

**HB**

**43**

**HFIN**

**FILE**

# HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: January 13, 1997

FURTHER REFERRALS:

Date of Committee Action: 1/28/97

The FINANCE Committee considered:

HB 43

HOUSE BILL NO. 43

RENTAL MOTOR VEHICLES

“An Act relating to registration of rental motor vehicles, to municipal taxation of rental motor vehicles, and to emission control inspection fees for rental motor vehicles; and providing for an effective date.”

recommends it be replaced with the following committee substitute CE HB 43 (FIN)  the same title  a new title

additional referral to \_\_\_\_\_ Committee  
 attached amendment(s)

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

ATTACHES NEW FISCAL NOTE(S): (Dept) \_\_\_\_\_ APPROVES PREVIOUS: (Dept/Date) \_\_\_\_\_  
 fiscal note(s) \_\_\_\_\_  fiscal note(s) \_\_\_\_\_  
 zero fiscal note(s) DPS  zero fiscal note(s) \_\_\_\_\_

SIGNING WITH RECOMMENDATIONS		DP	DNP	NR	AM
	Hanley	X			
	Mulder	X			
	Martin	X			
	Kohring	X			
	J. Davis			X	
	Gussendorf			X	
	Foster	X			
	Kelly	X			
	Therriault			X	
	G. Davis	X			
	Moses			X	

CO-CHAIR'S SIGNATURE    
 Therriault Hanley

**FISCAL NOTE**

**STATE OF ALASKA**  
**1997 LEGISLATIVE SESSION**

**BILL NO: HB 43**

Revision Date: \_\_\_\_\_ Dept. Affected: Public Safety  
 Title: An Act relating to registration and municipal BRU: Motor Vehicles  
tax on rental vehicle Component: Field Service  
 Sponsor: Representative Mulder  
 Requestor: H, FIN COMPONENT SERIAL NO. 0502

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

OPERATING	FY 96	FY 97	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0	0	0	0	0	0

<b>CAPITAL EXPENDITURES</b>	0	0	0	0	0	0
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<b>CHANGE IN REVENUES ( )</b>						
Revenue Code						

**FUNDING: (Thousands of Dollars)**

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

Estimate of current year (FY 97) impact: \$ \_\_\_\_\_

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS: (Attach a separate page if necessary.)**  
 This bill will not fiscally impact the Division of Motor Vehicles

Prepared By: Juanita M. Hensley Phone: 465-2650  
 Division: Motor Vehicles Date: 1/22/97  
 Approved by Commissioner: *Ronald L. Ote* Date: 1/24/97  
 Agency: Ronald L. Ote, Dept. of Public Safety

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#1

adopted

0-LS0254\F.1  
Ford  
1/28/97

A M E N D M E N T

OFFERED IN THE HOUSE

BY REPRESENTATIVE MULDER

TO: Draft CSHB 43(FIN)

- 1 Page 3, following line 4:
- 2       Insert new bill sections to read:
- 3       \*\* Sec. 5. TRANSITIONAL MUNICIPAL TAXING AUTHORITY. Notwithstanding
- 4 AS 28.10.431(c), any municipal registration tax levied on vehicles under AS 28.10.431(1),
- 5 added by sec. 4 of this Act, may be collected, enforced, and otherwise administered by the
- 6 municipality that imposes that tax. Only one annual registration tax levied under
- 7 AS 28.10.431(1) may be collected with respect to the same vehicle in the year for which the
- 8 tax is paid. The authority granted to municipalities under this section to collect, enforce, or
- 9 administer the municipal registration tax on vehicles only applies to vehicles that were
- 10 registered on or after January 1, 1997, and before the effective date of this Act.
- 11       \* Sec. 6. This Act is retroactive to January 1, 1997."
  
- 12 Renumber the following bill section accordingly.

