

SENATE FINANCE COMMITTEE

May 2, 2018

2:04 p.m.

2:04:04 PM

CALL TO ORDER

Vice-Chair Bishop called the Senate Finance Committee meeting to order at 2:04 p.m.

MEMBERS PRESENT

Senator Lyman Hoffman, Co-Chair
Senator Click Bishop, Vice-Chair
Senator Peter Micciche
Senator Donny Olson
Senator Gary Stevens
Senator Natasha von Imhof

MEMBERS ABSENT

Senator Anna MacKinnon, Co-Chair

ALSO PRESENT

Juli Lucky, Staff, Senator Anna MacKinnon; Representative John Lincoln, Sponsor; Tim Mearig, Facilities Manager, Department of Education and Early Development; Representative Sam Kito, Sponsor; Representative Jonathan Kreiss-Tomkins, Sponsor; Cathy Schlingheyde, Staff to Representative Kreiss-Tomkins; Bob Bartholomew, Finance Manager, City and Borough of Juneau.

PRESENT VIA TELECONFERENCE

Bryant Hammond, City Clerk, City of Nome, Nome; Kathy Wasserman, Alaska Municipal League, Anchorage; Lisa Parker, Soldotna City Council, City of Soldotna, Anchorage; Karl Kassel, Mayor, Fairbanks North Star Borough, Anchorage; Stu Graham, Deputy Mayor, City of Wasilla, Anchorage; Pat Branson, Mayor, City of Kodiak, Anchorage; Lyn Carden, Deputy Administrator, City of Wasilla, Wasilla; Caroline Venuti, Self and Homer City Council, Homer.

SUMMARY

CSHB 135 (EDC) am

SCHOOL CONSTRUCTION GRANT PROGRAM

SCS CSHB 135 (FIN) was REPORTED out of committee with a "do pass" recommendation and with one new fiscal note from the Department of Education and Early Development.

CSHB 346 (L&C)

DENTIST: TEMPORARY PERMIT

SCS CSHB 346 (FIN) was REPORTED out of committee with a "do pass" recommendation and with one previously published fiscal impact note: FN 1 (CED).

CSHB 409 (FIN) am

VEHICLES; ID CARD, REGISTRAT., LICENSE FEES;

CSHB 409 (FIN) am was HEARD and HELD in committee for further consideration.

#hb135

CS FOR HOUSE BILL NO. 135 (EDC) am

"An Act relating to school district participation in the school construction grant program."

[2:05:11 PM](#)

Vice-Chair Bishop reviewed the meeting agenda. He detailed that HB 135 had been heard on April 26, 2018 when a committee substitute (CS) had been adopted, public testimony (all in support of the bill) had been heard, and the fiscal note had been reviewed. He noted the committee had received additional information.

Senator Micciche MOVED to ADOPT the committee substitute for CSHB 135 (EDC) am, Work Draft 30-LS0549\R (Laffen, 5/2/18).

Vice-Chair Bishop OBJECTED for discussion.

[2:05:33 PM](#)

JULI LUCKY, STAFF, SENATOR ANNA MACKINNON, explained the changes in the CS. She noted that there had been committee

concerns about an undefined time of extension. Additionally, there had been concern that no definition for the term "good cause" had been included in the bill. She addressed the Explanation of Changes (copy on file):

The Senate Finance CS makes two changes:

- Limits the extension to seven years on page 1, line 12.
- Describes what constitutes "good cause" on page 2, lines 2-10. New SCS version R makes clarifying changes to this language as requested by the Department of Education and Early Development. Specifically:

Page 2, line 5 added "as described in a grant agreement under AS 14.11.017"

Page 2, line 6 replaced "the state's share" with "state funding"

Ms. Lucky announced that there was no sectional analysis. The bill had two technical changes and the only substantive section was Section 2, which she had previously explained. She noted that the department had communicated there was no change to the fiscal note with the adoption of the CS.

Senator Stevens was happy to see a definition for "good cause" and an end date included in the bill.

