

Leg. Finance-House & Senate Finance Comte Files (1991-1992) 764

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Continued from page F1

The Division of Wildlife Conservation's Southcentral Region office now agrees that the creation of a Paint River commercial salmon fishery will, in all likelihood, compromise the sanctuary's values unless additional measures are taken to protect McNeil's bears.

This transformation is wonderful. But the timing is lousy. The Paint River fish-ladder project is, by all accounts, a done deal.

Once the ladder is in place, a commercial fishery is bound to follow. Experts with the Cook Inlet Aquaculture Association and state Commercial Fish Division estimate the Paint River system, when stocked, could eventually produce an annual return of 1.5 million salmon or more. According to a 1990 draft report by the Department of Fish and Game, there's a strong possibility that such salmon returns "will profoundly affect bear distribution, abundance and behavior" in the McNeil region.

Aumiller hesitates to comment on the McNeil-Paint River debate, because the controversy puts him in an awkward position. Understanding the sensitive nature of departmental politics, he's largely content to stay in the background.

During an interview, his comments are carefully weighed. "It makes me really encouraged," he says, "to see everyone else (in the division) so concerned about McNeil. Even the mainstream biologists, who traditionally deal with populations, not individual animals, are saying this area needs to be managed differently than others."

Others are not quite so hesitant to comment. Sterling Miller, a state bear biologist who probably fits the "mainstream" category, has admitted, "Frankly, I think we (in the Division of Wildlife Conservation) were blindsided by this. For a long time, only Larry took Paint River seriously. But now almost everyone agrees that Paint River will have an impact on McNeil, so additional protection is needed. I've never seen people within the division so unified on an issue."

That unity was demonstrated earlier this month, at a meeting hosted by the Division of Wildlife Conservation (DWC). The two dozen or so people present represented a wide array of concerned parties: Fish and Game, the Department of Natural Resources, National Park Service, U.S. Fish and Wildlife Service, U.S. Department of Commerce, several environmental organizations and a group known as "Friends of McNeil."

John Schoen, a state conservation biologist, told those in attendance, "This meeting should have happened two years ago. It's unfortunate we couldn't have done something to protect the sanctuary before (the Paint River fish-ladder project was approved). But now we need to do as much as possible in the time remaining."

Karl Schneider, DWC's acting supervisor for the Southcentral Region, was equally candid: "People often call McNeil a world-class attraction, but I think it goes even beyond that. McNeil is unique. It's the standard by which other wildlife-viewing areas are measured."

"The division's primary management objective — at least at the regional level — for the Kamishak Bay region is to preserve the values that currently exist at McNeil. And the best way to do that, given the circumstances, is to extend the existing sanctuary so it includes the Paint River drainage."

In their search for solutions, it appears that Schneider, Aumiller and others concerned about

McNeil have gained a couple of powerful allies

The Cook Inlet Seiners Association — whose members will directly benefit from any Paint River fisheries development — has expressed its written support of any land status "that best protects the wildlife and habitat of Paint River lands," so long as it doesn't interfere with the creation of a new commercial salmon fishery. And House Speaker Ben Grussendorf of Sitka said last week that he'll introduce a bill to give McNeil additional protection if the Paint River fish ladder is built.

Still, even the most optimistic McNeil supporters doubt that such legislation will pass this session. And its fate in future years is anybody's guess. As Alan Phipps of the Alaska Center for the Environment has cautioned, "I haven't seen any evidence that the Department of Natural Resources (which manages the land in and around Paint River) supports an extension of the sanctuary. DNR's support is critical. And what about administration support?"

No one at Fish and Game will publicly explain what happened, but widely circulating rumors suggest that deputy commissioner Ron Somerville was the person responsible for the department's "change of heart."

On Friday, Rosier said, "We haven't taken a position at this time. There are a lot of issues that need to be discussed and resolved before we make any final decisions."

Although he noted, "We're on top of things here," Rosier surprisingly added that he hadn't talked with any DWC staff in Anchorage, nor had anyone in the division expressed concerns that the Paint River project will likely affect McNeil sanctuary.

The lack of progress has especially frustrated and angered the group Friends of McNeil, which was formed in 1990 to act as an advocate for the sanctuary and its bears.

"Nothing has changed since our first meeting with Fish and Game several weeks ago," says Friends spokesman Tony Dawson, a professional wildlife photographer who lives in Anchorage. "We see the Paint River project as a direct threat to McNeil."

For now, at least, the issue remains in limbo. Will there be a lawsuit? Will the ladder construction be put on hold? Will Fish and Game, DNR and Gov. Walter Hickel support a sanctuary expansion? Will the state risk its world-class bear-viewing area in order to establish a multi-million-dollar commercial fishery, at a time when there's already a glut of salmon on the market?

The answer seems so obvious. Build the fish ladder, but do what's necessary to protect McNeil's bears. Even those who initially opposed the Paint River project now agree it's not necessarily a bad thing, if additional safeguards are provided.

"I think we (Friends of McNeil) are perceived by commercial fishing interests as project killers," Dawson says. "Initially that may have been where we were coming from. Our thinking was, 'Why tinker with a system that's working well?' But we recognize the political realities, so we've modified our stance somewhat. Our main priority is to protect the bears."

Those who know the sanctuary best — and that includes Friends of McNeil as well as state biologists and wildlife managers — are in agreement. The sanctuary must be expanded to best protect the bears from any Paint River development, preferably before any construction on the fish ladder has begun.

Now if only the decision-makers in Juneau will act — quickly — to preserve a unique Alaskan treasure.



