

**SB**

**226**

HFIN

FILE

# HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: March 19, 1996

FURTHER REFERRALS:

Date of Committee Action: 4/11/96

The FINANCE Committee considered:

CSSB 226(FIN) am

CS FOR SENATE BILL NO. 226(FIN) am

MOTOR VEHICLE REGISTRATION/EMISSIONS

"An Act relating to biennial registration of motor vehicles; imposing biennial registration fees on motor vehicles and setting the statutory amounts of a scheduled biennial municipal tax on motor vehicles; relating to motor vehicle emissions control programs; and providing for an effective date."

recommends it be replaced with the following committee substitute HCS CSSB 226(FIN)  the same title  a new title

additional referral to \_\_\_\_\_ Committee

attached amendment(s)

ADOPTS: \_\_\_\_\_ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dep.)

APPROVES PREVIOUS: (Dep., Date)

fiscal note(s) PPS

fiscal note(s) \_\_\_\_\_

zero fiscal note(s) \_\_\_\_\_

zero fiscal note(s) \_\_\_\_\_

SIGNING WITH RECOMMENDATIONS		DP	DNP	NR	AM
<i>Richard Josey</i>	Foster	X			
<i>Mark Hanley</i>	Hanley	X			
<i>John Mulder</i>	Mulder	X			
<i>Tony Martin</i>	M. Martin	X			
<i>Neil Kohring</i>	Kohring	X			
<i>Ben Grossenbart</i>	Grossenbart			X	
<i>Ray Brown</i>	Brown				X
<i>Walter Kelly</i>	Kelly	V			
<i>Gene Theriault</i>	Theriault	X			

CO CHAIR'S SIGNATURE *Mark Hanley* *Richard Josey*

# FISCAL NOTE

**STATE OF ALASKA**  
**1996 LEGISLATIVE SESSION**

**BILL NO: HCS CSSB 226(FIN)**

Revision Date: 4/11/96 Dept. Affected: Public Safety  
 Title: An act relating to biennial registration of motor vehicles imposing biennial registration fees BRU: Motor Vehicles  
 Component: Field Services  
 Sponsor: Senator Frank  
 Requestor: H.FIN. COMPONENT SERIAL NO. 0501

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

OPERATING	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	5.5	(52.9)	(119.0)	(119.0)	(119.0)	(119.0)
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>5.6</b>	<b>(52.9)</b>	<b>(119.0)</b>	<b>(119.0)</b>	<b>(119.0)</b>	<b>(119.0)</b>
<b>CAPITAL EXPENDITURES</b>						
<b>CHANGE IN REVENUES (1005)</b>	<b>5,069.5</b>	<b>5,053.3</b>	<b>(548.7)</b>	<b>(548.7)</b>	<b>(548.7)</b>	<b>(548.7)</b>

**FUNDING: (Thousands of Dollars)**

1002 Federal Receipts						
1003 GE Match						
1004 GE		(52.9)	(119.0)	(119.0)	(119.0)	(119.0)
1005 GE/Program Receipts						
1006 GE/MHTIA						
Other						
<b>TOTAL</b>						

Estimate of current year (FY 96) impact: \$ \_\_\_\_\_

**POSITIONS:**

FULL-TIME	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

**ANALYSIS (Attach a separate page if necessary)**

SEE ATTACHED

Prepared By: Charles R. Hosack Phone: 260-5559  
 Division: Motor Vehicles Date: 4/11/96  
 Approved by Commissioner: *Ronald L. Otte* Date: 4-11-96  
 Agency: Ronald L. Otte, Dept. of Public Safety

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ANALYSIS

This bill will require all vehicles to be registered on a biennial rather than an annual basis. This bill will reduce some of the workload for DMV but it will not reduce it by 50%. The annual renewal of registration is one of the easiest transactions 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 driver license with road test, or 3 hours for an original commercial driver license with a road test.

In 1995 there were approximately 150,000 original registrations for new vehicles and vehicles first coming into the state and there were approximately 430,000 registration renewals. The total number of registration transactions, 580,000, will be the basis for estimating costs and revenue for the biennial program.

The bill does exempt rental vehicles from biennial registration and allows them to continue with an annual registration. This would have no revenue impact since this is no change from the current status.

The bill creates a special exemption that requires the department to waive the \$10 fee paid on registration renewals not conducted by mail if the registration is done by an authorized contract agent. This amendment will increase operating costs and decrease revenue. In FY 95, a total of \$31.7 was collected from owners who did not renew by mail but instead renewed their registrations at a commission agent. This revenue will be lost with the new exemption. Also some of the owners who began using the mail to avoid the \$10 fee will revert back to using the commission agents. This will increase operating costs since the agents are paid a percentage of the gross revenue collected. A comparison was made using the two years before the fee was imposed and the two years after the fee was imposed. The registration renewals at commissioned agents decreased an average of 3714 after the fee was imposed. Some may continue to use the mail but it will be assumed that 50% of these will not. The 1857 registrations at an average of \$40 will increase commission agent revenue collections by \$74.3. Commission agents are paid 15% of the gross revenue so this will generate an additional \$11.1 in commission agent payments. Since the effective date is January 1, 1997, half of the revenue and expenditure amount will be shown in FY 97 and the full amount will be shown in FY 98 and after.

Operating Costs/Savings

There will be cost savings in forms and postage since only 50% of the vehicles will be sent renewal notices each year after the phase in period. There will also be a savings in postage for the return renewals for the 60% of vehicles registered by mail. The cost savings will begin in Jan 98 with half the savings shown in FY 98 and the full amount in each thereafter. These savings are shown as follows:

Postage		
260,000 renewal notices @ \$0.27		\$70.2
156,000 mail renewals @ \$0.32		\$50.0
Forms		
260,000 forms @ \$0.03		\$7.8
	Savings	\$128.0
Commission Payment Increase (beginning Jan 97)		\$11.1

Revenue

This bill increases the registration fees for all vehicles which for this estimate is the 580,000 registration transactions in 1995. The new registration amount is twice the current amount minus \$2. During the first year of the phase-in period there will be an increase in revenue since all vehicles will be required to register but 50% will pay the higher fees for the biennial period. This increase will be shown half in FY 97 and half in FY 98. The total amount of the increase is based on the amount collected in FY 95 for registration which was \$21,500,000.00. During the first complete year of the program all vehicles will be required to register and half will pay the higher fees for biennial registration. The one time revenue increase will be shown in two years. After the first year of the program only half the vehicles will register but they will pay the higher fees. There will be a small revenue loss because the new fees are \$2.00 less than doubling the current fees.

