

HB

73

HFIN

FILE

FEB 22 '99 11:41 FROM ALASKA TRUCKING ASSOC

PAGE.001

ALASKA TRUCKING ASSOCIATION, INC.

3443 Minnesota Drive • Anchorage, Alaska 99503 • PHONE (907) 276-1149 • FAX (907) 274-1946

February 22, 1999

To: House Finance Committee

From: Frank J. Dillon, Alaska Trucking Association, Inc.

Re: H.B. 73

H.B. 73 completes the excellent legislative work begun with the passage last year of H.B. 404. In part, H.B. 404 allowed for the elimination of having to annually register commercial trailers.

The revenue from these trailers was shifted to the commercial licensed power units, so as, to generate the same revenue to the State. The direct benefit to both the State DMV and the Industry was to eliminate more than 20,000 annual paper work transactions and the need to find and affix tags to the trailers.

At the last minute the "rule of unintended consequences" reared it's ugly head. The impact to municipalities which levy a local motor vehicle tax had been overlooked. Language was added before final passage of H.B. 404 that "sunsetting" the trailer provision in H.B. 404 as of March 30, 1999, unless a means of correcting the potential revenue loss to the municipalities was found.

H.B. 73 is that solution. H.B. 73 was agreed to after a series of meetings with representatives from cities, boroughs, the Municipal League, independent truckers, and the Teamsters.

H.B. 73 adds \$75 per year to the two heaviest weight classes of commercial trucks. This will offset the loss from the fees now paid to the municipalities from commercial trailers. H.B. 73 carries through with our intent in H.B. 404 of being revenue neutral.



LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

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

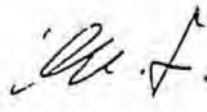
130 Seward Street, Suite 403
Juneau, Alaska 99801-2103

MEMORANDUM

February 9, 1999

SUBJECT: Sectional Summary of HB 73 (Work Order No. 21-0388 A)

TO: Representative Beverly Masek
Attn: Ted Deats

FROM: Michael F. Ford 
Legislative Counsel

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

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

Section 1. Increases biennial registration fees for commercial vehicles. Repeals a reference to trailers and semitrailers.

Section 2. Increases annual registration fees for commercial vehicles.

Section 3. Imposes a one-time registration fee of \$10 for trailers or semi-trailers.

Section 4. Increases the biennial tax imposed by municipalities on certain commercial vehicles.

Section 5. Specifies that for purposes of the municipal vehicle tax, a vehicle is taxed in the location it is normally used, during the period of the vehicle's registration.

Section 6. Increases the annual tax imposed by municipalities on certain commercial vehicles.

Section 7. Adds two transition provisions. Under (a), the department is authorized to collect additional sums in those municipalities that have amended the statutory fee schedule. Under (b), municipalities that have adopted amended fee schedules can adopt new schedules without meeting the requirements of AS 28.10.431(j). New schedules must be passed after this Act takes effect and before December 1, 1999.

Section 8. Effective date.

MFF:jdr
99-056:jdr



ALASKA INDEPENDENT TRUCKERS ASSOCIATION

200 W. 34TH AVENUE, SUITE 863

ANCHORAGE, ALASKA 99503

PHONE: (907)322-3402

FAX: (907)258-7536

February 15, 1999

Representative Allen Austerman
State Capitol
Juneau, Alaska 99801-1182

FEB 16 1999

RE: H.B. 73 & S.B. 64

Dear Representative Austerman;

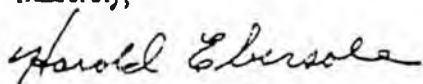
I would like to speak to you as both an independent businessman and as a member of the Board of Directors for the Alaska Independent Truckers Association. We have been reviewing the above referenced bills and are very concerned about the possible ramifications of said bills. It is our understanding that the State feels that implementing these bills will save money in administrative costs, while increasing revenue. Possibly we have misunderstood, but we are at a loss as to why the State would give up several hundreds of thousand dollars in annual income to save approximately \$100,000. Let me clarify our thoughts and concerns.