Vice-Chair Bishop WITHDREW his OBJECTION. There being NO further OBJECTION, Work Draft 30-LS0549\R was ADOPTED.

[2:07:59 PM](#)

AT EASE

[2:08:54 PM](#)

RECONVENED

REPRESENTATIVE JOHN LINCOLN, SPONSOR, appreciated the changes made in the CS. He spoke to the importance of the legislation for his district. He detailed the legislation would extend the funding opportunity for a school in the district that had run into some complications with the construction of a road and other funding sources. He was confident the passage of the bill would allow the community

of Kivalina to construct a new school. He thanked the committee for its time and attention to the legislation.

Senator Olson asked if Representative Lincoln was in favor of the changes made in the CS.

Representative Lincoln replied in the affirmative.

Senator Olson asked how the Northwest Arctic Borough School District viewed the changes.

Representative Lincoln answered that the school district strongly supported the legislation, which was critical for the construction of the school. He added the legislation was a major priority for the entire district.

Senator Stevens referenced the third cause: (3) the extension will not result in an increase of state funding of the project cost [page 2, lines 6 and 7 of the legislation]. He asked how a cost increase would impact the borough.

Representative Lincoln was uncertain what the approach would be to meet increased costs. The entire regional leadership for the Northwest Arctic Borough and the NANA region were behind the project. The borough was bonding a local match exceeding \$12 million. He elaborated that everyone was committed in their support for Kivalina, the school, and its families. He communicated that he and others would find a way to address any cost increase.

[2:11:33 PM](#)

Senator Stevens remarked that the longer it took to complete a project the higher the cost. He appreciated Representative Lincoln's comments.

Senator Olson remarked that he had spoken with borough representatives and they were very comfortable with the money that had been sought and appropriated. There had been no problem with that part of the extension.

Vice-Chair Bishop noted that the Department of Education and Early Development (DEED) was available for questions. He added that the state was coming out of a recession. He observed that construction projects were down, based on bid

costs over the past three years. He elaborated that there was substantial competition [for projects] at present.

Senator Stevens noted that previously there had been no parameters on what the commissioner could determine to be good cause. He expounded that the bill would implement four criteria for the commissioner to find good cause. He asked if DEED was comfortable with the parameters.

TIM MEARIG, FACILITIES MANAGER, DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT, replied in the affirmative.

Vice-Chair Bishop relayed that he had worked in the [Northwest Arctic Borough] region in the distant past. He stated that Kivalina sorely needed a new school and he believed the school would go a long way towards complementing the other schools in the Kobuk region.

Senator Micciche MOVED to REPORT SCS CSHB 135(FIN) out of committee with individual recommendations and accompanying fiscal note. There being NO OBJECTION, it was so ordered.

SCS CSHB 135(FIN) was REPORTED out of committee with a "do pass" recommendation and with one new fiscal note from the Department of Education and Early Development.

[2:14:28 PM](#)

AT EASE

[2:16:13 PM](#)

RECONVENED

#hb346

CS FOR HOUSE BILL NO. 346(L&C)

"An Act relating to the licensure of dentists."

[2:16:39 PM](#)

Vice-Chair Bishop detailed that the committee had last heard the bill on April 24, 2018 when it had considered public testimony and reviewed the fiscal note.

Senator Micciche MOVED to ADOPT the committee substitute for CSHB 346(L&C), Work Draft 30-LS1409\J (Radford, 2/25/18).

Vice-Chair Bishop OBJECTED for discussion.

JULI LUCKY, STAFF, SENATOR ANNA MACKINNON relayed that in the previous bill hearing the department had noted it needed authorization to approve regulations, a delayed effective date, and an immediate effective date for the regulations change. The CS incorporated the changes, which necessitated the additions of Sections 3 through 5 beginning on page 2, line 28 through the end of the bill. There had been no additional changes to the bill. She detailed that the changes would require a title change, which had been approved by the bill sponsor. Co-Chair MacKinnon's office had been working on the changes with the sponsor. She confirmed with the department that there would be no change to the fiscal note.

Vice-Chair Bishop WITHDREW his OBJECTION. There being NO further OBJECTION, it was so ordered.