The \$10 fee exemption for registration renewals conducted at commission agents will decrease revenue by \$31.7 annually. Only half of this decrease will be shown in FY 97.

# FISCAL NOTE

2

**STATE OF ALASKA**  
**1998 LEGISLATIVE SESSION**

**BILL**

Bill Version: CSSB 226 (FIN)  
(S) Publish Date: 3-12-96

Revision Date: 3/8/96  
Title: An act relating to biennial registration of motor vehicles imposing biennial registration fees ...  
Sponsor: Senator Frank  
Requestor: S FIN

Dept. Affected: Public Safety  
BRU: Motor Vehicles  
Component: Field Services  
COMPONENT SERIAL NO. 0501

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

OPERATING	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL		(64.0)	(128.0)	(128.0)	(128.0)	(128.0)
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>		<b>(64.0)</b>	<b>(128.0)</b>	<b>(128.0)</b>	<b>(128.0)</b>	<b>(128.0)</b>
<b>CAPITAL EXPENDITURES</b>						
<b>CHANGE IN REVENUES (1006) Revenue Code</b>	<b>5,085.0</b>	<b>5,085.0</b>	<b>(580.0)</b>	<b>(580.0)</b>	<b>(580.0)</b>	<b>(580.0)</b>

**FUNDING: (Thousands of Dollars)**

1002 Federal Receipts						
1003 GE Match						
1004 GE		(64.0)	(128.0)	(128.0)	(128.0)	(128.0)
1005 GE/Program Receipts						
1006 GE/MHTIA						
Other						
<b>TOTAL</b>						

Estimate of current year (FY 96) impact: \$ \_\_\_\_\_

**POSITIONS:**

FULL-TIME	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS (Attach a separate page if necessary.)

SEE ATTACHED

Prepared By: Charles R. Moseck Phone: 269-5559  
 Division: Motor Vehicles Date: 3/8/96  
 Approved by Commissioner: Ronald L. Otto Date: 2/1/96  
 Agency: Ronald L. Otto, Dept. of Public Safety

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Adopted

9-LS1452\M.2

Ford

4/10/96

AMENDMENT

5

Mulder

OFFERED IN THE HOUSE

TO: CSSB 226(FIN) am

- 1 Page 8, lines 12 - 13:
- 2 Delete all material.
- 3 Insert "the municipality in administering
- 4 (1) the motor vehicle emission control inspection program; and
- 5 (2) the related ambient air monitoring program."


# MUNICIPALITY OF ANCHORAGE

## MEMORANDUM

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DATE: March 27, 1996

TO: Denny DeWitt  
Rep. Eldon Mulder

FROM: Tim Rogers, Legislative Program Coordinator   
343-4467

SUBJECT: S.B. 226

Per our telephone conversation, S.B. 226, which is scheduled to be heard in the House Finance Committee March 28 & 29, was amended to restrict the fee that may be charged by a municipality to an amount "not to exceed the actual costs of the department or the municipality in administering the motor vehicle emission control inspection program."

This is problematic for the Municipality in that by ordinance (copy attached) our fees cover not only the cost of administering the I/M program but also related air quality control programs. Currently \$295,000 of the Anchorage I/M revenues are appropriated to the air quality control program as a required match for a \$110,000 ADEC pass through grant from EPA.

I would appreciate your assistance in having Section 16 of S.B. 226 amended to allow us to charge a fee that does not exceed the actual costs of the Municipality in administering the motor vehicle emission control inspection program and related air quality control program.

Please call me at 343-4467 if you have any questions, and thanks for your assistance.

Chapter 15.80

VEHICLE INSPECTION AND MAINTENANCE PROGRAM

Sections:

15.80.010	Inspection and maintenance of motor vehicles.
15.80.020	Referee station.
15.80.030	presumption of violation.
15.80.040	Enforcement.
15.80.050	Penalties.
15.80.060	Waiver for seasonal use vehicles.
15.80.070	Waiver for show cars. [Repealed].

15.80.010 Inspection and maintenance of motor vehicles.

- A. Every owner of a vehicle registered, principally located or principally used within the Municipality of Anchorage shall have each such vehicle inspected and maintained annually in accordance with the requirements specified in the document entitled "Anchorage I/M Program Design Document" dated October 15, 1993, as amended, and referred to as the "I/M Program Design". The I/M Program Design is adopted by reference as part of this ordinance, as are measures adopted by the program administrator pursuant to subsection I of this section.
- B. Every owner of more than 10 vehicles which are primarily used in the Municipality of Anchorage shall have such vehicles inspected and maintained in accordance with the requirements of the I/M Program Design regardless of whether such vehicles are registered with the Municipality of Anchorage.
- C. A certificate of inspection issued in accordance with the procedures specified in the I/M Program Design shall be required prior to vehicle registration or vehicle registration renewal with the Alaska Division of Motor Vehicles for all vehicles subject to the requirements of the I/M Program Design.
- D. The director of the Department of Health and Human Services shall have principal responsibility for the implementation and enforcement of the I/M program and shall designate one employee of the department as the I/M program administrator.
- E. The I/M program administrator shall certify mechanics, vehicle test or service facilities (stations), equipment and training courses meeting all certification requirements specified in 54 of the I/M Program Design.

