

HIB

328

HFIN

FILE

HOUSE COMMITTEE REPORT

(11)

Date Referred: March 9, 1994

FURTHER REFERRALS:

Date of Committee Action: 4/16/94

The FINANCE Committee considered:

HB 328

HOUSE BILL NO. 328

BIENNIAL VEHICLE REGISTRATION

"An Act relating to motor vehicle registration and registration fees; to fees for drivers' licenses and permits; and providing for an effective date."

RECOMMENDATIONS:

be replaced with CS HB 328 (Fin) [] the same title [] a new title

[] have attached amendments(s)

[] do pass

[] do not pass

[X] no recommendations

[] individual recommendations

[] additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

[X] fiscal impact DPS

[] fiscal note(s)

[] zero fiscal note

[] zero fiscal note(s)

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
Ronald J. Larson	X				
Terry Martin	X				
Richard J. Foster	X	Sean Parnell		X	
		Mike Yavara		✓	
		Kan Brown		✓	
		Tom Theriault		X	

Ronald J. Larson
CHAIRMAN'S SIGNATURE

FISCAL NOTE

Option 1

6 months hire

BILL NO.

CS HB 328

STATE OF ALASKA

1994 LEGISLATIVE SESSION

5%

Rev. Date: _____ Department Affected: Environmental
 Title: Biennial Vehicle Registration Conservation
 BRU: Environmental Quality
 Sponsor: Representatives Martin and Barnes Component: Air Quality Management
 Requestor: _____

COMPONENT SERIAL NO. 1428

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES	108.9	113.9	119.9	125.9	131.9	138.9
TRAVEL	9.0	9.5	10.0	10.5	11.0	11.5
CONTRACTUAL	83.9	88.1	92.2	96.8	101.6	106.7
SUPPLIES	18.2	19.1	20.1	21.1	22.1	23.2
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND&STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	220.0	230.6	242.2	254.3	266.6	280.3

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipt	220.0	230.6	242.2	254.3	266.6	280.3
1006 GF/MHTIA						
Other						
TOTAL	220.0	230.6	242.2	254.3	266.6	280.3

Estimate of any current year (FY94) cost: 50.0

POSITIONS:

FULL-TIME	4.0	4.0	4.0	4.0	4.0	4.0
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

See attached

Prepared by: Bob Poe, Director
 Division: Information and Administrative Services

Phone: 465-5010
 Date: 4/8/94

Approved by Commissioner: [Signature]
 Agency: Department of Environmental Conservation

Date: 4/2/94

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FISCAL NOTE

Option 2

STATE OF ALASKA
1994 LEGISLATIVE SESSION

6 months hire

BILL NO. CS HB 328

Rev. Date: _____ Department Affected: Environmental
 Title: Biennial Vehicle Registration Conservation
 Sponsor: Representatives Martin and Barnes BRU: Environmental Quality
 Requestor: _____ Component: Air Quality Management

COMPONENT SERIAL NO. 1428

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES	326.7	343.0	360.2	378.3	397.2	417.1
TRAVEL	36.8	37.8	39.7	41.7	43.8	46.0
CONTRACTUAL	146.9	154.3	162.0	170.1	178.6	187.6
SUPPLIES	19.8	20.8	21.8	22.9	24.1	25.2
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND&STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	530.2	555.9	583.7	613.0	643.7	675.9

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipt	530.2	555.9	583.7	613.0	643.7	675.9
1006 GF/MHTIA						
Other						
TOTAL	530.2	555.9	583.7	613.0	643.7	675.9

Estimate of any current year (FY94) cost: \$0.0

POSITIONS:

FULL-TIME	10.0	10.0	10.0	10.0	10.0	10.0
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

See attached

Prepared by: Bob Poe, Director
 Division: Information and Administrative Services

Phone: 465-5010
 Date: 4/8/94

Approved by Commissioner: [Signature]
 Agency: Department of Environmental Conservation

Date: 4/8/94

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FISCAL NOTE
Option 3

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. CS HB 328

Rev. Date: _____ Department Affected: Environmental
 Title: Biennial Vehicle Registration Conservation
 BRU: Environmental Quality
 Sponsor: Representatives Martin and Barnes Component: Air Quality Management
 Requestor: _____

COMPONENT SERIAL NO. 1428

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES	108.9	113.9	119.9	125.9	131.9	138.9
TRAVEL	9.0	9.5	10.0	10.5	11.0	11.5
CONTRACTUAL	113.9	120.0	125.6	131.9	138.9	145.5
SUPPLIES	18.2	19.1	20.1	21.1	22.1	23.2
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND&STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	250.0	262.5	275.6	289.4	303.9	319.1

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipt	250.0	262.5	275.6	289.4	303.9	319.1
1006 GF/MHTIA						
Other						
TOTAL	250.0	262.5	275.6	289.4	303.9	319.1

Estimate of any current year (FY94) cost: \$0.0

POSITIONS:

FULL-TIME	4.0	4.0	4.0	4.0	4.0	4.0
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

See attached

Prepared by: Bob Poe, Director
 Division: Information and Administrative Services

Phone: 465-5010
 Date: 4/8/94

Approved by Commissioner: _____
 Agency: Department of Environmental Conservation

Date: 4/8/94

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FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO: CSHB 328(FIN)

Revision Date: 04/18/94 Dept. Affected: Public Safety
 Title: "An Act relating to the use of credit cards for motor vehicle transactions" BRJ: Motor Vehicles
 Sponsor: Representative Martin Component: Field Services
 Requestor: (H)FIN COMPONENT SERIAL NO. 501

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

OPERATING	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	225.0	225.0	225.0	225.0	225.0	225.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	225.0	225.0	225.0	225.0	225.0	225.0
CAPITAL						
REVENUE FUND SOURCE:						

FUNDING: (Thousands of Dollars)

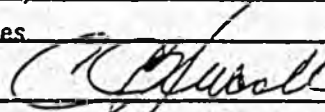
1002 Federal Receipts						
1003 GF Match						
1004 GF	225.0	225.0	225.0	225.0	225.0	225.0
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	225.0	225.0	225.0	225.0	225.0	225.0

Estimate of current year (FY 94) impact: \$ _____

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)
 This bill allows the division to accept credit cards for payment of all fees. The division collects \$30,000,000 in total revenue annually. Based on information provided by local large retailers, approximately 50% of their customers use credit cards for purchases. The estimated fee to be paid to credit card companies is 1.5% which would equate to an annual cost of \$225,000.00.

Prepared By: Juanita Hensley Phone: 465-2650
 Division: Motor Vehicles Date: 04/18/94
 Approved by Commissioner:  Date: 04/18/94
 Agency: Richard L. Burton, Dept. of Public Safety

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Ford

4/15/94

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Change

title

CS FOR HOUSE BILL NO. 328()

IN THE LEGISLATURE OF THE STATE OF ALASKA

EIGHTEENTH LEGISLATURE - SECOND SESSION

TO

Reflect

Change

BY

Offered:

Referred:

Sponsor(s): REPRESENTATIVES MARTIN AND BARNES, Phillips, B.Davis

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to motor vehicle registration and registration fees, and to the
2 optional municipal motor vehicle registration tax; to fees for drivers' licenses and
3 permits; to inspection of, control of, and fees related to motor vehicle emissions;
4 and providing for an effective date."

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

6 * Section 1. AS 14.17.140(b) is amended to read:

7 (b) Motor vehicles subject to the motor vehicle registration tax under
8 AS 29.45.075 [AS 28.10.431] shall be treated as taxable property under this section.

9 * Sec. 2. AS 28.10.051(a) is amended to read:

10 (a) The department may suspend or revoke the registration of a vehicle, the
11 certificate of registration or registration plates for a vehicle, or a special permit when

12 (1) the department determines that the registration or certificate, plate,
13 or permit was fraudulently procured or erroneously issued;

14 (2) the department determines that a registered vehicle is mechanically

1 unsafe to be driven or moved on a highway, vehicular way or area, or other public
 2 property in this state and the vehicle has been seized or impounded under
 3 AS 28.05.091;

4 (3) a registered vehicle has been scrapped, dismantled, or destroyed
 5 beyond repair;

6 (4) the department determines that a required fee or tax has not been
 7 paid and the fee or tax is not paid upon reasonable notice and demand;

8 (5) a registration plate, permit, or certificate is knowingly displayed
 9 upon a vehicle other than the vehicle for which issued;

10 (6) the department determines that the owner of a vehicle has
 11 committed an offense under this chapter involving the registration or the certificate,
 12 plate, or permit to be suspended or revoked;

13 (7) the vehicle has been reported to the department as stolen or
 14 unlawfully converted;

15 (8) the department is otherwise required to do so under the laws of this
 16 state; [OR]

17 (9) the department determines that the vehicle owner has violated the
 18 requirements of AS 28.10.146 or 28.10.147; or

19 (10) the department determines that the vehicle owner has failed
 20 to obtain a certificate of inspection from an emission inspection program adopted
 21 under AS 46.14.400 or 46.14.510.

22 * Sec. 3. AS 28.10.108(c) is amended to read:

23 (c) A vehicle subject to registration [AND NOT DESCRIBED IN (b) OF THIS
 24 SECTION] shall have its initial registration, and may have its biennial [ANNUAL]
 25 registration, renewed in the month of initial registration in the state, subject to the
 26 provisions of (f) of this section.

27 * Sec. 4. AS 28.10.108(d) is amended to read:

28 (d) A registered vehicle retains the same biennial [ANNUAL] expiration date
 29 regardless of the ownership of the vehicle.

30 * Sec. 5. AS 28.10.108(f) is amended to read:

31 (f) Upon request of the owner and payment of the proportionate prorated

1 applicable fees, a vehicle registered under this section shall have its registration period
2 extended in monthly increments to allow biennial [ANNUAL] registration to occur in
3 the month of the owner's choice.

