

HB

64

<TARGET><BILL>HB 64</BILL><SUBJECT>HB
64</SUBJECT><COMM>SSTA27</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
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Memorandum

TO: Senator Bill Wielechowski
Senate State Affair Committee Chair

FROM: Rep. Bill Stoltze 

DATE: April 6, 2012

RE: Calendar Request for CS HB64 (FIN) "An Act relating to permanent motor vehicle registration; and providing for an effective date."

Mr. Chair,

I request that CS HB64(FIN) be calendared for a hearing before the Senate State Affairs Committee at the earliest possible time. My staff member Darrell Breese will be carrying the bill.

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

DISTRICT 16

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

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Department of Public Safety
Department of Law

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Legislative Budget & Audit

ALASKA STATE LEGISLATURE



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Sponsor Statement **CS HB 64 (FIN)**

"An Act relating to permanent motor vehicle registration; and providing for an effective date."

The purpose of CS HB64 (FIN) is to offer the choice of permanent registration for personal-use, non-commercial trailers and certain motor vehicles when applied for at the Division of Motor Vehicles.

Permanent Motor Vehicle Registration

- Would be available to motor vehicles that are eight years or older
- Would cost \$25, in addition to the regular biennial registration fee
- Provide the owner with the option of selecting the regular two-year, biennial, registration
- Is not transferable when ownership of the vehicle changes

Permanent Trailer Registration

- Would allow the owners of non-commercial trailers the same access to permanent registration that the 20th Legislature (HB404) extended to the owners of commercial trailers in 1998
- Provide the owner with the option of selecting the regular two-year, biennial, registration
- Would cost \$25, in addition to the regular biennial registration fee
- Is not transferable when ownership of the vehicle changes

If passed, CS House Bill 64 (FIN) will result in a savings of nearly \$19 million annually for Alaskan consumers.

Please join me in supporting this important legislation.

DISTRICT 16

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27-LS0327S
Luckhaupt
3/26/12

CS FOR HOUSE BILL NO. 64(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SEVENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

**Offered:
Referred:**

Sponsor(s): REPRESENTATIVES STOLTZE AND KELLER, Costello, Neuman, Lynn

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to permanent motor vehicle registration; relating to the registration fee**
2 **for noncommercial trailers and to the motor vehicle tax for trailers; and providing for**
3 **an effective date."**

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

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

6 (a) Except for a vehicle registered under AS 28.10.152 or 28.10.155, a vehicle
7 required to be registered under this chapter shall be registered under the procedures set
8 out in this section.

9 *** Sec. 2.** AS 28.10 is amended by adding a new section to read:

10 **Sec. 28.10.155. Permanent motor vehicle registration.** (a) The owner of a
11 motor vehicle, other than a commercial motor vehicle, that is required to be registered
12 under this chapter may elect to permanently register the motor vehicle in lieu of
13 registration under AS 28.10.108 if the vehicle is at least eight years old. The
14 permanent registration expires when the owner transfers or assigns the owner's title or

1 interest in the vehicle. A permanent registration may not be renewed. On receiving the
2 proper application and fees, the department shall issue to the registered owner
3 registration plates, tabs, and a permanent registration form.

4 (b) The fees for permanent registration must equal the fees that would be
5 applicable if the motor vehicle were registered under AS 28.10.108, plus a permanent
6 registration fee of \$25. The motor vehicle registration tax for a permanently registered
7 vehicle is the rate established for permanent motor vehicle registration under
8 AS 28.10.431(j)(2). If a municipality has not established a tax for a permanently
9 registered motor vehicle, the biennial rate established in AS 28.10.431(b) or (j)(1), if
10 any, is levied upon the vehicle and is payable only once at the time a motor vehicle is
11 permanently registered. Except as provided in AS 28.10.423(b), the owner of a
12 permanently registered motor vehicle is not required to pay other registration fees or
13 taxes under this chapter.

14 * **Sec. 3.** AS 28.10.411(f) is amended to read:

15 (f) A resident 65 years of age or older on January 1 of the year the vehicle is
16 registered or a resident with a disability that limits or impairs the ability to walk and
17 who provides proof of that disability as provided in 23 C.F.R. 1235.2 is entitled to an
18 exemption from the registration fee required under this section for one vehicle subject
19 to registration under AS 28.10.421(b)(1), (2), or (5), or (i) [(6)]. An exemption may
20 not be granted except upon written application for the exemption on a form prescribed
21 by the department.