- F. All inspections required under the I/M Program Design shall be done in a manner consistent with the requirements of §6 of the I/M Program Design when performed by certified I/M stations.
- G. Certifications shall be suspended or revoked by the I/M program administrator for repeated or serious violations of procedures or requirements specified in the I/M Program Design.
- H. No facility may advertise itself as a certified I/M station unless it is certified as such by the I/M program administrator.
- I. Upon 60 days' advance notice to certified I/M stations and the public, the I/M program administrator shall make such changes to the I/M Program Design as are necessary to:
1. Maintain an overall failure rate of 30% or less; and
  2. Require the use of inspection and repair procedures which are cost-effective and which reflect changes in the motor vehicle fleet.
- J. The program administrator shall sell blank certificates of inspection to certified I/M stations for a fee of \$10.00. A \$2.00 fee shall be charged for certificates of inspection issued by the program administrator to vehicles qualifying for a waiver under the I/M Program Design; except for Certificates of Inspection issued by the program administrator for vehicles which are registered in, but not used in, the Municipality of Anchorage. The certificate of inspection fees shall be for the cost of operating the I/M and related air quality programs and shall from time to time be modified to reflect changes in the program operating costs.
- K. An average of four random checks per year per inspection station shall occur. (AO 84-110, am AO 85-8, AO 87-35, AO 87-27, AO 88-154(S), AO 88-184; AO No. 93-216(S), 51, 2-15-94).

NOTE

15.80.020 Referee station.

The I/M Program Design is amended to provide that the referee station anticipated in the I/M Program Design shall be offered for operation by the private sector. (AO 84-110).

15.80.030 Presumption of violation.

The failure of an owner of a vehicle to display current license plates and expiration stickers on a vehicle is prima facie evidence of failure to annually inspect and maintain the

8/21/96  
STEVE FRANK

# Alaska State Legislature

119 N. Cushman, Rm 211  
Fairbanks, Alaska 99701  
(907) 452-3421



While in Juneau  
P.O. Box 5  
Juneau, Alaska 99801  
(907) 465-1772  
Capitol Rm 317

Senate

## MEMORANDUM

TO: Representative Mark Hanley, Co-Chair  
House Finance Committee

FROM: Senator Steve Frank, Co-Chair  
Senate Finance Committee

RE: SB 226: *Biennial Motor Vehicle Registration*

DATE: March 20, 1996

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This is to request the scheduling of an expedited hearing for CS SB 226 (FIN) am. Attached is a sectional analysis, an overview outline, and a summary of highlights prepared by my office.

SB 226 requires motor vehicles registrations to be renewed once every two years instead of annually. This will result in shorter customer service lines at the Division of Motor Vehicles (DMV) by reducing the necessity for as frequent public contact.

To help offset the burden of having to pay two years of fees at once, this legislation gives the public a small registration fee break. However, despite the small fee break to the public, the state and those municipalities which have a motor vehicle registration tax will receive additional one time revenues in the year of implementation due to accelerated collections.

The Senate Finance Committee version of this bill contained provisions that would have delayed implementation of the biennial emissions testing (enacted last year by SB 28 to take effect July 1, 1996) by six months to allow for concurrent implementation with biennial registrations starting July 1, 1997. This change in implementation date was requested by

Representative Mark Hanley

March 20, 1996

Page 2

the Department of Environmental Conservation (DEC) and supported by the Department of Public Safety. However, on the Senate floor those provisions were deleted. Consequently, DEC is still required to implement biennial emissions testing on July 1, 1996, six months before DMV would be required to implement biennial registration under the current version of SB 226.

However, DMV has advised us that they could implement the biennial registration provisions of SB 226 starting July 1, 1996 without any additional cost if the legislation were to pass the legislature by the end of March. If the House Finance Committee will schedule this bill within the next few days, it would be my intention to request an amendment to the effective date making this legislation effective July 1, 1996.

Implementation of SB 226 on July 1, 1996 would also increase revenues for FY 97 by \$10.2 million, helping shrink the fiscal gap.

I believe this is a good piece of legislation. I request an expedited hearing before the House Finance Committee and encourage your support. Thank you.

PROVIDED BY SENATOR FRANK  
**CS SB 226 (FIN) am SECTIONAL ANALYSIS**  
As of March 20, 1996

- Secs. 1-4:** Amends AS 28.10.108 by substituting biennial for annual.
- Sec. 5:** Amends AS 28.10.111(b) by substituting biennial for annual, maintaining the Commissioner's current authority to establish longer registration periods.
- Sec. 6:** Amends AS 28.10.411(a) by substituting biennial for annual.
- Sec. 7:** Amends AS 28.10.411(f) by changing the reference to the calendar year to the biennial registration period.
- Secs. 8-11:** Amends AS 28.10.421(b)-(d), (f) by making biennial fees two times the current fee minus \$2 for all annual fees that are currently equal to or greater than \$35; and making biennial fees two times the current fee for all annual fees that are currently less than \$35.
- Sec. 12:** Amends AS 28.10.423 by substituting biennial for annual.
- Sec. 13:** Amends AS 28.10.431(b) by changing the optional municipal motor vehicle registration tax to a biennial tax, based upon the age of the vehicle as determined by model year in the first year of the biennial period. Adds two years of fees together.
- Sec. 14:** Amends AS 28.10.431(h) adjusting a technical reference resulting from renumbering in this bill.
- Sec. 15:** Amends AS 28.35.155(a) by substituting biennial for annual.
- Sec. 16:** Amends AS 46.14.510 to ensure that state and municipal fees for emission control inspection programs do not exceed the actual costs of administering those programs.
- Sec. 17:** Provides for staggered implementation of biennial registration over a 2 year period.
- Sec. 18** Makes section 17 effective immediately. *(A technical amendment to delete this section will be requested by the sponsor.)*
- Sec. 19:** Makes all the enacted changes effective January 1, 1997, except for those in section 17. *(A technical amendment to delete the reference to section 18 will be requested by the sponsor.)*

PROVIDED BY SENATOR FRANK  
**CS SB 226 (FIN) am OVERVIEW**  
As of March 20, 1996

This legislation:

1. changes the annual registration of motor vehicles to a biennial (every 2 years) registration;
2. makes biennial fees 2X the current fee minus \$2 for all annual fees that are currently equal to or greater than \$35;
3. makes biennial fees 2X the current fee for all annual fees that are currently less than \$35;
4. allows the state to receive \$10.2 million additional one-time revenues over FY 97 and FY 98 as a result of accelerated collections (per DPS fiscal note);
5. converts the municipal motor vehicle registration tax (MVRT) schedule to a biennial basis without any reduction to revenue for municipalities. Although registrations would be spread out over a 2 year period, collections per registration would double;
6. allows municipalities with MVRTs to receive additional one time revenues as a result of accelerated collections;
7. ensures that state and municipal costs for emission control inspection programs do not exceed the actual costs of administering those programs; and
8. allows staggered implementation over a 2-year period beginning January 1, 1997.