First, by making a commercial trailer fee one time for as long as the trailer does not change title, only benefits a few large corporations. To compensate for the loss of this revenue it is proposed that an increase in the registration and taxes be put on the power unit. What this essentially does is put the onus of picking up the lost revenue on the independent owner-operators. How you may ask? Well large corporations like Sealand have approximately 1,800 trailers with only approximately 25 power units. Carlisle approximately 1,200 trailers. Totem approximately 1,000 trailers and LTI approximately 1,500 trailers, all with only a minimal amount of power units. If you are making \$100-\$150 per trailer annually with 1,800 trailers that is \$180,000-\$270,000 in revenue annually with would drop to \$18,000 one time until that trailer changes title. That is a tremendous loss of revenue that will need to be made up somehow. A number of the larger corporations are using independent owner-operators' power units to move their trailers. How come these owner-operators are not complaining you may ask? Well, again several of the corporations have said that they will pay for their owner-operators registration & tax if they don't oppose this bill so that it has a better chance of becoming law.

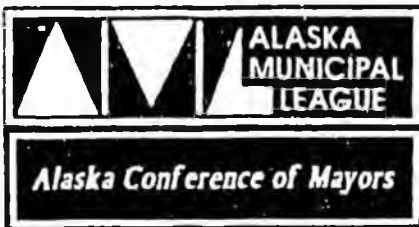
Most independent owner-operators have one power unit and one trailer, so how does this help them? However if you allow the registration fees and taxes to be increased to compensate for the loss of income it will be the thousands of independents paying for the corporations and this will have more far reaching ramifications. As the costs keep going up, there will be more and more independents and small companies that will be unable to finance the higher cost of doing business and will be forced to go out of business. Therefore that income will also be lost as those power units will no longer be registered and used. In the bigger picture, less fuel will be bought, less repair work for mechanic shops, less parts and tires bought, less insurance needed. Therefore, the whole economic community losses. That could also cause a resurgence in the unemployment rate. All for the sake of helping out a few large corporations. Sadly enough most individuals and

If it is determined that we still need to only have a one time \$10 registration fee for trailers, possible another solution should be found to generate the lost income. For example, the State no longer has a tax or permit fee for 40 foot doubles. Maybe we should. Most States have this. Nevada charges an annual \$3,000 per year for doubles. Maybe this option should be researched. Also, maybe the State Department of Transportation should be more concerned with actually implementing and enforcing the safety program that is already on the books and would benefit that whole State instead of catering to a few large corporations. Hopefully you can help us in our concerns.

Sincerely,

A handwritten signature in cursive script that reads "Harold Ebersole".

Harold Ebersole
ALTA Board Member, Trucker & Voter



FEB 16 1999

217 Second Street, Suite 200 • Juneau, Alaska 99801 • Tel: 907/586-1326 Fax: 907/40-1849

February 12, 1999

Representative Beverly Masek, Chair
House Transportation Committee
State Capitol Room 432
Juneau, AK 99801-1182

Dear Representative Masek,

Re: HB 73

Last year when HB 404 was adopted, the trucking industry representatives pledged to negotiate an agreement with municipalities to mitigate the negative impact on local registration tax revenues.

This was accomplished and the result is in HB 73. The bill has been reviewed by the affected municipalities, and HB 73 appears to mitigate the revenue loss to local taxpayers from exempting commercial trailers from registration taxes. It also appears to allow municipalities who set their own registration tax rates time to change their ordinances to reflect the agreement. The Alaska Truckers Association and other industry representatives have pledged to also support the change when it comes before borough Assemblies.

The AML Policy Statement neither supports nor opposes the subject of this bill.

