

**HB**

**64**

<TARGET><BILL>HB 64</BILL><SUBJECT>HB  
64</SUBJECT><COMM>HSTA27</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  
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*Sponsor Statement*  
*for*  
*House Bill 64*  
*by Representative Bill Stoltze*

The passage of House Bill 64 would establish a new type of registration available through the Division of Motor Vehicles allowing for the permanent registration of personal-use motor vehicles older than eight years old.

The proposed change to state statutes calls for the addition of a one-time \$100 fee or five times the regular registration fee, whichever is the lesser, to register motor vehicles for personal-use as long as the registered owner continues to own the vehicle. It also allows for the continuation of the regular biennial registration, already existing in the statutes.

This change will make the DMV re-registration process more user-friendly to the owners of qualifying vehicles and lighten the work load for DMV employees by reducing the number of registrations processed, especially among older vehicles.

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.

I appreciate your support in this important legislation.

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## Montana Code pertaining to permanent motor vehicle registration

61-3-562. Permanent registration -- transfer of light vehicle ownership -- rules. (1) (a) The owner of a light vehicle 11 years old or older subject to the registration fee, as provided in 61-3-321(2), may permanently register the light vehicle upon payment of a \$87.50 registration fee, the applicable registration and license fees under 61-3-412, if applicable, the administrative fee and the annual one-time-only donation fee for a generic specialty license plate under 61-3-480, and an amount equal to five times the local option motor vehicle tax or flat fee on vehicles under 61-3-537 and, as applicable, either:

(i) (A) the original fee and four times the renewal fee for personalized plates; or  
(B) five times the renewal fees for personalized plates; or  
(ii) if a new set of license plates is not being issued, an insurance verification fee of \$5, which must be deposited in the account established under 61-6-158.

(b) The following series of license plates may not be used for purposes of permanent registration of a light vehicle:

- (i) Montana national guard license plates issued under 61-3-458(2)(b);
- (ii) reserve armed forces license plates issued under 61-3-458(2)(c);
- (iii) amateur radio operator license plates issued under 61-3-422; and
- (iv) collegiate license plates issued under 61-3-465.

(2) In addition to the fees described in subsection (1), an owner of a truck with a manufacturer's rated capacity of 1 ton or less that is permanently registered shall pay five times the applicable fees imposed under 61-10-201.

(3) The owner of a motor vehicle that is permanently registered under this section is not subject to additional registration fees or to other motor vehicle registration fees described in this section for as long as the owner owns the vehicle.

(4) The county treasurer shall once each month remit to the state the amounts collected under this section, other than the local option motor vehicle tax or flat fee, for the purposes of 61-3-321(2) and 61-10-201. The county treasurer shall retain the local option motor vehicle tax or flat fee.

(5) (a) The permanent registration of a light vehicle allowed by this section may not be transferred to a new owner. If the light vehicle is transferred to a new owner, the department shall cancel the light vehicle's permanent registration.

(b) Upon transfer of a light vehicle registered under this section to a new owner, the new owner shall apply for a certificate of title under 61-3-201 and 61-3-216 and register the light vehicle under 61-3-303.

History: En. Sec. 3, Ch. 515, L. 1999; amd. Sec. 18, Ch. 191, L. 2001; amd. Sec. 47, Ch. 257, L. 2001; amd. Sec. 7, Ch. 337, L. 2001; amd. Sec. 20, Ch. 13, Sp. L. August 2002; amd. Sec. 3, Ch. 143, L. 2003; amd. Sec. 16, Ch. 280, L. 2003; amd. Sec. 70, Ch. 477, L. 2003; amd. Sec. 9, Ch. 464, L. 2005; amd. Sec. 121, Ch. 542, L. 2005; amd. Sec. 98, Ch. 596, L. 2005; amd. Sec. 33, Ch. 329, L. 2007; amd. Sec. 4, Ch. 392, L. 2007; amd. Sec. 19, Ch. 413, L. 2009.

# Permanent Vehicle Registration Bill

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## Data

The Alaska Division of Motor Vehicles reports that there are currently 695,552 passenger vehicles, non-commercial pick-up trucks, vans weighing under 10,000 pounds and motorcycles registered in the State of Alaska.

- There are currently 443,218 personal use passenger vehicles 8 years old and older, registered in the state of Alaska, or approximately 63% of the total number of personal use passenger vehicles currently registered. If this bill is approved these vehicles would be eligible permanent registration.

## Revenue Impacts

Based on the current registration fee for a passenger vehicle of \$100, for a two year period, the current revenue generated by the DMV for personal use vehicles is \$69.5 million every two years.

- By granting permanent registration to vehicles 8 and older a drop in registration revenue of \$25.2 million every two years would result. As the registration renewal for these vehicles is \$100.
- Nearly 120,000 or a quarter of the vehicles eligible after are no longer registered once they reach 11 years old, and the number decreases annually after that. At 15 years, 44.5 percent of the vehicles are still registered. At 18 years, 29.7 percent are still registered. This results in a decrease in the annual loss in revenue.