4 * Sec. 6. AS 28.10.111(b) is amended to read:

5 (b) The department may receive an application for the renewal of vehicle
6 registration and issue a new certificate of registration at any time before the expiration
7 of the biennial [ANNUAL] registration as prescribed in regulations adopted by the
8 commissioner. Nothing in this section prevents the commissioner from providing for
9 a longer [MULTI-YEAR] registration period; however, a person may not display the
10 new registration plates on a vehicle before a date which may be set by the
11 commissioner.

12 * Sec. 7. AS 28.10.181(a) is amended to read:

13 (a) The department shall register unique and special vehicles and vehicles used
14 for special purposes and issue registration plates as provided in this section.
15 Notwithstanding other provisions of this chapter, registration plates issued under this
16 section remain with the person or organization to whom they are issued when vehicle
17 ownership is transferred or title or interest in the vehicle is assigned, except for plates
18 issued under (b), (h) and (i) of this section. Registration plates issued under this
19 section may not be used on, or transferred to, a vehicle other than the vehicle for
20 which the plates are issued without the approval of the department and payment of any
21 required fees and taxes prescribed in AS 28.10.421(d), [28.10.431 AND] 28.10.441,
22 and AS 46.14.510(e); however, if the plates issued under (c), (f) and (j) of this section
23 are transferred to a vehicle for which the registration fee is more than the fee for the
24 vehicle from which the plates are transferred, the owner shall pay the difference
25 between the two fees. Registration plates issued under this section to which a person
26 is no longer entitled or the transfer of the plates to another vehicle which the
27 department does not approve shall be returned immediately to the department by the
28 person or organization to whom the plates were originally issued.

29 * Sec. 8. AS 28.10.411(a) is amended to read:

30 (a) For every year during any part of which a vehicle is subject to registration
31 under this chapter, a registration fee shall be paid to the department at the time of

1 original registration and at each biennial [ANNUAL] renewal of registration after that
2 time.

3 * Sec. 9. AS 28.10.411(f) is amended to read:

4 (f) A resident 65 years of age or older on January 1 of the year the vehicle is
5 registered is entitled to an exemption once each biennial registration period
6 [CALENDAR YEAR] from the registration fee required under this section for one
7 motor vehicle subject to registration under AS 28.10.421(b)(1), (2), (5), or (6). An
8 exemption may not be granted except upon written application for the exemption on
9 a form prescribed by the department.

10 * Sec. 10. AS 28.10.421(a) is amended to read:

11 (a) Unless otherwise provided by law,

12 (1) the fees prescribed in this section shall be paid to the department
13 at the times provided under AS 28.10.108 and 28.10.111; [AND]

14 (2) an additional fee of \$10 shall be added to the registration fee set
15 out in this section for registration not conducted by mail; the department may waive
16 this additional fee for a good cause based on criteria established in regulations adopted
17 by the department; and

18 (3) the department shall establish procedures that allow the fees
19 prescribed in this section to be paid by credit card, including credit card payment
20 authorized by telephone.

21 * Sec. 11. AS 28.10.421(b) is amended to read:

22 (b) The biennial [ANNUAL] registration fees under this subsection are
23 imposed within the following classifications for:

24 (1) a passenger vehicle or motor home not used or maintained for the
25 transportation of persons or property for hire or for other commercial use
26 \$70 [\$35];

27 (2) a pick-up truck or a van not exceeding 6,000 pounds unladen
28 weight and not used or maintained for the transportation of persons or property for hire
29 or for other commercial use \$80 [\$40];

30 (3) a taxicab \$140 [\$70];

31 (4) a motor bus with a seating capacity for 20 or more persons and

- 1 used exclusively for commercial purposes in the transporting of visitors or tourists
- 2 \$170 [\$85];
- 3 (5) a motorcycle or a motor-driven cycle \$40 [\$20];
- 4 (6) a trailer not used or maintained for the transportation of persons
- 5 or property for hire or for other commercial use, including, but not limited to, a boat
- 6 trailer, baggage trailer, box trailer, utility trailer, house trailer, travel trailer, or a trailer
- 7 rented or offered for rent \$10 [\$5].

8 * Sec. 12. AS 28.10.421(c) is amended to read:

9 (c) The biennial [ANNUAL] registration fees under this subsection are
 10 imposed and are based upon the actual unladen weight as established by the
 11 manufacturer's advertised weight or upon the actual weight which the owner shall
 12 furnish, subject to the approval of the commissioner or the commissioner's
 13 representative, for a vehicle, including a motor vehicle pulling a trailer or semi-trailer,
 14 that is registered in the name of a company or business, or is used or maintained for
 15 the transportation of passengers for hire, excepting taxicabs and buses under (b) of this
 16 section, or for the transportation of property for hire or for other commercial purposes,
 17 including a trailer, semi-trailer, truck, wrecker, tow car, hearse, ambulance, and tractor,
 18 as follows

- 19 (1) up to and including 5,000 pounds \$102 [\$51];
- 20 (2) more than 5,000 pounds to and including 12,000 pounds
- 21 \$172 [\$86];
- 22 (3) more than 12,000 pounds to and including 18,000 pounds
- 23 \$312 [\$156];
- 24 (4) more than 18,000 pounds \$442 [\$221].

25 * Sec. 13. AS 28.10.421(d) is amended to read:

26 (d) The special registration fees under this subsection are imposed biennially
 27 [ANNUALLY], unless otherwise specified, for

- 28 (1) an historic vehicle, [(] one time only upon initial registration under
- 29 AS 28.10.181 [)] \$10;
- 30 (2) special request plates for
- 31 (A) Alaska National Guard personnel \$30;

- 1 (B) veterans or retired veterans \$30;
- 2 (C) recipients of the Purple Heart \$30;
- 3 (D) owners of custom collection vehicles \$50;
- 4 (E) other special request plates \$30;

5 plus the fee required for that vehicle under (b) of this section; the fee required by this
 6 paragraph shall be collected only on the first issuance and on the replacement of
 7 special request plates;

8 (3) a vehicle owned by a disabled veteran or other handicapped person,
 9 and registered under AS 28.10.181 or a resident 65 years of age or older who files a
 10 written application for an exemption on a form prescribed by the department none;

11 (4) a vehicle owned by the state none;

12 (5) a vehicle owned by an elected state official the fee
 13 required for that vehicle under (b) of this section;

14 (6) [REPEALED

15 (7)] a vehicle owned by a rancher, farmer, or dairyman and registered
 16 under AS 28.10.181 \$70 [\$35];

17 (7) [(8)] a snowmobile or off-highway vehicle \$10 [\$5];

18 (8) [(9)] an amateur mobile radio station vehicle,
 19 (A) with a transceiver capable of less than 5-band operation ...
 20 the fee required for that vehicle under (b) or (c) of this section;

21 (B) in recognition of service to the public a mobile amateur
 22 radio station owned by an amateur with general class or higher license,
 23 provided the station must be satisfactorily proved capable of operating on at
 24 least five bands from 160 through 10 meters, must have an antenna, and must
 25 have a power supply and wiring as a permanent part of the vehicle; the
 26 transmitting unit may be removed from the car for service or dry storage . . .
 27 none for a mobile amateur radio station vehicle included in (b)(1) or (2) of this
 28 section;

29 (9) [(10)] dealer registration plates

30 (A) the initial set of plates \$90 [\$45];

31 (B) each subsequent set of plates \$50 [\$25];

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(10) [(11)] a vehicle owned by a municipality or charitable organization meeting the requirements of AS 28.10.181(e) \$10 [\$5];

(11) [(12) REPEALED

(13)] a vehicle owned by a Pearl Harbor survivor or a former prisoner of war none;

(12) [(14) REPEALED

(15)] special request university plates \$50 plus the fee required for that vehicle under (b)(1) or (2) of this section; the fee required by this paragraph shall be collected only on the first issuance and on the replacement of special request plates; the commissioner of administration shall separately account by university campus designation for the fees received under this paragraph that the department deposits in the general fund; the annual estimated balance in the accounts that is in excess of the cost of issuing special request university plates may be appropriated by the legislature for the support of programs at each campus.

* Sec. 14. AS 28.10.423 is amended to read:

Sec. 28.10.423. EMISSION CONTROL INSPECTION PROGRAM FEES. In addition to the biennial [ANNUAL] registration fee specified in AS 28.10.421, the department shall collect [A \$1 FEE IS IMPOSED UPON EVERY VEHICLE REQUIRED TO BE INSPECTED UNDER] an emission control program fee as required under AS 46.14.510(e) [ESTABLISHED UNDER AS 46.14.400 OR 46.14.510]. This fee shall be collected at the same time and in the same manner as the registration fee.

* Sec. 15. AS 28.15.271 is amended by adding a new subsection to read:

(e) The department shall establish procedures that allow the fees prescribed in this section to be paid by credit card, including credit card payment authorized by telephone.

* Sec. 16. AS 29.45.030(j) is amended to read:

(j) One motor vehicle per household owned by a resident 65 years of age or older on January 1 of the assessment year is exempt either from taxation on its assessed value or from the registration tax under AS 29.45.075 [AS 28.10.431]. An

1 exemption may be granted under this subsection only upon written application on a
 2 form prescribed by the municipality imposing the tax [DEPARTMENT OF PUBLIC
 3 SAFETY].

4 * Sec. 17. AS 29.45 is amended by adding a new section to read:

5 Sec. 29.45.075. ANNUAL MOTOR VEHICLE REGISTRATION TAX. (a)
 6 A motor vehicle registration tax is imposed within a municipality that elects, by
 7 passage of an appropriate ordinance, to come under this section. If a municipality has,
 8 before October 15, 1978, levied a motor vehicle registration or ad valorem tax that has
 9 been repealed by a vote of the people at any regular or special municipal election, then
 10 the election provided for in this subsection is not effective until the ordinance passed
 11 by the local governing body has been approved by the people at the next regularly
 12 scheduled general or special municipal election.