Sincerely,

Kevin Ritchie
Executive Director

cc AML Transportation and Utilities Subcommittee
Tim Rogers
Mike Scott
Ray Gillespie
Georgiana Zimmerle
Gary Bloomquist
Mayor Mike Navarre

ALASKA TRUCKING ASSOCIATION, INC.

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February 9, 1999

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General Teamsters Local 959 State of Alaska

Affiliated with International Brotherhood of Teamsters
ANCHORAGE ALASKA 99501 500 E 14TH AVE PO BOX 8102 FAX 907 565-8266 DEPAUL L. HODD Secretary, Treasurer

FARMERS ALASKA 99707 PO BOX 70609 907 452-2359 FAX 907 452-8037
JUNEAU ALASKA 99801 306 W. CLYDE 907 596-3225 FAX 907 596-1207
KENA ALASKA 99801 PO BOX 8150 907 283-4456 FAX 907 283-8030

February 10, 1999

HAND DELIVERED

Representative Beverly Masek
Transportation Committee Chair
State Capitol
Juneau, AK 99801-1182

Re: House Bill 73

Dear Representative Masek:

On behalf of the several hundred Teamster members employed in the transportation industry, I would like to go on record supporting HB 73. This bill is intended as a clean-up to HB 404 which became law last session. Unfortunately, the tax issue was not addressed in HB 404 as it related to municipal motor vehicle registration tax.

The passage of HB 404 eliminated the requirement to register commercial trailers with the Division of Motor Vehicles (DMV). It was not known until late in last year's session that the DMV also collected taxes for approximately 13 Alaska communities. Since HB 404 was revenue neutral, there were communities which would have lost revenue.

During the interim, there were several meetings held to discuss a resolution to this problem. Included in these meetings were representatives from the Alaska Trucking Association, the Teamsters, impacted communities, and the Independent Trucking Association, whose participation was limited to the last two teleconferences. It was agreed by all present at the last meeting that the proposed increase of \$75.00 per year for those vehicles weighing at least 12,001 pounds or greater would adequately make up the tax revenue on the trailers.

Therefore, HB 73 will continue to eliminate the requirement for registration of commercial trailers, with the exception of a one time \$100 fee. It also frees up industry employees because they will no longer have to physically tag and process paperwork for the trailers.

Although this poses an additional cost to many of our members in the industry, over time we believe that it will balance the playing field and help to create a more efficient industry.

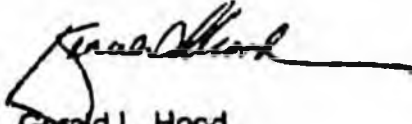


Representative Beverly Masek
February 10, 1999
Page 2

Your support is greatly appreciated. If there is any additional information we may provide or if there are any questions we may answer regarding HB 73, please let me know. Again, your support in passage of this bill is greatly appreciated.

Sincerely,

TEAMSTERS LOCAL 959



Gerald L. Hood
Secretary-Treasurer

cc: Hand delivered:
Andrew Halcro, Vice Chairman
Bill Hudson
John Cowdery
Jerry Sanders
Allen Kemplen
Albert Kookesit

Committees:

Transportation
Chair

Resources
Vice Chair

World Trade and
State & Federal Relations

Alaska State Legislature



Representative Beverly Masek

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Fax: 373-4745

During Session: (Jan.-May)
State Capitol
Juneau, AK 99801-1182
(907) 465-2679
Fax: 465-4822
1-800-505-2678

SPONSOR STATEMENT

House Bill 73

"An Act relating to commercial vehicle registration fees and taxes; and providing for an effective date."

Last year, the Twentieth Legislature, Second Session, passed Senate CS for CS for House Bill No. 404(RLS). This bill raised temporary registration fees for out-of-state trucks to fund size, weight, and safety inspections statewide. This bill eliminated the requirement of annual registration of commercial trailers with DMV, saving the state \$100,000 by eliminating 20,000 yearly transactions. It also saved trucking companies the chore of hunting down hundreds of trailers statewide, on barges, or even out of state to affix registration stickers.