22 * **Sec. 4.** AS 28.10.421 is amended by adding a new subsection to read:

23 (j) When a person registers a trailer not used or maintained for the
24 transportation of persons or property for hire or for other commercial use, including a
25 boat trailer, baggage trailer, box trailer, utility trailer, house trailer, travel trailer, or
26 trailer rented or offered for rent, the person may choose to pay a biennial registration
27 fee of \$30 or to permanently register the trailer. If the person permanently registers the
28 trailer, the person shall pay the biennial registration fee plus a permanent registration
29 fee of \$25. If the person permanently registers the trailer, no additional registration
30 fees are required if the same person who initially registered the trailer continues to
31 own the trailer. A new owner of a trailer previously registered under this subsection

1 shall register and pay the biennial registration fee or the permanent registration fee as
 2 provided in this subsection. The motor vehicle registration tax for a permanently
 3 registered trailer is the rate established for permanent trailer registration under
 4 AS 28.10.431(j)(3). If a municipality has not established a tax for a permanently
 5 registered trailer, the biennial rate established in AS 28.10.431(b) or (j)(1), if any, is
 6 levied upon the trailer and is payable only once at the time a trailer is permanently
 7 registered. If the person pays the registration tax as required by this subsection and
 8 AS 28.10.431, no additional registration taxes are required if the same person who
 9 initially registered the trailer continues to own the trailer.

10 * **Sec. 5.** AS 28.10.423 is amended by adding a new subsection to read:

11 (b) In addition to the permanent registration fee established in AS 28.10.155, a
 12 \$2 fee is imposed on the owner of each permanently registered motor vehicle required
 13 to be inspected under an emission control program established in AS 46.14.400 or
 14 46.14.510. That fee shall be collected biennially.

15 * **Sec. 6.** AS 28.10.431(b) is amended to read:

16 (b) The biennial tax is levied upon motor vehicles subject to the registration
 17 fee under AS 28.10.411 and 28.10.421 and is based upon the age of vehicles as
 18 determined by model year in the first year of the biennial period, according to the
 19 following schedule:

	Tax According to Age of							
	Vehicle							
	Since Model Year:							
	1st	2nd	3rd	4th	5th	6th	7th	8th
								or over
25 Motor Vehicle								
26 (1) motorcycle	\$ 17	\$ 15	\$ 13	\$ 10	\$ 7	\$ 5	\$ 4	\$ 4
27 (2) vehicles specified	21	99	77	55	39	28	19	16
28 in AS 28.10.421(b)(1)								
29 (3) vehicles specified	121	99	77	55	39	28	19	16
30 in AS 28.10.421(b)(3)								
31 (4) vehicles specified								

1	in AS 28.10.421(c)(1)-(4)								
2	5,000 pounds or less	121	99	77	55	39	28	19	16
3	5,001-12,000 pounds	198	154	121	99	77	55	33	22
4	12,001-18,000 pounds	447	392	348	304	260	227	205	194
5	18,001 pounds or over	546	469	403	348	304	260	216	194
6	(5) vehicles specified	198	154	121	99	77	55	33	22
7	in AS 28.10.421(b)(4)								
8	(6) vehicles specified	17	15	13	10	7	5	4	4
9	in <u>AS 28.10.421(i)</u>								
10	[AS 28.10.421(b)(6)]								
11	(7) vehicles specified	121	99	77	55	39	28	19	16
12	in AS 28.10.421(d)(8)								
13	(8) vehicles specified	121	99	77	55	39	28	19	16
14	in AS 28.10.421(b)(2)								
15	(9) vehicles eligible	88							
16	for dealer								
17	plates under								
18	AS 28.10.421(d)(9).								

19 * **Sec. 7.** AS 28.10.431(c) is amended to read:
 20 (c) Except as provided in (m) of this section, the [THE] registration tax
 21 shall be levied, collected, enforced and otherwise administered in the same manner as
 22 provided for the registration fee in this chapter. Only one registration tax may be
 23 collected with respect to the same motor vehicle in the year for which the tax is paid.

24 * **Sec. 8.** AS 28.10.431(j) is amended to read:
 25 (j) A municipality that imposes a motor vehicle registration tax as described
 26 under (a) of this section may also, by passage of an appropriate ordinance, (1)
 27 increase the scheduled amount of tax described under (b) or (l) of this section, (2)
 28 establish a tax for a motor vehicle that is permanently registered under
 29 AS 28.10.155, or (3) establish a tax for a trailer that is permanently registered
 30 under AS 28.10.421(i) [BY PASSAGE OF AN APPROPRIATE ORDINANCE]. A
 31 municipality that chooses to change the tax imposed under (b) or (l) of this section or

1 **establishes a tax for permanently registered motor vehicles or trailers** shall file a
2 written notice of the change with the department by January 1 of the year preceding
3 the year in which the change in tax is to take effect. A municipality may not change
4 the amount of the tax imposed under this section more than once every two years. The
5 department may charge a municipality a one-time fee to cover the cost to the
6 department of implementing a change under this subsection.

7 * **Sec. 9.** AS 28.10.431 is amended by adding a new subsection to read:

8 (m) The department may not collect a registration tax established by a
9 municipality under (j)(2) or (3) of this section for a permanently registered motor
10 vehicle or trailer if the amount of the tax is greater than \$100 unless the tax is for a
11 motor vehicle subject to registration under AS 28.10.421(c)(3) and (4).

