowledge.

[1:18:05 PM](#)

CHAIR P. WILSON asked for clarification on the other types of taxes municipalities collect.

MR. BREESE recalled that Anchorage and the Matanuska-Susitna Borough have real and personal property taxes, cigarette taxes, gas taxes, and business taxes and other taxes exist, although he was unsure of the specific taxes collected.

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CHAIR P. WILSON asked for the specific reason for the bill.

MR. BREESE answered that several constituents requested this. He recalled the issue arose initially when some constituents moved from Montana. He recalled that Montana has had similar legislation in place for several years, which started the conversation. The idea has grown as a matter of convenience for constituents to not to have to routinely re-register vehicles. Further, the sponsor believes sufficient fees have already been paid for the vehicle registration during the initial eight years of the vehicle's life. The genesis for offering permanent registration for noncommercial trailers is to extend the benefits commercial trailer owners have had, noting that permanent registration has been an option since 1998 for a fee of \$20.

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REPRESENTATIVE JOHNSON asked whether the fee for registration on trucks was increased at the time the fees for commercial trailers was decreased to offset the fee. He asked whether this fee is inside or outside the Municipality of Anchorage's (MOA) tax cap.

MR. BREESE said he was unsure.

REPRESENTATIVE JOHNSON surmised it probably is not inside the tax cap.

[1:21:31 PM](#)

CHAIR P. WILSON asked for clarification.

REPRESENTATIVE JOHNSON related a tax cap is set at a certain rate to limit the total taxes in a municipality, often related to property taxes. He was unsure if the MVRT fell into the category limited by the MOA's tax cap. If not, the fee may fall outside the cap, and not be accounted for under the law that set the tax cap. Therefore, it would be an additional fee.

[1:22:13 PM](#)

REPRESENTATIVE GATTIS asked whether he has specific figures for the number of eight-year and older motor vehicles. She wondered whether the DMV would reduce staff by an employee of two if the permanent registration removes a substantial amount of work for staff.

MR. BREESE deferred to the DMV to specifically answer; however, he referred to page two of the fiscal note, and pointed out that the DMV estimates 470,400 noncommercial vehicles would be eligible for permanent registration in FY 14. Additionally, the fiscal note projects vehicles not renewed would represent approximately 20 percent of the total vehicles annually; however, this is offset by the number new vehicles registered each year so it would probably level out over time.

[1:24:03 PM](#)

REPRESENTATIVE KREISS-TOMKINS understood the only community that would be affected would be Dutch Harbor/Unalaska, since it assesses a MVRT in excess of \$100.

MR. BREESE responded that all municipalities will be affected due to a loss of revenue currently collected every two years since some vehicles would be permanently registered. Thus after two years municipalities with an MVRT would not have an opportunity to collect taxes on the vehicles permanently registered. He clarified that Dutch Harbor/Unalaska is the only community with an MVRT set at a fee higher than the \$100 cap.

[1:25:15 PM](#)

AMY ERICKSON, Director, Division of Motor Vehicles (DMV), Department of Administration (DOA), began by offering to address Representative Gattis's earlier question on how HB 19 would impact the DMV's employees. She stated that only 11 percent of motor vehicle registrations happen in-house and the rest are online transactions. Therefore the DMV would not be impacted.

[1:26:07 PM](#)

CHAIR P. WILSON asked how many communities collect a MVRT that is more than \$100.

MS. ERICKSON said only Dutch Harbor/Unalaska collects more with a MVRT of \$116, but the rest of the communities fall under \$100.

[1:26:34 PM](#)

REPRESENTATIVE ISAACSON asked about the cost to the DMV. He asked whether the bill would have any unintended consequence to the small community of Dutch Harbor/Unalaska and the process that the community would use to identify the vehicles exempted and pursue the registrations. He suggested the DMV would likely

incur additional costs to track the vehicles permanently registered.

MS. ERICKSON answered that the DMV would need to supply each community with the vehicles due for registration.

REPRESENTATIVE ISAACSON suggested it could increase DMV's expenses that the communities would need to individually collect the balance.

MS. ERICKSON responded that the process just described sounds logical.

[1:28:02 PM](#)

CHAIR P. WILSON asked whether any information exists. She understood the DMV retains eight percent in administrative costs for collecting the current MVRT. She asked whether Ms. Erickson could estimate the cost a community would incur to collect the MVRT on its own.

MS. ERICKSON she was unsure. She clarified that the eight percent fee that DMV retains is returned to the general fund and is not held by the DMV.