The House version raised fees on commercial trucks to offset the revenue lost to the state from registering trailers. However, in the final days of passage, bill critics noted that some municipalities lost tax revenues by eliminating trailer registrations. (DMV collects taxes for some municipalities when it registers vehicles.)

The bill was amended to include a 'sunset' date of March 30, 1999. This 'sunset' was to allow the trucking industry, municipalities, and DMV time to agree on a plan to replace the lost revenues or go back to yearly registration of trailers.

After several recent teleconferences and meetings, the affected parties reached certain agreements. **HB 73 meets these agreements by:**

- Making permanent the new registration fees for commercial vehicles.
- Raising the municipal tax schedule by \$75 per year on trucks over 12,000 pounds to restore lost revenue to affected municipalities.
- Tightening the 'situs' language so that trucks are registered for where they are normally used.

Amendment 1

no job y

Adopted

Page 1
line 1

"relating to determining the taxable location of a vehicle for purposes of municipal registration taxes:"

This change would satisfy the constitutional requirement that the contents of a bill be described in the bill's title.

Please contact me if you have questions.

MFF:glc
99-064.glc

Attachment

HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: February 19, 1999

FURTHER REFERRALS:

Date of Committee Action: 2/22/99

The FINANCE Committee considered:

HB 73

HOUSE BILL NO. 73

MOTOR VEHICLE REGISTRATION FEES

"An Act relating to commercial vehicle registration fees and taxes; and providing for an effective date."

recommends it be replaced with the following committee substitute CS HB 73(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) _____ zero fiscal note(s) DOA 2/12/99

SIGNING WITH RECOMMENDATIONS		DP	DNP	NR	AM
<i>Therriault</i>	Therriault			X	
<i>Kohring</i>	Kohring		X		
<i>Austerman</i>	Austerman		X		
<i>J. Davies</i>	J. Davies	X			
<i>Runde</i>	Runde	X			
<i>Grussendorf</i>	Grussendorf			X	
<i>Williams</i>	Williams	X			
<i>Davis</i>	Davis			X	
<i>Foster</i>	Foster	X			

CO-CHAIR'S SIGNATURE *Therriault*
 Therriault

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

BILL NO. HB 73

Revision Date: _____
 Title: An Act relating to commercial vehicle registration fees and taxes, and providing for an effective date
 Sponsor: (H) TRA
 Requestor: (H) TRA

Department Affected: Administrative
 BRU: Motor Vehicles
 Component: _____
 COMPONENT SERIAL NO.: 2343

Expenditures/Revenues: (Thousands of Dollars)
 Note: Amounts do not include inflation unless otherwise noted below

OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES

CHANGE IN REVENUES ()

FUND SOURCE: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF Program Receipts						
1037 GF Mental Health						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY 99) cost: \$ _____

POSITIONS:

FULL-TIME	
PART-TIME	
TEMPORARY	

ANALYSIS: (Attach a separate page if necessary.) In 1998 HB 404 was passed and that bill eliminated the requirement for annual or biennial commercial trailer registration. HB 404 increased registration fees on commercial cars, trucks, and buses to compensate for the loss of the trailer registration fees. The intent of this was to be revenue neutral with the changes. This bill addresses the same issue with the Municipal Registration Tax by increasing the tax rates on larger commercial vehicles to offset the loss of municipal tax revenue from the trailers.

DMV collects these taxes at time of registration and remits them to the appropriate municipality less an 8% collection cost which the state retains. There is no gain or loss of revenue since this bill merely shifts the existing tax burden from one class of vehicles to another. The tax rate changes can be accomplished by a computer table change in less than an hour.

Prepared by Charles P. Hesack
 Division: Motor Vehicles

Phone: (907) 269-5559
 Date: _____

Approved by Commissioner: Robert Poe
 Agency: Department of Administration

Date: 2/8/99

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