PROVIDED BY SENATOR FRANK  
**CS SB 226 (FIN) am HIGHLIGHTS**  
As of March 20, 1996

Ensures the public only has to register vehicles half as often!

Reduces customer service lines at DMV by spreading out registrations over two years!

Gives the public a small state registration fee break!

Maintains current municipal motor vehicle registration tax levels!

Provides a significant one time boost in revenues for the state and those municipalities which have a motor vehicle registration tax due to accelerated collections!

Ensures that state and municipal fees for emission control inspection programs do not exceed the actual costs of administering those programs!

Provides for staggered implementation over a 2-year period beginning January 1, 1997!

## Summary of Benefits Associated with Delaying the Implementation of SB 28

Over the past 11 years, motorists living in Anchorage and Fairbanks have been required to obtain an I/M certificate before registering their vehicle each year. The linkage between I/M and registration has worked well and produced substantial air quality benefits in both communities. Since SB 28 will change the relationship between these programs, care must be taken to minimize public confusion over the relationship between biennial I/M and annual registration. The current debate over SB 226 provides an opportunity to reestablish the linkage between these two programs. By implementing both programs on January 1, 1997, this linkage will be preserved and public confusion will be minimized. The cost savings expected to result from this change in implementation date include the following:

- approximately \$150,000 in TAS software costs to I/M stations will be saved by combining two updates (to implement biennial I/M and vehicle registration separately) into a single update; this will result in a savings of roughly \$0.50/test in inspection fees (i.e., to pay for the added update), which would otherwise be passed onto motorists (this cost would only be incurred if a change to SB226 should be made that would require changes to our TAS software);
- costs that would be needed to fund additional staff to handle the increased counter traffic and phone calls expected to occur due to public confusion over separate I/M and registration biennial implementation schedules;
- the additional cost of modifying I/M certificate and vehicle registration tracking software maintained by DEC, DMV and the local I/M programs to account for two separate implementation schedules;
- the cost associated with adoption of regulations to prepare and implement separate mid-year conversions for the two biennial programs;
- no additional costs would be incurred if the implementation of SB28 should be delayed; and
- while it is difficult to place a price tag on confusion, the savings in time not spent on wasted trips to DMV and I/M stations, and related phone calls will be significant;

ANALYSIS

This bill will require all vehicles to be registered on a biennial rather than an annual basis. This bill will reduce some of the workload for DMV but it will not reduce it by 50%. The annual renewal of registration is one of the easiest transactions 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 an original non-commercial driver license with road test, or 3 hours for an original commercial driver license with a road test.

In 1995 there were approximately 150,000 original registrations for new vehicles and vehicles first coming into the state and there were approximately 430,000 registration renewals. The total number of registration transactions, 580,000, will be the basis for estimating costs and revenue.

Cost Savings

There will be cost savings in forms and postage since only 50% of the vehicles will be sent renewal notices each year after the phase in period. There will also be a savings in postage for the return renewals for the 60% of vehicles registered by mail. These savings are shown as follows:

Postage		
280,000 renewal notices @ \$0.27		\$70.2
156,000 mail renewals @ \$0.32		\$50.0
Forms		
280,000 forms @ \$0.03		\$7.8
	Total Savings	\$128.0

Only 50% of this savings will be shown in the initial year since the program goes into effect in January 97.

Revenue

This bill increases the registration fees for all vehicles which for this estimate is the 580,000 registration transactions in 1995. The new registration amount is twice the current amount minus \$2. During the first year of the phase-in period there will be an increase in revenue since all vehicles will be required to register but 50% will pay the higher fees for the biennial period. This increase will be shown half in FY 97 and half in FY 98. The total amount of the increase is based on the amount collected in FY 95 for registration which was \$21,500,000.00. During the first complete year of the program all vehicles will be required to register and half will pay the higher fees for biennial registration. The one time revenue increase will be shown in two fiscal years. After the first year of the program only half the vehicles will register but they will pay the higher fees. There will be a small revenue loss because the new fees are \$2.00 less than doubling the current fees.

# STATE OF ALASKA

TONY KNOWLES, GOVERNOR

## DEPT. OF ENVIRONMENTAL CONSERVATION

OFFICE OF THE COMMISSIONER  
410 Willoughby Avenue, Suite 105  
Juneau, Alaska 99801-1795

Phone: (907) 465-5066  
Fax: (907) 465-5070

March 28, 1996

The Honorable Mark Hanley  
Co-Chairman, House Finance Committee  
State Capitol, Room 507  
Juneau, AK 99801-1182

Dear Representative Hanley:

I am writing to you regarding CSSB 226(FIN) am, converting vehicle registration from an annual program to a biennial program. As government continues to downsize, it is important to look for opportunities to coordinate our efforts to implement statewide program changes. CSSB 226(FIN) am provides such an opportunity.

Last year, SB 28 was passed and signed by the Governor, converting the vehicle inspection program from annual to biennial effective July 1, 1996. Now that the legislature is considering doing the same for vehicle registration, we believe it makes sense to coordinate the implementation of CSSB 226(FIN) am with SB 28.

We would appreciate your committee's consideration of the attached amendment which would delay the implementation of SB 28 to January 1997, the same effective date proposed for CSSB 226(FIN) am. We've also included a brief fact sheet describing the benefits of this delay. It's important to note the real beneficiaries of coordinating the implementation of these two programs will be the citizens of Alaska.

This amendment was made in the Senate Finance Committee with the support of the sponsor of CSSB 226(FIN) am. However, the bill was further amended on the floor of the Senate, and this amendment was removed. In the time since CSSB 226(FIN) am was considered by the full Senate, the general funds provided to the department for implementing SB 28 (\$50.0) have been slated for reduction by the department's House Finance budget subcommittee. Therefore delaying the implementation of SB 28 has become even more important in order to allow DEC and DPS to coordinate the costs of implementing both of these programs.

The Honorable Mark Hanley

- 2 -

March 28, 1996

We appreciate your consideration of this request. If your staff have any questions, please have them call Ron King in our Air Quality Program at 465-5128.

