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92

SENATE COMMITTEE REPORT

FURTHER FIN

DATE TURNED INTO OFFICE 3/23/89

3/9/89

Mr. President:

L&C

Committee considered SB 92

motor vehicles and related functions of the Department of Public Safety and Department of Commerce and Economic Development; efd and recommended

[] replace with _____ CS _____) [x] same title
[x] or adopt _____ CS SB 92 (SA)) [] new title
[] attached amendment(s) and [] technical title change (HB only)
[] _____ letter of intent adopted

[x] do pass

[] do not pass

[] no recommendation

[] individual recommendations

[] further referral to _____

FISCAL NOTE(S) [] zero [] fiscal impact [] appropriation no FN
[x] new [] updated [] previous
[] same as previous fiscal note(s) published 3/9/89

for CSSB92(SA) by Dept of Commerce

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

[Handwritten signatures]

[Handwritten signature]
Chairman signature and recommendation

[] Committee Backup attached

STATE OF ALASKA
1989 LEGISLATIVE SESSION

BILL VERSION: CSSB 92 (SA)
PUBLISH DATE: _____

FISCAL NOTE

REQUEST:

Revision Date: March 20, 1989 Agency Affected: Commerce & Econ. Dev.
Title: An Act relating to motor vehicles and functions of the Dept. of Public Safety. BRU: Occupational Licensing
Sponsor: Rules Committee/Governor Components: Administration
Requester: Senate State Affairs

EXPENDITURES / REVENUES : (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	0	7.0	13.9	13.9	13.9	13.9
TRAVEL	0	.3	.6	.6	.6	.6
CONTRACTUAL	0	2.0	4.1	4.1	4.1	4.1
SUPPLIES	0	.2	.3	.3	.3	.3
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	9.5	18.9	18.9	18.9	18.9

CAPITAL	0	0	0	0	0	0
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REVENUE	0	5.0	16.2	13.3	13.3	13.3
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FUNDING: (Thousands of dollars)

GENERAL FUND	0	4.5	5.6	5.6	5.6	5.6
FEDERAL FUNDS						
OTHER (GF/PR)	0	5.0	13.3	13.3	13.3	13.3
TOTAL	0	9.5	18.9	18.9	18.9	18.9

POSITIONS:

FULL-TIME	0	0	0	0	0
PART-TIME	0	0	0	0	0
TEMPORARY	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary.)

See attached explanation.

Prepared by: Jennifer Strickler, Administrative Officer
Division: Occupational Licensing

Phone: 465-2144
Date: 3/22/89

Approved by Commissioner: Larry Mercutieff, Commissioner
Agency: Dept. of Commerce & Economic Development

Phone: 465-2500
Date: 3/22/89

Distribution (by preparer):

Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

ANALYSIS:

*Expenditures: The transfer of the motor vehicle dealer license program to the Division of Occupational Licensing is being made without the transfer of any personnel from the Division of Motor Vehicles, Department of Public Safety, to support the transfer and therefore requires this fiscal note. The Division of Motor Vehicles is reducing its personal services costs by \$1.5 in FY 90 and \$3.0 thereafter to assist in the defrayment of the cost of running the dealership licensing program. See fiscal note provided by the Department of Public Safety.

This fiscal note is based on the assumption that once the program is placed in Occupational Licensing, the program will be responsible for a portion of the administrative costs of the division. Information obtained regarding the motor vehicle dealer license program indicates that there are approximately 650 licensees; however, many are inactive. This fiscal note is therefore based on 265 current licensees, as provided by the Division of Motor Vehicles. Based on 265 licensees, motor vehicle dealers will be responsible to cover .097% of the division's administrative costs in FY 90. The .097% is derived by dividing the anticipated number of licensees (265) by the total number of licensees (27,210), not including business licensing. Only half of the anticipated costs are shown for FY 90 since transfer of the motor vehicle dealer license program is not expected to occur until January 1, 1990.

**Revenues: In FY 90, approximately 50 motor vehicle dealer licensees are anticipated to renew their biennial license. Based on a biennial license/renewal fee of \$100, revenues collected will total \$5.0 (50 x \$100) in the first year. This will require \$4.5 to be supplemented by the general fund (\$9.5 in expenses minus \$5.0 in revenue).

In FY 91, the division will renew half of the remaining 215 licensees for a one year period only, to place the program on a staggered renewal schedule, and half for two years.

Beginning in FY 92, the entire program will be on a staggered renewal schedule whereby half of the licensees will renew their biennial license each year.