## Motor Vehicle Registration Tax

An obstacle created by the legislation, is the potential loss of the collection of municipal, borough and city Motor Vehicle Registration Tax revenue. This is currently done by DMV when vehicle registrations are renewed. The state receives 8% of the revenue collected for the MVRT, as a processing fee.

- Vehicles 8 years old and older are charged the lowest rate in the local tax structures established by local governments.
- Montana, the only other state to offer permanent registration, requires the vehicles getting a permanent registration to pay 5 times the appropriate local registration tax. This covers a significant portion of the local taxes for the vehicle. If the same practice is used in Alaska, the owner would pay local registration taxes for the next seven years when granted permanent registration.

## Special Tag Needed

A special license plate tag will need to be produced to signify a vehicle has permanent registration, rather than the normal registration which expires after two-years.

- Montana has used a special tag to identify vehicles with permanent registration.
- Cost of development should be no greater than creating the normal year tags distributed by DMV. In fact the cost will decrease as vehicles will not need to renew registration every two-years.

**Other advantages**

- Permanent registration for personal use motor vehicles will reduce the work load at the DMV, including time spent renewing vehicles. With 63 percent of vehicles eligible for permanent registration and an estimated 90 percent of the owners of eligible vehicles predicted to choose permanent registration the work load at DMV will be greatly reduced.
- This bill will result in a cost and time savings to the consumer, making the DMV more pleasant.

# FISCAL NOTE

STATE OF ALASKA  
2011 LEGISLATIVE SESSION

Fiscal Note Number \_\_\_\_\_  
Bill Version HB064A (STA)  
( ) Publish Date \_\_\_\_\_

Identifier (file name) HB064-STA-DOA-DMV-02-04-11 Dept. Affected Administration  
Title Permanent non-commercial vehicle registration Appropriation Motor Vehicles  
Allocation Motor Vehicles  
Sponsor Rep(s) STOLTZE, KELLER, Costello  
Requester H (STA) 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
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Services		57.2						
Commodities								
Capital Outlay								
Grants								
Miscellaneous								
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>57.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>								
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<b>CHANGE IN REVENUES</b>		256.0	300.0	(19,644.2)	(23,191.6)	(23,197.2)	(26,745.5)
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF		57.2					
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other (please identify)							
<b>TOTAL</b>	<b>0.0</b>	<b>57.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

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)

Not applicable, initial version

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

Phone 907-269-5574  
Date/Time 2/5/11 10:00 AM  
Date 2/15/2011

FISCAL NOTE

STATE OF ALASKA  
2011 LEGISLATIVE SESSION

BILL NO. HB 64

**Analysis**

**Expenditures**

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

Estimated hours: 400

Cost per hour: \$143

Total programming cost:  $400 \times \$143 = \$57,200$ .

**Revenues**

Assumptions:

The biennial registration fee established in AS 28.10.421 is \$100 for 96% of the vehicles eligible for permanent registration. Since the permanent registration fee is the lesser of 5 times the \$100 (\$500) fee or \$100 dollars, the registration fee would be \$100, whether renewing for two years or permanently. The other 4% of registrations are for motorcycles with a \$68 biennial registration. Although the \$100 permanent registration fee is greater than the \$68 biennial fee, assumption is that 90% will opt for permanent registration.

The maximum additional Motor Vehicle Registration Tax (MVRT) would be \$68 ( $\$17 \text{ MVRT} \times 5 = \$85$  less  $\$17 = \$68$ ). The registration fees that would have been paid at the next renewal would offset the \$68 one-time increase in MVRT.

The only benefit to retaining biennial registration would be for those who intend to sell their vehicle or move out of state within two years; consequently, the assumption is that 90% of owners will elect for permanent registration.

Approximately 40,000 vehicles become eligible each year.

	2012	2013	2014	2015	2016	2017
2012: 221.6 eligible for perm reg						
199.4 opt perm reg (221.6x90%)						
Loss in biennial fees						
(199.4x\$100x96%)			-19146.2		-19146.2	
8.0 motorcycle owners opt for perm reg (199.4x4%)						
Fee increase ((8.0x\$100)-(8.0x\$68))	256.0					
Loss in biennial fees (8.0x\$68)			-544.0		-544.0	
2013: 261.6 eligible for perm reg, including 40.0 newly eligible						
235.4 opt for perm reg (261.6x90%)						
Loss in biennial fees (235.4x\$100x96%)				-22598.4		-22598.4
9.4 motorcycle owners opt for permanent reg (235.4x4%)						
Fee increase ((9.4x\$100)-(9.4x\$68))		300.0				
Loss in biennial fees (9.4x\$68)				-639.2		-639.2
2014: 40 newly eligible for perm reg						
36.0 opt for perm reg (40.0x90%)						
Loss in biennial fees (36.0x\$100x96%)					-3456.0	
1.4 opt perm reg for vehicles with \$68 reg (36.0x4%)						
Fee Increase ((36.0x\$100)-(36.0x\$68))			46.0			
Loss in biennial fees (1.4x\$68)					-97.9	