Sincerely,



Michele Brown  
Commissioner

Enclosures:

- 1) Proposed Amendment to CSSB 226(FIN) am
- 2) Summary of Benefits/Delaying SB 28
- 3) Copy of SB 28

cc: Members, House Finance Committee (w/enc.)



adopted w/o Obj  
AMENDMENT I

OFFERED IN THE HOUSE

TO: CSSB 226(FIN) am

- 1 Page 8, line 20:
- 2 Delete all material.
  
- 3 Renumber the following section accordingly.
  
- 4 Page 8, line 21:
- 5 Delete "Except as provided under sec. 18 of this Act, this"
- 6 Insert "This"

*withdrawn*  
AMENDMENT 2

OFFERED IN THE HOUSE

TO: CSSB 226(FIN) am

- 1 Page 8, line 18:
- 2 Delete "January 1, 1998"
- 3 Insert "July 1, 1997"
  
- 4 Page 8, line 19:
- 5 Delete "January 1, 1999"
- 6 Insert "July 1, 1998"
  
- 7 Page 8, line 21:
- 8 Delete "January 1, 1997"
- 9 Insert "July 1, 1996"

withdrawn

AMENDMENT # 4

CSSB 226 (FIN) am

Mulder

Page 8, line 14 add:

Section 17. Section 7, ch 56, SLA 1995, is amended to read:

Sec 7. Except as provided in sec. 6 of this is, this Act takes effect January 1, 1997

[JULY 1, 1996].

Renumber remaining sections accordingly.

Page 8, line 20, add new subsection:

(b) Notwithstanding the provisions of ch. 56, SLA 1995, the biennial motor vehicle emissions inspection program imposed under ch. 56, SLA 1995 shall be imposed by a municipality or the Department of Environmental Conservation in a manner that allows approximately one-half of vehicle inspections to occur by January 1, 1998 and the remaining emissions inspections to occur by January 1, 1999.

Page

# STATE OF ALASKA

TONY KNOWLES, GOVERNOR

## DEPT. OF ENVIRONMENTAL CONSERVATION

OFFICE OF THE COMMISSIONER  
410 Willoughby Avenue, Suite 105  
Juneau, Alaska 99801-1795

Phone: (907) 465-5066  
Fax: (907) 465-5070

March 28, 1996

The Honorable Mark Hanley  
Co-Chairman, House Finance Committee  
State Capitol, Room 507  
Juneau, AK 99801-1182

Dear Representative Hanley:

I am writing to you regarding CSSB 226(FIN) am, converting vehicle registration from an annual program to a biennial program. As government continues to downsize, it is important to look for opportunities to coordinate our efforts to implement statewide program changes. CSSB 226(FIN) am provides such an opportunity.

Last year, SB 28 was passed and signed by the Governor, converting the vehicle inspection program from annual to biennial effective July 1, 1996. Now that the legislature is considering doing the same for vehicle registration, we believe it makes sense to coordinate the implementation of CSSB 226(FIN) am with SB 28.

We would appreciate your committee's consideration of the attached amendment which would delay the implementation of SB 28 to January 1997, the same effective date proposed for CSSB 226(FIN) am. We've also included a brief fact sheet describing the benefits of this delay. It's important to note the real beneficiaries of coordinating the implementation of these two programs will be the citizens of Alaska.

This amendment was made in the Senate Finance Committee with the support of the sponsor of CSSB 226(FIN) am. However, the bill was further amended on the floor of the Senate, and this amendment was removed. In the time since CSSB 226(FIN) am was considered by the full Senate, the general funds provided to the department for implementing SB 28 (\$50.0) have been slated for reduction by the department's House Finance budget subcommittee. Therefore delaying the implementation of SB 28 has become even more important in order to allow DEC and DPS to coordinate the costs of implementing both of these programs.

The Honorable Mark Hanley

- 2 -

March 28, 1996

We appreciate your consideration of this request. If your staff have any questions, please have them call Ron King in our Air Quality Program at 465-5128.

Sincerely,



Michele Brown  
Commissioner

Enclosures:

- 1) Proposed Amendment to CSSB 226(FIN) am
- 2) Summary of Benefits/Delaying SB 28
- 3) Copy of SB 28

cc: Members, House Finance Committee (w/enc.)

## Summary of Benefits Associated with Delaying the Implementation of SB 28

Over the past 11 years, motorists living in Anchorage and Fairbanks have been required to obtain an I/M certificate before registering their vehicle each year. The linkage between I/M and registration has worked well and produced substantial air quality benefits in both communities. Since SB 28 will change the relationship between these programs, care must be taken to minimize public confusion over the relationship between biennial I/M and annual registration. The current debate over SB 226 provides an opportunity to reestablish the linkage between these two programs. By implementing both programs on January 1, 1997, this linkage will be preserved and public confusion will be minimized. The cost savings expected to result from this change in implementation date include the following:

- approximately \$150,000 in TAS software costs to I/M stations will be saved by combining two updates (to implement biennial I/M and vehicle registration separately) into a single update; this will result in a savings of roughly \$0.50/test in inspection fees (i.e., to pay for the added update), which would otherwise be passed onto motorists (this cost would only be incurred if a change to SB226 should be made that would require changes to our TAS software);
- costs that would be needed to fund additional staff to handle the increased counter traffic and phone calls expected to occur due to public confusion over separate I/M and registration biennial implementation schedules;
- the additional cost of modifying I/M certificate and vehicle registration tracking software maintained by DEC, DMV and the local I/M programs to account for two separate implementation schedules;
- the cost associated with adoption of regulations to prepare and implement separate mid-year conversions for the two biennial programs;
- no additional costs would be incurred if the implementation of SB28 should be delayed; and
- while it is difficult to place a price tag on confusion, the savings in time not spent on wasted trips to DMV and I/M stations, and related phone calls will be significant;

Withdrawn

9-LS1452\K.8  
Ford  
3/29/96

AMENDMENT 6

by Mulder

OFFERED IN THE HOUSE

TO: CSSB 226(FIN) am

- 1 Page 2, line 13, after "choice.":
- 2       Insert "Notwithstanding the other provisions of this chapter, upon request of the
- 3 owner and payment of the proportionate prorated fee, a rental motor vehicle shall be
- 4 registered annually."