[2:18:07 PM](#)

REPRESENTATIVE SAM KITO, SPONSOR, appreciated the work the committee had done on the bill. The objective of the legislation was to provide opportunities for dentists to address situations where they had an emergency and were not able to provide services to their patients. The bill opened a temporary license that would allow dentists to solicit support from dentists who may not be licensed in Alaska for temporary periods not to exceed 240 days. He spoke to the importance of the legislation and detailed it was supported by the Dental Society and the Alaska Dental Board. He was supportive of the changes in the CS.

Senator Micciche MOVED to REPORT SCS CSHB 346(FIN) out of committee with individual recommendations and attached fiscal note. There being NO OBJECTION, it was so ordered.

SCS CSHB 346(FIN) was REPORTED out of committee with a "do pass" recommendation and with one previously published fiscal impact note: FN 1(CED).

[2:19:09 PM](#)

AT EASE

[2:21:31 PM](#)

RECONVENED

#hb409

CS FOR HOUSE BILL NO. 409(FIN) am

"An Act relating to identification cards; relating to permanent motor vehicle registration; relating to vehicle registration fee rates; relating to changes of address; relating to driver's license fees; and relating to financial responsibility for motor vehicles."

[2:22:31 PM](#)

REPRESENTATIVE JONATHAN KREISS-TOMKINS, SPONSOR, shared that HB 409 was a House State Affairs Committee bill that had originated from the indirect expenditure report produced by the Legislative Finance Division (LFD) as well as from some statute change recommendations from the Department of Administration legislative finance subcommittee process in the House. He detailed that an amendment had been made in the House Finance Committee, which resulted in the bill before the committee. The bill included a variety of indirect expenditure reductions or eliminations as well as several streamlining statute changes to enable the Division of Motor Vehicles (DMV) to deliver services more efficiently. He noted that in light of budget cuts the bill would enable DMV to do more with the same funding or do more with less. He asked if the committee wanted to hear the sectional analysis.

[2:24:07 PM](#)

Senator Micciche asked for the sponsor's philosophy on the bill.

Representative Kreiss-Tompkins answered that the bill included two categories of changes. The first was indirect expenditure reduction or elimination. The second, included statute or policy changes that allow DMV to streamline its operations or get rid of statutes that were no longer relevant or were hindering the agency's ability to deliver services.

CATHY SCHLINGHEYDE, STAFF TO REPRESENTATIVE KREISS-TOMKINS, discussed the sectional analysis (copy on file):

Section 1: This section standardizes the age for senior citizen fee waivers by changing the age for a senior citizen identification card from 60 to 65.

Ms. Schlingheyde elaborated that currently there was a senior citizen waiver on vehicle registration, which was not in any way affected by the bill. The waiver went into effect when someone turned 65. She continued with the analysis:

Section 2: This section allows a person to authorize the Division of Motor Vehicles (DMV) to update their address based on the United States Postal Service (USPS) database.

Ms. Schlingheyde expounded that currently DMV had access to the USPS database, but it was not allowed to update incorrect addresses. The bill was an opt-in section that would allow a person to agree to let DMV update their address. She moved to the next section:

Section 3: This section is a conforming change to the repeal of the permanent registration in Section 18 of this bill.

Section 4: This section removes the vehicle registration fee exemption for amateur radio operators.

Ms. Schlingheyde explained that the change in Section 4 came out of LFD's analysis of indirect expenditures and conversations in the [House] Finance Committee. She continued with the analysis:

Section 5: This section raises the vehicle registration fee for municipalities to the standard \$100.

Ms. Schlingheyde detailed that the current vehicle registration fee for municipalities was \$10. The fee had been set in 1978 and had not been reviewed since; the change came from LFD's indirect expenditure report. She advanced to the next section:

Section 6: This section is a conforming change to the repeal of the permanent registration in Section 18 of this bill.

Section 7: This section prohibits a municipality from establishing a tax on vehicles that remain covered under the permanent registration provision that is repealed in Section 18 of this bill.