12 * **Sec. 10.** AS 28.10.421(b)(6) is repealed.

13 * **Sec. 11.** This Act takes effect January 1, 2015.

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

Bill Version HB064
Fiscal Note Number _____
() Publish Date _____

Identifier (file name) HB064CS(FIN)-DOA-DMV-2-10-2012 Dept. Affected Administration
Title Permanent motor vehicle registration 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	FY14	FY15	FY16	FY17	FY18
Personal Services							
Travel							
Services			57.2				
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	57.2	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)		57.2				
1037	GF/MH (UGF)						
1178	temp code (UGF)						
TOTAL		0.0	0.0	57.2	0.0	0.0	0.0

POSITIONS							
Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES			3,694.0	4,190.0	(1,351.0)	(1,599.0)	(1,599.0)
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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)

- 1) Updated the changes in revenue due to updated vehicle counts.
- 2) Eliminated reference to the I/M fee, since the I/M program in Alaska will no longer be in effect.

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

Phone 907-269-5559
Date/Time 2/10/12 4:45 PM
Date 2/10/2012

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. HB064

Analysis

The effective date for 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 vehicles.

Estimated hours: 400

Cost per hour: \$143

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

Revenues

Motor Vehicle Registration Tax (MVRT): The DMV collects 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.

Registration Fees:

Assumptions:

- 1) 369,500 vehicles will be eligible for permanent registration in 2014 (based on currently-registered vehicles). Half (184.7) will renew in 2014 and half will renew in 2015.
- 2) Approximately 24,800 vehicles will become eligible each year. This is an average of the number of currently registered vehicles with model years 2007-2011.
- 3) Only 10% of owners will elect for permanent registration, based on the following:
 - a) The biennial registration fee established in AS 28.10.421 is \$100 for most of the vehicles eligible for permanent registration, making the fee for permanent registration \$300.
 - b) The largest quantity of vehicles in the state are in areas with the highest MVRT. Three times the MVRT for vehicles in Municipality of Anchorage or the Matanuska Susitna Borough would be \$210.
 - c) An owner of an eligible vehicle would have to decide whether a vehicle that's already at least 8 years old will last another 6+ years to justify the additional payment for permanent registration, which would be as high as \$340: permanent (\$300 reg + \$210 MVRT = \$510) versus biennial (\$100 reg + \$70 MVRT = \$170).
 - d) Many owners of older vehicles are likely in the middle to lower income brackets; these owners are less likely to have the extra funds available to opt for permanent registration.
 - e) It's very likely that a vehicle that is at least 8 years old will have a major component fail within the next six years. An owner who has the financial resources to pay the additional \$340 for permanent registration would likely opt to replace the vehicle rather than repair it; consequently, DMV assumes few of those owners would opt for permanent registration.
 - f) The owners of eligible vehicles who do not opt for permanent registration the first year it's available won't opt for it in subsequent years.
- 4) All permanently registered vehicles will stay in service for the next 6 years and will not change ownership. Although some vehicles may go out of service, the assumption is that an owner won't opt to pay the extra fees for permanent registration if their vehicle is not in good mechanical shape.

FISCAL NOTE

STATE OF ALASKA
2012 LEGISLATIVE SESSION

BILL NO. HB064

Analysis Continued

Calculations

	2014	2015	2016	2017	2018
2014: 184.7 current vehicles eligible for perm reg					
18.47 opt for perm reg (184.7 x 10%)					
Increase from perm reg (18.47 x \$300)	5,541.0				
Loss in biennial fees (18.47 x \$100)	(1,847.0)		(1,847.0)		(1,847.0)
2015: 209.5 vehicles eligible for perm reg including 24.8 newly eligible					
20.95 opt for perm reg (209.5 x 10%)					
Increase from perm reg (20.95 x \$300)		6,285.0			
Loss in biennial fees (20.95 x \$100)		(2,095.0)		(2,095.0)	
2016: 24.8 newly eligible for perm reg					
2.48 opt for perm reg (24.8 x 10%)					
Increase from perm reg (2.48 x \$300)			744.0		
Loss in biennial fees (2.48 x \$100)			(248.0)		(248.0)
2017: 24.8 newly eligible for perm reg					
2.48 opt for perm reg (24.8 x 10%)					
Increase from perm reg (2.48 x \$300)				744.0	
Loss in biennial fees (2.48 x \$100)				(248.0)	
2018: 24.8 newly eligible for perm reg					
2.48 opt for perm reg (24.8 x 10%)					
Increase from perm reg (2.48 x \$300)					744.0
Loss in biennial fees (2.48 x \$100)					(248.0)
Total Estimated Revenue Increase/(Decrease)	3,694.0	4,190.0	(1,351.0)	(1,599.0)	(1,599.0)

Performance Measures

The DMV expects this bill will have very little impact on its performance measures.

