

HB

10

<TARGET><BILL>HB 10</BILL><SUBJECT>HB
10</SUBJECT><COMM>HFIN27</COMM></TARGET>

ALASKA STATE LEGISLATURE

Co-Chair:
House Finance Committee

Chair:
House Finance Subcommittees for;
Department of Public Safety
Department of Law
Alaska Court System

Member:
Legislative Council
Committee on Committees
Legislative Budget & Audit (alt)
House Finance Sub-Committees for:
Governor's Office
Legislature
University of Alaska



BILL STOLTZE
STATE REPRESENTATIVE
Representative_Bill_Stoltze@legis.state.ak.us

Session:
Alaska State Capitol, Rm 515
Juneau, AK 99801-1182
Phone: (907) 465-4958
Fax: (907) 465-4928

District:
600 E. Railroad Ave.
Wasilla, AK 99654
Phone: (907) 376-4958
Fax: (907) 376-4928
Toll Free: 1-866-465-4958

Sponsor Statement
for
House Bill 10
by Representative Bill Stoltze

The passage of House Bill 10 would establish a new type of registration available through the Division of Motor Vehicles allowing for the permanent registration of trailers for personal, non-commercial use.

The proposed change to state statutes calls for the addition of a one-time \$100 fee to register personal-use trailers as long as the registered owner owns the vehicle. It also allows for the continuation of the \$30 biennial registration fee, already existing in the statutes.

The change would bring registration of non-commercial trailers in-line with current statutes for commercial trailers, which have had the luxury of permanent registration for years.

The increased charge for permanent registration (\$100) will help offset some of the lost revenue within the Division of Motor Vehicles created by the new type of registration.

Permanent registration will also help reduce the workload within the DMV and make the registration process more user-friendly to the people of the State of Alaska.

I appreciate your support in this important legislation.

DISTRICT 16

BIRCHWOOD • BUTTE • CHUGIAK • EKLUTNA • FAIRVIEW LOOP
KNIK RIVER ROAD • LAZY MOUNTAIN • PALMER • PETERS CREEK

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version HB010
 Fiscal Note Number _____
 () Publish Date _____

Identifier (file name) HB010CS(FIN)-DOA-DMV-2-10-12 Dept. Affected Administration
 Title Non-commercial trailer registration fees Appropriation Motor Vehicles
 Allocation Motor Vehicles
 Sponsor Representatives Stoltze, Keller
 Requester House Finance OMB Component Number 2348

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY13 Appropriation Requested	Included in Governor's FY13 Request	Out-Year Cost Estimates				
			FY14	FY15	FY16	FY17	FY18
OPERATING EXPENDITURES	FY13	FY13					
Personal Services							
Travel							
Services			42.9				
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	42.9	0.0	0.0	0.0	0.0

FUND SOURCE		(Thousands of Dollars)					
1002	Federal Receipts						
1003	GF Match						
1004	GF						
1005	GF/Prgm (DGF)		42.9				
1037	GF/MH (UGF)						
1178	temp code (UGF)						
TOTAL		0.0	0.0	42.9	0.0	0.0	0.0

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES			1,051.7	1,051.7	(128.3)	(128.3)	(128.3)
---------------------------	--	--	----------------	----------------	----------------	----------------	----------------

Estimated SUPPLEMENTAL (FY12) operating costs _____ (separate supplemental appropriation required)
 (discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY13) costs _____ (separate capital appropriation required)
 (discuss reasons and fund source(s) in analysis section)

Why this fiscal note differs from previous version (if initial version, please note as such)

Updated the change in revenues due to updated trailer counts.

Prepared by Whitney Brewster, Director
 Division Division of Motor Vehicles
 Approved by John Cramer, Deputy Commission
 Department of Administration

Phone 907-269-5559
 Date/Time 2/10/12 4:15 PM
 Date 2/10/2012

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. HB010

Analysis

The effective date of this bill is January 1, 2014.

Expenditures

The database for Division of Motor Vehicles (DMV) will need programming to allow for permanent registration of non-commercial trailers.

- Estimated hours: 300
- Cost per hour: \$143
- Total programming cost: 300 x \$143 = \$42,900

Revenues

Assumptions:

The newer the trailer, the more likely the trailer will last long enough to recover the extra cost of the permanent registration; therefore, the greater the probability the owner will opt for permanent registration.