Ms. Schlingheyde added that Section 7 was a conforming change. She continued with the next section:

Section 8: This section sets the fee for DMV Knowledge Tests at \$5 and raises the fee for DMV Road Tests from \$15 to \$25.

Ms. Schlingheyde elaborated that the section would generate revenue and DMV hoped it would reduce the no-show rate and failure rates as people used the test as practice rather than studying in advance.

Section 9: This section raises the threshold for requiring deposit of security to DMV from \$501 to \$2,000 to align with the standard for the Department of Transportation (DOT).

Ms. Schlingheyde explained that numerous sections included the change from \$501 to \$2,000. Currently in the case of an accident if the cost was less than \$500 there were no forms filled out for DMV. Accidents costing \$501 to \$2,000 required the completion of a DMV form. Accidents costing over \$2,000 required the completion of a separate Department of Transportation and Public Facilities (DOT) form and the DMV form was no longer required. She detailed the process had created significant confusion - people were filling out forms inaccurately and did not know when they needed which form. She relayed that DMV had requested that only the DOT form be used. The DMV form would be eliminated, and it would not in any way effect a person's liability for an accident or the filing of police reports. The change would eliminate the requirement for police to send a duplicative report to DMV - the police would still send a report to their own superiors. She added that the section would not change insurance requirements. She continued with the sectional [she did not review Sections 10 and 11 below]:

Section 10: This section raises the threshold for requiring a peace officer to provide written

notification about the requirements in the Motor Vehicle Safety Responsibility Act from \$501 to \$2,000.

Section 11: This section raises the threshold for accepting release from liability executed by a parent or legal guardian on behalf of a minor from \$501 to \$2,000.

Section 12: This section raises the threshold for requiring proof of financial responsibility after a traffic offense from \$501 to \$2,000.

Section 13: This section raises the threshold for requiring proof of financial responsibility after an accident from \$501 to \$2,000.

Section 14: This section requires proof of financial responsibility after a license is suspended for failure to pay a judgement be maintained for three years, rather than the existing lifetime provision.

The section also changes the requirement to hold proof of financial responsibility after judgement satisfaction only if the failure to pay was due to driving while uninsured.

Ms. Schlingheyde addressed SR-22 insurance, a type of high-risk insurance. Current statute required SR-22 insurance for three years for individuals in an accident that caused significant property damage, death, or serious injury. The insurance was also required for three years if a person drove uninsured. The insurance was required for five years in the case of a DUI and for a lifetime after four DUIs. The section required SR-22 insurance for a lifetime if a person failed to pay a judgement within 30 days, which was disproportionate to the rest of the statute. The bill changed the SR-22 requirement for failure to pay within 30 days to three years.

Section 15: This section allows for a second payment plan in installments for people facing license suspension based on outstanding financial judgements.

Ms. Schlingheyde noted that a court would approve payment plans of installments for people who could not pay judgements immediately.

Section 16: This section raises the threshold for showing proof of motor vehicle liability insurance from \$501 to \$2,000.

Section 17: This section removes the requirement to update DMV with address changes if the person has given permission for DMV to update addresses from the USPS database.

Ms. Schlingheyde explained that Section 17 removed the requirement for a person to update their address with DMV if they had opted in to allow DMV to update their address based off the USPS database.

Section 18: This section repeals permanent vehicle registration for vehicles that are at least eight years old.

Section 19: This section grandfathers in people who have already registered their vehicles under the permanent vehicle registration.

Ms. Schlingheyde elaborated that Section 19 applied to individuals, not cars. She explained that if a car was sold, the new owner would not be able to apply and pay for a permanent vehicle registration.

[2:30:30 PM](#)

Senator Olson noted that Representative Kreiss-Tomkins represented a number of small communities. He asked where he had come up with Section 5 of the bill, which he believed had caused most of the consternation for the communities he had heard from. He noted the section would increase a fee from \$10 to \$100. He explained that some small communities could barely afford a vehicle, let alone registering it. He wondered what the thinking behind the substantial increase had been.