- 1) Only about 11% of registration renewals are processed at a DMV office.
- 2) DMV estimates a maximum of 2,480 newly-eligible vehicles will be placed under permanent registration each year. This would result in a work load reduction of approximately one-tenth of one percent.

Economic Impact

Once the initial vehicles with permanent registration go out of service, there would be an annual increase of revenues of approximately \$496.0 (\$744.0 - \$248.0), assuming that 10% of owners opt for permanent registration. Since this won't happen until some time after 2018, this can't be reflected on the fiscal note.

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

Fiscal Note Number _____
Bill Version 27-LS0327/D
() Publish Date _____

Identifier (file name) HB064CS(TRA)-DEC-AQ-03-18-11 Dept. Affected Environmental Conserv
Title Permanent Motor Vehicle Registration Appropriation Environmental Health
Allocation Air Quality
Sponsor Representatives Stoltze, Keller
Requester House Finance OMB Component Number 2061

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	Appropriation Required	Information					
	FY 2012	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Personal Services	0.0	0.0	0.0	0.0	0.0	60.4	60.4
Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Services	0.0	0.0	113.6	8.0	8.0	28.7	28.7
Commodities	0.0	0.0	0.0	0.0	0.0	7.5	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
TOTAL OPERATING	0.0	0.0	113.6	8.0	8.0	96.6	89.1

CAPITAL EXPENDITURES							
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CHANGE IN REVENUES	1005 GF/Program Rec	0.0	0.0	0.0	8.0	8.0	96.6	89.1
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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	0.0	0.0	113.6	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	8.0	8.0	96.6	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
TOTAL	0.0	0.0	113.6	8.0	8.0	96.6	89.1

Estimate of any current year (FY2011) cost _____

POSITIONS

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

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

This fiscal note differs because the new committee substitute of the bill changed the effective date.

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

Phone (907) 465-5109
Date/Time 3/18/11 4:12pm
Date 3/18/2011

FISCAL NOTE

STATE OF ALASKA
2011 LEGISLATIVE SESSION

BILL NO. HB 64

Analysis

Currently, the local vehicle inspection and maintenance (I/M) programs rely on the vehicle registration process to notify vehicle owners of I/M testing requirements and to make sure those requirements are met. Elimination of that registration process will require the department to develop a stand-alone system to replace what is being done now as part of the vehicle registration system. Additionally, the department will need to update the State's air quality plan to reflect this change to how the I/M programs operate.

The first-year costs are for contractual services to develop the stand-alone computer programs to generate notifications and to track compliance, and to amend the state air quality plan. This effort is funded with General Funds. FY13 is the latest date these activities can occur and be ready for a January 2014 effective date for permanent vehicle registration. The \$8.0 in contractual expenses in FY14 and FY15 will cover off-cycle registration renewals.

Starting in FY16, one new administrative position, and associated one-time start-up costs, is added to implement the revised I/M notification system for permanently registered vehicles. This position 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 and will be funded with General Fund Program Receipts generated through this fee program.

Summary of version CSHB64 – 27-LS0327\S

Section 2 – Establishes a new fee for Permanent Motor Vehicle Registration

- Establishes that permanent registration is available for non-commercial motor vehicles for vehicles eight years old or older and that transfer of permanent registration is not allowed.
- Sets the fee for permanent registration for eligible vehicles at the biennial fee (currently \$100) plus \$25 for permanent registration.

- Also establishes that the Motor Vehicle Registration Tax established by municipalities, boroughs or cities is only payable at the time of registration.

Section 3 – Makes reference to the addition of a Motor Vehicle Registration Tax for vehicles permanently registered (Section 8 of the legislation)

Section 4 - Establishes a new fee for Permanent Motor Vehicle Registration

- Establishes that permanent registration is available for non-commercial trailers and that transfer of permanent registration is not allowed.
- Sets the fee for permanent registration for eligible trailers at the biennial fee (currently \$30) plus \$25 for permanent registration.

- Also establishes that the Motor Vehicle Registration Tax established by municipalities, boroughs or cities is only payable at the time of registration.

Section 5 – Adds permanently registered vehicles and trailers to the list of vehicles required to pay a \$2 if they are under an emission control inspection program. (Currently there is nowhere in the state with an I/M program.)

Section 6 – References Section 8 of the legislation (Page 4, line 9) with regards to the base rate for Motor Vehicle Registration Tax set by the state.

Section 7 – References Section 9 of the legislation as it relates to the collection of the Motor Vehicle Registration Tax.

Section 8 – Allows municipalities, boroughs and cities to set a Motor Vehicle Registration Tax rate for vehicles and Trailers that are registered permanently.