0-LS0254\F  
Ford  
1/28/97

CS FOR HOUSE BILL NO. 43(FIN)  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
TWENTIETH LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:  
Referred:

Sponsor(s): REPRESENTATIVE MULDER

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to registration of vehicles, to municipal taxation of vehicles, and  
2 to emission control inspection fees for vehicles; and providing for an effective  
3 date."

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

5 \* Section 1. AS 28.10.108(f) is amended to read:

6 (f) Upon request of the owner and payment of the proportionate prorated  
7 applicable fees, a vehicle registered under this section shall have its registration period  
8 extended in monthly increments to allow biennial registration to occur in the month  
9 of the owner's choice. Notwithstanding the other provisions of this chapter, upon  
10 request of the owner, [AND] payment of the annual fee set out in AS 28.10.421(h),  
11 payment of any annual vehicle registration tax due under AS 28.10.431(l), and,  
12 if applicable, payment of one-half of the biennial emission control inspection  
13 program fee imposed under AS 28.10.423, the department shall register a [RENTAL  
14 MOTOR] vehicle used for commercial purposes for a one-year period.

1 \* Sec. 2. AS 28.10.421(h) is amended to read:

2 (h) The annual registration fees under this subsection for [RENTAL MOTOR]  
3 vehicles used for commercial purposes [UNDER THIS SUBSECTION] are imposed  
4 and are based upon the actual unladen weight as established by the manufacturer's  
5 advertised weight or upon the actual weight which the owner shall furnish, subject to  
6 the approval of the commissioner or the commissioner's representative, as follows:

- 7 (1) up to and including 5,000 pounds . . . . . \$51;
- 8 (2) more than 5,000 pounds to and including 12,000 pounds . \$86;
- 9 (3) more than 12,000 pounds to and including 18,000 pounds \$156;
- 10 (4) more than 18,000 pounds . . . . . \$221.

11 \* Sec. 3. AS 28.10.431(j) is amended to read:

12 (j) A municipality that imposes a motor vehicle registration tax as described  
13 under (a) of this section may also increase or decrease the scheduled amount of tax  
14 described under (b) or (l) of this section by passage of an appropriate ordinance. A  
15 municipality that chooses to change the tax imposed under (b) or (l) of this section  
16 shall file a written notice of the change with the department by January 1 of the year  
17 preceding the year in which the change in tax is to take effect. A municipality may not  
18 change the amount of the tax imposed under this section more than once every two  
19 years. The department may charge a municipality a one-time fee to cover the cost to  
20 the department of implementing a change under this subsection.

21 \* Sec. 4. AS 28.10.431 is amended by adding a new subsection to read:

22 (l) Notwithstanding (b) of this section, an annual tax is levied upon vehicles  
23 specified in AS 28.10.421(c) and subject to the registration fee under AS 28.10.411  
24 and 28.10.421 if the owner elects to register the vehicle annually as allowed under  
25 AS 28.10.108(f). The tax is based on the age of the vehicle as determined by model  
26 year according to the following schedule:

27	Tax According to Age of							
28	Vehicle							
29	Since Model Year:							
30	1st	2nd	3rd	4th	5th	6th	7th	8th
31								or over

1	5,000 pounds or less	\$ 66	\$ 55	\$ 44	\$ 33	\$22	\$17	\$11	\$ 8
2	5,001-12,000 pounds	110	88	66	55	44	33	22	11
3	12,001-18,000 pounds	165	132	110	88	66	44	32	22
4	18,001 pounds or over	220	176	143	110	88	66	44	22.

5 \* Sec. 5. This Act takes effect immediately under AS 01.10.070(c).



**REPRESENTATIVE ELDON MULDER**  
DISTRICT 23 MULDOON-Ft. RICHARDSON



ALASKA STATE LEGISLATURE  
HOUSE OF REPRESENTATIVES

**Sponsor Statement**  
**House Bill 43**  
by  
Representative Eldon Mulder


HB 43 is a clean-up bill to solve an inadvertent problem from last year.