13 (b) The tax is imposed upon motor vehicles subject to the license fee under
 14 AS 28.10.411 and 28.10.421 and is based upon the age of vehicles as determined by
 15 model year according to the following schedule:

	Tax According to Age of Vehicle Since Model Year:							
	1st	2nd	3rd	4th	5th	6th	7th	8th
								or over
19 Motor Vehicle								
20 (1) motorcycle	\$ 9	\$ 8	\$ 7	\$ 6	\$ 4	\$ 3	\$ 2	\$ 2
21 (2) vehicles speci-	66	55	44	33	22	17	11	8
22 fied in AS 28.10.-								
23 421(b)(1)								
24 (3) vehicles speci-	66	55	44	33	22	17	11	8
25 fied in AS 28.10.-								
26 421(b)(3)								
27 (4) vehicles speci-								
28 fied in AS 28.10.-								
29 421(c)(1) - (4)								
30 5,000 pounds or	66	55	44	33	22	17	11	8
31 less								

	WORK DRAFT		WORK DRAFT		WORK DRAFT		WORK DRAFT		WORK DRAFT
1	5,001 - 12,000	110	88	60	55	44	33	22	11
2	pounds								
3	12,001 - 18,000	165	132	110	88	66	44	33	22
4	pounds								
5	18,001 pounds	220	176	143	110	88	66	44	22
6	or over								
7	(5) vehicles speci-	110	88	66	55	44	33	22	11
8	fied in AS 28.10.-								
9	421(b)(4)								
10	(6) vehicles speci-	9	8	7	6	4	3	2	2
11	fied in AS 28.10.-								
12	421(b)(6)								
13	(7) vehicles speci-	66	55	44	33	22	17	11	8
14	fied in AS 28.10.-								
15	421(d)(9)								
16	(8) vehicles speci-	66	55	44	33	22	17	11	8
17	fied in AS 28.10.-								
18	421(b)(2)								
19	(9) vehicles eligible	44							
20	for dealer plates								
21	under AS 28.10.-								
22	421(d)(10).								

23 (c) Except as provided under (d) of this section, the registration tax shall be
24 levied, collected, enforced, and otherwise administered by the municipality in which
25 the tax is imposed. Only one registration tax may be collected with respect to the
26 same motor vehicle in the year for which the tax is paid.

27 (d) If the municipality imposing a tax under (a) of this section and the
28 commissioner of public safety agree, the registration tax imposed by that municipality
29 under this section may be collected by the Department of Public Safety in the same
30 manner as provided for registration fees imposed under AS 28.10. If the Department
31 of Public Safety collects the tax imposed under this section, the department shall

1 refund money collected under this section, less eight percent as collection costs, to the
2 municipality for which the money was collected, as determined by

3 (1) the address of residence of an individual required to pay the tax,
4 or

5 (2) the situs of the vehicle if the vehicle is not owned by an individual;
6 the tax situs is the location at which the motor vehicle is usually, normally, or
7 regularly kept or used.

8 (e) If a person has paid the registration tax imposed in this section, and the
9 municipality determines that the payor is entitled to a refund in whole or in part of the
10 registration tax, the municipality shall make the refund to which the person is entitled.
11 A refund may not be made unless application for a refund is filed with the
12 municipality by December 31 of the year following the year for which the refund is
13 claimed.

14 (f) Money received by a borough under this section shall be allocated by the
15 borough by ordinance for city, area outside city, and service area purposes within the
16 borough.

17 (g) Payment of the registration tax is in lieu of all local use taxes and ad
18 valorem taxes on motor vehicles subject to the tax. A municipality that elects to come
19 under the provisions of this section may not levy use or ad valorem taxes on motor
20 vehicles subject to the registration tax during a fiscal year in which the election is in
21 effect.

22 (h) A vehicle owned by a former prisoner of war exempted from registration
23 fees under AS 28.10.421(d)(13) is subject to a motor vehicle registration tax under this
24 section.

25 * Sec. 18. AS 29.60.010(c) is amended to read:

26 (c) For purposes of this section, locally generated revenue

27 (1) includes

28 (A) the actual revenue derived from the levy and collection of
29 local taxes in the taxing unit for municipal services;

30 (B) motor vehicle payments received by the municipality under
31 AS 29.45.075 [AS 28.10.431];

1 (C) revenue from fees, rentals, leases, penalties, licenses, or
2 permits received by the municipality for a function or service over which it has
3 control, including revenues derived from parks and recreation services, mass
4 transit, offstreet parking, and garbage and solid waste disposal services;

5 (D) special assessments received; and

6 (E) payments received by a municipality from a utility that are
7 in place of taxes levied and collected by the municipality;

8 (2) excludes

9 (A) revenue derived from the levy and collection of municipal
10 taxes and appropriated for the operating expenses and debt service of utilities;

11 (B) revenue from interest earned on investments and from the
12 sale and lease of land or equipment; and

13 (C) all other revenue from whatever service derived;

14 (3) is calculated on the basis of the actual revenue received during the
15 fiscal year of the taxing unit preceding the year in which the department's
16 determination of the millage rate equivalent is made under AS 29.60.030.

17 * Sec. 19. AS 46.14.510 is amended by adding new subsections to read:

18 (e) A person required to register a motor vehicle under AS 28.10.011 who
19 resides and operates the registered motor vehicle in an area subject to an emission
20 control program established under AS 46.14.400 or this section shall, in addition to the
21 registration fee specified in AS 28.10.421, pay a biennial motor vehicle emissions fee
22 as provided under AS 28.10.423. The department shall, by regulation, establish the
23 amount of the motor vehicle emissions fee. The department may not establish a fee
24 under this subsection that is greater than the fee necessary to pay the cost of the
25 department's motor vehicle emissions control program. The motor vehicle fees
26 collected under this subsection may be appropriated to the motor vehicle emissions
27 control account.

28 (f) A motor vehicle emissions control account is established in the general
29 fund. It consists of appropriations made to it. The department may use money in the
30 account for administration of an emission control program established under
31 AS 46.14.400 or this section.

1 (g) In addition to the fee described under (e) of this section, the department
2 may adopt regulations that prescribe reasonable fees to pay the department's
3 administrative costs resulting from other programs of the department designed to
4 control emissions from motor vehicles or to regulate motor vehicle fuels to control
5 emissions.

6 (h) A person who fails to display an emissions inspection decal or keep an
7 emissions inspection certificate as required by law is guilty of a violation and shall pay
8 a fine of \$100.

9 (i) A person who fails to display an emissions inspection decal or keep an
10 emissions inspection certificate as required by law and who is not cited for the offense
11 under (h) of this section is subject to a civil penalty of not less than

12 (1) \$100 if the person has not violated the inspection decal or
13 certificate requirements in the previous 12 months; and

14 (2) \$500 nor more than \$1,000 and shall pay the (A) costs and
15 reasonable attorney fees of the state in bringing the civil action, and (B) sum that
16 represents the amount of money saved by the person in not complying with the
17 inspection decal or certificate requirements, if the person has violated the inspection
18 decal or certificate requirements in the previous 12 months.

19 (j) In this section, "motor vehicle" means a vehicle that is self-propelled, but
20 does not include a vehicle propelled by human or animal power.

21 * Sec. 20. AS 28.10.108(b) and 28.10.431 are repealed.

22 * Sec. 21. TRANSITION. (a) Notwithstanding secs. 2 - 13 of this Act, the biennial
23 registration fees imposed under this Act shall be collected upon initial registration or renewal
24 of an existing registration.

25 (b) Notwithstanding the provisions of AS 28.10.423, beginning July 1, 1994, and
26 ending January 1, 1995, the annual motor vehicle emissions fee paid to the Department of
27 Public Safety under AS 28.10.423 shall equal \$2.

28 * Sec. 22. Section 21(b) of this Act takes effect July 1, 1994.

29 * Sec. 23. Except as provided in sec. 22 of this Act, this Act takes effect January 1, 1995.

A M E N D M E N T

OFFERED IN THE HOUSE
TO: CSHB 328(STA)

BY REPRESENTATIVE MARTIN

Page 4, line 23:

Delete "\$77"

Insert "\$102"

Page 4, line 25:

Delete "\$129"

Insert "\$142"

Page 4, line 26:

Delete "\$234"

Insert "\$312"

Page 4, line 28:

Delete "\$332"

Insert "\$442"

Representative Terry Martin
April 8, 1994

LETTER OF INTENT

It is the intent of the legislature that 25 percent of the biennial registration fees imposed under AS 28.10.421(c) be appropriated to the Department of Commerce and Economic Development for operation of weigh stations.

Back-up

Sponsor's Summary CS HB 328 (STA)

HB 328 addresses two issues.

First, this legislation would establish biennial motor vehicle registration effective January 1, 1995. The fees for biennial registration would be reduced to one and one-half times the current one year rate and would result in annual savings to motor vehicle owners of approximately \$4.6 million beginning in FY 97. The proposed bill would also reduce the Division of Motor Vehicle's (DMV) workload by a minimum of 10% annually and would significantly reduce the rate of new hires.

Currently, motor vehicle registration is linked to annual inspection and payment of emission fees as a means of ensuring compliance with emission standards set out in the federal Clean Air Act and enforced by EPA. Willful noncompliance with this mandate could jeopardize Intermodal Surface Transportation Enhancement Act (ISTEA) monies which Alaska receives from the federal government (between \$185-\$200 million in Y 94).

In order to facilitate the biennial registration process and, at the same time, maintain the annual emission inspections currently required by EPA, HB 328 would provide for DEC to establish and administer a new I/M (inspections and maintenance) program and to establish fees to cover program costs.

EPA requires that any changes in the I/M Program maintain the current level of effectiveness. The sponsor and staff have worked with DEC and EPA to ensure that the committee substitute before you meets the three criteria upon which EPA will base their approval of any proposed changes in the present program:

- 1) Sufficient funding to implement the proposed change.

- 2) Sufficient staff to implement the proposed change.
- 3) Appropriate legal authority for the department.

EPA has indicated their approval of the proposed committee substitute before you.