Representative Kreiss-Tomkins replied that there were two ways to look at Section 5. One way to look at the section was it would increase the vehicle registration fee for municipalities from \$10 to \$100. The other way to look at it was that it would eliminate a \$90 deduction that municipalities had enjoyed, and it would bring the rate to the same rate everyone else paid. He was not claiming one way was right and one was wrong, but that there were two

ways to look at the issue. He explained that he had looked at all indirect expenditures associated with DMV and the one in Section 5 was substantial. He had been working closely with the operating budget co-chair in the House [Representative Paul Seaton] to find ways to eliminate indirect expenditures. He recognized it was a sensitive component of the bill and was probably the one section that had attracted a fair amount of attention. He deferred to the will of the committee. He believed having uniform vehicle registration fees had a certain amount of logic, but he recognized the fiscal constraints facing many communities. He noted that the state was arguably in a similar situation.

Senator Olson remarked that in the small town of Golovin one vehicle acted as the ambulance for the health clinic and was not owned by the municipality. He asked where it fell within the registration fee structure.

Representative Kreiss-Tomkins answered that without knowing the type of entity that owned the vehicle [he did not know]. He stated if the vehicle was a charitable organization, a 501(c)(3), would pay \$10; however, any other entity would pay the \$100 registration fee that private citizens would pay.

[2:33:59 PM](#)

Vice-Chair Bishop announced that Marla Thompson with DMV was available for questions.

Senator Stevens pointed to Section 8 of the legislation that would set the fee for DMV knowledge tests at \$5 and raise the fee for DMV road tests from \$15 to \$25. He noted that the sponsor had mentioned people were not showing up to appointments for the tests. He asked for further detail.

Representative Kreiss-Tomkins answered that the no-show rate for the driver skills test was currently 20 percent. The test currently had a \$15 fee. He detailed that it was the agency's perspective that with insufficient skin in the game for people registering for the driver's tests led to a high no-show rate and added to congestion in the DMV; people there to take the test had to wait longer because every fifth test was a no-show. The agency had recommended increasing the fee to add incentive to show up for appointments, which would increase the efficiency of DMV's

operations. He explained that the bill would implement a \$5 fee for driver knowledge test; the component had been added to the bill in consultation with the agency. He detailed that because there was no fee, people went to DMV to use the test to practice. There was not currently an overwhelming passage rate; therefore, DMV believed implementing a fee would incentivize studying prior to taking the test. He deferred to DMV for further detail.

[2:36:45 PM](#)

Senator Stevens asked for verification that the knowledge test did not require an appointment.

Representative Kreiss-Tomkins replied that was his understanding. He deferred to the agency.

Vice-Chair Bishop noted that Section 4 of the bill would remove the exemption for amateur radio operators. He stated that those radio operators had been the state's link to the outside world in the 1964 earthquake when everything else had been shut down. He felt partiality towards the operators.

Vice-Chair Bishop OPENED public testimony.

BRYANT HAMMOND, CITY CLERK, CITY OF NOME, NOME (via teleconference), shared that the City of Nome opposed Section 5 of the bill. The city believed it passed cost from the state to the municipalities at a time when revenue sharing and other sources of revenue for municipalities were declining and being cut off. The section did not result in a major cost increase for the City of Nome, but it did represent a major cost increase to different municipalities across the state. He believed it was a chance to pass off costs to municipalities when the state should be thinking of a broader fiscal plan to address the current crisis. He asked for the removal of Section 5.

[2:39:33 PM](#)

Senator Stevens asked how many vehicles the City of Nome had. Mr. Hammond replied that there were approximately 30.

[2:39:56 PM](#)

KATHY WASSERMAN, ALASKA MUNICIPAL LEAGUE, ANCHORAGE (via teleconference), spoke against Section 5 of the bill and felt that increasing costs ten-fold was "out of line." She recalled DMV legislation introduced in the past where there had been much discussion that DMV had a surplus. She stated that the issue had bothered numerous Senate committee members. She observed the money brought in by Section 5 would go to the General Fund. She believed it seemed like nothing more than a money grab. She reminded the committee that many of the vehicles that would pay \$100 were providing maintenance on state roads. She believed raising the costs, when communities were already picking up some of the state maintenance, was wrong. She did not believe the increase appeared to be streamlining.