SB 226 from the 19th Alaska Legislature changed vehicle registration from one year to two years. Amendments to SB 226 exempted rental vehicles since they were usually in the state for less than one year. In doing so we did not specifically allow collection of the municipal vehicle tax for rental vehicles on an annual basis.

HB 43 allows for the collection of municipal fees on annual registrations of rental vehicles. It also permits the collection of municipal fees for any vehicle registered between January 1, 1997 and the effective date of this legislation.

# MEMORANDUM

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DATE: January 13, 1997  
TO: Representative Gene Therriault  
FROM: Representative Mulder   
RE: HB 43 -- Scheduling for Hearing

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Please schedule for hearing as soon as possible.

HB 43 is a clean-up bill to solve an inadvertent problem from last year.

We changed the vehicle registration from one year to two years. We exempted rental vehicles since they were usually only in the state for one year. We forgot to specifically allow collection of the municipal vehicle tax on an annual basis.

HB 43 allows the collection of municipal fees on annual registrations of rental vehicles. It also permits a municipality to collect fees for any vehicle registered between January 1, 1997 and the effective date of this legislation.

It is important that we pass this technical cleanup bill as soon as possible so there is little extra collection expense for municipalities that collect a motor vehicle tax.

I have attached some information on the need for this legislation.

# STATE OF ALASKA

TONY KNOWLES, GOVERNOR

## DEPARTMENT OF PUBLIC SAFETY

OFFICE OF THE COMMISSIONER

P.O. BOX 111200  
JUNEAU, ALASKA 99811-1200  
PHONE: (907) 465-4322  
FAX: (907) 465-4362

December 18, 1996

Representative Eldon Mulder  
716 West 4th Suite 310  
Anchorage, AK 99501-2133


Dear Representative Mulder:

Mr. Charles Hosack, Deputy Director, Division of Motor Vehicles (DMV) forwarded a copy of your letter dated December 10, 1996 to me. In your letter you request that Mr. Hosack reconsider his decision regarding the collection of the MVRT<sup>1</sup> from rental vehicles. While it appeared that Mr. Hosack was correct in his assessment of what DMV could lawfully do under the law, I asked Ms. Carpeneti in the Department of Law to review the statutes and provide us guidance.

Ms. Carpeneti advised us that AS 28.10.431 is the statute that adopts the registration tax on certain vehicles, and provides the amount of tax. Rental cars registered annually are not taxed under this provision. DMV cannot impose a tax that is not included in the statute. Even if it could under the law, it wouldn't have the basic information to do so - the amount of tax to charge. Although it appears the omission of the registration tax on rental vehicles was inadvertent, it can only be remedied by the Legislature. According to Ms. Carpeneti, there is no ambiguity in the statutory scheme. Courts will sometimes look beyond the plain meaning of a statute for guidance in interpreting it, but would not go so far as to imply a tax that is not in the statute.

Unfortunately, DMV is not in a position to administratively correct this situation, but we certainly will work cooperatively with the legislature to find a timely solution.

Sincerely,

  
Ronald L. Otte  
Commissioner



ALASKA STATE LEGISLATURE  
HOUSE OF REPRESENTATIVES



REPRESENTATIVE ELDON MULDER  
DISTRICT 23 MULDOON-FT. RICHARDSON

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CHIEF CLERK  
H. J. COOK  
CLERK  
M. J. COOK  
CLERK  
M. J. COOK  
CLERK  
M. J. COOK

December 10, 1996

Charles R. Hosack  
Deputy Director  
Division of Motor Vehicles  
Department of Public Safety  
State of Alaska  
5700 East Tudor Road  
Anchorage, Alaska 99507-1225

RE: Motor Vehicle Registration Tax on Rental Vehicles

Dear Mr. Hosack:

I reviewed your letter of November 4, 1996, to Ellen Braden, Treasurer of the Municipality of Anchorage. (Letter enclosed) Its conclusion is completely contrary to legislative intent.

