

Fiscal Note

State of Alaska
2018 Legislative Session

Bill Version:	HB 386
Fiscal Note Number:	3
(H) Publish Date:	3/7/2018

Identifier: HB386-DOA-DMV-03-03-18
 Title: VESSELS: REGISTRATION/TITLES; DERELICTS
 Sponsor: SEATON
 Requester: (H) FSH

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)

	FY2019	Included in	Out-Year Cost Estimates					
	Appropriation Requested	Governor's FY2019 Request	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
OPERATING EXPENDITURES	FY 2019	FY 2019						
Personal Services								
Travel								
Services	65.0		50.0	50.0	50.0	50.0	50.0	50.0
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	65.0	0.0	50.0	50.0	50.0	50.0	50.0	50.0

Fund Source (Operating Only)

1216 Boat Rcpts (DGF)	65.0		50.0	50.0	50.0	50.0	50.0	50.0
Total	65.0	0.0	50.0	50.0	50.0	50.0	50.0	50.0

Positions

Full-time								
Part-time								
Temporary								

Change in Revenues

1250 UGF Rev (UGF)	3.0		86.0	86.0	***	***	***
1251 Non-UGF (Other)	226.7		453.3	453.3			
Total	229.7	0.0	539.3	539.3	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2018) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2019) 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 If yes, by what date are the regulations to be adopted, amended or repealed? 07/01/21

Why this fiscal note differs from previous version/comments:

Updated calculations for FY19 costs, changes in revenues.

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Division:	Motor Vehicles	Date:	03/01/2018 02:00 PM
Approved By:	Leslie Ridle, Commissioner	Date:	03/01/18
Agency:	Department of Administration		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2018 LEGISLATIVE SESSION

Analysis

HB 386 amends AS 05.25.055 to require boats that do not meet exemption specifications to be titled, registered, and numbered. DMV does not currently title boats and would need to adopt regulations and program our software to address this new procedure. HB 386 will also increase the price of a motorized boat three year registration period to \$30, add a \$20 fee for boat titles or duplicate titles and a \$75 fee for registration of a barge.

Cost to DMV:

Based on similar experience implementing new requirements, DMV estimates 400 hours of programming time will be needed to analyze, program, add, and test the new functionality of issuing boat titles in the Alaska Licensing and Vehicle Information Network program, at a contractor cost of \$100/hr.

Start-up costs: 400 hrs x \$100/hr = \$40,000

Based on prior experience with title and registration disputes, DMV requests an increment of \$50,000 for increased attorney fees related to boat title disputes for future years.

FY19 costs: \$40,000 + \$25,000 (half-year of attorney costs) = \$65,000, FY20 - FY24 costs: \$50,000

Additional information

In FY2017 a total of \$525,648 in boat registration fees were collected. Annually DMV transfers revenue appropriated to the following departments:

- The Department of Natural Resources - maximum of \$300,000/year
 - The Department of Commerce, Community and Economic Development - maximum of \$196,900/year
- Any excess revenue collected lapses to the general fund.

Generated Revenue (Note: 1/1/19 effective date results in half expected revenue for FY19)**Title Fees**

There are over 68,000 motorized boats registered in the State of Alaska. A title fee of \$20 would generate approximately \$1.36 million. Due to the three-year registration period, approximately \$453,340 in revenue for titling would be generated in each year, with the exception of FY19, which will only generate one-half of one year's revenue because of the 1/1/19 effective date.

Once currently registered boats are titled, the only time a title will change is when a boat is bought or sold. DMV does not have a mechanism to estimate future boat sales.

Title fees are reflected as non-UGF revenues and will be appropriated to the new Derelict Vessel Prevention Program Fund (see fund capitalization fiscal note).

Increased Registration Fee

The increase of the current three year boat registration fee from \$24 to \$30 will result in additional revenue of \$408,000 over a three year span. ($\$6 \times 68,000 = \$408,000$ / 3 year registration = \$136,000 yearly for FY20-FY21, $\$136,000 / 2 = \$68,000$ for FY19)

The increased registration fees will be used to offset the increased costs to DMV resulting from this legislation, and the remainder will lapse to the general fund, shown on page 1 as UGF revenue. (FY19: $\$68,000 - \$65,000 = \$3,000$, FY20-FY21: $\$136,000 - \$50,000 = \$86,000$)

Future titling revenue would be based on new and used boat sales and can't be estimated; therefore, the agency submits an "indeterminate revenue" fiscal note for FY22-FY24.