Replaced

9-LS1452(K.4)

FORD

3/28/96

AMENDMENT

5 Mulvaney

OFFERED IN THE HOUSE

TO: CSSB 226(FIN) am

- 1 Page 8, line 13, after "program.":
- 2       Insert "This subsection does not apply to an air quality control program established
- 3 by the department or a municipality that is not a vehicle emission control program."

Replaced

9-LS14521K.6

Ford

3/28/96

AMENDMENT 7 - mackie

OFFERED IN THE HOUSE

TO: CSSB 222(FIN) am

Discussed  
not  
moved

1 Page 3, after line 2

2 Insert a new bill section to read:

3 \* Sec. 8. AS 28.10.421(a) is amended to read

4 (a) Unless otherwise provided by law,

5 (1) the fees prescribed in this section shall be paid to the department  
6 at the times provided under AS 28.10.108 and 28.10.111; and

7 (2) an additional fee of \$10 shall be added to the registration fee set  
8 out in this section for registration not conducted by mail, the department shall waive  
9 this additional fee for registration occurring at a contract office authorized under  
10 AS 28.15.081(d) and may waive this additional fee for a good cause based on criteria  
11 established in regulations adopted by the department.

12 Renumber the following bill sections accordingly:

13 Page 8, line 20

14 Delete "Section 17"

15 Insert "Section 18"

16 Page 8, line 21

17 Delete "sec. 18"

18 Insert "sec. 19"

# Alaska State Legislature

ALASKA STATE OFFICE  
JUNEAU, ALASKA 99801  
TELEPHONE  
FACSIMILE  
MAILING LIST  
LEGISLATIVE COUNCIL  
LEGISLATIVE CLERK  
LEGISLATIVE SECRETARY



REPRESENTATIVE  
**JERRY MACKIE**

House of Representatives

March 29, 1996

## MEMORANDUM

To: Rep. Hanley, Co-chair  
Rep. Foster, Co-chair

From: Rep. Mackie 

Re: Amendment to SB 226 exempting contract agents.

A \$10 incentive fee was established several years ago to induce the public to renew driver's licenses by mail. In effect, the \$35 license renewal would cost \$45 if a person sought an immediate transaction at any DMV field office. The purpose of the inducement was to reduce the overcrowding primarily at the DMV offices in the urban centers and their associated need for additional staff.

An unintended side effect, however, was to severely reduce the income of the contract agents who are providing DMV services in the smaller communities of the state. Areas served by contract agents are Craig, Wrangel, Petersburg, Skagway, Dutch Harbor, Dillingham, Naknek, Barrow, Anderson, and Seward. The use of contract agents is an important and cost effective way of providing DMV services (including exams and driving tests) without establishing a field office with state employees. The citizens benefit from the local availability of the DMV services that would otherwise entail expensive transportation costs to an urban center.

In summary, the incentive fee undermines the purpose of having contract agents and the relatively uniform provision of DMV services in all parts of the state. The amendment would exempt areas served by contract agents from the \$10 additional fee for not using the mail to renew licenses.

## CRAIG DEPT. OF MOTOR VEHICLES

Kathy See, Agent

P.O. Box #25 Craig, AK 99921

907 626-3950

Hours Mon, Wed, Fri, 10am-4pm

Wed Nights 7pm to 9pm

Last Sunday Month 1pm to 3pm

June 30, 1993

Jay N Dulany

Director

Division of Motor Vehicles

5700 E Tudor Road

Anchorage Ak 99507

Dear Mr. Dulany;

In regards to the new law (AS 28.10.421(a)(2)), I would like to make the following point:

Fee agents are paid on a commission basis. Renewals provide a substantial portion of our salary. Last year I processed 85% vehicle renewals from this location (932). At the least expensive rate of \$35, this translated to a direct pay loss of \$4681.50 if these renewals are done by mail. The actual total is much larger as I have a large amount of commercial vehicles with registration fees of \$156 to \$221. At 15%, these mean a commission of \$23.40 or \$33.15 per transaction. These fees will be in grave jeopardy with the \$10 renewal fee proposed. Someone with a fleet of 10 or 20 trucks will hardly be likely to pay an additional \$100 to \$200 a year for registrations.

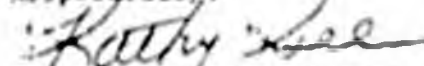
I do not feel it was the intent of the Legislature to penalize those of us who are on a strictly commission basis. There are no perks with the Fee Agent positions and to further penalize us with the renewal penalty seems unfair.

I can't speak for the other Fee Agents in the State but I know that I spend time cultivating my customers so they'll return. This is how I earn "pay increases" as there are none for those who don't work for them in this position.

When you are considering exemptions for this law, I respectfully request that you take this information into careful consideration. I feel an exemption to all Fee Agent offices is within the intent of this legislation.

If I can be of further service please don't hesitate to call or write to me. Thank you in advance for your consideration on our behalf.

Respectfully,

  
Kathy See/Craig DMV Agent

9-LS1452K7 ✓

Cook  
3/28/96

adopted 3/28/96  
AMENDMENT 3

## OFFERED IN THE HOUSE

TO: CSSB 226(FIN) am as amended by K.2

1 Page 1, line 4:

2 After "programs;"

3 Insert "amending the effective date in sec. 7, ch. 56, SLA 1995;"

4 Page 8, following bill section 16:

5 Delete all material.

6 Insert the following new bill sections to read:

7 \* Sec. 17. Section 7, ch. 56, SLA 1995, is amended to read:

8 Sec. 7. Except as provided in sec. 6 of this Act, this Act takes effect

9 January 1, 1997 (JULY 1, 1996)

10 \* Sec. 18. TRANSITION. (a) Notwithstanding the provisions of this Act, the biennial  
 11 registration fees imposed under this Act shall be imposed by the Department of Public Safety  
 12 upon registration or renewal of an existing registration and in a manner that allows  
 13 approximately one-half of vehicle registrations to be issued or renewed under a biennial  
 14 system by January 1, 1995, and the remaining biennial vehicle registrations or renewals to  
 15 be imposed by January 1, 1999.