FISCAL NOTE

STATE OF ALASKA  
2011 LEGISLATIVE SESSION

BILL NO. HB 64

Analysis Continued

	2012	2013	2014	2015	2016	2017
2015: 40 newly eligible for perm reg						
36.0 opt for perm reg (40.0x90%)						
Loss in biennial fees (36.0x\$100x96%)						-3456.0
1.4 motorcycle owners opt for perm reg (36.0x4%)						
Fee Increase ((36.0x\$100)-(36.0x\$68)				46.0		
Loss in biennial fees (1.4x\$68)						-97.9
2016: 40 newly eligible for perm reg						
36.0 opt for perm reg (40.0x90%)						
1.4 motorcycle owners opt for perm reg (36.0x4%)						
Fee Increase ((36.0x\$100)-(36.0x\$68)					46.0	
2017: 40 newly eligible for perm reg						
36.0 opt for perm reg (40.0x90%)						
1.4 motorcycle owners opt for perm reg (36.0x4%)						
Fee Increase ((36.0x\$100)-(36.0x\$68)						46.0
TOTAL CHANGE IN REVENUES	256.0	300.0	-19644.2	-23191.6	-23197.2	-26745.5

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. Although the increase or decrease in revenues from the collection costs are indeterminate, the revenues will change proportionately with the registration fees.

# FISCAL NOTE

**STATE OF ALASKA**  
**2011 LEGISLATIVE SESSION**

Fiscal Note Number \_\_\_\_\_  
 Bill Version HB064A  
 () Publish Date \_\_\_\_\_

Identifier (file name) HB064-DEC-AQ-02-04-11 Dept. Affected Environmental Conservat  
 Title Permanent Motor Vehicle Registration Appropriation Environmental Health  
 Allocation Air Quality  
 Sponsor Representatives Stoltze, Keller  
 Requester House State Affairs Committee OMB Component Number 2061

**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
<b>OPERATING EXPENDITURES</b>								
Personal Services	95.4		60.4	60.4	60.4	60.4	60.4	60.4
Travel	0.0		0.0	0.0	0.0	0.0	0.0	0.0
Services	18.2		16.2	28.7	28.7	28.7	28.7	28.7
Commodities	0.0		7.5	0.0	0.0	0.0	0.0	0.0
Capital Outlay	0.0		0.0	0.0	0.0	0.0	0.0	0.0
Grants	0.0		0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0		0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>113.6</b>	<b>0.0</b>	<b>84.1</b>	<b>89.1</b>	<b>89.1</b>	<b>89.1</b>	<b>89.1</b>	<b>89.1</b>

<b>CAPITAL EXPENDITURES</b>								
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<b>CHANGE IN REVENUES</b>								
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts	0.0		0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0		0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	113.6		0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0		84.1	89.1	89.1	89.1	89.1	89.1
1037 GF/Mental Health	0.0		0.0	0.0	0.0	0.0	0.0	0.0
Other (please identify)	0.0		0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>113.6</b>	<b>0.0</b>	<b>84.1</b>	<b>89.1</b>	<b>89.1</b>	<b>89.1</b>	<b>89.1</b>	<b>89.1</b>

Estimate of any current year (FY2011) cost \_\_\_\_\_

**POSITIONS**

Full-time	0.0		1.0	1.0	1.0	1.0	1.0
Part-time	0.0		0.0	0.0	0.0	0.0	0.0
Temporary	0.0		0.0	0.0	0.0	0.0	0.0

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

Not applicable, initial version.

Prepared by Alice Edwards  
 Division Air Quality  
 Approved by Dan Easton  
Deputy Commissioner

Phone (907) 465-5109  
 Date/Time 2/4/11 2:00 PM  
 Date 2/5/2011

FISCAL NOTE

STATE OF ALASKA  
2011 LEGISLATIVE SESSION

BILL NO. HB 64

**Analysis**

Currently, compliance with local vehicle inspection and maintenance (I/M) programs occurs at the time of biennial vehicle registration. The elimination of that registration process will require the department to develop a stand alone system to notify vehicle owners of the I/M testing requirements and to monitor and track compliance. Additionally, the department will need to update the State's air quality plan.

This fiscal note reflects one new position that will be responsible for notifying over 4,000 vehicle owners monthly of their inspection requirements, checking to see inspections are done and referring violations to the local government.

The first year costs include development of the necessary changes to the program requirements and data systems.

Currently, the department is working with the Environmental Protection Agency on the suspension of the Anchorage I/M program. Suspension of the I/M program would eliminate these costs.

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Toll Free: 1-866-465-4958

## Memorandum

TO: Rep. Bob Lynn, Chair House State Affairs Committee

FROM: Rep. Bill Stoltze 

DATE: February 2, 2011

RE: Hearing Request for HB 64 "An Act relating to permanent motor vehicle registration; and providing for an effective date."

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Mister Chair,

I request that HB 64 be scheduled for a hearing before the House State Affairs Committee at the earliest possible time.

Attached is a sponsor statement, supporting material and a copy of the legislation for consideration by the committee.

DISTRICT 16

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