I sponsored the amendment to Senate Bill 226 that provided for annual registration of rental vehicles. The clear intent of that amendment was to allow owners of rental vehicles the convenience of annual registration. There was no intent by me or anybody else in the legislature to allow rental vehicles to escape payment of the Municipal Vehicle Registration Tax (MVRT). You might want to listen to the recording of the House Finance Committee meeting when the amendment was adopted.

I urge you to reconsider your decision to stop collecting the MVRT on rental vehicles.

DEPARTMENT OF PUBLIC SAFETY  
DIVISION OF MOTOR VEHICLES

TONY KNOWLES, GOVERNOR

Ronald L. Otte, Commissioner

5700 EAST TUDOR ROAD  
ANCHORAGE, ALASKA 99507-1225

PHONE: (907) 269-5659

November 4, 1996

Ellen B. Braden, Treasurer  
Municipality of Anchorage  
P.O. Box 196650  
Anchorage, AK 99519-6650

Dear Ms. Braden:

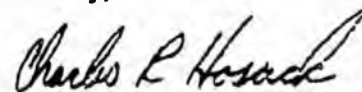
The provisions of SB 226 establish a system of biennial registration but there is an exception for rental vehicles. At the request of the owner, rental vehicles may be registered for an annual rather than a biennial period and a separate fee schedule was established in AS 28.10.421(h) for the annual registration fees. SB 226 also changed the Municipal Vehicle Registration Tax (MVRT) rates in AS 28.10.431 but these changes did not include any reference to those rental vehicles registered under AS 28.10.421(h) for the annual period.

Since there is no reference to the new annual registration category in AS 28.10.431, there is no authority to collect the tax. This is similar to other categories of registrations such as farm vehicles, vehicles owned by handicapped or disabled persons, municipal vehicles, etc., that are not referenced in AS 28.10.431 and therefore no tax is collected with these registrations.

Rental vehicles are not currently identified on the registration records, so these vehicles will not be given an automatic exemption from MVRT. If the owner chooses to register a rental vehicle for the biennial period, all normal fees including the MVRT would be collected as they would with any other commercial vehicle. If the owner of a rental vehicle does exercise the option to register for an annual period, no MVRT would be collected since there is no tax associated with this registration category.

If you have any questions on this, please feel free to contact me.

Sincerely,



Charles R. Hosack  
Deputy Director

Post-It Fax Note	7671	Date	11-26	# of pages	1
To	Lenny Duvitt	From	Lin Kopus		
Co./Dept.		Co.			
Phone #		Phone #			
Fax #	465-3518	Fax #			

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**Municipality  
of  
Anchorage**



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Fax: (907) 343-4499  
<http://www.ci.anchorage.ak.us>

*Rick Mystrom, Mayor*

OFFICE OF THE MAYOR

January 27, 1997

Representative Eldon Mulder  
Alaska State Legislature  
State Capitol  
Juneau, AK 99801

Re: House Bill 43, "An Act relating to registration of rental motor vehicles"

Dear Eldon:

Thank you for introducing House Bill 43, which is intended to correct a problem created with the passage of Senate Bill 226 during the 19th Legislature.

Senate Bill 226 provides for biennial registration of motor vehicles. It was amended late in the session to allow for continued annual registration of rental vehicles. Unfortunately, it appears that the language of the amendment precludes the collection of the existing motor vehicle registration tax on rental vehicles. This situation, if not corrected, will mean a loss of approximately \$150,000 annually to the Municipality of Anchorage.

House Bill 43 is designed to correct this situation while still allowing rental agencies the option of annual registration.

Thanks again for your help with this matter and please feel free to contact me if you need additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Rick Mystrom". The signature is fluid and cursive, written over a horizontal line.

**Rick Mystrom  
Mayor**

*"City of Lights and Flowers"*