

Fiscal Note

State of Alaska
2018 Legislative Session

Bill Version:	HCS CSSB 92(FIN)
Fiscal Note Number:	7
(H) Publish Date:	4/18/2018

Identifier: SB092CS(FIN)-DOA-DMV-04-14-18
 Title: VESSELS: REGISTRATION/TITLES; DERELICTS
 Sponsor: MICCICHE
 Requester: H FIN

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								
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

1216 Boat Rcpts (DGF)	64.1		108.6	108.6	80.5	52.5	52.5
1250 UGF Rev (UGF)	0.0		19.6	19.6	19.6	19.6	19.6
Total	64.1	0.0	128.2	128.2	100.1	72.1	72.1

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 If yes, by what date are the regulations to be adopted, amended or repealed? 07/01/21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 revenues based on the removal of a boat registration fee increase, and an exemption for boats under 25' in length.

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 Approved By: Leslie Ridle, Commissioner
 Agency: Department of Administration

Phone: (907)269-5574
 Date: 04/14/2018 05:30 PM
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**REPORTED OUT OF
HFC 04/17/2018**

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2018 LEGISLATIVE SESSION

Analysis

SB 92 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. SB 92 adds 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

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

There are over 68,000 motorized boats registered in the State of Alaska, of which 8,418 are 25 feet and over. A title fee of \$20 for boats above 24 feet would generate approximately \$168,360. Due to the three-year registration period, approximately \$56,120 in revenue for titling would be generated in each year, except for 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.

The requirement for barges to register is new and the registration of \$75 every three years will be \$2,500 per year, and \$1,250 for FY19. This assumes 100 barges will register over a three-year period.

Documented Boat Registration Fee

The requirement for documented boats is new and the registration of \$24 every three years will be \$69,600 per year, and \$34,800 for FY19.

Additional Information

DMV collects revenues from boat registration and title fees and accounts for them separately as Boat Receipts (fund code 1216). The estimated cost in FY19 to the DMV is \$65,000. The estimated revenues in FY19 as a result of this proposed legislation from new boat licensing fees, new barge registration fees, and new documented boat registration fees is estimated to be \$64,110. The \$890 difference between costs and revenues will be supported by current boat registration fees the DMV collects that is not impacted by this proposed legislation.

Beginning in FY20, the DMV estimates the revenue collected from documented boat registrations will exceed the \$50.0 cost of this proposed legislation; resulting in a lapse to general fund of \$19,600 (FY20-FY24: \$69,600 - \$50,000 = \$19,600). Also in FY20, the DMV estimates the revenues from title and barge fees will be available to transfer to the new Derelict Vessel Prevention Program Fund.