Currently, DEC's I/M program receives \$400,000 in general fund monies. Beginning in FY 96, funding would be provided through program receipts, resulting in an annual savings to the general fund of \$280,000 to \$400,000.

Funds to implement the new I/M program would be provided by increasing the current \$1 emission fee charged at the time a motor vehicle is registered to \$2. However, this fee would be repealed January 1, 1995 - at which time the new program will be implemented and DEC will have determined a new fee based upon actual program costs.

Second, HB 328 would delete statutory provisions that require DMV to collect annual motor vehicle registration taxes for those cities electing to participate under AS 28.10.431.

The responsibility for collecting a property tax on motor vehicles would be returned to the municipality/borough *unless* the Commissioner of the Department of Public Safety agrees to collect the tax for the municipality/borough, in which case the Department of Public Safety would retain eight percent of the fees to cover collection costs.

It is the sponsor's position that returning this responsibility to the municipality more accurately discloses the true nature of the tax and its purpose to the tax payer. There should be no loss in local government revenues since the monies they are now paying the state (8%) to collect their taxes can be used for their own tax collection purposes. While the state will receive approximately \$220,000 less in program receipts, there will be a corresponding reduction in personal services - approximately 7 positions.

CSHB 328 (STA)

The proposed Finance CS incorporates the following changes from State Affairs CS:

- 1) New Section 2. Page 1, line 9 through page 2, line 21:**

Amends existing statute to allow the Department of Public Safety to suspend or revoke the registration of a vehicle if the owner fails to obtain an emission inspection certificate (page 2, lines 19 - 21).

- 2) Beginning Page 4, Sections 11, 12 and 13:**

Sets biennial vehicle registration fees at twice the current annual rate.

- 3) Section 19, page 12, lines 6 - 18:**

Adds new provisions allowing a person who fails to display an inspection decal or keep an inspection certificate to be cited under criminal or civil procedures and fined \$100 if the person has not violated the decal or certificate requirements in the previous 12 months. A repeat offense within a 12 month period subjects the person to civil penalties and a fine of not less than \$500 nor more than \$1,000 plus the cost to the state in bringing the civil action, and an amount equal to the savings realized by not complying with the inspection requirement.

ELECTIVE DISTRICT 14
ELMENDORF A.F.B.
EAST ANCHORAGE
GOVERNMENT HILL

REP. TERRY MARTIN



HOME
355 DONNA DR., #11
ANCHORAGE, AK 99504
PHONE: 333-6990

DURING SESSION
P.O. BOX V
STATE CAPITOL BUILDING
JUNEAU, AK 99811
PHONE: 465-3783

Alaska House of Representatives

MEMORANDUM

DATE: March 8, 1994

TO: Representative Ron Larson, Co-Chair
Representative Eileen MacLean, Co-Chair
House Finance Committee

FROM: Representative Terry Martin *TMM*

RE: Request for hearing

HB 328, "An Act relating to motor vehicle registration and registration fees, and to the optional municipal motor vehicle registration tax; to fees for drivers' licenses and permits; to fees related to inspection and control of motor vehicle emissions; and providing for an effective date," passed State Affairs by a vote of 4 "do pass" and 2 "no rec". The bill is now before the Finance Committee for further consideration.

This measure would establish a biennial registration process. To facilitate the process and, maintain the annual emission inspections currently required by EPA, HB 328 provides for DEC to establish a new I/M (inspections and maintenance) program and to establish fees to cover program costs.

Additionally, this legislation would delete statutory provisions that require DMV to collect annual motor vehicle registration taxes for those cities electing to participate under AS 28.10.431.

A sectional analysis and sponsor's summary are attached for your review. I respectfully request that this bill be scheduled for a hearing at your earliest convenience.

DIVISION OF LEGAL SERVICES

LEGISLATIVE AFFAIRS AGENCY STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

March 8, 1994

SUBJECT: Sectional Summary of CSHB 328 (STA)
TO: Representative Terry Martin
FROM: Michael F. Ford *M.F.*
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Section 1. Technical amendment.

Section 2. Requires that motor vehicle registration occur every two years, instead of the present annual registration.

Section 3. Requires biennial renewal of motor vehicle registration.

Section 4. Technical amendment regarding transfer of ownership of a motor vehicle.

Section 5. Allows extension of registration on a biennial basis.

Section 6. Technical amendment.

Section 7. Requires motor vehicle registration be renewed on a biennial basis.

Section 8. Allows a senior citizen exemption from registration on a biennial basis.

Section 9. Provides that motor vehicle registration can be paid by credit card, including authorization by phone.

Section 10. Imposes fees for registration on a biennial basis.

Section 11. Imposes fees for registration on a biennial basis.

Section 12. Imposes special fees for registration on a biennial basis.

Section 13. Imposes biennial emission inspection fees as required under AS 46.14.-510(e).

Section 14. Allows certain fees to be paid by credit card, including phone authorization.

Section 15. Allows a senior citizen exemption from the municipal motor vehicle tax.

Section 16. Establishes a municipal motor vehicle registration tax, similar to the existing tax under AS 28.10.431.

Section 17. Technical amendment.

Section 18. Authorizes the Department of Environmental Conservation to impose a biennial fee for motor vehicle emissions. Requires the fee not be greater than the cost of the emissions control program. Allows the Department to establish other fees for programs designed to control emissions or regulate motor vehicle fuels.

Section 19. Repealers.

Section 20. Transition section to allow for biennial registration on a gradual basis.

Representative Terry Martin
March 8, 1994
Page 3

Section 21. Effective date for section 20(b).

Section 22. Effective date for all provisions of the Act except sec. 20(b).

MFF:mi
94-051.mai

BILL NO: HB 328

DATE: January 13, 1994

TITLE: An Act relating to motor vehicle registration fees; to fees for driver. . ."

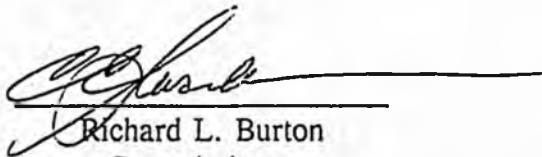
CONTACT: Juanita Hensley
Chief, Driver Services
465-4361

This bill changes the vehicle registration period from annual to biennial and makes changes to the registration fee schedule. The intent of the legislation is to reduce the workload for the Division of Motor Vehicles so that budget increases will not be needed.

The Department is not opposed to the concept of biennial registration and is in favor of a program to reduce government workload. The statutes currently allow the commissioner to start a program for multi-year registration but this has not occurred because many other programs are attached to the registration program. The most important are the Emission Inspection Programs required in Anchorage and Fairbanks. The Department of Environmental Conservation operates this program in conjunction with the local governments. The Alaska program requires annual inspections and is enforced through the registration process. Failure to meet federal standards in this program will result in the loss of 10% of the federal highway funds.

The bill doubles the registration period but only increases the fees by 1.5 times the current rate. This will result in a revenue loss to the state of \$4,600,000.00 annually without a corresponding savings in operating costs. The bill will also result in loss to local governments of \$2,750,000.00 in Municipal Vehicle Registration Tax revenue. The Department recognizes that the legislature may set tax rates but a revenue loss of this magnitude seems inconsistent with current revenue initiatives.

The Department's position on this bill is neutral. This position could be changed to support the bill if the Department of Environmental Conservation feels that the Emission Inspection Program can be changed to a biennial inspection without risking the loss of the highway funds, and with the legislature's full knowledge of the bill's impact on the collection of the Municipal Vehicle Registration Tax.


Richard L. Burton
Commissioner

STATE OF ALASKA

WALTER J. HICKEL, GOVERNOR

DEPT. OF ENVIRONMENTAL CONSERVATION

DIVISION OF ENVIRONMENTAL QUALITY
AIR QUALITY MANAGEMENT SECTION
410 Willoughby Avenue, Suite 105
Juneau, Alaska 99801-1795

Phone: (907) 465-5100
Fax: (907) 465-5129

February 18, 1994

W. Ladd McBride
Alaskan Watch Inc.
P.O. Box 83567
Fairbanks, AK 99708

Dear Mr. McBride:

First, I would like to thank you for the buttons you sent. The individuals who received them were very appreciative of your efforts to get these additional buttons. I must apologize for the delay in answering your letters. I have been in Anchorage implementing the commuter program.

As it relates to your question the health concerns regarding ethanol, Dr. John P. Middaugh, the State Epidemiologist has been looking into the potential health affects. He has been in contact with the Centers for Disease Control (CDC). To ensure that we have not over looked any potential studies, I would like to ask you to send copies of your studies to both Dr. Middaugh and myself. The Department appreciates the efforts you and others within your organization have made regarding the potential health concerns.

The fees discussed during the teleconference on HB 328 were suggestions and are not a formal proposal. During my testimony, I was suggesting one possible option that would establish an increasing emission fee for failure to comply over a given period of time (eg, after 30-days \$50, 60-days \$100, and 90-days \$500). Before these fees or any other proposed fees can be charged, the proposed fees must be established by regulations with an appropriate public notice and comment period.

As for how we would handle vehicles which are not operating, we would have to establish a process in regulations. In some cases the vehicle, which is not operating, would have to be handled on a case by case basis. We would establish the process through the regulatory process at the same time as we would set the fees. Yes, this would require additional staff and costs to the Department of Environmental Conservation. Once we have been able to identify all of the costs, the legislature will be able to determine whether there would be any net savings before adoption of HB 328.

February 18, 1994

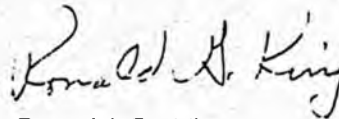
Your final question related to the monitoring of vehicles that might be commuting into Anchorage is reasonably simple. First, we are in the process of identifying the potential commuters into Anchorage. Second, we have all of the test records and will continue to get periodic updates. We would then compare the tested vehicles against those vehicles owned by the individuals. If you are a commuter and have at least one vehicle inspected, we would not contact you requiring an inspection. If you drive a different car into Anchorage which was not inspected, you could be cited for not having your inspection. Would some people do this? "YES!" Will we take action? "YES", if found. Will some slip through and not be caught? "YES!"

