

HB

328

SFIN

FILE

DATE: 5/2/94

FURTHER:

DATE TURNED INTO OFFICE: 5-3-94

The Finance Committee considered CS FOR HOUSE BILL NO. 328(FIN)

"An Act allowing motor vehicle registration and licensing fees to be paid by credit card."

and recommends:

- replace with 3 CS CSHB 328 (FINANCE)
- or adopt previous _____ CS _____
- attaches amendment(s)

- same title
- new title
- technical title change (HB only)

adopts _____ Letter of Intent

further referral to the _____

do pass

do not pass

no recommendation

individual recommendations

New
DPS
Fiscal
Note Coming

NEW FISCAL NOTES

Department	Date	Zero	Fiscal
DPS	5/3/94		225.0 opt.
			322.5 rev.

PREVIOUS FISCAL NOTES

Department	Date	Zero	Fiscal

Appropriation No Fiscal Note

DO PASS:

Tim Kelly
Rep. [Signature]
[Signature]
Best Buy
[Signature]

Co-Chair: Signature/Recommendation

OTHER RECOMMENDATIONS:

[Signature] or Re
[Signature]
[Signature]

Co-Chair: Signature/Recommendation

FISCAL NOTE

STATE OF ALASKA
1994 LEGISLATIVE SESSION

BILL NO: SCS CSHB328(FIN)

Revision Date: May 7, 1994 Dept. Affected: Public Safety
 Title: Pay Motor Vehicle Fees by Credit Card BRU: Motor Vehicles
 Component: Field Services
 Sponsor: Representative Martin
 Requestor: (S)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:	322.5	322.5	322.5	322.5	322.5	322.5

FUNDING: (Thousands of Dollars)

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

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 B. Hosack Phone: 269-5559
 Division: Motor Vehicles Date: 05/03/94
 Approved by Commissioner: *[Signature]* Date: 05/03/94
 Agency: Richard J. Burton, Dept. of Public Safety

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[Handwritten]
5/3/95

DISCUSSION

The intent of the Division of Motor Vehicles is to allow the use of credit cards for payment of any transactions. This would include transactions done at any office as well as new services such as a telephone renewal system or a public service kiosk. The credit card companies charge a fee for the use of the cards which typically varies between 1% and 6% depending on the sales volume. The credit card agreement universally prohibits charging an additional fee for using a credit card as opposed to other forms of payment such as cash or check. This policy also prohibits such ploys as offering discounts for payment in cash while charging a higher fee for credit card transactions.

If the bill authorizes a higher fee for the use of the credit card, then the Division will not be able to enter into an agreement to use credit cards. An acceptable practice is to authorize a higher fee for a special service, such as a telephone renewal service in which credit cards are the only means of payment. Several states have such an agreement with a phone service in which the service gives the state full revenue for the transaction and then charges the customer a small fee for the use of the phone system.

For the purposes of this analysis, it is assumed that the bill will be amended to indicate that the additional fee is not for the use of the credit card.

OPERATING EXPENDITURES

The Division intends to allow use of credit cards for all transactions. 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.

REVENUE

The bill assesses an additional fee of \$5 for renewal transactions conducted through a telephone system. Approximately 430,000 renewals were done in 1993. The Division estimates that 15% or 64,500 of these could be done by telephone which would generate \$322,500 in revenue at \$5 each.

Sponsor's Summary CS HB 328 (FIN)

HB 328 provides for motor vehicle registration and driver's license fees to be paid by credit card, including authorization by phone. This legislation has the support of the Division of Motor Vehicles. It is anticipated that use of credit cards will help to increase DMV efficiency and improve services to the public. Additionally, use of a credit card would eliminate the additional paperwork associated with non sufficient fund checks.

Section 1 amends existing statute relating to registration fee rates to allow fees to be paid by credit card, including authorization by phone.

Section 2 amends existing statute relating to fees for drivers' licenses and permits to allow fees to be paid by credit card, including authorization by phone.

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" BRU: 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)

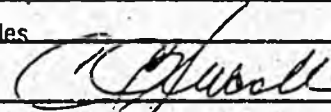
1002 Federal Receipts						
1003 GF Match						
1004 GF	225.0	225.0	225.0	225.0	225.0	225.0
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	225.0	225.0	225.0	225.0	225.0	225.0

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 Y. Burton, Dept. of Public Safety

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