16 (b) Notwithstanding the provisions of ch. 56, SLA 1995, the biennial motor vehicle  
 17 emissions inspection program imposed under ch. 56, SLA 1995, shall be imposed by a  
 18 municipality or the Department of Environmental Conservation in a manner that allows  
 19 approximately one-half of vehicle inspections to occur by January 1, 1998, and the remaining  
 20 emissions inspections to occur by January 1, 1999.

21 \* Sec. 19. Section 17 of this Act takes effect immediately under AS 01.10.070(c)

22 \* Sec. 20. Except as provided under sec. 19 of this Act, this Act takes effect January 1,

23 1997.

Mackie

AMENDMENT 7

Adopted

## OFFERED IN THE HOUSE

TO: CSSB 226(FIN) am

1 Page 8, following line 13:

2 Insert a new bill section to read:

3 "• Sec. 17. Section 2, ch. 56, SLA 1995, is amended to read:

4 Sec. 2. AS 28.10.421(a) is amended to read:

5 (a) Unless otherwise provided by law,

6 (1) the fees prescribed in this section shall be paid to the department  
7 at the times provided under AS 28.10.108 and 28.10.111; and8 (2) an additional fee of \$10 shall be added to the registration fee set  
9 out in this section for registration not conducted by mail or not conducted at an  
10 emissions inspection station or contract office offering vehicle registration services;  
11 the department may waive this additional fee for a good cause based on criteria  
12 established in regulations adopted by the department."

13 Remember the following bill sections accordingly.

14 Page 8, line 20:

15 Delete "Section 17 of this Act takes"

16 Insert "Sections 17 and 18 of this Act take"

17 Page 8, line 21:

18 Delete "sec. 18"

19 Insert "sec. 19"

Adopted Mulder  
no lobby

9-LS1452K.10  
Ford/Cramer  
4/3/96

AMENDMENT 8

OFFERED IN THE HOUSE

TO: CSSB 226(FIN) am

1 Page 2, line 13, after "choice.":

2 Insert "Notwithstanding the other provisions of this chapter, upon request of the  
3 owner and payment of the annual fee set out in (h) of this section, the department shall  
4 register a rental motor vehicle for a one-year period."

5 Page 6, after line 5:

6 Insert a new bill section to read:

7 "Sec. 12. AS 28.10.421 is amended by adding a new subsection to read:

8 (h) The annual registration fees for rental motor vehicles under this subsection  
9 are imposed and are based upon the actual unladen weight as established by the  
10 manufacturer's advertised weight or upon the actual weight which the owner shall  
11 furnish, subject to the approval of the commissioner or the commissioner's  
12 representative, as follows

- 13 (1) up to and including 5,000 pounds . . . . . \$51;
- 14 (2) more than 5,000 pounds to and including 12,000 pounds
- 15 . . . . . \$86;
- 16 (3) more than 12,000 pounds to and including 18,000 pounds
- 17 . . . . . \$156;
- 18 (4) more than 18,000 pounds . . . . . \$221."

19 Renumber the following bill sections accordingly.

20 Page 8, line 20:

21 Delete "Section 17"

22 Insert "Section 18"

- 1 Page 8, line 21:
- 2       Delete "sec. 18"
- 3       Insert "sec. 19"

AMENDMENT

OFFERED IN THE HOUSE

TO: CSSB 226(FIN) am

1 Page 8, following line 13:

2 Insert a new bill section to read:

3 \*\* Sec. 17. Section 2, ch. 56, SLA 1995, is amended to read:

4 Sec. 2. AS 28.10.421(a) is amended to read:

5 (a) Unless otherwise provided by law,

6 (1) the fees prescribed in this section shall be paid to the department  
7 at the times provided under AS 28.10.108 and 28.10.111; and8 (2) an additional fee of \$10 shall be added to the registration fee set  
9 out in this section for registration not conducted by mail or not conducted at an  
10 emissions inspection station or contract office offering vehicle registration services;  
11 the department may waive this additional fee for a good cause based on criteria  
12 established in regulations adopted by the department."

13 Renumber the following bill sections accordingly.

14 Page 8, line 20:

15 Delete "Section 17 of this Act takes"

16 Insert "Sections 17 and 18 of this Act take"

17 Page 8, line 21:

18 Delete "sec. 18"

19 Insert "sec. 19"

SLA 1995

Chapter 56

1 (4) motor vehicle has not been inspected for emissions or the existing  
2 emissions inspection certificate is more than 12 months old.

3 \* Sec. 2. AS 28.10.421(a) is amended to read:

4 (a) Unless otherwise provided by law,

5 (1) the fees prescribed in this section shall be paid to the department  
6 at the times provided under AS 28.10.109 and 28.10.111; and

7 (2) an additional fee of \$10 shall be added to the registration fee set  
8 out in this section for registration not conducted by mail or not conducted at an  
9 emissions inspection station offering vehicle registration services; the department  
10 may waive this additional fee for a good cause based on criteria established in  
11 regulations adopted by the department.

12 \* Sec. 3. AS 28.10.423 is amended to read:

13 Sec. 28.10.423. EMISSION CONTROL INSPECTION PROGRAM FEES. In  
14 addition to the annual registration fee specified in AS 28.10.421, a \$2 (\$1) fee is  
15 imposed upon every vehicle required to be inspected under an emission control  
16 program established under AS 46.14.400 or 46.14.510. This fee shall be collected at  
17 the same time and in the same manner as the registration fee.

18 \* Sec. 4. AS 46.14.400 is amended by adding new subsections to read:

19 (i) If a municipality or a local air quality district administering a program  
20 under this section requires emissions inspection for a motor vehicle, emission  
21 inspection may not be required more than once every two years.

22 (j) A person who operates a motor vehicle in violation of emission  
23 requirements imposed under this section is guilty of a violation and upon conviction  
24 shall be fined \$200. It is the intent of the legislature that money collected under this  
25 subsection be appropriated to promote air quality control programs in municipalities.

26 \* Sec. 5. AS 46.14.510 is amended by adding new subsections to read:

27 (e) If the department adopts regulations requiring emissions inspection for a  
28 motor vehicle, the department may not require the vehicle be inspected more than once  
29 every two years.