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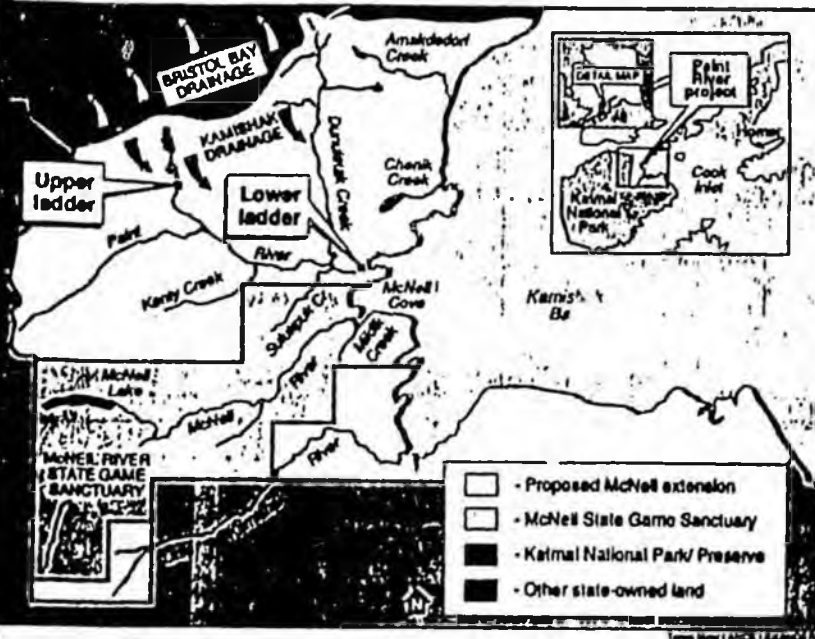
Archers slate Spring Fever shoots

The Cook Inlet Archers have scheduled two Spring Fever Shoots for Sunday, April 21, and Saturday, April 27, at the Izaak Walton range in

- A child's bird feeder, to be given by the Anchorage Audubon Society at 1 p.m.
 - Flower/plant drying pres. to be given to REI staff at 2 p.m.
- Children wishing to participate in the

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The Anchorage Times
Wednesday, April 17, 1991



Environmentalists sue to protect McNeil bears

By **DESIREE HUMPHREY**

TIMES WRITER

Five environmental groups sued the federal government Tuesday seeking to block construction of a Paint River fish ladder they say will lead to trouble for bears in the nearby McNeil River State Game Sanctuary.

The Friends of McNeil River and four other environmental groups said impact studies required by federal law were not done before funding and permits were issued for the \$2.8 million project. The project is designed to create a breeding ground and foundation for a major salmon fishery at Paint River.

The groups want a federal judge to stop the project and block its funding until the

completion of studies on the impact of increased human activity in the area and the possibility of adverse encounters between man and bear. The suit was filed in Anchorage federal court.

The federal government has allocated \$1 million to Cook Inlet Aquaculture Association for the project, expected to be completed this summer, the suit said. The association is a private, non-profit group working with the Alaska Department of Fish and Game to start the new fishery.

The fish ladder would be built at the mouth of Paint River, about three miles away from McNeil Falls where bears feed during summer salmon runs, the suit said. The appearance of new fish elsewhere would

draw bears away from the sanctuary viewing area, the suit said.

"The introduction of fish at Paint River is also expected to attract large numbers of sport and commercial users including hunters, fishermen, boaters and other recreational users," the suit said. "Historically large numbers of bears in areas of lots of human activity means lots of trouble."

Tom Mears, executive director for the aquaculture association, said Tuesday the concerns of the environmental groups have been addressed in the fish-ladder plan.

For example, a protective grating will be installed to keep bears from falling in and drowning, he said. In addition, a permanent electric fence will be built.

Friends can't wait, join in lawsuit

Tony Dawson and other Friends of McNeil River didn't want to go to court.

Members of the Friends group waited patiently for several weeks, hoping that state officials would do the right thing: expand McNeil River State Game Sanctuary to protect McNeil's unique gathering of bears from planned fisheries development at nearby Paint River.

Their plea was simple and logical: do something to protect McNeil's bears before construction of a fish ladder begins this spring.

Despite recent support from the state's Division of Wildlife Conservation, Dawson and Friends were frustrated by the mixed messages being sent from Juneau.

Unwilling to gamble that sufficient protective measures would eventually be enacted, the group chose to join four other environmental groups (The Wilderness Society, National Wildlife Federation, Alaska Chapter of the Sierra Club and Alaska Wildlife Alliance) in a lawsuit that seeks to block construction of the Paint River fish ladder until an appropriate environmental assessment is completed.

"The options seem pretty clear to us," says Dawson.

"Either the land around Paint River is given some sort of special status to control human access and activities, or the fish don't go up the ladder.

"The worst-case scenario for us would be for development to occur and have no added protection for the bears. There's been no progress on this issue since our first meeting with Fish and Game this winter.

Something has to be done, so we finally decided to take some action ourselves. This at least buys us some time, while protective measures are being considered (by the state)."

Dawson and other parties involved in the court action understand the risk they're taking. The suit could alienate potential allies, such as commercial fishermen who've publicly supported an expansion of McNeil sanctuary.

"I hope we don't end up burning some bridges," he says. "We're not anti-commercial fishing, or anti-hunting. But our No. 1 concern at this point is the sanctuary and the safety of McNeil's bears. As it stands, the project is ill-conceived and poorly studied. We'd be taking a bigger risk by doing nothing."

Jack Hession, the Sierra Club's Alaska representative, further explains, "The whole process has been flawed. An environmental analysis should have been done before any decision was made to allow the fish ladder. This is like putting the cart before the horse; we're being asked to acquiesce to the fish ladder and then worry about protective measures. Logically you should hold off on the project until it's shown that the ladder is compatible with the continued well-being of bears at McNeil and Katmai National Park."

Which raises an intriguing — and so far unanswered — question: how did the Paint River fisheries enhancement project ever get approved without adequate environmental impact studies?

The lawsuit filed Tuesday in U.S. District Court specifically points fingers at the Army Corps of Engineers, which issued the necessary permit to begin fish-ladder construction, and at the Department of Commerce's Economic Development Administration (EDA), which has provided \$1 million in funding.

But other government agencies, both federal and state, also failed to adequately address the project's potential impacts.

Representatives of the Alaska Department of Fish and Game, U.S. Fish and Wildlife Service and National Park Service have all expressed concerns about the

Paint River fish-ladder project. Yet they've only done so in recent weeks, long after the fish-ladder project was approved.

"The EDA should have done a better job of contacting the appropriate agencies when it evaluated the project," says Bill Lawrence, chief of the Park Service's Environmental Compliance Division for Alaska. "If a there's a permit application or funding request for development activities near a national park, we normally comment. But we have no record of even having reviewed the darn thing (at Paint River), even though it could have significant impact on Katmai's bear population."

"But I don't want to point fingers only at EDA," Lawrence adds. "We should have done a better job ourselves. We missed the boat as well."