[2:41:30 PM](#)

LISA PARKER, SOLDOTNA CITY COUNCIL, CITY OF SOLDOTNA, ANCHORAGE (via teleconference), spoke against the bill. She stated that the bill would increase the city's annual fees from \$700 to \$7,000. She noted that the state had been increasing fees on the city and over the past two years it had raised the seasonal oversize permit fees twice. She explained the fees had previously been \$300 for summer permits and \$300 for winter permits, which covered the city's entire fleet of oversized equipment. She stressed that two years back the state had raised the fee to \$300 per oversized piece of equipment and again to \$330 in 2017. The city had gone from a cost of \$600 for the entire fleet to almost \$5,300. She reported that the person who had given her the information the previous day had been outside clearing sand from the state's sidewalks as he looked at the cost increase from the state. She reiterated the city's opposition to the bill.

[2:43:23 PM](#)

KARL KASSEL, MAYOR, FAIRBANKS NORTH STAR BOROUGH, ANCHORAGE (via teleconference), spoke against Section 5 of the bill and a ten-fold increase for the borough. He understood the increase could help with the state's fiscal issues, but he underscored the importance of a broad fiscal plan. He stressed that shifting costs to municipalities did not constitute a fiscal plan. The borough was struggling in several ways and was picking up slack due to reduced funding in a variety of areas. The burden would be significant for the borough - about 250 vehicles would be

impacted (the number did not include the school district, which he estimated would be similar). The increase was a smaller lift for smaller communities; however, smaller communities had smaller financial resources. He requested the elimination of cost shifting to municipalities and the creation of a broader fiscal plan.

[2:45:05 PM](#)

STU GRAHAM, DEPUTY MAYOR, CITY OF WASILLA, ANCHORAGE (via teleconference), spoke against Section 5. He stated that the legislation was not trying to cut costs for DMV or cover costs for DMV. He remarked that DMV operated at a surplus and the bill would raise additional funds by increasing fees for municipalities. He did not believe the bill shifted costs but raised money from municipalities. Raising money from municipalities meant that municipalities had to raise money from their citizens. He believed it was a poor precedent to set. He believed an amendment made to the legislation that would eliminate an increase for fees to charitable organizations. He thought originally the increase would go from \$10 to \$50, but an amendment had been made to bring the fee down. He assumed the amendment had been made because of the good that charitable organizations do for municipalities and the state. He considered that municipalities also did substantial good for citizens. He believed municipalities and boroughs should be exempt from any raise, particularly a ten-fold raise to generate revenue.

[2:47:51 PM](#)

Vice-Chair Bishop called on Mr. Navarre from the City of Kenai. Ms. Wasserman replied that Mr. Navarre was no longer available. She stated that Mr. Navarre opposed Section 5 of the bill.

[2:48:19 PM](#)

PAT BRANSON, MAYOR, CITY OF KODIAK, ANCHORAGE (via teleconference), spoke against Section 5 due to the city's large number of vehicles it used to provide public service. She had difficulty understanding the philosophy behind the bill. Until the bill was flushed out, she recommended tabling it for further study and review.

[2:48:47 PM](#)

LYN CARDEN, DEPUTY ADMINISTRATOR, CITY OF WASILLA, WASILLA (via teleconference), spoke against Section 5 of the bill. She shared that the city had 87 registered vehicles. The fee would increase from \$1,030 to \$9,270, a 900 percent increase. She stated that arbitrarily raising prices for Alaska's municipalities on chosen services when the service had not been operating at a loss, should not be used as a solution to help balance the state's budget.