[1:28:59 PM](#)

KATHIE WASSERMAN, Executive Director, Alaska Municipal League (AML), stated the AML has concerns about HB 19 since the AML's communities have not taken a formal stand on the bill. She explained that each community acts separately. She recalled only one community has expressed opposition to the bill and she did not recall any communities have written in support of the bill. She explained that the AML has concerns about the bill after seeing the revised figures from DMV on the potential impacts of HB 19. She said that most of the concerns relate to Section 9, since it would limit the amount of the MVRT collected by the DMV to \$100. For example, the City and Borough of Juneau (CBJ) collects about \$78 and could raise its tax to \$100; however, each two years the CBJ would lose the \$77 fee from each motor vehicle owner that opted for permanent vehicle registration. Most of the 16 communities use the funds for road maintenance and junk car removal, she said.

MS. WASSERMAN recalled the Matanuska-Susitna Borough has indicated it passes on its fees to Palmer, Wasilla and Houston municipal governments. Additionally, she expressed concern

about the effective date since in order to raise taxes the question must go to a vote. She outlined the process: municipalities would need to pass an ordinance, which would go to an election - with sufficient noticing - and the results would be reported to the DMV prior to enacting the MVRT. She suggested it may be a two-year lag, perhaps a little less, but she recalled the DMV needs at least one year to implement any changes and an election could take seven or eight months to complete.

[1:32:07 PM](#)

REPRESENTATIVE JOHNSON asked whether the MVRT falls inside or outside the municipal tax cap.

MS. WASSERMAN answered that she was unsure of how each municipality works internally. She surmised the cap was related to property taxes. She reiterated she was unsure.

[1:32:33 PM](#)

REPRESENTATIVE JOHNSON expressed his concern that if the MVRT falls within the cap the impact on municipalities would result in a \$6 million increase in 2019 property taxes for his constituents. He related that if the MVRT falls outside the tax cap and will not be passed on to constituents in the form of property tax increases then he would have less concern with the bill. Ultimately, the burden should not fall on homeowners, he said.

[1:33:15 PM](#)

REPRESENTATIVE ISAACSON suggested this could potentially hurt municipal revenues. He offered his belief that revenues in Fairbanks fall under the tax cap to ensure taxation does not outpace development or impede private investment. He recalled Ms. Erickson indicated it could affect the DMV's costs. The bill could affect potentially hurt municipalities, since the cost of mailing may increase the costs too. He noted that some communities collect from \$13,000 to \$18,000 in MVRT. He concluded this could have a significant impact on smaller communities. He wondered if HB 19 would create any unintended consequences, such as more municipalities would need to be bailed out at some point.

MS. WASSERMAN agreed. She acknowledged that municipalities are also stretched for funds, yet have certain responsibilities they

must provide. Thus the 16 municipalities may need to pass the burden on to property tax owners or some service must go by the wayside. However, holding a vote on taxes is also unwelcome. She said this system has been working very efficiently and effectively for the municipalities and to date the AML has not heard any complaints. She assumed most people would prefer not to pay taxes.

[1:36:32 PM](#)

REPRESENTATIVE ISAACSON asked if the AML could support the bill if the committee removed Section 9. He acknowledged that not registering older vehicles would save people money. He asked whether removing Section 9 would balance it out.

MS. WASSERMAN answered that the AML would look more favorably on the bill, although she would need to discuss it with individual municipalities.

[1:37:40 PM](#)

REPRESENTATIVE GATTIS stated she has received comments from her constituents, but none from her municipality. She related her constituents believe they have already paid their MVRT taxes up front for eight years. Further, these constituents will pay taxes again when they buy a new car. Therefore her constituents want relief on the tail end. Even though she was unsure of the average age of a vehicle in Alaska she suggested that such a vehicle has likely used up its useful life.

[1:38:50 PM](#)

CHAIR P. WILSON asked whether the constituents will still want to drive the eight-year-old vehicles on the road.

REPRESENTATIVE GATTIS agreed.

[1:39:00 PM](#)

REPRESENTATIVE FEIGE did not find anything in the bill that would limit a municipality's ability to levy a tax.

MS. WASSERMAN answered that is correct.

[1:39:21 PM](#)

REPRESENTATIVE FEIGE suggested that money would not be taken away from the municipalities, but it would be up to a municipality to collect taxes on vehicles eight years or older.

MS. WASSERMAN responded that was incorrect since the municipalities would also need to set up the tax collection system and infrastructure necessary to do so.

REPRESENTATIVE FEIGE asked whether the municipalities currently have tax collection methods and staff.

MS. WASSERMAN answered yes; but the system is for different taxes and the municipalities would need to figure out how to obtain information from the DMV as to the age of each car. Further, the MVRT would be levied differently from property taxes. She concluded HB 19 would result in some type of added infrastructure.