As I am sure that you are aware, regulations and laws do not always stop people from doing something wrong. The particular option and approach taken in the attempt to reduce emission from commuters is the least costly at this time. Most of the effort can be done by the use of computers.

However, I would like to state at this time that we have and will continue to be interested in the remote sensing device for use in controlling emissions from the commuters. One of the biggest draw backs to the use of the remote sensing device is associated with how you are able to identify the vehicles, as well as potential operating problems. We are extremely pleased that the Fairbanks North Star Borough has under taken the acquisition of a remote sensing device to be used in a demonstration project. The department will be cooperating with the Borough and we will be evaluating its potentials for use in the commuter program.

If I can be of further assistance, please contact me at the address or phone number listed above.

Sincerely,



Ronald G. King
Project Manager

RK /mdb (AQIronk\ladd3.mem)
Enclosure

cc: John A. Sandor, Commissioner, ADEC
Michael L. Mennø, Director, ADEC/EQ
Pete McGee, Regional Administrator, ADEC/NRO
Leonard D. Verrelli, Section Chief, ADEC/CO
✓ Representative Terry Martin, Alaska House of Representatives
Representative Al Veasey, Alaska House of Representatives
Representative Jeannette James, Alaska House Representatives

STATE OF ALASKA

WALTER J. HICKEL, GOVERNOR

DEPARTMENT OF PUBLIC SAFETY

DIVISION OF MOTOR VEHICLES

P.O. BOX 20020
JUNEAU, ALASKA 99802-0020

PHONE:

(907) 269-5559

January 13, 1994

The Honorable Terry Martin
Alaska State Legislature
State Capitol
Juneau, Alaska 99811

Dear Representative Martin:

Several questions came up in the Legislative Budget & Audit meeting yesterday that I wanted to make sure you have the answer to should they be addressed again.

1. What was the effect of the loss of seasonal positions at the end of FY 93?

With seasonal positions layed off at the end of June waiting times for public service in most DMV offices exceeded 2 hours at peak times. Appointments for road tests were 6-8 weeks in advance. In Anchorage, where road tests were given on a first come first served basis in the mornings without appointment, competition was so keen for those few slots that DMV personnel were unable to handle the unruly opening crowds and police were called on several occasions. As a result, the Anchorage office was placed on an appointment only basis for road tests. Consider these effects when absence of the seasonals was not even during our busiest months. During April, May, and June of this year waiting times are expected to exceed 3 hours, with waits for road tests in excess of 8 weeks.

2. Did the imposition of the \$10 fee for not using the mails have any effect?

The \$10 incentive to use the mail for vehicle registration renewal has had a dramatic effect. Usage has gone from an average of 30% to 56%, and will probably peak in the 60's. This has certainly reduced the number of customers in DMV offices. However, there has been no reduction in the amount of work. The same amount of processing goes into a renewal whether it is received in the mail or whether the person is standing before a DMV representative. The time saved by not exchanging pleasantries in a face to face setting is offset by the

Dulany/Martin
January 13, 1994

Page 2

additional time in handling the mail. And since no new employees were authorized to process the increased mail the additional workload of the mail-out unit created a reduction in the number of counter personnel available to help customers at the public service counter.

3. Will a 2 year registration have any effect on the DMV workload?

Absolutely. But not to the extent of cutting the work by 50%. Vehicle registration renewals are the least time consuming of all the Division's transactions. They comprise about 20% of the total DMV workload. If the number of renewals is halved by a 2 year registration cycle, then the DMV workload is reduced by one-half of 20%, or a 10% reduction. For a 3 hour waiting period this equates to shaving off 18 minutes. Nevertheless, every little efficiency helps.

The Division is planning efficiency initiatives that will help to see us into the next century. I hope to be able to discuss some of these with you during the next few weeks.

Sincerely,

Jay N. Dulany for
Jay N. Dulany
Director

ALASKA TRUCKING ASSOCIATION, INC.3443 Minnesota Drive • Anchorage, Alaska 99503 • PHONE (907) 276-1149 • FAX (907) 274-1946

TESTIMONY OF FRANK J. DILLON
BEFORE STATE AFFAIRS COMMITTEE
JANUARY 22, 1994

CHAIRMAN VEZEY AND MEMBERS OF THE COMMITTEE.

MY NAME IS FRANK DILLON AND I AM EXECUTIVE DIRECTOR OF ALASKA TRUCKING ASSOCIATION, INC. I'M HERE TODAY TO SPEAK IN SUPPORT OF HOUSE BILL NO. 328.

ALASKA'S TRUCKING INDUSTRY STRONGLY BELIEVES THAT THIS IS THE TYPE OF IMPROVEMENT IN GOVERNMENT SERVICE THAT WE ALL NEED TO BE LOOKING FOR IN THESE TIMES OF FISCAL DIFFICULTIES.

THIS ACT BENEFITS BOTH THE MOTORING PUBLIC AND THE STATE OF ALASKA BY REDUCING COSTS, AND GENERATING MORE THAN ENOUGH REVENUE TO RUN THE DIVISION OF MOTOR VEHICLE'S PROGRAMS.

WE WOULD URGE ALL THE MEMBERS OF THE COMMITTEE TO SUPPORT THIS LEGISLATION BY RECOMMENDING A DO-PASS.

THANK YOU FOR THE OPPORTUNITY TO TESTIFY TODAY. I WOULD BE HAPPY TO ANSWER ANY QUESTIONS YOU MIGHT HAVE.





U.S. ENVIRONMENTAL PROTECTION AGENCY
REGION 10

ALASKA OPERATIONS OFFICE
410 WILLOUGBY AVE. SUITE 100
JUNEAU, ALASKA 99801

January 21, 1994

REPLY TO
ATTN OF: AOO/J

Honorable Terry Martin
Alaska State Legislature
State Capital (MS 3100)
Juneau, Ak. 99801-1182


Dear Representative Martin:

Thank you for the opportunity to comment on HB 328. The Environmental Protection Agency (EPA) met with your staff and two state agencies on January 14, 1994 to discuss this legislation. We expressed our support for HB 328's goals during that meeting and we continue to support these goals. EPA is, however, concerned about possible unintended consequences that HB 328 may have on the mandatory vehicle inspection and maintenance (I/M) programs in Anchorage and Fairbanks.

The motor vehicle registration process serves as one of the primary compliance tools for both I/M programs. If Alaska switches from annual to biennial registration without compensating for the lack of this compliance tool it would significantly reduce the effectiveness of these I/M programs. While Alaska is commended for having excellent I/M programs which are responsible for the significant progress that has been made in reducing carbon monoxide (CO) emissions, violations of the National Ambient Air Quality Standards for CO in Anchorage and Fairbanks continue, and given the uncertainty surrounding Alaska's oxygenated fuel program, EPA needs to ensure that Anchorage and Fairbanks strengthen rather than weaken their I/M programs.

In conclusion, we respectfully request that you consider including provisions for an alternative means of assuring compliance throughout the biennial cycle that will result in equivalent or stronger I/M program effectiveness for Anchorage and Fairbanks. EPA is available to work with you and your staff toward this end. Again, thank you for the opportunity to provide comments on this important issue.

Sincerely,


Steven A. Torok, Chief
State Operations Section

cc: M. Treadwell
A. Ewing



U.S. ENVIRONMENTAL PROTECTION AGENCY
REGION 10

ALASKA OPERATIONS OFFICE
410 WILLOUGBY AVE. SUITE 100
JUNEAU, ALASKA 99801

February 28, 1994

REPLY TO
ATTN OF: AOO/J

Honorable Al Vezey
Alaska State Legislature
State Capital (MS 3100)
Juneau, Ak. 99801-1182

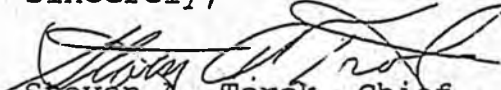
Dear Representative Vezey:

Thank you for the opportunity to comment on HB 328. The Environmental Protection Agency (EPA) supports the goals of HB 328, including Sections 13 and 18 relating to motor vehicle emissions fees. EPA is, however, concerned about possible unintended consequences that HB 328 may have on the mandatory vehicle inspection and maintenance (I/M) programs in Anchorage and Fairbanks.

The motor vehicle registration process serves as one of the primary compliance tools for both I/M programs. If Alaska switches from annual to biennial registration without compensating for the lack of this compliance tool it would significantly reduce the effectiveness of these I/M programs. While Alaska is commended for having excellent I/M programs which are responsible for the significant progress that has been made in reducing carbon monoxide (CO) emissions, violations of the National Ambient Air Quality Standards for CO in Anchorage and Fairbanks continue. Given the uncertainty surrounding Alaska's oxygenated fuel program, EPA needs to ensure that Anchorage and Fairbanks strengthen rather than weaken their I/M programs.

In conclusion, we respectfully request that you consider including provisions for an alternative means of assuring compliance throughout the biennial cycle that will result in equivalent or stronger I/M program effectiveness for Anchorage and Fairbanks. EPA is available to work with you and your staff toward this end. Again, thank you for the opportunity to provide comments on this important issue.

Sincerely,


Steven A. Torok, Chief
State Operations Section

cc: M. Treadwell
A. Ewing



217 Second Street, Suite 200 ■ Juneau, Alaska 99801 ■ Tel (907) 586-1325, Fax (907) 463-5480

April 7, 1994

TO: Representatives Ron Larson and Eileen MacLean
Co-chairs, and Members
House Finance Committee

FROM: Kent E. Swisher, Executive Director

RE: **CS HB 328 (STA) - Motor vehicle registration and registration fees**

The Alaska Municipal League opposes the provisions of CS HB 328 (STA) that shift collection of the Motor Vehicle Registration Tax (AS 28.10.431) from the state to local governments and requests that the committee reconsider this aspect of the proposed legislation.