Another agency that "missed the boat" is Fish and Game.

As far back as Dec. 1, 1981, in its McNeil River Brown Bear Management Plan, the department noted that salmon-enhancement projects were planned for drainages north of the sanctuary. In regard to those projects, the plan stated, "The availability of salmon in other systems may also reduce the concentration of bears at McNeil River Falls, and bear-human conflicts at fisheries installations could result in destruction of bears."

More recently, in a 1980 report, the department indicated there's a "strong possibility" that salmon returns to Paint River (which after construction of the fish ladder and stocking could number more than 1.5 million fish) "will profoundly affect bear distribution, abundance and behavior" in the McNeil region.

Yet when asked to comment on the Paint River fish ladder in 1988, the Department of Fish and Game expressed no concerns about the project's possible impacts on the sanctuary or its bear population. (Its only stipulations were that the fish ladder, associated construction camps and food-storage areas be "bear proof" and that workers attend a workshop on bear-human interactions.)

No one in Fish and Game's Division of Wildlife Conservation has been able to explain what went wrong. But DWC clearly goofed. To quote again from the McNeil management plan, the state is mandated "To protect, maintain, and enhance the brown bear population in concert with other components of the ecosystem and thereby assure its capability of providing sustained opportunities to view and photograph brown bears and, secondarily, for scientific and educational study of brown bears."

Since state and federal agencies have so far been unable or unwilling to rectify their mistakes, Friends of McNeil and other concerned groups are doing what they can to protect the sanctuary's unique gathering of bears. For now, that means taking their case to court.

4-18-91 Times

HB306

SENATE FINANCE COMMITTEE REPORT

DATE: 5/18/91

FURTHER:

DATE TURNED INTO OFFICE: 5-19-91

The Finance Committee considered CS FOR HOUSE BILL NO. 306 (FINANCE)

"An Act establishing a McNeil River State Game Refuge and altering the McNeil River State Game Sanctuary; and providing for an effective date."

and recommended:

[x] replace with 3 CS CSHB 306 (FIN)
[] or adopt CS

[x] same title
[] new title
[] technical title change (HB only)

[] attached amendment(s)
[] letter of intent adopted

[x] do pass

[] do not pass

[] no recommendation

[] individual recommendations

[] further referral to

ATTACHES NEW FISCAL NOTE(S): Dept/Date:

[] fiscal note(s)

[] zero fiscal note(s)

[] appropriation-no fiscal note

APPROVES PREVIOUS:

Dept/Date:

[] fiscal note(s)

[x] zero fiscal note(s)
DNR
DFG

SIGNING DO PASS:

Handwritten signatures for signing do pass.

OTHER RECOMMENDATIONS:

Handwritten recommendations including 'No Rec' and 'Fair Use (NO REC)'.

1. [Signature] 2. [Signature] NO Rec
Co-Chairs: Signatures and Recommendations

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

No.
Bill Version: CSHB 306 (RES)
(H) Publish Date: 5/6/91

Revision Date: _____ Department Affected: Natural Resources
Title: McNeil River State Game BRU: Land & Water Management
Refuge Components: Land & Water Management
Sponsor: Representative Grussendorf
Requestor: House Resources COMPONENT SERIAL NO. 431

EXPENDITURES/REVENUES: (Thousands of Dollars)

| OPERATING | FY 92 | FY 93 | FY 94 | FY 95 | FY 96 | FY 97 |
|-------------------|-------|-------|-------|-------|-------|-------|
| 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 |

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| CAPITAL | | | | | | |
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| REVENUE | | | | | | |
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FUNDING: (Thousands of Dollars)

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| GENERAL FUND | | | | | | |
| FEDERAL FUNDS | | | | | | |
| OTHER | | | | | | |
| TOTAL | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

POSITIONS:

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| FULL-TIME | | | | | | |
| PART-TIME | | | | | | |
| TEMPORARY | | | | | | |

Estimate of Current year impact: None

ANALYSIS: (Attach a separate page if necessary) Changes in SCS CSHB 306 (RES) have no fiscal impact. This fiscal note is appropriate.
5/18/91 date PT Comte Aide (initial)

Prepared by: Janet Burleson Phone: 465-3400
Division: Land & Water Management Date: 30-Apr-91

Approved by Commissioner: Harold Heinze Date: 30-Apr-91
Agency: Department of Natural Resources

Distribution (by preparer) : Legislative Finance, legislative Sponsor, Requestor, & Impacted Agency(ies).

REV 10/90

COMMITTEE COPY

Changes in SCS CSHB 306 (FIN) have no fiscal impact. This fiscal note is appropriate.

5/19/91 date Comte Aide (initial)

FISCAL NOTE

No. 1
 Bill Version: CSHB 306 (RES)
 (H) Publish Date: 5/6/91

STATE OF ALASKA
 1991 LEGISLATIVE SESSION

Revision Date: 5-1-91 Department Affected: Fish and Game
 Title: McNeil River State Game Refuge BRU: Wildlife Conservation
 Component: Wildlife Conservation

Sponsor: Representative Grussendorf
 Requestor: _____

COMPONENT SERIAL NO.

| | | | |
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Expenditures/Revenues: (Thousands of Dollars)

| OPERATING | FY 92 | FY 93 | FY 94 | FY 95 | FY 96 | FY 97 |
|------------------------|----------|------------|-------------|-------------|-------------|-------------|
| PERSONAL SERVICES | 0 | 0 | 26.0 | 26.0 | 26.0 | 26.0 |
| TRAVEL | 0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 |
| CONTRACTUAL | 0 | 0 | 10.0 | 10.0 | 10.0 | 10.0 |
| SUPPLIES | 0 | 1.0 | 4.0 | 4.0 | 4.0 | 4.0 |
| EQUIPMENT | 0 | 0 | 8.9 | 0 | 0 | 0 |
| LAND & STRUCTURES | 0 | 0 | 0 | 0 | 0 | 0 |
| GRANTS, CLAIMS | 0 | 0 | 0 | 0 | 0 | 0 |
| MISCELLANEOUS | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL OPERATING | 0 | 5.0 | 52.9 | 44.0 | 44.0 | 44.0 |

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| CAPITAL | 0 | 0 | 0 | 0 | 0 | 0 |
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| REVENUE | 0 | 0 | 0 | 0 | 0 | 0 |
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FUNDING: (Thousands of Dollars)

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|---------------|----------|------------|-------------|-------------|-------------|-------------|
| GENERAL FUND | 0 | 5.0 | 52.9 | 44.0 | 44.0 | 44.0 |
| FEDERAL FUNDS | | | | | | |
| OTHER | | | | | | |
| TOTAL | 0 | 5.0 | 52.9 | 44.0 | 44.0 | 44.0 |

POSITIONS:

| | | | | | | |
|-----------|---|---|---|---|---|---|
| FULL-TIME | 0 | 0 | 0 | 0 | 0 | 0 |
| PART-TIME | 0 | 0 | 2 | 2 | 2 | 2 |
| TEMPORARY | 0 | 0 | 0 | 0 | 0 | 0 |

Estimate of current year impact: no impact on current year

ANALYSIS: (Attach a separate page if necessary.)