STATE OF ALASKA
1989 LEGISLATIVE SESSION

BILL VERSION: SB 92 (a)
PUBLISH DATE: 3/9/89

FISCAL NOTE

REQUEST:

Revision Date: 02/17/89
Title: An Act relating to motor vehicles...
Sponsor: Senate Rules
Requestor: Senate State Affairs

Agency Affected: Public Safety
BRU: Motor Vehicles
Component: Vehicle Services

EXPENDITURES/REVENUES: (Thousands of Dollars) (Inflation not included)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	-0-	(1.5)	(3.0)	(3.0)	(3.0)	(3.0)
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	(1.5)	(3.0)	(3.0)	(3.0)	(3.0)

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
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FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	(1.5)	(3.0)	(3.0)	(3.0)	(3.0)
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	(1.5)	(3.0)	(3.0)	(3.0)	(3.0)

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

This bill contains several provisions that will improve public service and streamline procedures of DMV. Part of the bill includes the transfer of motor vehicle dealer license program from DMV to Division of Occupational Licensing in the Department of Commerce & Economic Development. A Motor Vehicle Rep III, Range 10, currently spends approximately 3.5 hours per week on this program. 3.5 hours per week equals 1.12 months per year. $1.12 \times 2,640$ (monthly salary) = \$2,957. with the effective date of January 1, 1990, one-half year funds of what it cost DMV to administer the program are transferred in FY90, and full year funding thereafter.

Jm
2/16/89

Prepared by: Bill Brown
Division: Motor Vehicles

Phone: 465-4335
Date: 02/17/89

Approved by Commissioner: Arthur English
Agency: Department of Public Safety

Date: 2-17-89

STATE OF ALASKA
1989 LEGISLATIVE SESSION

BILL VERSION: SB 92 (b)
PUBLISH DATE: 3/9/89

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Commerce & Econ. Dev.
Title: An Act relating to motor vehicles and functions of the Dept. of Public Safety. BRU: Occupational Licensing
Sponsor: Rules Committee Components: Administration
Requester: Governor

EXPENDITURES / REVENUES : (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	0	7.0	13.9	13.9	13.9	13.9
TRAVEL	0	.3	.6	.6	.6	.6
CONTRACTUAL	0	2.0	4.1	4.1	4.1	4.1
SUPPLIES	0	.2	.3	.3	.3	.3
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	9.5	18.9	18.9	18.9	18.9

CAPITAL	0	0	0	0	0	0
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REVENUE	0	2.5	5.4	13.3	0	13.3
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FUNDING: (Thousands of dollars)

GENERAL FUND	0	7.0	13.5	5.6	18.9	5.6
FEDERAL FUNDS						
OTHER (GF/PR)	0	2.5	5.4	13.3	0	13.3
TOTAL	0	9.5	18.9	18.9	18.9	18.9

POSITIONS:

FULL-TIME		0	0	0	0	0
PART-TIME		0	0	0	0	0
TEMPORARY		0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary.)

See attached for explanation.

*Revenues are based on numbers provided by

CS fiscal notes requested vehicles.

Prepared by: Jennifer Strickler, Administrative
Division: Occupational Licensing

44
7.1989

Approved by Commissioner: Larry Mercurieff, Comm
Agency: Dept. of Commerce & Economic Development

Phone: 455-2500
Date: 3/7/89

Distribution (by preparer):

Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

ANALYSIS:

*Expenditures: The transfer of the motor vehicle dealer license program to the Division of Occupational Licensing is being made without the transfer of any personnel from the Division of Motor Vehicles, Department of Public Safety, to support the transfer and therefore requires this fiscal note. The Division of Motor Vehicles is apparently transferring \$3.0 in personal services to assist in the defrayment of the cost of running the dealership licensing program.

This fiscal note is based on the assumption that once the program is placed in Occupational Licensing, the program will be responsible for a portion of the administrative costs of the division. Information obtained regarding the motor vehicle dealer license program indicates that there are approximately 650 licensees; however, many are inactive. This fiscal note is therefore based on 265 current licensees, as provided by the Division of Motor Vehicles. Based on 265 licensees, motor vehicle dealers will be responsible to cover .097% of the division's administrative costs in FY 90. The .097% is derived by dividing the anticipated number of licensees (265) by the total number of licensees (27,210), not including business licensing. Only half of the anticipated costs are shown for FY 90 since transfer of the motor vehicle dealer license program is not expected to occur until January 1, 1990.

*Revenues: In FY 90, approximately 50 motor vehicle dealer licensees are anticipated to renew their biennial license. Based on a biennial license/renewal fee of \$50, revenues collected will total \$2.5 (50 x \$50) in the first year. This will require \$7.0 to be supplemented by general funds.

In FY 91, the division will renew the remaining 215 licensees for a one year period only, in order to place all motor vehicle dealer renewals on the same biennial cycle, to parallel the biennial renewal scheme followed by all other licensing areas administered by the division. Therefore, 215 licensees are expected to be renewed for one year (215 x \$25), totaling \$5.4. FY 91 will require a general fund supplemental of \$13.5.