The current system, in which municipalities may opt to participate in the municipal motor vehicle registration tax program and have that tax collected by the state as part of the regular state vehicle registration process, is a logical, efficient way to collect a municipal tax on motor vehicles: vehicle owners have to deal with only one agency, complete one form, and write one check; DMV's registration process requires complete information on vehicle age and where the owner lives; and municipal tax assessors do not have to track down unreported vehicles for tax assessment purposes. Nine municipalities now opt to participate in this program, and the state keeps 8 percent of the tax collected as an administrative fee. This system has worked well since it was established in 1978, and there is no reason to change it at this time.

If, however, the legislature does decide to shift this additional responsibility to local governments, a major change is required in the bill. As written, CS HB 328 (STA) would impose the existing, outdated tax schedule on local governments that wanted to tax vehicles on other than a full and true value basis (which is allowed now). If the existing program of state collection of the tax is ended, municipalities would need to be given authority to do so. This would allow a municipality to devise a tax schedule for motor vehicles that would fit its situation – one based on value or on age of vehicle or, in fact, a flat fee per vehicle. No schedule for a municipally collected tax should be established in statute.

In summary, then, AML finds two major problems with CS HB 328 (STA): transfer of collection responsibility to municipalities and imposition of a standardized tax schedule. I urge you to consider amending the bill to address these municipal concerns.

C94LEGIS.HB328.4-7



Fairbanks North Star Borough

809 Pioneer Road

P.O. Box 71267

Fairbanks, Alaska 99707-1267

907/459-1000

March 21, 1994

Representative Terry Martin
State Capitol
Juneau, AK 99801-1182

Dear Representative Martin,

I would like to express my concerns to you regarding CSHB328 (STA) as it is currently written. HB328 will change vehicle registrations from an annual to a biennial cycle. This will seriously impact the Fairbanks North Star Borough's (FNSB) ability to enforce its annual requirement for emissions control inspections (I/M program).

The borough is responsible for running an emissions control program that is required under the federal Clean Air Act. The Fairbanks North Star Borough is one of two non-attainment areas for carbon monoxide in the state. The basics of the program are that people who operate vehicles newer than 1975 models must get their vehicles inspected annually to insure that the vehicles are not emitting excessive carbon monoxide.

Under the current system, a certificate showing that the vehicle has successfully passed an inspection must be submitted when annually renewing the vehicle's registration. The Department of Motor Vehicles (DMV) will not renew the registration unless an I/M certificate is provided at the time of registration. Thus, with some exceptions, vehicles seen on the road with current registration will have passed their I/M test. An administrative fee of \$1.00 per registration requiring an I/M certificate is provided to DMV for handling the paperwork.

With the passage of HB328, DMV will still require a current I/M certificate at the time of registration. However, this will leave the borough with no mechanism to enforce the annual I/M inspection requirement in the middle of the two year registration period. There are two options under HB328. One, the Alaska Department of Environmental Conservation could assume the duties of notifying and enforcing the requirements of the annual I/M program. This would require DEC to expend additional moneys for staff and contractual services. There is also a potential impact to

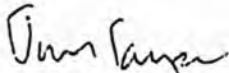
Letter on HB328
March 21, 1994
Page 2

the Department of Public Safety if state troopers are required to help with enforcement. Any savings realized by the DMV would be offset by increased administrative costs in DEC.

The second option is to go to a biennial I/M requirement. Under the Clean Air Act, the US Environmental Protection Agency has performance standards that must be met when designing an I/M program. The options are limited and if the borough were to go to biennial inspections, the resulting changes that would have to be made to the program are far more onerous than those in the current program design.

I cannot support the passage of CSHB328. If passed, the bill would seriously impact the I/M program. Any savings realized by the bill would quickly be consumed by the inefficiencies it would bring to enforcement of the I/M programs.

Sincerely,


Jim Sampson
Borough Mayor

FISCAL NOTE

Option 1

6 months hire

BILL NO. _____

CS HB 328

STATE OF ALASKA

1994 LEGISLATIVE SESSION

5%

Rev. Date: _____ Department Affected: Environmental
 Title: Biennial Vehicle Registration Conservation
 BRU: Environmental Quality
 Sponsor: Representatives Martin and Barnes Component: Air Quality Management
 Requestor: _____

COMPONENT SERIAL NO. 1428

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES	108.9	113.9	119.9	125.9	131.9	138.9
TRAVEL	9.0	9.5	10.0	10.5	11.0	11.5
CONTRACTUAL	333.9	88.1	92.2	96.8	101.6	106.7
SUPPLIES	18.2	19.1	20.1	21.1	22.1	23.2
EQUIPMENT	50.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	520.0	230.6	242.2	254.3	266.6	280.3

CAPITAL EXPENDITURES					
----------------------	--	--	--	--	--

CHANGE IN REVENUES ()					
------------------------	--	--	--	--	--

FUND SOURCE

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipt	520.0	230.6	242.2	254.3	266.6	280.3
1006 GF/MHTIA						
Other						
TOTAL	520.0	230.6	242.2	254.3	266.6	280.3

Estimate of any current year (FY94) cost: 50.0

POSITIONS:

FULL-TIME	4.0	4.0	4.0	4.0	4.0	4.0
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

See attached

Prepared by: Bob Poe, Director *Bob Poe for RP*
 Division: Information and Administrative Services

Phone: 465-5010
 Date: 4-15-94

Approved by Commissioner: *Michael Dowell*
 Agency: Department of Environmental Conservation

Date: 4-15-94

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FISCAL NOTE
Option 2

STATE OF ALASKA
1994 LEGISLATIVE SESSION

6 months hire

BILL NO.

CS HB 328

Rev. Date: _____ Department Affected: Environmental
 Title: Biennial Vehicle Registration Conservation
 BRU: Environmental Quality
 Sponsor: Representatives Martin and Barnes Component: Air Quality Management
 Requestor: _____

COMPONENT SERIAL NO. 1428

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES	326.7	343.0	360.2	378.3	397.2	417.1
TRAVEL	36.8	37.8	39.7	41.7	43.8	46.0
CONTRACTUAL	396.9	154.3	162.0	170.1	178.6	187.6
SUPPLIES	19.8	20.8	21.8	22.9	24.1	25.2
EQUIPMENT	50.0	0.0	0.0	0.0	0.0	0.0
LAND&STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS,CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	830.2	555.9	583.7	613.0	643.7	675.9

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipt	830.2	555.9	583.7	613.0	643.7	675.9
1006 GF/MHTIA						
Other						
TOTAL	830.2	555.9	583.7	613.0	643.7	675.9

Estimate of any current year (FY94) cost: \$0.0

POSITIONS:

FULL-TIME	10.0	10.0	10.0	10.0	10.0	10.0
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

See attached

Prepared by: Bob Poe, Director *Bob Poe*
 Division: Information and Administrative Services

Phone: 465-5010
 Date: 4-15-94

Approved by Commissioner: *Michael Sweeney*
 Agency: Department of Environmental Conservation

Date: 4-15-94

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FISCAL NOTE
Option 3

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. CS HB 328

Rev. Date: _____ Department Affected: Environmental
 Title: Biennial Vehicle Registration Conservation
 BRU: Environmental Quality
 Sponsor: Representatives Martin and Barnes Component: Air Quality Management
 Requestor: _____

COMPONENT SERIAL NO. 1428

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES	108.9	113.9	119.9	125.9	131.9	138.9
TRAVEL	9.0	9.5	10.0	10.5	11.0	11.5
CONTRACTUAL	363.9	120.0	125.6	131.9	138.9	145.5
SUPPLIES	18.2	19.1	20.1	21.1	22.1	23.2
EQUIPMENT	50.0	0.0	0.0	0.0	0.0	0.0
LAND&STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS,CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	550.0	262.5	275.6	289.4	303.9	319.1

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipt	550.0	262.5	275.6	289.4	303.9	319.1
1006 GF/MHTIA						
Other						
TOTAL	550.0	262.5	275.6	289.4	303.9	319.1

Estimate of any current year (FY94) cost: \$0.0

POSITIONS:

FULL-TIME	4.0	4.0	4.0	4.0	4.0	4.0
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary.)

See attached

Prepared by: Bob Poe, Director *Bob Poe* RGP
 Division: Information and Administrative Services

Phone: 465-5010
 Date: 4-15-94

Approved by Commissioner: *MacDonald*
 Agency: Department of Environmental Conservation

Date: 4-15-94

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Municipal Fiscal Impact Note
(AS 24.08.035(e))

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO. HB 328 (STA)
Version: 8-LS0626\M

Revision Date: 4/15/94 Municipalities Anchorage, Bethel, Dillingham, Kooiak
 Title: An Act relating to motor vehicle registra- Affected: Ketchikan, Unalaska, Mat-Su, P'burg
tion and registration fees, and to optional Kenai Boro, Whittier, Nome, Nenana
municipal vehicle registration tax; ... Requested By House Finance
 Sponsor: Rep. Martin and Barnes

Municipal Costs: (Thousands of Dollars)

Operating	FY95	FY96	FY97	FY98	FY99	FY2000
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants, Claims						
Miscellaneous						
Total Operating	(See discussion below under Analysis)					

Capital						
---------	--	--	--	--	--	--

Funding (Thousands of Dollars)

Property Taxes	FY95	FY96	FY97	FY98	FY99	FY2000
Sales Taxes						
User Fees						
Federal Receipts						
State Receipts						
Other						
Total						

Positions

Full-Time	FY95	FY96	FY97	FY98	FY99	FY2000
Part-Time						

Analysis:

This version of this bill would, in addition to other effects, transfer the responsibility for levying, collecting, enforcing, and otherwise administering the Motor Vehicle Registration Tax from the state to municipalities in which the tax is imposed. The State currently collects this tax and returns it to participating municipalities, less an 8% administrative charge as per current statutes. Twelve municipalities now impose this tax. The following table lists these municipalities and the revenue generated by the tax in each municipality for calendar year 1993.