Changes in SAC CSHB 306 (Fin) have no fiscal impact. This fiscal note is appropriate.

Changes in CS CSHB 306 (RES) have no fiscal impact. This fiscal note is appropriate.

5/1/91 date RT Comte Aide (initial)

5/1/91 date mm Comte Aide (initial)

Prepared By: Dave Kelleyhouse, Director Phone: 465-4190
 Division: Division of Wildlife Conservation Date: 5/01/91

Approved by Commissioner: [Signature] Date: 5/1/91
 Agency: Department of Fish and Game

Distribution (by preparer): Legislative Finance Committee, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

Final

SENATE CS FOR CS FOR HOUSE BILL NO. 306 (FINANCE)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): REPRESENTATIVES GRUSSENDORF, Navarre, Jacko, Mackie, Davidson, Boyer, Brown, Ellis, Finkelstein, Gruenberg, Koponen, Kubina, Moyer, Ulmer, B.Davis, Donley

A BILL

FOR AN ACT ENTITLED

1 "An Act establishing a McNeil River State Game Refuge and altering the McNeil River
2 State Game Sanctuary; and providing for an effective date."

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

4 * Section 1. LEGISLATIVE FINDINGS. The legislature finds that each of the following is an
5 important use of the McNeil River State Game Refuge established by AS 16.20.41, added by sec. 2 of
6 this Act, and that the management plan for the refuge must address all of these uses:

- 7 (1) the viewing of bears and other uses of fish and wildlife;
- 8 (2) fishing and fish enhancement;
- 9 (3) mineral resource development; and
- 10 (4) traditional, cultural, and historical uses.

11 * Sec. 2. AS 16.20 is amended by adding a new section to read:

12 Sec. 16.20.041. MCNEIL RIVER STATE GAME REFUGE. (a) The following state-
13 owned land and water, including the tidelands but exclusive of marine water and submerged land,
14 lying within the parcels described in this subsection is established as the McNeil River State

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- 1 Game Refuge:
- 2 Township 10 South, Range 29 West, Seward Meridian
- 3 Section 19: S1/2
- 4 Section 20: SW1/4
- 5 Section 29: W1/2
- 6 Sections 30 - 31
- 7 Township 10 South, Range 30 West, Seward Meridian
- 8 Section 3: SW1/4
- 9 Section 4: SE1/4
- 10 Sections 10 - 11
- 11 Sections 14 - 16
- 12 Section 17: E1/2
- 13 Sections 20 - 23
- 14 Sections 25 - 29
- 15 Section 30: SE1/4
- 16 Section 31: NE1/4, S1/2
- 17 Sections 32 - 36
- 18 Township 11 South, Range 29 West, Seward Meridian
- 19 Sections 1 - 35
- 20 Section 36, except Nordyke Island and its tidelands
- 21 Township 11 South, Range 30 West, Seward Meridian
- 22 Sections 1 - 36
- 23 Township 11 South, Range 31 West, Seward Meridian
- 24 Sections 1 - 36
- 25 Township 11 South, Range 32 West, Seward Meridian
- 26 Sections 1 - 36, except land within Katmai National Park and Preserve
- 27 Township 12 South, Range 31 West, Seward Meridian
- 28 Sections 1 - 36
- 29 Township 12 South, Range 32 West, Seward Meridian
- 30 Sections 1 - 36, except land within Katmai National Park and Preserve
- 31 Township 13 South, Range 33 West, Seward Meridian

1 Section 1, except land within Katmai National Park and Preserve.

2 (b) The McNeil River State Game Refuge is established to

3 (1) provide permanent protection for brown bear and other fish and wildlife
4 populations and their habitats, so that these resources may be preserved for scientific, aesthetic,
5 and educational purposes;

6 (2) manage human use and activities in a way that is compatible with (1) of this
7 subsection and to maintain and enhance the unique bear viewing opportunities in the McNeil
8 River State Game Sanctuary established under AS 16.20.160;

9 (3) provide opportunities that are compatible with (1) of this subsection for
10 wildlife viewing, fisheries enhancement, fishing, hunting, and trapping, for temporary safe
11 anchorage, and for other activities.

12 (c) The Board of Game shall determine whether hunting of brown bears within the
13 McNeil River State Game Refuge should be prohibited.

14 (d) The use and enjoyment of valid rights and interests in mineral claims, including the
15 right of access, within the McNeil River State Game Refuge is protected. This subsection does
16 not affect the power of the commissioner of natural resources to open or close land within the
17 McNeil River State Game Refuge to new mineral entry under AS 38.05.185 - 38.05.275.

18 (e) The department and the Department of Natural Resources

19 (1) may not enter into sales of land within the McNeil River State Game Refuge;

20 (2) may enter into leases within the McNeil River State Game Refuge if the
21 commissioner finds that activity conducted under the lease is compatible with the purposes for
22 which the refuge is established.

23 (f) The commissioner shall report to the legislature by January 30 of each year

24 (1) the status of the brown bears and other fish and wildlife resources within the
25 McNeil River State Game Refuge; and

26 (2) the effect of hunting, fishing, and trapping, fishery enhancement activity, and
27 mineral resource development on these resources.