REPRESENTATIVE FEIGE asked whether all communities have local police forces.

MS. WASSERMAN replied that she was unsure if Nenana or Whittier has police, although she thought the communities may each have one officer. She agreed Anchorage and Bethel has a police force, but she thought that the Bristol Bay area relies on the Alaska State Troopers for enforcement.

1:40:50 PM

REPRESENTATIVE KREISS-TOMKINS asked for clarification that in considering the projected loss the AML has assumed these municipalities will decide not to collect the fees.

MS. WASSERMAN answered yes. She referred to the figures as representing potential impacts since the AML is unsure how long a vehicle would be used after the permanent registration. She pointed out the older vehicles could be on the road from 2 to 10 more years. Additionally, the AML is unsure which communities would decide to collect to make up any lost revenue. She said it is difficult to predict.

1:42:01 PM

CHAIR P. WILSON said she was unsure about the age of cars but she acknowledged that her community has numerous old cars. She did not know the effect of the bill on her community, but she indicated the roads still need to be maintained. She saw [the

permanent registration] as problematic and related her own personal experience. She agreed that the number of vehicles is unpredictable. She asked Mr. Breese to speak to Ms. Wasserman's earlier comments.

[1:44:31 PM](#)

MR. BREESE questioned Ms. Wasserman's comments that the voters would need to approve any tax. He explained that this is true in some communities, but in Anchorage and Matanuska-Susitna Borough the MVRT can be approved by the city council or assembly by passing an ordinance. He offered his belief since these communities represent the highest populations in the state, it would impact the majority of vehicles that would qualify. Therefore in Anchorage or the Matanuska-Susitna Borough a simple ordinance change could change the MVRT rate, which is laid out in statute and is currently in HB 19.

MR. BREESE reiterated that some cities require votes for all taxes, but not for the MVRT in Anchorage or the MSB. He provided the committee with a handout with the number of vehicles eight years or older in each community that would qualify under the bill, as follows: Anchorage, 190,075; Bethel, 2,440; Bristol Bay, 1,676; Cordova, 2,403; Dillingham, 1,748; Juneau, 20,526; Kenai, 55,885; Ketchikan, 9,308; Kodiak, 8,940; Matanuska-Susitna, 83,919; Nenana, 833; Nome, 1,647; Petersburg, 2,513; Sitka, 5,809; Unalaska, 1,796; and Whittier, 327. He suggested this addresses how many vehicles are eligible for each of the communities. He reiterated that 20 percent of the vehicles would not be registered; however, as new vehicles are registered more vehicles enter the pool. Additionally, permanent registration is not transferable so in the event the owner sells the vehicle with permanent registration, the new owner would need to register the vehicle and select whether to use the permanent registration.

[1:46:28 PM](#)

CHAIR P. WILSON remarked that if 20 percent of the vehicles are eligible for permanent registration, coastal communities must take care of the [abandoned or junk] vehicles. She further recalled a Juneau person came into her office recently and complained about people driving with expired registrations.

[1:47:24 PM](#)

MS. WASSERMAN pointed out that Ms. Erickson has figures for the percentage of cars on Alaska's highways over eight years old.

MS. ERICKSON referred to the fiscal note. She said that 72 percent of current vehicles on the road are eight years or older. She also stated that the average age of vehicles is 13 years old.

CHAIR P. WILSON said she spoke to the sponsor about changing the vehicle age in the bill. The sponsor prefers not to change the age of the vehicles eligible for permanent registration.

[1:48:45 PM](#)

REPRESENTATIVE KREISS-TOMKINS asked whether municipalities would still be affected if Section 9, which caps the amount a municipality can collect at \$100, were removed from the bill since these municipalities could not collect the MVRT through the DMV.

MS. WASSERMAN answered yes; however, last year the AML worked closely with the sponsor's staff, Mr. Breese on the MVRT bill. Last year's bill did not contain the language in Section 9. In fact, the sponsor removed the language AML had issues with last year and subsequently the AML took a neutral position on the bill. While AML did not support the bill, the AML agreed it would remain neutral on the bill. She indicated that Section 9 was added this session to the MVRT bill currently before the committee, HB 19. Although, municipalities would likely still be affected she thought they will agree to remain neutral on HB 19.

[1:50:01 PM](#)

REPRESENTATIVE KREISS-TOMKINS was unsure why municipalities would remain neutral since Section 9 would only affect Dutch Harbor/Unalaska.

MS. WASSERMAN answered that the municipalities are uneasy about taking a negative position on the bill.