Effective in FY 92, all licensees will be placed on the same biennial renewal cycle. The 265 licensees to be renewed in FY 92 is anticipated to generate \$13.3 in licensing fees (265 x \$50). This year will require a general fund supplemental of \$5.6.

During the nonrenewal years, the program must be supplemented entirely by general funds.

Licensing fees will have to be reassessed for possible increase in order for the program to be supported by its fees. An increase in the licensing fee to \$100 every two years will cover the expense of the program and not require a general fund appropriation.

Sectional Analysis on CSSB 92 (State Affairs)

Sections 1 thru 7, and section 16, of this bill transfers the requirement for motor vehicle dealers to register from Public Safety to Commerce & Economic Development. It was felt the licensing of a business would more appropriately be handled by DCED since dealers already obtain their business license from that agency.

Section 8 gives Public Safety the authority to cancel an identification card if it is later determined it should not have been issued due to fraud or some other reason.

Section 9 (See Section 11)

Section 10 removes the section [(6)] referring to a section of law concerning foreign consul license plates. In section 17 of this bill the section of law authorizing issuance of special license plates to consular officers of foreign governments is being repealed. The United States Department of State, Office of Foreign Missions, is now responsible for issuance of motor vehicle registration to foreign mission personnel and their families, and have asked the State to discontinue issuing consular plates.

Section 11 provides for a method to register interstate rental trucks and trailers, and specifies how these rental agencies registration fees are to be pro-rated. Section 9 authorizes Public Safety to suspend or revoke the registration of interstate rental vehicles if it is determined the owner is not complying with the law.

Section 12 eliminates the requirement that a lien document be filed with DMV. DMV maintaining a copy of the lien document serves no useful purpose. This change will allow the same amount of protection to the public and the lienholder as they now have, yet remove unnecessary paper processing from DMV.

Section 13 allows for registration of a broader range of non-commercial trailers. Current law allows for only 2 and 4 wheel non-commercial trailers. Six wheel travel trailers are becoming more popular, plus some one wheel trailers are still being marketed.

Section 14 allows issuance of handicap parking permits to organizations. Currently the permits are only available to individuals who are handicapped or disabled. Many organizations transport disabled or handicapped persons, and this will allow issuance of the permit to these organizations.

Section 15 requires the handicap parking permit to be returned to DMV if the organization ceases transporting disabled or handicapped individuals.

Section 16 (See Section 1 thru 7)

Section 17 repeals three sections of current law. One dealing with registration of motor vehicle dealers, which is being transferred to DCED; and two dealing with "foreign consul" license plates mentioned in section 10.

Submitted by Bill Brown, DMV

STEVE COWPER
GOVERNOR



STATE OF ALASKA
| OFFICE OF THE GOVERNOR
JUNEAU

January 9, 1989

The Honorable Tim Kelly
President of the Senate
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Senator Kelly:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to motor vehicles and related functions of the Department of Public Safety (DPS) and the Department of Commerce and Economic Development (DCED), which makes a number of needed changes in state law.

The bill contains several provisions that the division of motor vehicles, in DPS, believes will improve its service to the public or streamline its procedures. A section-by-section description of the bill follows.

Sections 1 -- 6 and 13 of the bill would require motor vehicle dealers to register with DCED rather than with DPS. Existing law (AS 08.66.010 -- 08.66.090) requires a dealer in motor vehicles, trailers, or semi-trailers to register with DPS. The dealer is required to pay fees and post a bond. However, the licensing of a business, even one dealing with motor vehicles, is a more appropriate function of DCED. That department has the staff and expertise to provide appropriate clerical and administrative support, in addition to enforcement and compliance personnel. The division of motor vehicles, in DPS, has no enforcement or compliance personnel in this area, and provides only limited clerical support for this program. Transfer of the registration requirement would also be more convenient for the dealers, who already are required to obtain a business license from the Department of Commerce and Economic Development. Transfer of this function would also free up motor vehicles personnel to perform other tasks more directly related to vehicle and operator licensing functions.

592

Section 7 of the bill provides for the cancellation of identification cards issued under AS 18.65.310. The present law does not authorize DPS to cancel the card if it is later determined that it should not have been issued due to fraud or for some other reason. Identification cards are becoming more and more popular, and fraudulently obtained cards are becoming more common. The department needs statutory authority to cancel those cards under appropriate circumstances. This section also provides for a possible \$100 fine for failure to return a cancelled card to DPS.