28 * Sec. 3. AS 16.20.160 is repealed and reenacted to read:

29 Sec. 16.20.160. MCNEIL RIVER STATE GAME SANCTUARY. The following state-
30 owned land and water, including the tidelands but exclusive of marine water and submerged land,
31 lying within the parcels described in this subsection is established as the McNeil River State

1 Game Sanctuary:

2 Township 12 South, Range 29 West, Seward Meridian

3 Sections 1 - 36

4 Township 12 South, Range 30 West, Seward Meridian

5 Sections 1 - 36

6 Township 13 South, Range 29 West, Seward Meridian

7 Sections 5 - 8

8 Sections 17 - 20

9 Sections 29 - 32

10 Township 13 South, Range 30 West, Seward Meridian

11 Sections 1 - 36

12 Township 13 South, Range 31 West, Seward Meridian

13 Sections 1 - 36

14 Township 13 South, Range 32 West, Seward Meridian

15 Sections 1 - 36

16 Township 14 South, Range 32 West, Seward Meridian

17 Sections 1 - 12

18 Sections 15 - 22

19 Sections 27 - 30.

20 * Sec. 4. AS 16.20.170 is repealed and reenacted to read:

21 Sec. 16.20.170. PURPOSE; REGULATIONS. (a) The McNeil River State Game
22 Sanctuary is established to

23 (1) provide permanent protection for brown bear and other fish and wildlife
24 populations and their habitats, so that these resources may be preserved for scientific, aesthetic,
25 and educational purposes;

26 (2) manage human use and activities in a way that is compatible with (1) of this
27 subsection and to maintain and enhance the unique bear viewing opportunities within the
28 sanctuary; and

29 (3) provide opportunities that are compatible with (1) of this subsection for
30 wildlife viewing, fisheries enhancement, and fishing, for temporary safe anchorage, and for other
31 activities.

1 (b) Hunting and trapping within the McNeil River State Game Sanctuary are prohibited.

2 (c) The department and the Department of Natural Resources

3 (1) may not enter into sales of land within the McNeil River State Game
4 Sanctuary;

5 (2) may enter into leases within the McNeil River State Game Sanctuary if the
6 commissioner finds that activity conducted under the lease is compatible with the purposes for
7 which the sanctuary is established.

8 (d) The McNeil River State Game Sanctuary is closed to mineral entry under
9 AS 38.05.185 - 38.05.275.

10 (e) The boards may adopt regulations governing access, entry, development, construction,
11 fishing, and other uses and activities affecting the natural habitat, fish and wildlife, and public
12 use of the McNeil River State Game Sanctuary.

13 (f) The commissioner shall report to the legislature by January 30 of each year

14 (1) the status of the brown bears and other fish and wildlife resources within the
15 McNeil River State Game Sanctuary; and

16 (2) the effects of fishing and fishery enhancement activity on these resources.

17 * Sec. 5. AS 16.20.160 is repealed and reenacted to read:

18 Sec. 16.20.160. SANCTUARY ESTABLISHED. The following described area and
19 adjacent state waters are established as a state game sanctuary to be known as the McNeil River
20 State Game Sanctuary: Beginning at the NE corner of Section 13, T 12 S R 30 W, S.M., westerly
21 along the section lines to the NW corner of Section 18, T 12 S R 30 W, S.M., thence southerly
22 along the township boundary to the SW corner of T 12 S R 30 W, S.M., thence westerly along
23 the north boundary of T 13 S R 31 W, S.M., to the NW corner of T 13 S R 31 W, S.M., thence
24 westerly along the north boundary of T 13 S R 32 W, S.M., to the NW corner of T 13 S R 32
25 W, S.M., thence southerly along the west boundary of T 13 S R 32 W, S.M., to the SW corner
26 of T 13 S R 32 W, S.M., thence southerly along the west boundary of T 14 S R 32 W, S.M., to
27 the SW corner of Section 30, T 14 S R 32 W, S.M., thence easterly along the section lines to the
28 SE corner of Section 27, T 14 S R 32 W, S.M., thence northerly along the section lines to the
29 NE corner of Section 15, T 14 S R 32 W, S.M., thence easterly along the section lines to the east
30 boundary of T 14 S R 32 W, S.M., thence northerly along the east boundary of T 14 S R 32 W,
31 S.M., to the NE corner of T 14 S R 32 W, S.M., thence easterly along the south boundary of T

1 13 S R 31 W, S.M., to the SE corner of T 13 S R 31 W, S.M., thence northerly along the east
2 boundary of T 13 S R 31 W, S.M., to the NE corner of Section 24, T 13 S R 31 W, S.M., thence
3 easterly along the section lines to the SE corner of Section 16, T 13 S R 30 W, S.M., thence
4 northerly along the section lines to the NE corner of Section 4, T 13 S R 30 W, S.M., thence
5 easterly along the south boundary of T 12 S R 30 W, S.M., to the SE corner of T 12 S R 30 W,
6 S.M., thence easterly along the south boundary of T 12 S R 29 W, S.M., to the shoreline of
7 Horseshoe Cove located in Section 32, T 12 S R 29 W, S.M., thence northerly, westerly, and
8 northerly along the line of mean high tide to the point of beginning.

9 * Sec. 6. AS 16.20.170 is repealed and reenacted to read:

10 Sec. 16.20.170. APPLICABILITY OF OTHER LAWS. The provisions of AS 16.20.120
11 - 16.20.140 relating to administration, multiple use and sale and lease of the Walrus Islands State
12 Game Sanctuary apply also with respect to the McNeil River State Game Sanctuary.

13 * Sec. 7. AS 16.20.041 is repealed.

14 * Sec. 8. Sections 2 - 4 of this Act take effect on the date the Paint River fish ladder begins
15 operation. The commissioner of fish and game shall certify to the revisor of statutes the date the fish
16 ladder begins operation.

17 * Sec. 9. Sections 5 - 7 of this Act take effect upon entry of a final order permanently enjoining the
18 operation of the Paint River fish ladder and the expiration of any time for appeal of the order. The
19 commissioner of fish and game shall certify to the revisor of statutes the date determined under this
20 section.

5-19-91
Adapted
for 305(Fix)

HB 306

AMENDMENT 1 BY Hoffman

Add a new section and renumber accordingly:

The Department of Fish and Game ^{shall} ~~must~~ report back to the Legislature by January 30 of each year on the status of the bears and other fish and wildlife within the McNeil River State Game Refuge and the McNeil River State Game Sanctuary, and the impacts of hunting and fishing, fish enhancement, and mineral resource development on these fish and wildlife resources.