Currently registered non-commercial trailers

12,000 currently registered trailers 1-3 years; DMV anticipates half the registrations will expire in 2014 and half in 2015

50% of owners will elect permanent registration on trailers 1-3 years old

88,000 currently registered trailers older than 3 years; DMV anticipates half the registrations will expire in 2014 and half in 2015

20% of owners will elect permanent registration on trailers older than 3 years

New trailers

4,300 new trailers are registered each year. This is an average of the number of currently registered trailers with model years 2007-2011.

75% of owners will elect permanent registration

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Current: trailers 1-3 yrs old						
3000 opt perm reg (12000/2x50%=3000)						
Perm Fees (3000 x \$100)		300.0	300.0			
Loss of Biennial Fees (3000 x \$30)		-90.0	-90.0	-90.0	-90.0	-90.0
Current: trailers older than 3 yrs						
8800 opt perm reg (88000/2x20%=8800)						
Perm Fees (8800 x \$100)		880.0	880.0			
Loss of Biennial Fees (8800 x \$30)		-264.0	-264.0	-264.0	-264.0	-264.0
New trailers						
3225 opt perm reg (4300x75%=3225)						
Perm Fees (3225 x \$100)		322.5	322.5	322.5	322.5	322.5
Loss of Biennial Fees (3225 x \$30)		-96.8	-96.8	-96.8	-96.8	-96.8
TOTAL CHANGE IN REVENUES	0.0	1051.7	1051.7	-128.3	-128.3	-128.3

The DMV collects Motor Vehicle Registration Tax (MVRT) for 16 communities: Anchorage, Bethel, Bristol Bay Borough, Cordova, Dillingham, Juneau, Kenai Peninsula Borough, Ketchikan Gateway Borough, Kodiak Island Borough, Matanuska Susitna Borough, Nenana, Nome, Petersburg, Sitka, Unalaska, and Whittier.

Eight percent of the MVRT collected is retained by the state as collection costs. The collection cost revenue will increase by an indeterminate amount in FY14 and FY15, but will decrease an indeterminate amount in all years after FY2015.

ALASKA STATE LEGISLATURE

Co-Chair:
House Finance Committee

Chair:
House Finance Subcommittees for;
Department of Public Safety
Department of Law
Alaska Court System

Member:
Legislative Council
Committee on Committees
Legislative Budget & Audit (alt)
House Finance Sub-Committees for:
Governor's Office
Legislature
University of Alaska



BILL STOLTZE
STATE REPRESENTATIVE
Representative_Bill_Stoltze@legis.state.ak.us

Session:
Alaska State Capitol, Rm 515
Juneau, AK 99801-1182
Phone: (907) 465-4958
Fax: (907) 465-4928

District:
600 E. Railroad Ave.
Wasilla, AK 99654
Phone: (907) 376-4958
Fax: (907) 376-4928

Toll Free: 1-866-465-4958

March 18, 2011

HB 10 Explanation of Changes

Section 2 – Changes the current statute with regards to registering non-commercial trailers by allowing the owner to choose either the normal biennial fee of \$30 or to select permanent registration for a fee of \$100.

Section 4 – This change to statute allows municipalities to set a Motor Vehicle Registration Tax rate for permanent registration of a trailer.

Current statutes only allow for a Motor Vehicle Registration Tax rate based on the age of a vehicle. This change is important because the Motor Vehicle Registration Tax can only be collected at the time of registration. It also addresses the potential loss in revenue that would happen if the section were not changed.

Section 6 – The Transportation Committee amended the bill, by establishing an effective date of January 1, 2014. The logic behind this is that municipalities are only allowed to make the changes made in Section 4 of the bill, once every two years. By setting the effective date to 2014 it will allow all municipalities the time needed to make changes if they choose.

DISTRICT 16

BIRCHWOOD • BUTTE • CHUGIAK • EKLUTNA • FAIRVIEW LOOP
KNIK RIVER ROAD • LAZY MOUNTAIN • PALMER • PETERS CREEK



March 21, 2011

House Finance Committee
Juneau, Alaska

RE: HB 64 and HB 10

Dear Committee Members,

The Alaska Municipal League originally came out strongly against HB64 and HB10, as they both repealed the authority of municipalities to levy vehicle registration taxes. AML and the municipalities addressed those concerns during hearings in House Transportation committee meetings.

Thanks to the work of the bill's sponsor, this issue has been corrected. Our main issue has been alleviated to a large degree, in that municipalities, under the new CS, would be allowed to adjust rates to compensate for potential losses due to permanent registration. We have received a spread sheet from Mr. Breese, in Rep. Stoltze's office that enables each municipality to get a fairly accurate idea of what that loss might be.