REPRESENTATIVE ISAACSON understood the department would not collect the tax; however, he thought Ms. Erickson said the municipalities could opt to collect any MVRT beyond \$100. He asked for further clarification on the effect of removing Section 9 from the bill. He further asked whether removing

Section 9 would remove the ability of the DMV to collect the MVRT on behalf of municipalities.

MR. BREESE shook his head no.

CHAIR P. WILSON asked the negative response given by the sponsor's staff [shook head no] be reflected in the record.

[1:51:36 PM](#)

REPRESENTATIVE ISAACSON understood the effect of removing Section 9 would be to remove the cap of the MVRT.

[The committee and sponsor's staff appeared to agree.]

[1:51:52 PM](#)

REPRESENTATIVE JOHNSON suggested a method exists for communities to avoid losing revenue by implementing a system. Such a system would be similar to the Municipality of Anchorage's (MOA's) emission's standards [IM program], in which the MOA would issue a sticker. The registered owner could receive a ticket if a vehicle did not have a sticker. He surmised such a program could be a revenue generator for cities and municipalities; however it might also be a politically tough issue. He also thought it could be a neutral issue, as well. He emphasized his concern about passing the buck from one community or area to another; especially since it might cost owners more to permanently register a vehicle. He was unsure if [the permanent registration] would be a big plus since some communities might impose an extra sticker or star on the window.

[1:53:02 PM](#)

REPRESENTATIVE ISAACSON suggested that the Fairbanks North Star Borough (FNSB) does not have policing authority. He expressed concern that the borough would need to become policing agents. He indicated that the FNSB is a second-class borough and not a home rule city. He also mentioned that Nenana does not have the sophistication, necessarily [to implement this]. He asked whether the Alaska State Troopers would need to monitor [the permanent registered vehicles for compliance]. He agreed with Representative Johnson that he also did not want to pass the burden on to municipalities. He spoke to his own experience as mayor and the financial challenges the communities face with declining property values. He reiterated his concern that the bill might pass on to communities an opportunity to charge more.

He suggested the simple fix would be to remove the cap and owners would continue to pay the eight percent municipal MVRT to the DMV, which will bring about \$1 million to the general fund.

[1:55:17 PM](#)

REPRESENTATIVE JOHNSON thought [Repetitive Isaacson] might be misunderstanding the source of the loss of revenue. He explained that it would not happen due to the loss of the \$100 MVRT in year one of the program, but in year two, three, and four, during the renewal cycle [when taxes for permanently registered vehicles would not be collected]. He further explained his comments demonstrated how municipalities could avoid such a loss. He advised the committee he just spoke to the MOA and this proposal [in HB 19] would fall under the tax cap. Thus if the legislature removes the \$6,818,910 million in [2019], referring to the handout in members' packets entitled "MVRT Collections by Community (HB 19 Scenario,)" the lost revenue would be passed on to property owners via the MOA's property tax roll. He predicted the \$2,889,180 in MVRT reductions and savings in the Matanuska-Susitna Borough (MSB) would be passed on in the form of increased property taxes. He concluded by stating that [the effect of] passing HB 19 would increase property taxes.

The committee took an at-ease from 1:56 p.m. to 2:00 p.m.

[2:00:07 PM](#)

CHAIR P. WILSON, after first determining no one else wished to testify, closed public testimony on HB 19.

[2:00:25 PM](#)

REPRESENTATIVE ISAACSON made a motion to adopt Amendment 1, labeled 28-LS0130\A.1, Gardner, 2/14/13, which read as follows:

Page 5, lines 7 - 11:
Delete all material.

Renumber the following bill sections accordingly.

CHAIR P. WILSON explained that this would remove the MVRT cap.

REPRESENTATIVE FEIGE objected for the purpose of discussion.

REPRESENTATIVE JOHNSON objected. He asked whether deleting AS 28.10.421 (c) (3) and (4) would cause any difficulties for the department.

MS. ERICKSON said she was online.

REPRESENTATIVE JOHNSON, after determining his concern was in Section 10 [a different section of the bill], withdrew his objection.

REPRESENTATIVE FEIGE maintained his objection for the purpose of discussion.

[2:02:12 PM](#)

REPRESENTATIVE FEIGE expressed concern about removing Section 9. He related a scenario in which a person elected to use permanent registration for an eight-year old vehicle; however, the average age of the vehicle is 13 years. He did not believe municipalities were restricted from imposing a tax. One way municipalities could recover lost revenue would be to raise taxes on the first eight years of a vehicle's registration. Thus Section 9 tends to restrict the amount municipalities can raise, he said. He asked for the overall point of the bill and whether the purpose of HB 19 is to increase taxes or if it is to eliminate a perceived hassle for many citizens since they need to renew vehicle registration.