- This must be done by the passage of an ordinance by the local governing body and can only be done once every two years.
- The state (Division of Motor Vehicles must be notified of such changes by January 1 of the previous year in which the change takes effect.

Section 9 – Establishes that the State (DMV) may not collect a motor vehicle registration tax, for permanently registered vehicles or trailers, if the rate established by a municipality, borough or city is greater than \$100.



217 Second Street, Suite 200 • Juneau, Alaska 99801

Tel (907) 586-1325 • Fax (907) 463-5480 • www.akml.org

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



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Tel (907) 586-1325 • Fax (907) 463-5480 • www.akml.org

February 22, 2011

Representative Peggy Wilson
House Transportation Committee
Juneau, Alaska 99811

RE: HB64: An Act relating to Permanent Motor Vehicle Registration and providing for an Effective Date.

Dear Representative Wilson,

The Alaska Municipal League would like to go on record as opposing HB64. While the intent of the bill may be a positive one, the implementation will negatively affect both the State and the municipalities of the State of Alaska that currently realize a tax revenue from vehicle registration fees.

The main purpose stated in the Sponsor Statement is to make the "DMV re-registration process more user-friendly to the owners of qualifying vehicles and lighten the work load for DMV employees."

This fee of \$100 (or 5 times the regular registration fee, whichever is less) MAY realize increased revenues during the first year of implementation. However, each year after that, the State of Alaska and the participating municipalities will see revenue losses. It seems amazing to us that legislation would be introduced that would purposely decrease revenue to the State to improve a more "user-friendly process." To stand in line every two years or send in re-registration papers by mail is hardly one of those things that come up on most people's list of "things-most-dreaded." However, to continue to erode the tax base of municipalities, resulting in decreases in basic services, can negatively impact health and safety. This legislation affects approximately 63% of the cars currently on Alaska's roads. It is nearly impossible, however, to estimate the decrease, as each municipality does not necessarily have records that can easily be compiled.

One of the suggestions from the sponsor of the bill is that municipalities could bill for annual taxes. This would add an entirely new database and increased employees to municipal offices.

As supporters of HB 30 and SB37, we also feel that this loss of revenue to the State will severely impact the ability of the proposed Transportation Infrastructure Fund, as registration fees will be used as a potential funding source.

Again, we would request that HB64 not move beyond this committee due to the decreased revenues that will be realized by the State of Alaska and 16 of Alaska's largest communities.

Sincerely,

Kathie Wasserman

Kathie Wasserman
Executive Director

· 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.

Tax Office	2010 Total
Anchorage	\$ 5,334,694.20
Bethel	\$ 61,928.00
Bristol Bay	\$ 63,989.00
Cordova	\$ 38,076.00
Dillingham	\$ 28,637.00
Juneau	\$ 517,145.00
Kenai	\$ 1,478,524.00
Ketchikan	\$ 221,384.00
Kodiak	\$ 283,412.00
Mat-Su	\$ 4,010,668.00
Nenana	\$ 10,520.00
Nome	\$ 42,236.00
Petersburg	\$ 39,877.00
Sitka	\$ 108,543.00
Unalaska	\$ 48,723.00
Whittier	\$ 4,045.00
Total	\$ 12,292,401.20

Column B	Total Motor Vehicle Registration Tax Collected
Column C	MVRT paid by vehicle under HB64 at time of registration
Column D	MVRT paid by vehicles not eligible under HB64
Column E	DMV's estimate of 28350 new vehicles eligible annually for HB64
Column F	Net Annual Gain of Loss of MVRT revenue

HB 10 Change in Registration Fee for Trailers.