We are not in disagreement that the reduction of time spent in line with DMV could better be spent elsewhere.

While individual municipalities may still have some concerns, AML will attempt to make this legislation work.

Thank you,

Kathie Wasserman
Executive Director

HB 10 Recommended Witnesses

Former DMV Director - Duane Bannock.

Current DMV Director – Whitney Brewster

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number _____
 Bill Version CSHB010I
 () Publish Date _____

Identifier (file name) CSHB010-DOA-DMV-03-18-11 Dept. Affected Administration
 Title Non-commercial trailer registration fee Appropriation Motor Vehicles
 Allocation Motor Vehicles
 Sponsor Rep. STOLTZE, KELLER
 Requester House Finance OMB Component Number 2348

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services				42.9				
Commodities								
Capital Outlay								
Grants								
Miscellaneous								
TOTAL OPERATING	0.0	0.0	0.0	42.9	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES

CHANGE IN REVENUES							
1005 GF/Prog Rec				1,064.0	1,064.0	(81.0)	(81.0)

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts				42.9			
1037 GF/Mental Health							
Other (please identify)							
TOTAL	0.0	0.0	0.0	42.9	0.0	0.0	0.0

Estimate of any current year (FY2011) cost 0.0

POSITIONS

Full-time							
Part-time							
Temporary							

Why this fiscal note differs from previous version (if initial version, please note as such)

- 1) An effective date was added to the bill, thus deferring the impact of the bill to later fiscal years.
- 2) The quantity of registered trailers is reduced. DMV discovered that some trailers were counted more than once if multiple transactions were processed on the same record in 2010.
- 3) The math for programming costs has been corrected.

Prepared by Whitney Brewster
 Division Motor Vehicles
 Approved by John Cramer, Deputy Commissioner
Department of Administration

Phone 907-269-5574
 Date/Time 3/18/11 4:00 PM
 Date 3/18/2011

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. CSHB010M

Analysis

Expenditures

The database for Division of Motor Vehicles (DMV) will need reprogramming to allow for permanent registrations on non-commercial trailers.

Estimated hours: 300

Cost per hour: \$143

Total programming cost: 300 x \$143 = \$42,900.

Revenues

Assumptions:

The newer the trailer, the more likely it will last long enough to recover the extra cost of the permanent registration; therefore, the greater the probability that owners will opt for permanent registrations.

Currently registered non-commercial trailers

13,000 currently registered trailers 1-3 years; DMV anticipates half the registrations will expire in 2014 and half in 2015

50% of owners will elect permanent registration on trailers 1-3 years old

82,000 currently registered trailers older than 3 years; DMV anticipates half the registrations will expire in 2014 and half in 2015

20% of owners will elect permanent registration on trailers older than 3 years

New trailers

5,000 new trailers are registered each year

75% of owners will elect permanent registration

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Current: trailers 1-3 yrs old						
3250 opt perm reg (13000/2x50%=3250)						
Perm Fees (3250 x \$100)			325.0	325.0		
Loss of Biennial Fees (3250 x \$30)			-97.5	-97.5	-97.5	-97.5
Current: trailers older than 3 yrs						
8200 opt perm reg (82000/2x20%=8200)						
Perm Fees (8200 x \$100)			820.0	820.0		
Loss of Biennial Fees (8200x\$30)			-246.0	-246.0	-246.0	-246.0
New trailers						
3750 opt perm reg (5,000x75%=3750)						
Perm Fees (3750 x \$100)			375.0	375.0	375.0	375.0
Loss of Biennial Fees (3750 x \$30)			-112.5	-112.5	-112.5	-112.5
TOTAL CHANGE IN REVENUES	0.0	0.0	1064.0	1064.0	-81.0	-81.0

The DMV collects Motor Vehicle Registration Tax (MVRT) for 16 communities: Anchorage, Bethel, Bristol Bay Borough, Cordova, Dillingham, Juneau, Kenai Peninsula Borough, Ketchikan Gateway Borough, Kodiak Island Borough, Matanuska Susitna Borough, Nenana, Nome, Petersburg, Sitka, Unalaska, and Whittier.

Eight percent of the MVRT collected is retained by the state as collection costs. The collection cost revenue will increase by an indeterminate amount in FY14 and FY15, but will decrease an indeterminate amount in all years after FY2015.