CHAIR P. WILSON suggested that the majority of people could register online. Another consideration would be whether the legislature should legislate how municipalities operate. In one instance, the bill would allow the municipalities a means to handle revenue losses, but on the other hand the bill would allow people to avoid paying registration. However, the permanently registered vehicles would still operate on roads. She suggested that municipalities might consider other solutions.

[2:05:22 PM](#)

REPRESENTATIVE FEIGE asked for the current average tax.

MS. WASSERMAN deferred to the DOR.

MS. ERICKSON stated the MVRT ranges from \$16 at the lowest to \$116 at the highest.

2:06:30 PM

REPRESENTATIVE GATTIS related her understanding of the purpose of the bill. First, the bill would reduce taxes at a specific point in the age of the vehicle, which will give some relief to owners. The second benefit would be relief from changing plates, adhering stickers, and ensuring that the paperwork is in the vehicle. She said from her personal experience, that she doesn't always have the snowmachines or boats available at the time of registration for the [noncommercial trailers] or vehicle. She maintained that relief from the aforementioned paperwork represents a huge convenience, which is paramount. For example, a vehicle might be in storage and the sticker might not get adhered timely. She concluded that getting stopped on the road [by enforcement] is a huge hassle.

CHAIR P. WILSON reminded members Amendment 1 is before the committee.

REPRESENTATIVE FEIGE withdrew his objection. There being no further objections, Amendment 1 was adopted.

2:08:33 PM

REPRESENTATIVE JOHNSON remarked that he doesn't want to slow down the bill. In summary, the committee has been considering the convenience to the public versus tax increases. While he appreciated the convenience, the burden would likely be passed on to all the property owners in his community. He emphasized he loves convenience; however, even only 11 percent of current vehicle renewals are being renewed in person, the .02 percent increase [in lost revenue] would be absorbed by all property owners. He expressed concern about the tax increase and concluded by saying he did not want to hold up the bill, but will speak to the sponsor about the aforementioned issue. He further suggested some of the communities should speak up instead of being neutral.

REPRESENTATIVE FEIGE understood the committee eliminated Section 9 of HB 19; however, the way Section 8 is written, municipalities are free to raise the MVRT on newer vehicles. He offered his belief that the language allows municipalities to raise the MVRT as a separate issue without raising property taxes.

CHAIR P. WILSON offered her belief that is the current law.

2:11:24 PM

REPRESENTATIVE JOHNSON suggested passage of HB 19 would incentivize motor vehicles with excessive pollution and penalize motor vehicles that are ecologically friendly. He indicated, with respect to the bill, that additional problems arise for him.

REPRESENTATIVE FEIGE pointed out it would be up to the municipalities.

REPRESENTATIVE JOHNSON responded that most municipalities are not able to do this and he predicted it would be a tax increase for general population for people who have older motor vehicles. He said, "I happen to be one of them. I'm just not prepared to raise taxes for convenience. Thank you, Madame Chair."

REPRESENTATIVE GATTIS remarked that she typically registers her vehicles online, but another part of the convenience is getting the sticker applied to the license plate one time and not having to deal with it again.

2:13:01 PM

REPRESENTATIVE ISAACSON appreciated the discussion. He said he did not want to dis-incentivize the purchase of new motor vehicles. In terms of the municipalities, a person who has an objection to a tax the person goes to city hall and voice his/her concern to the assembly or council member, which he thought would limit [the amount of any taxes]. However, he expressed concern about transferring the MVRT to property taxes or increases to sales taxes. He pointed out that the Department [of Commerce, Community & Economic Development (DCCED)] publishes each community's tax scheme. He agreed with Representative Johnson that the bill may also increase municipal property taxes. He said, "At this moment, I don't have a pass or no pass. I think I'm just going to have a no recommendation. I don't know what to do. I need to know more about this."

REPRESENTATIVE JOHNSON reiterated he did not wish to hold the bill up, but it could be an interesting floor debate.

REPRESENTATIVE KREISS-TOMKINS said he was looking forward to the debate on the floor [of the House]. He concurred with Representative Isaacson that the concern about local taxation should be at the ballot box of the local elections and not in the state legislature.

2:15:28 PM

REPRESENTATIVE FEIGE moved to report HB 19, as amended, out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, CSHB 19(TRA) was reported from the House Transportation Standing Committee.

2:16:13 PM

ADJOURNMENT

There being no further business before the committee, the House Transportation Standing Committee meeting was adjourned at 2:16 p.m.