Continues on attached page.

Prepared by: Michael Cushing, Research Analyst Phone: 465-4751
 Division: Municipal and Regional Assistance Division Date: 4/15/94
 Approved by: *[Signature]* DEPUTY COMMISSIONER Date: 4-15-94
 Commissioner: Department of Community and Regional Affairs
 Agency:

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1993 Motor Vehicle Registration Tax
 by Municipality

Municipality	MVRT Revenues
Anchorage	3,361,503
Ketchikan	389,837
Nome	25,739
Bethel	32,835
Unalaska	37,499
Mat-Su Borough	664,839
Kodiak	158,987
Nenana	5,787
Petersburg	32,035
Dillingham	19,993
Kenai Peninsula	647,933
Whittier	3,580
Total	5,540,565

Information from Department of Public Safety, Division of Motor Vehicles

These municipalities were contacted on 4/13/94 and were requested to provide information on the fiscal impacts they would anticipate if required to administer and enforce the MVRT at the municipal level. As of 9/15/94, responses had been received from the Municipality of Anchorage and three smaller municipalities: Nenana, Nome and Petersburg. These municipalities indicated the new law would hit both sides of the municipal budget: increased administrative costs and significantly reduced tax revenues. The municipal responses were consistent regarding the envisioned causes for fiscal impacts: additional administrative costs (new computers, office personnel, police enforcement effort); difficulty to effectively and equitably assess local vehicles; and, lack of ability to fully enforce the tax. Without the leverage associated with the State's vehicle registration, municipalities expect that the local vehicle tax would fall into the category of local scoff law. Local law enforcement is already stretched dealing with more critical crime problems. The three smaller communities that provided information estimated their loss in MVRT revenues would be 50-80%.

BILL NO. HB 328 (STA)
Version 8-LS1316\X

The Municipality of Anchorage did not estimate what its revenue would be under the new law. Anchorage indicated the following costs would be incurred implementing the new law.

Item	Annual Cost
Computer Services/Equipment (Start-up cost)	150,000
Additional Monitoring (I/M Program)	181,600
Collections (Auto Registration Fees)	350,000
Enforcement (I/M Program & Auto Registration)	100,000
Total	781,600

FISCAL NOTE

No. 1
 Bill Version: C5HB 328(STA)
 (H) Publish Date: 3/9/94

STATE OF ALASKA
1994 LEGISLATIVE SESSION

Revision Date: _____ Dept. Affected: Public Safety
 Title: An Act relating to motor vehicle registra- BRU: Motor Vehicles
tion fees; to fees for driver Component: Field Services
 Sponsor: Representative Terry Martin
 Requestor: H. STA COMPONENT SERIAL NO. 502

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

OPERATING	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	265.0	177.5	130.0	130.0	130.0	130.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	265.0	177.5	130.0	130.0	130.0	130.0
CAPITAL						
REVENUE FUND SOURCE:	2,300.0	(55.0)	(4,920.0)	(4,920.0)	(4,320.0)	(4,320.0)

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts	265.0	177.5	130.0	130.0	130.0	130.0
1006 GF/MHTIA						
Other						
TOTAL	265.0	177.5	130.0	130.0	130.0	130.0

Estimate of current year (FY 94) impact: \$ _____

POSITIONS:

FULL-TIME					
PART-TIME					
TEMPORARY					

ANALYSIS: (Attach a separate page if necessary.)

See attached.

Prepared By: Charles R. Hosack Phone: 760.5553
 Division: Motor Vehicles Date: 1/7/94
 Approved by Commissioner: [Signature] Date: 1/13/94
 Agency: Richard I. Burton, Dept. of Public Safety

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COMMITTEE COPY

EFFECT AND ASSUMPTIONS

This bill changes the registration period for all vehicles from annual to biennial. This bill would reduce some of the annual workload for DMV but it will not reduce it by 50%. The annual renewal of registration is one of the easiest to process and the total volume of annual renewal transactions is only 15%-20% of the total workload for the division. The average renewal transaction takes less than a minute to process as compared to 10 minutes for a vehicle title change or a driver license renewal, 45 minutes for an original non-commercial license with a road test, or 3 hours for an original commercial driver license with a road test.

It is assumed for the purposes of this fiscal note that a transition period will be allowed to phase this program in over a two-year period so that 50% of the vehicles will be changed to biennial registration the first year and the remainder the following year. If all were changed in the same year then every other year all registrations would be due and staffing problems would remain the same until this spike in activity changed after several years time of bringing new vehicles into the program in the off years. It is also assumed that the effective date will be changed to January 1, 1995, to allow time to make the necessary extensive computer changes.

COSTS

The major costs for implementation of this bill will be for the extensive changes needed to computer programs in the registration system. This series of programs related to registration is the largest in the APSIN system and will require major modifications because all of the related programs are predicated on an annual renewal system. All existing programming staff is dedicated to federally mandated programs connected to DMV transactions so contract programmers will be used for this effort. It is estimated that 600 hours of programmer time will be required to revise all programs, tables, and related revenue collection programs and to test the system prior to implementation. The cost for contract programming support is \$75/hour so the total cost is \$45,000.00.

This bill also requires the division to accept credit cards for payment of all fees. The division collects \$30,000,000 in total revenue annually. Based on information provided by local large retailers, approximately 50% of their customers use credit cards for purchases. The estimated fee to be paid to credit card companies is 1.5% which would equate to an annual cost of \$225,000.00.

COST SAVINGS

With the phased implementation there will be no change in the costs during the first year of the program since all vehicles will still have to register for either 1 or 2 years. During the second and following years of the program there would be savings for postage and forms as only 50% of the vehicles would need to be registered each year as compared to current work volume. The annual cost savings are as follows:

Postage	250,000 @ .25 (initial notice)	\$62.5
	75,000 @ .29 (completed renewals)	\$21.7
Forms	250,000 Registration forms @ \$21/M	\$ 5.3
	325,000 Envelopes @ \$17/M	\$ 5.5
	TOTAL	\$95.0

There will be a reduced workload but there will not be a reduction in employee strength or funding. These employees will be used to reduce the waiting times in major offices to 2 hours. The workload is increasing at 3%-5% annually so this program only allows us to keep pace.

REVENUE CONSIDERATIONS

Although the registration period has been doubled, the registration fees have only been increased to 1.5 times the current fee. During the first year of the phase-in period there will be an increase in revenue since all vehicles must still register and half of them will pay higher fees. After that only half the vehicles will register for 2 years but will pay the equivalent of 1.5 years of registration at the current rate. The result is the same as a 25% reduction in registration revenues to the state. In FY 93 the Division collected \$18,479,866 in registration fees so the annual loss will be approximately \$4,600,000.00 in GF revenue.

This bill makes no change to AS 28.10.431, the Municipal Vehicle Registration Tax (MVRT). This tax is collected at the same time as the registration fees so under this bill the tax would only be collected biennially rather than annually with no increase in the tax rates. The result of this change is a \$2,750,000.00 annual revenue loss to local governments. The division is allowed to retain 8% of this amount for collection costs so the loss to Program Receipts funds is \$220,000.00 or the equivalent of 7 public service positions.

The revenue calculations for the initial years are as follows:

FY 95 - All vehicles must register during CY 95 but half of these vehicles will pay the higher amount for the two year registration. This will generate the normal registration revenue plus the higher amount for half of the vehicles. The increased revenue for the vehicles registering January -- June is \$2,300,000 or half the annual amount. The MVRT amount is unchanged since all vehicles are registering.

FY 96 - For July -- December 95 all of the vehicles are registering with half paying the higher amount generating an additional \$2,300,000 in revenue. During the second half of the year only half the vehicles will register but all of these will pay the higher fees. The revenue loss from the current system is \$2,300,000 so the loss and gain cancel each other. Since only half the vehicles are registering there will be a loss in MVRT of \$55,000 during the second half of the year.

FY 97 - This is the first year that only half the vehicles will register at the higher fee. The revenue loss is \$4,600,000 and the MVRT loss is \$220,000 for a total loss of \$4,820,000. This does not include the \$2,750,000 loss to the local government in MVRT.

SUMMARY

Implementation costs (one time cost)	\$ 45.0
Operational savings (after initial year)	(\$ 95.0)
Operational costs - Credit card fees	\$225.0
Registration revenue loss (after initial year)	\$4,600.0
MVRT PR loss	\$ 220.0
Net loss to State on annual basis	\$4,950.0
Loss to Local Government on MVRT	\$2,750.0
Total loss in government revenues	\$7,700.0

FISCAL NOTE SUMMARY

	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
OPERATING						
PROGRAMMING COSTS (ONE TIME COST)	45.0					
CREDIT CARD COSTS (ASSUMING 1.5% FEE)	225.0	225.0	225.0	225.0	225.0	225.0
POSTAGE (SAVINGS)		-42.1	-84.2	-84.2	-84.2	-84.2
FORMS (SAVINGS)		-5.4	-10.8	-10.8	-10.8	-10.8
	=====	=====	=====	=====	=====	=====
TOTALS	270.0	177.5	130.0	130.0	130.0	130.0
REVENUE						
REGISTRATION FEES	2300.0	0.0	-4600.0	-4600.0	-4600.0	-4600.0
MVRT LOSS (8% COLLECTION COST)	0.0	-55.0	-220.0	-220.0	-220.0	-220.0
	=====	=====	=====	=====	=====	=====
TOTALS	2300.0	-55.0	-4820.0	-4820.0	-4820.0	-4820.0

Fiscal Note
House Bill 328
Biennial Vehicle Registration

History

The Clean Air Act Amendments of 1990 established vehicle inspection maintenance (I/M) program requirements for nonattainment communities that vary with the severity of their air quality problems. Anchorage and Fairbanks are classified as "moderate" carbon monoxide (CO) nonattainment communities. They are required to meet a performance standard set by EPA for a "basic I/M program." This performance standard requires all programs to generate emission reductions that are equivalent to the benefits produced by an annual centralized inspection of all 1968 model year and later light-duty vehicles. The annual decentralized I/M programs currently in place in Anchorage and Fairbanks have been judged by the Alaska Department of Environmental Conservation (ADEC) to satisfy this performance standard.