		Notes					
Current Registered Trailers in Anchorage							
Total Anchorage trailers	34,746	Total registered non commercial trailers in Anchorage in 2010 from DMV web site					
One to Three Years Old							
Percent of trailers 1-3 years old	14%	From Fiscal npte for HB 10					
Total Trailers 1-3 years old	4,695	total trailers 1-3 years old = percent of trailers statewide that are 1-3 years old * total number of registered trailers in Anchorage.. Registrations on half will expire in 2012 and half in 2013					
Percent electing permanent registration	50%	From Fiscal note for HB 10					
Percent of trailers that leave state or no longer register each year	5%	Assumed. Percent of Trailers that are decommissioned each year and would no longer pay any type of registration fee, either because they no longer function or because they left the state					
More than Three Years Old							
Total Trailers more than 3 years old	30,051	total trailers older than 3 years = total registered trailers in Anchorage minus number of registered trailers 1-3 years old. Registrations on half will expire in 2012 and half in 2013.					
Percent electing permanent registration	20%	From Fiscal note for HB 10					
Percent of trailers that leave state or no longer register each year	10%	Percent of Trailers that are decommissioned each year and would no longer pay any type of registration fee, either because they no longer function or because they left the state					
New Trailers in Anchorage							
Number of new trailers each year in state	5000	From Fiscal note for HB 10					
Anchorage Share of Trailers in state	31%	From DMV web site					
New trailers registered in Anchorage each year	1,529	Total new trailers in state * Anchorage Share					
Percent electing permanent registration	75%	From Fiscal note for HB 10					
Percent of trailers that leave state or no longer register each year	2%	Percent of Trailers that are decommissioned each year and would no longer pay any type of registration fee, either because they no longer function or because they left the state					
Biennial trailer registration fee effective in 2012 in Anchorage	20	Biennial registration fee effective in Anchorage starting in 2012 from Section 16 of AO 2010-81(S)					
Permanent registration fee	100	New optional permanent fee starting in 2012 from HB 10					
		2012	2013	2014	2015	2016	2017
Current: Trailers 1-3 years old in Anchorage							
Total Number of trailers 1-3 years old that switch to permanent	1,174	Number of trailers one to three years old opting for permanent registration each year = number of trailers 1 to 3 years old / 2 * percentage electing permanent registration					
Revenues received from permanent registrations	117,385	111,516					Gain from permanent registrations = number of trailers opting for permanent registration * permanent registration fee.
Revenues lost from trailers that no longer pay biennial registration	(23,477)	(22,303)	(21,188)	(20,129)	(19,122)	(18,166)	Loss of Biennial Fees = - number opting for permanent registration * biennial fee.
Current Trailers : older than 3 years old in Anchorage							
Total Number of trailers over 3 years old that switch to permanent	3,005	Number of trailers older than three years old opting for permanent registration each year = number of trailers older than three years / 2 * percentage electing permanent registration					
Revenues received from permanent registrations	300,506	270,455					Gain from permanent registrations = number of trailers opting for permanent registration * permanent registration fee.
Revenues lost from trailers that no longer pay biennial registration	(60,101)	(54,091)	(48,682)	(43,814)	(39,432)	(35,489)	Loss of Biennial Fees = - number opting for permanent registration * biennial fee.
New Trailers in Anchorage							
Number of New Trailers each year that switch to permanent	1,147	Number of new trailers opting for permanent registration each year = number of new trailers registered each year * percentage electing permanent registration					
Revenues received from permanent registrations	114,692	112,399	110,151	107,948	105,789	103,673	Gain from permanent registrations = number of new trailers opting for permanent registration * permanent registration fee.
Revenues lost from trailers that no longer pay biennial registration	(22,938)	(22,480)	(22,030)	(21,590)	(21,158)	(20,735)	Loss of Biennial Fees = - number opting for permanent registration * biennial fee.
Total Change in Revenues	426,067	395,496	18,251	22,416	26,076	29,283	Sum of all revenue gains and losses for all trailers.

HB 64 Change in Registration Fee for Old Cars

Currently Registered Old Cars in Anchorage

Total passenger cars in Anchorage of all ages	190768
Percent of passenger cars in Anchorage older than 8 years	63%
Number of cars in Anchorage older than 8 years	120,184
Percent electing permanent registration	40%
Percent of old cars that leave state or no longer register each year	10%

Total Number of registered passenger cars in 2010 from DMV website
 Percent older than 8 years from Feb 14 email from Alaska Municipal League (Leslie Peters)
 Number of Vehicles in Anchorage currently older than 8 years = percentage over eight years * total number of registered passenger cars.. Half of these currently registered cars would renew their registration in 2012 and half in 2013.
 Assumed. Change as necessary to investigate alternative scenarios
 Assumed. Change as necessary to investigate alternative scenarios. Percent of current registered old cars that would no longer pay any type of registration fee each year either because they break down or leave the state.

Cars that age to more than 8 years each year in Anchorage

Number of cars that age from seven years old to eight years old each year.	8,823
Percent electing permanent registration	40%
Percent of old cars that leave state or no longer register each year	10%

This is the number of currently registered cars that become eligible for permanent registration each year because they age from seven years to eight years old = (Total number of registered passenger cars minus number of passenger cars more than eight years old) / 8. This assumes that the total cars that are less than eight years old are distributed evenly across each age class. In other words, 1/8 of the cars less than eight years old are one year old, 1/8 are two years old, 1/8 are three years old, and so on.

Biennial fee for cars older than 8 years	70
Permanent registration fee	100

Biennial registration fee effective in Anchorage starting in 2012 from Section 16 of AO 2010-81(\$)
 Optional new permanent fee specified by HB 64. The permanent fee would be the minimum of either \$100 or 5 times the biennial fee. Since \$100 is less than \$350 (=5*\$70), the old cars would have the option of paying \$100 as the permanent fee in Anchorage.