REPRESENTATIVE
BEN GRUSSENDORF
1221 HAUBERT POINT ROAD
SITKA, ALASKA 99835
(907) 747-8458

RULES COMMITTEE
LEGISLATIVE COUNCIL

DISTRICT 3
ELFIN COVE
PELICAN
PORT ALEXANDER
SITKA
TENAKEE

Alaska State Legislature



WHILE IN JUNEAU
P.O. Box V
JUNEAU, ALASKA 99811
(907) 485-3824
(907) 485-3760

House of Representatives
SPEAKER OF THE HOUSE

TO: SENATOR POURCHOT, CO-CHAIRMAN
SENATOR KERTTULA, CO-CHAIRMAN
SENATE FINANCE COMMITTEE

FROM: REPRESENTATIVE BEN GRUSSENDORF
SPEAKER OF THE HOUSE

DATE: MAY 18, 1991

SUBJECT CS HB 306 (Finance)
"An Act establishing a McNeil River State Game Refuge
and altering the McNeil River State Game
Sanctuary; and providing for an effective date."

BILL SUMMARY: The bill proposes extending the existing sanctuary to include the lower Paint River and lower Little Kamishak River at the head of the Alaska Peninsula. It also proposes establishing a refuge north of the sanctuary to include drainage areas of the Paint River, and lakes currently stocked with salmon. The areas are proposed to give priority status to brown bear expected to be attracted to the Paint River by new salmon runs following the completion of an enhancement project--fish ladder--on the Paint River. The bill provides protection for bear anticipated to be adversely affected by increased human-bear contact. The current McNeil River State Game Sanctuary is world-renowned for the unique circumstances which allow bears and humans to interact there safely.

FISCAL IMPACT: Zero fiscal note by the Department of Natural Resources; Department of Fish and Game submits zero note in FY 92, 5.0 in FY 93, 52.9 in FY 94, and 44.0 in FY 95-97.

PREVIOUS HOUSE ACTION: Passed House: 30 Yea; 7 Nay; 3 Absent

BILL HISTORY: A lawsuit against the building of the proposed fish ladder at the Paint River has been filed by five different conservation groups. The bill attempts to alleviate some concerns by the various interest groups involved in litigating against the ladder, while also providing economic development in the region for other interest groups.

Conservation aspects of the bill allow for the establishment of the sanctuary to: provide permanent protection for brown bear and other fish and wildlife; manage human use compatible with the protection of the bear;

SENATE FINANCE
page two
May 18, 1991

and maintain and enhance the unique bear viewing opportunities within the sanctuary. The bill prohibits hunting, trapping and mineral entry within the sanctuary. The boards of fish and game may govern access, entry, development, construction, fishing, and other uses and activities through the adoption of regulations.

Fisheries enhancement within the sanctuary allows the construction of a ladder allowing five species of salmon to negotiate a 40 foot waterfall. The Kenai Peninsula Borough Economic Development District, Inc. anticipates the Paint River system to produce more than 1.7 million salmon annually, adding a projected annual commercial fish harvest and processing value in the Lower Cook Inlet of \$11 million and adding new jobs to the regional economy.

The proposed refuge includes river drainage areas also expected to attract bears as salmon run the Paint River and its tributaries. The board of game shall determine whether hunting of brown bear shall be permitted. There are other human uses provided for in the refuge.

The unique effective date of this bill allows the sanctuary extension and the refuge establishment only upon the operation of the fish ladder.

CHANGES IN SCS CS (RES)

The Senate Resources Committee adopted a particular change to the bill which appears in a new legislative findings section. This change was supported by DNR, DF&G, Alaska Outdoor Council, Alaska Miners' Association, Cominco Alaska, American Copper and Nickel Co., as well as myself and is attached to this memo.

The Senate Resources Committee also adopted the deletion of "mineral entry" from page 3, line 3; within in the purposes section of the refuge. The Commissioner of Natural Resources has stated on record that he plans to proceed with the development within the refuge very conservatively, closing the area to mineral entry for approximately five years. This is to allow the study of the brown bear movement after the salmon begin running the Paint River and its tributaries. "Mineral entry" included as a purpose may cause legal difficulties for the commissioner and his authority to close the refuge.

New text was inserted on page 3, line 13 as sub-section (d). This is to protect existing mineral claims.

New sections 4, 5, and 6 are enacted by new section 8. This repeals the refuge and returns the sanctuary to its original boundaries if the ladder is permanently halted by legal action.

Alaska State Legislature



Sen. Lloyd Jones, *Chair*
Sen. Sam Cotten, *Vice-Chair*
Sen. Dick Ellason, *Member*
Sen. Steve Frank, *Member*
Sen. Rick Halford, *Member*
Sen. Curt Menard, *Member*
Sen. Fred Zharoff, *Member*

P.O. Box V
Juneau, AK 99811
907 465-4907
Fax: 907 465-3922

Senate Resources Committee

May 18, 1991

TO: Senate Resources Committee Members
FROM: Senate Resources Committee Staff - Paula Terrel *Paula Terrel*
SUBJECT: ~~Senate~~ Bill 306
HOUSE

A working group met for two hours on consensus language for ~~Senate~~ Bill 306. Included in the group were members of the mining industry, legislative staff from the offices of Representative Grussendorf and of Senators Jones, Zharoff, Frank, Cotten, Menard, representatives from the Departments of Natural Resources and Fish and Game, United Fishermen of Alaska and the Environmental Lobby. Alan Phipps of the Alaska Center for the Environment was included by speaker phone. *HOUSE*

The group agreed to include Findings language in the proposed SCS for CS HB 306 (Resources) as follows:

The Legislature finds that :

- 1) the viewing of bears and other uses of fish and wildlife;
- 2) fishing and fish enhancement;
- 3) mineral resource development; *and*
- 4) *TRADITIONAL, HISTORICAL AND CULTURAL USES* are important uses of the McNeil River State Game Refuge. The management plan for the McNeil River State Game Refuge shall address these uses.

Staff has checked with the legislative drafter who confirms that this language in no way prevents the Commissioner of Natural Resources from temporarily or permanently closing an area to new mineral entry by administrative order.