Sections 8 and 9 provide for the registration of interstate rental trucks and trailers. Alaska statutes do not address the issue of registration of trucks or trailers involved in an interstate rental business. Before 1984, there was no need for this type of legislation because no company offered this type of service to Alaska. However, in the past five years two major companies have started rental operations in the state. These companies typically offer one-way rentals of both trucks and trailers, and during a typical year the vehicles might operate in a number of different states. The entire rental fleet is very mobile and the vehicles are not based in any one state. The time or miles spent in any state by any particular vehicle would be difficult to calculate, as these vehicles are used in uncontrolled private applications.

Unlike most other states, Alaska does not have a statute that allows registration of this type of vehicle other than on a full commercial vehicle basis. Paying full fees each time a new vehicle comes into the state for a short period would be overly burdensome and could possibly eliminate a valuable commercial service. To avoid this result, the division of motor vehicles has entered into agreements with interstate rental companies to register and pay fees on a fair share of their total fleet. There is no clearly defined authority for these agreements, however, and they are entirely voluntary.

The statutory scheme in this bill is similar to that used in most other states, and would allow a firm engaged in interstate vehicle rental business to register and pay fees in Alaska on a fair proportion of its vehicle fleet.

Section 10 eliminates the requirement that motor vehicle lien documents be filed with the division of motor vehicles. When a person applies for a vehicle title in Alaska, current AS 28.10.381 requires that a copy of the document creating or evidencing a lien be filed with DPS. This requirement serves no useful purpose for the state or the public, and should be eliminated. There is no standard or legal requirement for the format of a lien document, so each one must be reviewed carefully as the vehicle title is processed; this delays processing. The additional document also increases

microfilm costs. If the requirement to submit the lien document were eliminated, the same amount of protection could be afforded to both the public and lienholders by having the lienholder's name and address on the title application serve as evidence of the lien. Applicants are acknowledging the lien by signing the application under penalty of perjury. Most other states are successfully using this system. Adoption of this amendment would free up staff time that could be devoted to other areas.

The amendments in sec. 11 allow for registration of a broader range of non-commercial trailers. Current AS 28.10.421(b) allows only two- and four-wheeled trailers to be registered in the non-commercial category. Travel trailers with six wheels are becoming increasingly common. One-wheel trailers are also still marketed. A common-sense policy dictates that these non-commercial one- and six- (or more) wheeled trailers be registered on the same basis as the two- and four-wheeled trailers.

Section 12 allows the issuance of handicap parking permits to organizations. Current AS 28.10.495 allows issuance of a special permit to a disabled or medically handicapped person. The permit, when displayed in the front windshield of a motor vehicle, allows the use of designated parking spaces. The permit is intended for those handicapped individuals who are transported by others in vehicles that do not have a handicap license plate.

As currently written, the statute only allows issuance of the permit to an individual; however, there are many organizations that transport disabled or handicapped persons. The amendments in sec. 12 authorize the issuance of permits to these organizations, allowing them to use special parking spaces.

Section 14 provides two needed repeals. The first is of AS 28.05.011(10), which relates to DPS registration of motor vehicle, trailer, and semi-trailer dealers. That function is transferred to the Department of Commerce and Economic Development by secs. 1 -- 6 of the bill.

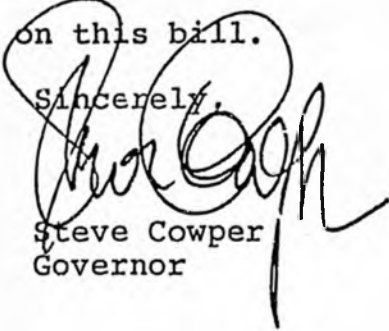
In addition, sec. 14 repeals the current law creating "foreign consul" license plates. AS 28.10.181(g) allows the state to issue special license plates for vehicles owned by a consular office of a foreign government. In Alaska only two consular offices are truly official foreign missions: the Japanese and Korean missions. There are several other "honorary" consuls in the state, however, and consular plates have been issued to them in the past.

The United States Department of State, Office of Foreign Missions, through the Diplomatic Motor Vehicle Office, is now responsible for issuing drivers' licenses, motor vehicle registrations, and license plates to qualified, accredited foreign mission personnel and their family members throughout the country. The State Department has asked Alaska to stop issuing consular plates to "honorary consuls." With the State Department issuing all required driver and motor vehicle licenses for official consular officers, AS 28.10.-181(g) is unnecessary, and should be repealed.

Finally, sec. 15 provides for an effective date of January 1, 1990. Because this bill relates to a large number of functions of the Department of Public Safety, the most convenient effective date is the beginning of the calendar year. This will allow the department time to get needed procedures and forms into place, and to train personnel around the state.

I urge your favorable action on this bill.

Sincerely,



Steve Cowper
Governor