Current: Passenger Cars older than 8 years

	2012	2013	2014	2015	2016	2017
Number of cars that are currently 8 years or older and opt for permanent registration and change each year	24,037					
Revenues received from permanent registration	2,403,677	2,163,309				
Revenues lost from old cars that no longer pay biennial fee.	(1,682,574)	(1,514,316)	(1,362,885)	(1,226,596)	(1,103,937)	(993,543)

Number of cars opting for permanent registration each year = number of cars older than eight years / 2 * percentage electing permanent registration
 Gain of Permanent fees = number that opting for permanent registration * permanent registration fee.
 Loss of Biennial Fees = number of cars opting for permanent registration * biennial registration fee.

Additional Passenger Cars that age to more than 8 years

Number of cars that are currently 8 years or less and age each year to over 8 years and opt for permanent registration	3,529					
Revenues received from permanent registration	352,921	317,629	285,866	257,279	231,551	208,396
Revenues lost from old cars that no longer pay biennial fee.	(247,045)	(222,340)	(200,106)	(180,095)	(162,086)	(145,877)

Number of additional cars that age to more than eight years and opt for permanent registration each year = number of cars that age to more than eight years * percentage electing permanent registration
 Gain of Permanent fees = number of cars that age to more than eight years and opt for permanent registration * permanent registration fee.
 Loss of Biennial Fees = number of cars that age to eight years and opt for permanent registration * biennial registration fee.

Total Change in Revenues

826,979	744,281	(1,277,125)	(1,149,412)	(1,034,471)	(931,024)
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Sum of all revenue losses and gains for all old cars.

HB 64 Class Codes

Class Code	Fee	HB 64?	Description
AA	\$100	Y	UAA Passenger
AB	\$100	Y	UAA Pickup
DC	\$100	Y	Disabled Veteran Passenger (2nd Set)
DP	\$100	Y	Disabled Veteran Pickup & Van (2nd Set)
D1	\$100	Y	Disabled Veteran Passenger (No HCP Logo)(2nd Set)
D2	\$100	Y	Disabled Veteran Pickup (No HCP Logo)(2nd Set)
FA	\$100	Y	UAF Passenger
FB	\$100	Y	UAF Pickup
HC	\$100	Y	Handicapped Passenger (2nd Set)
HN	\$60	Y	Handicapped Motorcycle (2nd Set)
HP	\$100	Y	Handicapped Pickup & Van (2nd Set)
JA	\$100	Y	UAS Passenger
JB	\$100	Y	UAS Pickup
KA	\$100	Y	Children's Trust - Passenger
KB	\$100	Y	Children's Trust - Truck or Cargo Van
PA	\$100	Y	PWS Passenger
PB	\$100	Y	PWS Pickup
S1	\$100	Y	Support our Troops - Passenger
S2	\$100	Y	Support our Troops - Truck or Cargo Van
S3	\$60	Y	Support our Troops - Motorcycle
S4	\$30	Y	Support our Troops - Trailer
1A	\$100	Y	Army Passenger
1B	\$100	Y	Army Pickup
1C	\$100	Y	Custom Collector Passenger
1D	\$100	Y	Alaska Veteran Commemorative - Passenger (See Note)
10	\$100	Y	Passenger Personalized
11	\$100	Y	Passenger
16	\$100	Y	Call Letter Passenger
2A	\$100	Y	Navy Passenger
2B	\$100	Y	Navy Pickup
2C	\$60	Y	Custom Collector Motorcycle
2D	\$100	Y	Alaska Veteran Commemorative - Truck / Van (See Note)
2J	\$60	Y	Motorcycle - Vet Plates - Army
2K	\$60	Y	Motorcycle - Vet Plates - Navy
2M	\$60	Y	Motorcycle - Vet Plates - Marines
2N	\$60	Y	Motorcycle - Vet Plates - Air Force
2Q	\$60	Y	Motorcycle - Vet Plates - Coast Guard
20	\$60	Y	Motorcycle Personalized
21	\$60	Y	Motorcycle
3A	\$100	Y	Marines Passenger
3B	\$100	Y	Marines Pickup
4A	\$100	Y	Air Force Passenger
4B	\$100	Y	Air Force Pickup
4C	\$100	Y	Custom Collector Pickup/Truck
40	\$100	Y	Non-Commercial Pickup Personalized

HB 64 Class Codes

Class Code	Fee	HB 64?	Description
45	\$100	Y	Non-Commercial Pickup and Van (Under 10,000)
46	\$100	Y	Call Letter Pickup (No Equipment)
5A	\$100	Y	Coast Guard Passenger
5B	\$100	Y	Coast Guard Pickup
6A	\$100	Y	National Guard Passenger
6B	\$100	Y	National Guard Pickup
63	\$100	Y	Historic Passenger Vehicle - Normal Use
64	\$100	Y	Historic Truck or Cargo Van - Normal Use
65	\$60	Y	Historic Motorcycle - Normal Use
7A	\$100	Y	Purple Heart Passenger
7B	\$100	Y	Purple Heart Pickup