ALASKA OUTDOOR COUNCIL, INC.
P.O. Box 34097
Juneau, AK 99803

May 17, 1991

Senator Lloyd Jones
Senate Resources Committee
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Senator Jones:

The Alaska Outdoor Council (AOC) supports the Paint River fishway project and the conservation of other fish and game of the area including the brown bears which frequent the McNeil River drainage. We also support perpetuation of the remarkable bear viewing opportunities at the McNeil River falls. We appreciate the Legislature's interest in the project and related matters, and Representative Grussendorf's and your collective efforts to devise a legislative compromise which reassures the various interested parties that their concerns will be addressed.

We wish to reiterate our basic position that this legislation is not necessary to address and accommodate the various interests. Adequate authority and flexibility is present in existing statutes and regulatory options. But, since this forum focuses on a legislative approach we offer the following recommendations to make the current version of HB 306 acceptable to the AOC.

* The principle purpose of the Refuge should reflect a broad conservation mandate. delete the existing language of 16.20.041(b)(1), and insert language along these lines:

"provide for the conservation of brown bears and of other fish and game populations and their habitats to maintain, enhance, and utilize these resources consistent with the sustained yield principle".

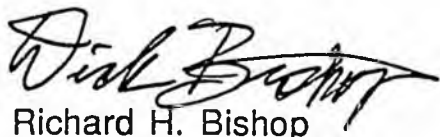
* Delete 16.20.170(b). Determination of hunting and trapping opportunities should be made by the Board of Game.

* Change the designation of the Little Kamishak/Kamishak Rivers Unit of the proposal from sanctuary to refuge, and add the Amakdedori River drainage to the north side of the refuge. This proposal was made at a meeting of interested parties in Anchorage and received wide support.

These changes would be consistent with maintaining the exemplary bear management program in the McNeil River Sanctuary, address concerns related to the fishway project, and help ensure that opportunities for public uses of public fish and game resources are balanced.

We also support the efforts of the Department of Fish and Game and of other interested parties to maintain adequate opportunities and access for other resource uses in the refuge.

Sincerely,



Richard H. Bishop
Legislative Affairs

HB309

I USE COMMITTEE REPORT

(11)

Date Referred: May 10, 1991

FURTHER REFERRALS:

Date of Committee Action: 2/21/92

The FINANCE Committee considered:

HB 309

HOUSE BILL NO. 309

MOTOR VEHICLE REGISTRATION TAX

"An Act requiring annual adjustment of the municipal motor vehicle registration tax; and providing for an effective date."

RECOMMENDATIONS:

be replaced with CS HB 309 (FIN) [] the same title [] a new title

[] have attached amendments(s)

[x] do pass

[] do not pass

[] no recommendations

[] individual recommendations

[] additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(s): (Dept)

APPROVES PREVIOUS: (Dept/Date)

[] fiscal impact DPS 2-21-92

[] fiscal note(s) _____

[] zero fiscal note CRA 2-21-92

[] zero fiscal note(s) _____

| SIGNING DO PASS | DP | OTHER RECOMMENDATIONS | DNP | NR | AM |
|---------------------|----|-----------------------|-----|----|----|
| <i>E. P. Mather</i> | ✓ | <i>Roll E. ...</i> | | ✓ | |
| <i>Mike Savano</i> | ✓ | <i>Ronald J. ...</i> | | X | |
| <i>Mark ...</i> | ✓ | <i>Ben ...</i> | | X | |
| <i>Kan Brown</i> | ✓ | <i>Thomas ...</i> | | X | |
| <i>...</i> | ✓ | <i>/</i> | | | |
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Mike Savano E P Mather
CHAIRMAN'S SIGNATURE

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. CS HB 309

Revision Date: _____ Department Affected: Community and Regional Affairs
 Title: "...relating to the municipal motor vehicle registration tax; and providing for an effective date." BRU: _____
 Sponsor: Rep. Navarre, Bover, Brown, B.Davis, Finkelstein, Koponen Component: _____
 Requestor: _____ COMPONENT SERIAL NO.

| | | | |
|---|---|---|---|
| 0 | 0 | 0 | 0 |
|---|---|---|---|

EXPENDITURES/REVENUES: (Thousands of Dollars)

| OPERATING | FY 93 | FY 94 | FY 95 | FY 96 | FY 97 | FY 98 |
|-------------------|-------|-------|-------|-------|-------|-------|
| 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 | | | | | | |
|---------|--|--|--|--|--|--|

| | | | | | | |
|----------------------|--|--|--|--|--|--|
| REVENUE FUND SOURCE: | | | | | | |
|----------------------|--|--|--|--|--|--|

FUNDING: (Thousands of Dollars)

| | | | | | | |
|--------------------|-----|-----|-----|-----|-----|-----|
| GENERAL FUND | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| FEDERAL FUNDS | | | | | | |
| OTHER FUND SOURCE: | | | | | | |
| TOTAL | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

POSITIONS:

| | | | | | | |
|-----------|-----|-----|-----|-----|-----|-----|
| FULL-TIME | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| PART-TIME | | | | | | |
| TEMPORARY | | | | | | |

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Remond Henderson Phone: 465-4708
 Division: Administrative Services Division Date: 2/21/92

Approved by Commissioner: E. J. ... Date: 2-21-92
 Agency: Department of Community and Regional Affairs

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. CORRECTED CSHB 309(FIN)

Revision Date: 2/21/92 Department Affected: Public Safety
 Title: An Act relating to motor vehicle registration tax BRU: Motor Vehicles
 Component: Field Services
 Sponsor: Representative Navarre
 Requestor: House Finance COMPONENT SERIAL NO.

| | | |
|---|---|---|
| 5 | 0 | 2 |
|---|---|---|

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

| OPERATING | FY 93 | FY 94 | FY 95 | FY 96 | FY 97 | FY 98 |
|-------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES | 52.5 | 0 | 0 | 0 | 0 | 0 |
| TRAVEL | | | | | | |
| CONTRACTUAL | 4.5 | 0 | -0- | -0- | -0- | -0- |
| SUPPLIES | | | | | | |
| EQUIPMENT | 30.0 | 0 | -0- | -0- | -0- | -0- |
| LAND & STRUCTURES | | | | | | |
| GRANTS, CLAIMS | | | | | | |
| MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | 87.0 | 0 | 0 | 0 | 0 | 0 |
| CAPITAL | | | | | | |

| | | | | | | |
|--------------|-------|-------|-------|-------|-------|-------|
| REVENUE | 275.0 | 671.0 | 748.0 | 748.0 | 822.8 | 822.8 |
| FUND SOURCE: | | | | | | |

FUNDING: (Thousands of Dollars)

| | | | | | | |
|-------------------------|------|---|---|---|---|---|
| GENERAL FUND | | | | | | |
| FEDERAL FUNDS | | | | | | |
| OTHER FUND SOURCE: 1005 | 87.0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 87.0 | 0 | 0 | 0 | 0 | 0 |

POSITIONS:

| | | | | | | |
|-----------|---|---|---|---|---|---|
| FULL-TIME | 3 | 0 | 0 | 0 | 0 | 0 |
| PART-TIME | | | | | | |
| TEMPORARY | | | | | | |

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

See Attached.