All of EPA's performance standards are based on a combination of annual testing and annual vehicle registration to ensure that the program is adequately enforced (i.e., a vehicle cannot be registered unless it has a valid I/M certificate). To date most states have an annual testing requirement while only eight states have chosen a program with biennial testing (it is possible to test less frequently if the coverage of the program is expanded to include more model years, etc). All of those states, however, couple biennial testing with an annual registration requirement. No state employs a combination of annual testing with a biennial registration requirement. That combination of testing and registration reduces the state's ability to enforce compliance with the I/M program every other year (i.e., why test the vehicle in the year that it does not need to be registered).

Alternatives

Biennial registration with an annual I/M program is possible and legal. If the state shifts to a biennial registration and I/M program, we would need to compensate for the "weakening" of the current program effectiveness. Initially we anticipate having to maintain an annual I/M program, but ultimately the I/M program would shift to a biennial inspection requirement as soon as possible upon meeting the health based standards. Changing vehicle registration requirements from annual to biennial will substantially diminish the effectiveness of the existing I/M program. If this change occurs, the enforcement of the program would need to be strengthened. Failure to do so would diminish emission reductions in communities struggling to meet the National Ambient Air Quality Standards (NAAQS) and invite action from EPA because the I/M programs would not satisfy the established performance requirements.

There are three options possible for the implementation of a biennial program. The first involves adding a sticker to the existing program and require a change in our statutes. This option would cost \$220,000 in FY95. The second option would not require any statute changes, but would require the addition of a sticker to the existing program. This approach would result in more enforcement personnel and cost \$530,200 in FY95. The third option

would not require a sticker or statute changes. It would put the burden on the polluter to pay additional costs through an enhanced enforcement program. This option would require the implementation of a "fix it or park it" approach to repairs, altering increasing the number of vehicles that must be inspected, or the implementation of a new testing device that would test vehicle emissions while the vehicle is traveling on the highway. This device has not been utilized by anyone at this time coupled with an enforcement program (Fairbanks and California have recently adopted a two year demonstration program to test this new device to determine its viability.)

Option 1

To change to a biennial registration would require the addition of a sticker to be displayed on the vehicle. This sticker would be in addition to the existing registration based enforcement program. A violation or bailable offense would allow vehicle owners to forfeit a fine and close the matter on the first offense. Jurisdiction over the offense and the magnitude of the fine would have to be established to ensure uniform treatment of offenders. A second offense should require increased penalties to clear the offense and demonstrate proof of correction. This approach would minimize the time requirements of investigating and prosecutorial staffs and budget requests from the courts. The success of this change depends on the level of "on-street" enforcement available in each community, and would require an increase in effort on the part of the Department of Public Safety to emphasize checking for vehicle inspection information, as well as expired or revoked registrations. To strengthen the I/M program which would allow the department to implement HB 328, the following changes would be needed:

- establish a violation under AS 46.14.510 or bailable offense for an owner to fail to comply with the annual testing requirements of the I/M program;
or
- fund the expansion of I/M program staff so that each community can conduct the investigations necessary to identify program evaders and ensure their compliance with the program.

Listed below is a summary of the new positions needed to fill that void (the positions are expressed in terms of FTE).

Fairbanks	-	2 investigators
ADEC	-	1 clerk
DMV	-	1 person for hearing appeals

Option 2

The second option would require the implementation of a sticker program and the expansion of the number of enforcement personnel in each community. It could be used to either supplement the bailable offense option or in lieu of it. The approach would be to provide the staff needed to both identify evaders and to prosecute them. Listed below is a summary of the new positions needed to fill that void (the positions are expressed in terms of FTE).

Anchorage	-	4 investigators and 1 District Attorney
Fairbanks	-	2 investigators and 0.5 District Attorney
ADEC	-	1 clerk
DMV	-	1 person for hearing appeals

The requirements for a clerk are expected to be unchanged as a new position will be required to process the expanded paperwork and perform the computer matching associated with the increased number of enforcement actions. Similarly, a new position would be required to handle the expanded demands on the appeal process that would accompany the expected increase in enforcement actions.

Option 3

Option 3 is designed to take into account various Transportation Control Strategies that are acceptable to the Environmental Protection Agency (EPA) and the local governments of Anchorage and Fairbanks. The concept would be to substitute Strategies such as; no seasonal waivers, no repair ceilings for failed vehicles, 1968 and newer cars will be inspected; alternative fueled vehicles; remote sensing; etc. to provide sufficient emission credits to make a case to EPA to allow for a two year I/M to be consistent with two year registration. Some of these control measures have been reviewed and rejected by the communities of Anchorage and Fairbanks. (Note: this option would need to be developed in some detail and passed by EPA for their concurrence).

ADEC	-	3 investigators, 1 clerk
------	---	--------------------------

Cost

The cost for the first option is as follows:

Option 1

Option 1 establishes the minimum staffing level required to ensure that violators will be identified and enforcement efforts undertaken. Initially, the department is requesting the PCN's to ensure that if needed, the department will be able to hire personnel to do the required enforcement. However, during the startup and initial few months, the department enforcement will utilize existing staff. If the federally required on-street surveys show that the number of noncomplying vehicles increases, then the additional staff would be able to be added to ensure that the programs do not decrease in their effectiveness in reducing emissions.

Option 2

Option 2 assumes that a statutory violation or bailable offense would not be established. If this is the selected option, the department estimates that it would need a substantial increase in enforcement personnel to ensure that violators were identified and appropriate enforcement actions would be taken. Based on this scenario, it is estimated that at least 600 vehicles in both communities would fail to comply after at least two notifications. This estimate is equal to the average number of expired registration in both communities as identified in parking lot surveys.

All of the costs for both options would be covered by the per car fee. In the case of Option 1, the per car fee would be \$3. For Option 2, the fee would be \$7. Both of the fees are for two (2) years.

Currently, the department receives \$287,400 in general fund match dollars to operate its mobile source program. Federal law requires that the program be supported by either program receipts or a per car fee. If the per car fees were set at \$6 and \$10 respectively, the department could release \$287,400 in general fund dollars and shift its mobile source program to program receipts. All fees were rounded up to the nearest dollar. This will ensure that adequate funds are received with any additional funds going into the general fund at the end of the year.

In addition to the personnel, startup costs would be necessary to develop required software to match inspections with vehicle registrations and generate the mailing and compliance tracking software. In addition, efforts will be made to automate the transfer of information between ADEC and DMV.

Part of the automation will include not only the development of the mailing and compliance tracking software, but polling and transfer software, batch transaction programs to update the DMV file and initial equipment that will improve program performance within DMV and DEC. The estimated cost of this one-time effort is \$225,000. The current estimated startup fee contained in section 20 of HB 328 will generate between \$250,000 and \$300,00. Unlike the per car fee that would after January 1, 1995, this fee will be assessed on all vehicles that meet the requirement and are registered from July 1 through December 31. To ensure that adequate funds are available, we would request that the department be authorized upto \$250,000 in contractual and \$50,000 in equipment funds.

Option 3

Like Option 1, Option 3 establishes a minimum staffing level required to ensure that violators will be identified and enforcement efforts undertaken. Initially, the department is requesting the PCN's to ensure that if needed, the department will be able to hire personnel to do the required enforcement. However, during the startup and initial few months, the department enforcement will utilize existing staff. If the federally required on-street surveys show that the number of noncomplying vehicles increases, then the additional staff would be able to be added to ensure that the programs do not decrease in their effectiveness in reducing emissions.

Phase In Proposal

The department prefers Option 1. Assuming that the bill becomes effective on July 1, 1994 only the Administrative Clerk would to be hired. This position would be responsible to

perform the mail out and other routine administrative matters. An Investigator would then be hired on or about January 1, 1995 to begin investigations resulting from the mailout. Six months later, July 1, 1995, the Department of Motor vehicle person would need to be hired to process the registration revocations resulting from the successful investigations. Depending on the experience gained during this process a decision would be made regarding the need for additional staff to operate the program effectively.

Suggested Statute Changes

As indicated above, some changes would be necessary to enable the department to implement HB 328 and maintain the same program effectiveness. The suggested changes needed are as follows.

Section 21. AS 46.14.510 is amended by adding new a subsection to read:

(i) If required by regulations adopted under this chapter, it is a violation of this chapter to fail to display an original inspection sticker on the vehicle or to keep the current certificate of inspection in the vehicle with the registration, except when used to apply for renewal of registration or to transfer the registration. Upon request, the driver of a vehicle shall present the original certificate of registration, or a legible photocopy if the original is on file at the address shown on the certificate of registration, to a peace officer or an employee of the department acting in an official capacity. A person who violates or causes or permits to be violated a provision of this section, or a regulation issued under this section, is liable for a sum to be assessed by the court of not less than \$100 nor more than \$500 for the first violation. Subsequent violations shall be assessed by the court of not less than \$500 nor more than \$1,000, and shall reflect, when applicable,

(1) reasonable costs incurred by the state in detection, investigation, and attempted correction of the violation;

(2) economic savings realized by the person in not complying with the requirement for which the violation is charged.

Section 22. AS 28.10.051 is amended by adding a new subsection to read:

(9) the vehicle has failed to obtain a certificate of inspection from a state-approved emission inspection program adopted under AS 46.14.400 or AS 46.14.510.

Local Concerns

It is expected that each of the affected communities will oppose the change in the vehicle registration period, expected concerns are:

- loss of air quality benefits, for the same reason, could force them to implement higher cost emission control options; and
- loss of revenue to existing I/M programs because of the reduced incentive for vehicle owners to test their vehicle.

Local leaders are expected to react even more strongly to the options proposed above to offset the enforcement benefits of the annual registration requirements.