Not included in vehicle counts

28	\$88	N	Dealer Motorcycle (1st Set)
29	\$50	N	Dealer Motorcycle (2nd Set)
17	\$88	N	Dealer Plate (1st Set)
19	\$50	N	Dealer Plate (2nd & Subsequent Sets)
2P	\$10	N	Exempt Motorcycle (Charitable)
3P	\$10	N	Exempt Non-Commercial Trailer (Charitable)
1P	\$10	N	Exempt Passenger (Charitable)
4P	\$10	N	Exempt Pickup/Truck (Charitable)
61	\$68	N	Farm Plates
2G	\$10	N	Government Exempt Motorcycle
1G	\$10	N	Government Exempt Passenger
4G	\$10	N	Government Exempt Pickup/Truck
1M	\$10	N	Government Personalized Passenger
4M	\$10	N	Government Personalized Pickup
38	\$88	N	Transporter (1st Set) (this is a type of Dealer plate)
39	\$50	N	Transporter (2nd & Subsequent Sets)

DMV Vehicle Counts - 02/09/2012

Excluding those with exemptions (senior, disabled, government, charitable, etc.)

Model Year	Count	Total				
		Registered 1900-2012	> 8 years old 1900-2004	>11 years old 1900-2001	>15 years old 1900-1997	>18 years old 1900-1994
2012	3,978	563,515	369,452	274,962	169,608	115,544
2011	20,161		65.55%	48.79%	30.09%	20.43%
2010	21,027					
2009	19,845					
2008	31,684					
2007	31,070					
2006	33,563					
2005	32,735					
2004	32,502					
2003	30,946					
2002	31,042					
2001	28,740					
2000	28,928					
1999	25,748					
1998	21,938					
1997	20,570					
1996	16,200					
1995	17,294					
1994	16,556					
1993	12,169					
1992	11,056					
1991	9,962					
1990	11,032					
1989	7,564					
1988	6,107					
1987	4,324					
1986	4,656					
1985	4,036					
1984	3,836					
1983	2,457					
1982	2,023					
1981	1,653					
1980	1,139					
1979	1,742					
1978	1,822					
1977	1,456					
1976	1,261					
1975	882					
1974	873					
1973	833					
1972	1,011					

In it's Fiscal Note the DMV estimates that only 10% of the owners of eligible vehicles will opt to the Premanent registration or 36,945 vehicles will take advantage of the permanent registration in the first year

1971	664
1970	769
1969	779
1968	660
1967	609
1966	606
1965	554
1964	286
1963	240
1962	138
1961	92
1960	103
1959	112
1958	85
1957	187
1956	141
1955	154
1954	76
1953	81
1952	77
1951	87
1950	55
1949	54
1948	53
1947	39
1946	35
1945	4
1944	3
1943	7
1942	15
1941	23
1940	25
1939	15
1938	15
1937	29
1936	19
1935	7
1934	21
1933	15
1932	29
1931	30
1930	34
1929	21
1928	11
1927	9
1926	3
1925	6

1924	1
1923	9
1922	1
1920	1
1919	1
1916	1
1915	2
1914	1

563,515

DMV Count of trailers registered as of Feb. 1, 2012

Model Year	Count	Total		
		99,771		
2012	645		1973	441
2011	3520		1972	436
2010	4239		1971	325
2009	3675		1970	375
2008	4993		1969	240
2007	5162		1968	220
2006	5516		1967	167
2005	5198		1966	156
2004	5066		1965	143
2003	4401		1964	122
2002	4318		1963	73
2001	3493		1962	56
2000	3624		1961	61
1999	3374		1960	82
1998	3535		1959	56
1997	2866		1958	39
1996	3015		1957	23
1995	3260		1956	24
1994	2720		1955	17
1993	2343		1954	14
1992	2001		1953	19
1991	1993		1952	23
1990	2226		1951	13
1989	1779		1950	15
1988	1705		1949	6
1987	1288		1948	6
1986	1161		1947	14
1985	1303		1946	9
1984	1150		1945	5
1983	974		1944	3
1982	899		1943	4
1981	775		1942	9
1980	676		1941	5
1979	686		1940	3
1978	789		1939	1
1977	640		1935	1
1976	571		1930	1
1975	530		1900	15
1974	440			

ALASKA STATE LEGISLATURE

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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



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Memorandum

TO: Senator Bill Wielechowski
Senate State Affairs Committee Chair

FROM: Rep. Bill Stoltze 

DATE: April 6, 2012

RE: Calendar Request for CS HB64 (FIN) "An Act relating to permanent motor vehicle registration; and providing for an effective date."

Mr. Chair,

I request that CS HB64(FIN) be calendared for a hearing before the Senate State Affairs Committee at the earliest possible time. My staff member Darrell Breese will be carrying the bill.

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

DISTRICT 16

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