[2:49:49 PM](#)

BOB BARTHOLOMEW, FINANCE MANAGER, CITY AND BOROUGH OF JUNEAU, spoke against Section 5 of the bill. He reported the section would cause a significant cost increase for the city's 450 registered pieces of equipment. He reasoned the lower fee for local governments was due to the working relationship that the state and local governments provide. He believed the discount was to recognize financial compensation for the partnership. For example, the city had seven boat launch ramps and it charged local citizens and other users \$90 per year to use the ramps. He explained that the city did not charge the Alaska State Troopers or the Department of Fish and Game because they had a good working relationship. He believed it was a benefit to all the city's citizens. He stressed the provision headed towards damaging a working relationship that had been in place for many decades in Alaska. Additionally, he pointed out that subdivisions of the state did not have to pay the fee (e.g. the Alaska Gasline Development Corporation or the Alaska Housing Finance Corporation). The city believed local governments were a subdivision of government and should be granted the same exemption.

[2:51:49 PM](#)

CAROLINE VENUTI, SELF and HOMER CITY COUNCIL, HOMER (via teleconference), spoke against Section 5 of the legislation. The city council viewed Section 5 as a way to raise money from citizens. The city had an agreement with state troopers and ambulance vehicles where it allowed use of the boat harbor for free. She believed the provision in the bill would probably put a burden on the relationship. She reasoned the bill section seemed to put the state's revenue problem on the backs of citizens. She considered people working on the North Slope as taxpayers. She asked the legislature to put forth the idea of a state income

tax, which would include North Slope workers. She stated it was a way to raise some funds without looking to municipalities. She explained the City of Homer was trying to raise money for a police station - it would have to go to voters for approval. She believed the city would not receive a positive reaction if it also had to raise fees because the state had raised its fees. She stressed that the bill pertained to police stations, fire halls, and ambulances. She thanked the committee for serving as the voice of the state's communities.

[2:53:56 PM](#)

Vice-Chair Bishop CLOSED public testimony.

Vice-Chair Bishop announced that the DMV operating budget was \$16,700,000 in 2017 and revenue generated by the agency was \$56,800,000.

Senator Micciche discussed the fiscal note from the Department of Administration, DMV. The cost was zero and revenue was \$762,200 annually. He noted the bill made several statutory changes that would have a fiscal impact to the division. He read changes the bill would have on page 2 of the fiscal note:

- changes the age a person may receive a free state identification card from 60 to 65 years of age or older;
- requires amateur radio operators to pay full registration fees for their vehicle;
- increases registration fees from \$10 to \$50 for vehicles owned by a charitable organization;
- increases registration fees from \$10 to \$100 for vehicles owned by a municipality;
- adds a \$5 fee for the driver knowledge test and increases the fee for the driver skill test to \$25

In FY2017 DMV administered 81,000 driver knowledge tests and 5,500 driver skill tests. DMV anticipates similar numbers for future fiscal years:

Knowledge tests: 81,000 x \$5 = \$405,000
Driver skill test: 5,500 x \$10 = \$55,000

DMV data shows that 5,738 people in age range 56-59 have a state identification (ID) card. DMV has no way to determine if additional people within this age group will decide to obtain an ID card; current ID card holders will continue to pay fees for one additional renewal period before they are eligible for free ID cards. This will generate \$86,070 in revenue, with an average yearly earned revenue over the next four years of \$21,518. This group will reach 65 after the 1st renewal period and will receive the next ID for free.

There are 6,188 vehicles registered to municipalities that pay \$10 to register their vehicles. The new \$100 fee will generate an additional \$556,920. ($\$618,800 - \$61,880$ /current revenue = \$556,920). Due to the 2-year registration cycle the additional yearly revenue for FY2019 and FY2020 will be \$278,460.

DMV currently has 44 amateur radio operators in our registration files. Under AS 28.10.421(d)(8) they will now be required to pay full registration fees on their vehicles. $\$100 \times 44 = \$4,400$. Due to the 2-year registration period this will result in yearly revenue in the amount of \$2,200.

[2:57:27 PM](#)

Vice-Chair Bishop announced that concerns and amendments were due the following day.

CSHB 409(FIN)am was HEARD and HELD in committee for further consideration.

#

ADJOURNMENT

[2:57:47 PM](#)

The meeting was adjourned at 2:57 p.m.