30 (f) A person who operates a motor vehicle in violation of emission  
31 requirements imposed under this section is guilty of a violation and upon conviction

Chapter 56

1 shall be fined \$200. It is the intent of the legislature that money collected under this  
2 subsection be appropriated to control pollution from motor vehicle emissions.

3 \* Sec. 6. AS 46.14.400(j), enacted in sec. 4 of this Act, and AS 46.14.510(f), enacted in  
4 sec. 5 of this Act, take effect July 1, 1995.

5 \* Sec. 7. Except as provided in sec. 6 of this Act, this Act takes effect July 1, 1996.

# STATE OF ALASKA

TONY KNOWLES, GOVERNOR

## DEPT. OF ENVIRONMENTAL CONSERVATION

DIVISION OF AIR & WATER QUALITY  
410 Willoughby Avenue, Suite 105  
Juneau, Alaska 99801-1795

Phone: (907) 465-5260  
Fax: (907) 465-5274

April 3, 1996

The Honorable Mark Hanley  
Co-Chairman, House Finance Committee  
State Capitol, Room 507  
Juneau, AK 99801-1182

Dear Representative Hanley:

Thank you for the opportunity to comment on the proposed amendments to SB 226. As stated in Commissioner Brown's letter, dated March 28, 1996, it is important to coordinate departmental implementation efforts during this period of downsizing government.

During committee testimony, you asked that the Department follow up with written comments regarding the remaining amendments before the Finance Committee. Amendments K.6 and K.8 have no impacts on the Department of Environmental Conservation. However, amendment K.4 has impacts upon governmental entities operating air quality programs. It is our understanding that amendment K.4 has been offered in an attempt to clarify what costs may or may not be included in setting the inspection fee.

The major source of air quality problems in Anchorage and Fairbanks is the automobile. As such, one could assert that the cost for the Air Quality Program in those cities be borne by automobile users through I/M certificate fees. What would not be an allowable expense, for example, would be using fees collected via the air program to fund a water quality program. Allowing only valid Air Quality Program expenses to be included in the certification fee we believe is appropriate. This is particularly true since governmental agencies are being asked to search for other funding sources to pay for required programs. Therefore, the Department supports amendment K.4 which will allow Air Quality Program costs to be recovered.

Finally, during testimony, Representative Brown asked Mr. King, what the impact of the loss in general funds would have on the implementation of the biennial inspection program. I would like to reiterate the Department's position contained in Commissioner Brown's letter dated March 21, 1996, to Representative Gene Theriault. In the Commissioner's letter, the loss of the \$50.0 will affect our ability to install the software. It will be difficult to achieve implementation of an effective program without the software.

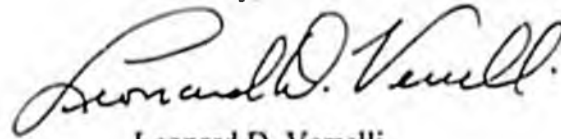
The Honorable Mark Hanley

-2-

April 3, 1996

Thank you for your consideration of the Department's concerns. If your staff should have any questions, please have them call Ron King in our Air Quality Program at 465-5128.

Sincerely,

A handwritten signature in cursive script, reading "Leonard D. Verrelli".

Leonard D. Verrelli  
Director

LDV/RGK/pal (h:\airking\legisl96\hanley1.wpd)

cc: Members, House Finance Committee  
Shari Kochman, Governor's Office  
Janis Adair, Director, ADEC/EH

DEPARTMENT OF PUBLIC SAFETY  
DIVISION OF MOTOR VEHICLES

SR 226 AMENDMENTS

Two amendments to this bill were made in the House Finance Committee and the following are comments from the Division of Motor Vehicles concerning the impact and effect of these amendments

Registration Exemption For Rental Vehicles

This amendment would allow a rental motor vehicle to be registered annually rather than biennially as required by this bill. The rental companies claim that they usually sell their rental fleet in less than a year and would be paying for the new buyer's use of the registration. DMV can implement this amendment but it does raise questions concerning the propriety of giving a small number of businesses an exemption from fees that is not available to all other businesses or to the general public. Numerous businesses other than rental companies sell their fleets of vehicles and would not receive any exemption from an unused portion of the registration.

Traditionally in Alaska the question of whether the registration is paid or not has been a negotiating point between the buyer and seller of the vehicle without any government interference. If the registration is still valid the new owner is allowed to use that portion of the registration without paying additional fees other than the normal transfer of ownership fees. This negotiating option would still be available to rental companies if this amendment was not passed and this would allow them to recover their costs at the sale of the vehicle. This would be the same procedure used by any other business that sells vehicles.

From a program standpoint, DMV would have to create a separate category for rental vehicles to allow a one-year registration while all other vehicles are on a biennial schedule. This adds complexity to the program because the computer will no longer be used to automatically assign registration periods. There is no current mechanism to differentiate rental vehicles from similar vehicles owned by any other commercial operation.

Exemption from the \$10 Service Fee For Contract Agents

There is a \$10 service fee imposed on registration renewals not done by the mail program. This incentive has increased the use of the mail renewal service from 30% of vehicle owners to 60%. This amendment would waive the fee if an authorized contract agent does the renewal. This amendment was proposed because a contract agent voiced concerns that too many owners were using the more efficient mail service and their income was decreased as a result. Besides having a more efficient service any effort to hold the rising costs of agent payments was viewed as an added benefit. DMV has 11 regular contract agents and in the last 5 years the annual payments for these agents has risen from \$128,154 in FY 90 to \$174,516 in FY 95. Since there was no addition to the operating budget for these increased costs, they have been absorbed to the detriment of services in other areas of the state.

A phone survey of the contract agents indicated that 66% favored this amendment since they believe that it will increase their income while the other 33% are not in favor of it. The amendment would result in a loss of \$11,000 in revenue annually from the service fees collected by the agents and would require higher expenditure for commission payment if many owners in these areas stopped using the mail renewal service.

Post-It® brand fax transmittal memo 7671 # of pages = 1

To: Michelle	From: Rita Hernandez
Co: Bob Hanley	Co:
Copy: 1	Phone: 2650
Fax: 2418	Fax: