

**SB**

**226**

# FISCAL NOTE

STATE OF ALASKA  
1996 LEGISLATIVE SESSION

BILL NO: SB 226

Revision Date: \_\_\_\_\_ Dept. Affected: Public Safety  
 Title: An act relating to biennial registration of motor BRU: Motor Vehicles  
vehicles: imposing biennial registration fees... Component: Field Services  
 Sponsor: Senator Frank  
 Requestor: S.TRANS 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	15.0	(64.0)	(64.0)	(64.0)	(64.0)	(64.0)
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>15.0</b>	<b>(64.0)</b>	<b>(64.0)</b>	<b>(64.0)</b>	<b>(64.0)</b>	<b>(64.0)</b>
<b>CAPITAL EXPENDITURES</b>						
<b>CHANGE IN REVENUES (1005)</b>		<b>(580.0)</b>	<b>(580.0)</b>	<b>(580.0)</b>	<b>(580.0)</b>	<b>(580.0)</b>
Revenue Code						

**FUNDING: (Thousands of Dollars)**

1002 Federal Receipts						
1003 GE Match						
1004 GE	15.0	(64.0)	(64.0)	(64.0)	(64.0)	(64.0)
1005 GE/Program Receipts						
1006 GE/MBTIA						
Other						
<b>TOTAL</b>						

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

**POSITIONS:**

FULL-TIME						
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. Mosack Phone 269-5559  
 Division Motor Vehicles Date 2/9/96  
 Approved by Commissioner: *Ronald L. O'Neil* Date 2/9/96  
 Agency Ronald L. O'Neil, 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.

Some other factors will affect the financial analysis and impact of this bill. DMV has already implemented two separate programs for multi-year or biennial registration. In 1995 DMV began a program to allow a 3 year registration for non-commercial trailers and nearly all of the trailers owners took advantage of this program to register for more than one year. In July, 1996, SB 28 will go into effect which authorizes biennial Emission Inspections. At the same time, DMV will offer vehicle owners the opportunity to voluntarily register for two years. This will apply to all vehicles not just those that require an emission inspection. Under this program the owners will still have the option to renew for only one year if they choose. It is estimated that at least 50% of the owners will take advantage of the biennial option. This program is voluntary whereas SB 226 would make biennial registration mandatory. In addition to the above two programs, DMV has authorized emission inspection stations to process registration renewals so the annual workload would be reduced by the renewals processed by these stations. In 1998 it is estimated that these stations will process 75,000 renewal transactions.

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. Of these registrations the 60,000 non-commercial trailers and 50% (260,000) of the remaining vehicles will already be on a biennial or longer registration due to the voluntary programs implemented by DMV. The 260,000 registration which will be required to change from annual to biennial registration by this bill will be used for estimating the cost savings.

Expenditure

The data system will allow vehicle owners the option of registering for more than one year in July, 1996, and therefore much of the initial programming will already be in place. There will be some required programming changes to remove the optional programs and make biennial registration a mandatory transaction. This is estimated to require 200 hours of contract programmer time at \$75 per hour for a total expenditure of \$15,000.

Cost Savings

There will be cost savings in forms and postage since only 50% of the 260,000 remaining vehicles will be sent renewal notices. 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		
130,000 renewal notices @ \$0.27		\$35,100
76,000 mail renewals @ \$0.32		\$24,320
Forms		
130,000 forms @ \$0.03		\$3,900
	Total Savings	\$63,320

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. The net affect on revenue is that there will be a loss of \$1 per vehicle per year or an annual revenue decrease of \$580,000.

SB 226

The Transportation Committee considered SENATE BILL NO. 226  
An Act relating to biennial registration of motor vehicles; imposing  
biennial registration fees on motor vehicles and authorizing a  
scheduled biennial municipal tax on motor vehicles; relating to fees  
for motor vehicle emissions control programs; and providing for an  
effective date. Signing do pass: Senator Rieger, Chair, Senator  
Green. Signing no recommendation: Senator Adams.

Fiscal note published today from Department of Public Safety.

The bill was referred to the Finance Committee.



Official Business

# Alaska State Senate

## Senate Finance Committee

Mail Stop 3100  
State Capitol  
Juneau, Alaska 99801-1182

### MEMORANDUM

TO: Senator Steve Rieger, Chairman  
Senate Transportation Committee

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

RE: *SB 226: Biennial Motor Vehicle Registration*

DATE: February 12, 1996

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Thank you for scheduling a hearing for Senate Bill (SB) 226 by the Senate Transportation Committee. Attached is a sectional analysis, an overview outline, a summary of highlights, and an analysis of the revenue cash flow 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.

This legislation dovetails with DMV's current plans to convert to biennial vehicle registration in Anchorage and Fairbanks and allows DMV sufficient time to convert to a statewide biennial system!

I believe this is an good piece of legislation and encourage your support.

PROVIDED BY SENATOR FRANK  
**SB 226 SECTIONAL ANALYSIS**  
As of February 12, 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:* Provides for staggered implementation over a 2 year period.
- Sec. 17:* Makes the enacted changes effective July 1, 1997.

PROVIDED BY SENATOR FRANK

**SB 226 OVERVIEW**

As of February 12, 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 nearly \$9.0 million additional one time revenues (net revenues over six years after implementation) as a result of accelerated collections;
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; and
7. delays the effective date until July 1, 1997 for the provisions of this amendment. Allows staggered implementation over a 2-year period.

PROVIDED BY SENATOR FRANK  
**SB 226 HIGHLIGHTS**  
As of February 12, 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!

PROVIDED BY SENATOR FRANK  
**SB 226: ACTUAL AND PROJECTED VEHICLE REGISTRATIONS**  
 As of February 12, 1996

<u>Type of Registration</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Non-Commercial Passenger	305,465	308,310	317,559	327,086	336,899	347,006	357,416	368,138	379,182
Non-Commercial Pickups	142,265	145,344	149,704	154,195	158,821	163,586	168,494	173,548	178,755
Taxi	931	951	980	1,009	1,039	1,070	1,102	1,136	1,170
Tour Bus	547	629	648	667	687	708	729	751	774
Motorcycle	12,542	12,907	13,294	13,693	14,104	14,527	14,963	15,412	15,874
Trailers	68,689	60,840	62,665	64,545	66,482	68,476	70,530	72,646	74,826
Commercial (to 5,000 lbs)	39,491	41,476	42,720	44,002	45,322	46,682	48,082	49,525	51,010
Commercial (5,001 to 12,000 lbs)	21,952	23,340	24,040	24,761	25,504	26,269	27,057	27,869	28,705
Commercial (12,001 to 18,000 lbs)	10,618	11,025	11,356	11,696	12,047	12,409	12,781	13,164	13,559
Commercial (over 18,000 lbs)	5,427	5,382	5,543	5,710	5,881	6,057	6,239	6,426	6,619
Farm Vehicles	463	469	483	498	512	528	544	560	577
Snowmobile	12,366	9,678	9,968	10,267	10,575	10,893	11,219	11,556	11,903
Dealer - 1st set	160	166	171	176	181	187	192	198	204
Dealer - subsequent set	790	783	806	831	856	881	908	935	963
Municipal	2,987	2,936	3,024	3,115	3,208	3,304	3,404	3,506	3,611
Charitable	2,975	3,137	3,231	3,328	3,428	3,531	3,637	3,746	3,858
Winter Olympic Plate Vehicles	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b><u>Total Vehicles</u></b>	<b><u>627,668</u></b>	<b><u>627,373</u></b>	<b><u>646,194</u></b>	<b><u>665,580</u></b>	<b><u>685,547</u></b>	<b><u>706,114</u></b>	<b><u>727,297</u></b>	<b><u>749,116</u></b>	<b><u>771,590</u></b>
<b><u>Total Registrations Issued</u></b>	<b><u>564,577</u></b>	<b><u>564,577</u></b>	<b><u>581,514</u></b>	<b><u>598,960</u></b>	<b><u>616,929</u></b>	<b><u>635,436</u></b>	<b><u>654,499</u></b>	<b><u>674,134</u></b>	<b><u>694,358</u></b>

Calendar year 1994 and 1995 values are actual counts from the Division of Motor Vehicles. Calendar year 1996 through 2002 projections are based on an annual increase of 3% in each registration type.

PROVIDED BY SENATOR FRANK  
**SB 226: PROJECTED CASH FLOW WITH CURRENT FEES**  
 As of February 12, 1996

<u>Type of Registration</u>	<u>Current Fee</u>	<u>FY 97</u>	<u>FY 98</u>	<u>FY 99</u>	<u>FY 00</u>	<u>FY 01</u>	<u>FY 02</u>
Non-Commercial Passenger	\$35	\$11,281,294	\$11,619,733	\$11,968,325	\$12,327,375	\$12,697,196	\$13,078,112
Non-Commercial Pickups	40	6,077,995	6,260,335	6,448,145	6,641,590	6,840,837	7,046,062
Taxi	70	69,596	71,683	73,834	76,049	78,330	80,680
Tour Bus	85	55,395	57,572	59,299	61,078	62,910	64,798
Motorcycle	20	269,872	277,969	286,308	294,897	303,744	312,856
Trailers	5	318,026	327,567	337,394	347,515	357,941	368,679
Commercial (to 5,000 lbs)	51	2,211,415	2,277,758	2,346,090	2,416,473	2,488,967	2,563,636
Commercial (5,001 to 12,000 lbs)	86	2,098,469	2,161,423	2,226,266	2,293,054	2,361,845	2,432,701
Commercial (12,001 to 18,000 lbs)	156	1,798,069	1,852,012	1,907,572	1,964,799	2,023,743	2,084,455
Commercial (over 18,000 lbs)	221	1,243,481	1,280,786	1,319,209	1,358,786	1,399,549	1,441,536
Farm Vehicles	35	17,161	17,676	18,206	18,752	19,315	19,894
Snowmobile	5	50,589	52,107	53,670	55,280	56,939	58,647
Dealer - 1st set	45	7,810	8,044	8,285	8,534	8,790	9,053
Dealer - subsequent set	25	20,465	21,079	21,711	22,362	23,033	23,724
Municipal	5	15,347	15,808	16,282	16,770	17,273	17,792
Charitable	5	16,398	16,890	17,397	17,918	18,456	19,010
Winter Olympic Plate Vehicles	30	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b><u>Total Revenues with Current Fees</u></b>		<b><u>\$25,551,883</u></b>	<b><u>\$26,318,440</u></b>	<b><u>\$27,107,993</u></b>	<b><u>\$27,921,233</u></b>	<b><u>\$28,758,870</u></b>	<b><u>\$29,621,636</u></b>

PROVIDED BY SENATOR FRANK  
**SB 226: PROJECTED CASH FLOW WITH NEW FEES**

Assuming a July 1, 1997 Effective Date

<u>Type of Registration</u>	<u>New Fee</u>	<u>FY 98</u>	<u>FY 99</u>	<u>FY 00</u>	<u>FY 01</u>	<u>FY 02</u>
Non-Commercial Passenger	\$68	\$16,931,611	\$11,626,373	\$11,975,164	\$12,334,419	\$12,704,451
Non-Commercial Pickups	78	9,155,740	6,286,942	6,475,550	6,669,816	6,869,911
Taxi	138	105,989	72,779	74,963	77,211	79,528
Tour Bus	168	85,342	58,601	60,359	62,170	64,035
Motorcycle	40	416,953	286,308	294,897	303,744	312,856
Trailers	10	491,350	337,394	347,515	357,941	368,679
Commercial (to 5,000 lbs)	100	3,349,644	2,300,089	2,369,091	2,440,164	2,513,369
Commercial (5,001 to 12,000 lbs)	170	3,204,435	2,200,379	2,266,390	2,334,382	2,404,414
Commercial (12,001 to 18,000 lbs)	310	2,760,210	1,895,344	1,952,204	2,010,770	2,071,093
Commercial (over 18,000 lbs)	440	1,912,485	1,313,240	1,352,637	1,393,216	1,435,013
Farm Vehicles	68	25,756	17,686	18,217	18,763	19,326
Snowmobile	10	78,161	53,670	55,280	56,939	58,647
Dealer - 1st set	88	11,798	8,101	8,344	8,594	8,852
Dealer - subsequent set	50	31,618	21,711	22,362	23,033	23,724
Municipal	10	23,711	16,282	16,770	17,273	17,792
Charitable	10	25,335	17,397	17,918	18,456	19,010
Winter Olympic Plate Vehicles	60	0	0	0	0	0
<b><u>Total Revenues with New Fees</u></b>		<u>38,610,138</u>	<u>26,512,295</u>	<u>27,307,663</u>	<u>28,126,893</u>	<u>28,970,700</u>
<b><u>Total Revenues with Current Fees</u></b>		<u>26,318,440</u>	<u>27,107,993</u>	<u>27,921,233</u>	<u>28,758,870</u>	<u>29,621,636</u>
<b><u>Cash Flow Difference</u></b>		<u>\$12,291,698</u>	<u>(\$595,698)</u>	<u>(\$613,569)</u>	<u>(\$631,976)</u>	<u>(\$650,936)</u>
<b><u>Five Year Net Increase</u></b>		<u>\$9,799,518</u>				

PROVIDED BY SENATOR FRANK  
**SB 226: PROJECTED CASH FLOW WITH NEW FEES**  
 Assuming a July 1, 1996 Effective Date

<u>Type of Registration</u>	<u>New Fee</u>	<u>FY 97</u>	<u>FY 98</u>	<u>FY 99</u>	<u>FY 00</u>	<u>FY 01</u>	<u>FY 02</u>
Non-Commercial Passenger	\$68	\$16,438,457	\$11,287,741	\$11,626,373	\$11,975,164	\$12,334,419	\$12,704,451
Non-Commercial Pickups	78	8,889,068	6,103,827	6,286,942	6,475,550	6,669,816	6,869,911
Taxi	138	102,902	70,659	72,779	74,963	77,211	79,528
Tour Bus	168	82,856	56,895	58,601	60,359	62,170	64,035
Motorcycle	40	404,809	277,969	286,308	294,897	303,744	312,856
Trailers	10	477,039	327,567	337,394	347,515	357,941	368,679
Commercial (to 5,000 lbs)	100	3,252,081	2,233,096	2,300,089	2,369,091	2,440,164	2,513,369
Commercial (5,001 to 12,000 lbs)	170	3,111,102	2,136,290	2,200,379	2,266,390	2,334,382	2,404,414
Commercial (12,001 to 18,000 lbs)	310	2,679,815	1,840,140	1,895,344	1,952,204	2,010,770	2,071,093
Commercial (over 18,000 lbs)	440	1,856,782	1,274,990	1,313,240	1,352,637	1,393,216	1,435,013
Farm Vehicles	68	25,006	17,171	17,686	18,217	18,763	19,326
Snowmobile	10	75,884	52,107	53,670	55,280	56,939	58,647
Dealer - 1st set	88	11,454	7,865	8,101	8,344	8,594	8,852
Dealer - subsequent set	50	30,697	21,079	21,711	22,362	23,033	23,724
Municipal	10	23,021	15,808	16,282	16,770	17,273	17,792
Charitable	10	24,597	16,890	17,397	17,918	18,456	19,010
Winter Olympic Plate Vehicles	60	0	0	0	0	0	0
<b><u>Total Revenues with New Fees</u></b>		<b><u>37,485,571</u></b>	<b><u>25,740,092</u></b>	<b><u>26,512,295</u></b>	<b><u>27,307,663</u></b>	<b><u>28,126,893</u></b>	<b><u>28,970,700</u></b>
<b><u>Total Revenues with Current Fees</u></b>		<b><u>25,551,883</u></b>	<b><u>26,318,440</u></b>	<b><u>27,107,993</u></b>	<b><u>27,921,233</u></b>	<b><u>28,758,870</u></b>	<b><u>29,621,636</u></b>
<b><u>Cash Flow Difference</u></b>		<b><u>\$11,933,687</u></b>	<b><u>(\$578,348)</u></b>	<b><u>(\$595,698)</u></b>	<b><u>(\$613,569)</u></b>	<b><u>(\$631,976)</u></b>	<b><u>(\$650,936)</u></b>
<b><u>Six Year Net Increase</u></b>		<b><u>\$8,863,160</u></b>					