Prepared By: Jay N. Dulany, Director Phone: 269-5559
 Division: Motor Vehicles Date: 2/27/92
 Approved by Commissioner: Richard L. Burton
 Agency: Department of Public Safety Date: 2/27/92

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OMB/DBR, Gov. Legis. Ofc., & Impacted Agency(ies).

| | | | | |
|---|--------------------|---|--------------------------------|------------------------|
| Position Title Motor Vehicle Representative I/II | | Number of Positions 3 | Range/Step 8/9 | Bargaining Unit GGU |
| Time Status PFT | Staff Months 36 | Location Statewide | Election District Statewide | |
| Type of Expenditure | | Justification | | |
| | | The adoption of this legislation is estimated to impact the workload of the Division by 3-5%. Approximately 355,000 vehicles or 68% of the total number of vehicles are in areas subject to the tax. Any increase in fees increases the workload in the public service offices of the Division since DMV employees collecting the tax will receive the public complaints. Also frequent changes to fees increase processing time because employees will not be familiar with the fees. For example, there are only 17 different registration fees but there are 89 different categories for the registration tax. | | |
| 1 | 2 | 3 | | |
| Salary* | 69.3 | | | |
| Benefits* | 35.7 | | | |
| Premium Pay (Included in Above) | | | | |
| Other | | | | |
| Total Personal Services | | 105.0 | | |
| Travel | | | | |
| Contractual | | 4.5 | | |
| Commodities | | | | |
| Equipment | | 30.0 | | |
| Other | | | | |
| Total Cost | | 139.5 | | |
| Funding Source For Total Cost | | | | |
| Federal Receipts | 1002 | | | |
| G.F. Match | 1003 | | | |
| General Fund | 1004 | | | |
| Program Receipts/GF | 1005 | 139.5 | | |
| I-A Receipts | 1007 | | | |
| CIP Receipts | 1061 | | | |
| Other | | | | |
| * Personal Services Salary and Benefits Costs are from PACS calculations. | | | | |

REQUEST FOR
NEW POSITION

AGENCY Department of Public Safety
BRU Motor Vehicles
COMPONENT Field Services

FY 93

Page 3 of 3
Revised Date

CS FOR HOUSE BILL NO. 309 (FINANCE)
 IN THE LEGISLATURE OF THE STATE OF ALASKA
 SEVENTEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:
 Referred:

Sponsor(s): REPRESENTATIVES NAVARRE, Boyer, Brown, B.Davis, Finkelstein, Koponen

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the municipal motor vehicle registration tax; and providing for an
 2 effective date."

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

4 * Section 1. AS 28.10.431(b) is amended to read:

5 (b) The tax is levied upon motor vehicles subject to the license tax under AS 28.10.411
 6 and 28.10.421, not including mobile homes, and is based upon the age of vehicles as determined
 7 by model year according to the following schedule:

| | | Tax According to Age of Vehicle Since Model Year | | | | | | | |
|----|---------------------------|--|-------------|-------------|-------------|-------------|-------------|-------------|----------------|
| | | 1st | 2nd | 3rd | 4th | 5th | 6th | 7th | 8th or over |
| 8 | | | | | | | | | |
| 9 | | | | | | | | | |
| 10 | | | | | | | | | |
| 11 | Motor Vehicle | | | | | | | | |
| 12 | (1) motorcycle | <u>\$ 11</u> | <u>\$ 9</u> | <u>\$ 8</u> | <u>\$ 7</u> | <u>\$ 5</u> | <u>\$ 4</u> | <u>\$ 3</u> | <u>\$ 3</u> |
| 13 | | [\$ 8] | [\$ 7] | [\$ 6] | [\$ 5] | [\$ 4] | [\$ 3] | [\$ 2] | [\$ 2] |
| 14 | (2) vehicles specified in | <u>81</u> | <u>68</u> | <u>54</u> | <u>41</u> | <u>27</u> | <u>20</u> | <u>14</u> | <u>7</u> |

| | | | | | | | | | |
|----|---------------------------|------------|------------|------------|------------|------------|-----------|-----------|-----------|
| 1 | AS 28.10.421(b)(1) | [60] | [50] | [40] | [30] | [20] | [15] | [10] | [5] |
| 2 | (3) vehicles specified in | <u>81</u> | <u>68</u> | <u>54</u> | <u>41</u> | <u>27</u> | <u>20</u> | <u>14</u> | <u>7</u> |
| 3 | AS 28.10.421(b)(3) | [60] | [50] | [40] | [30] | [20] | [15] | [10] | [5] |
| 4 | (4) vehicles specified in | | | | | | | | |
| 5 | AS 28.10.421(b)(1) - (4) | | | | | | | | |
| 6 | 5,000 pounds or less | <u>81</u> | <u>68</u> | <u>54</u> | <u>41</u> | <u>27</u> | <u>20</u> | <u>14</u> | <u>7</u> |
| 7 | | [60] | [50] | [40] | [30] | [20] | [15] | [10] | [5] |
| 8 | 5,001 - 12,000 pounds | <u>135</u> | <u>108</u> | <u>81</u> | <u>68</u> | <u>54</u> | <u>41</u> | <u>27</u> | <u>14</u> |
| 9 | | [100] | [80] | [60] | [50] | [40] | [30] | [20] | [10] |
| 10 | 12,001 - 18,000 pounds | <u>203</u> | <u>162</u> | <u>135</u> | <u>108</u> | <u>81</u> | <u>54</u> | <u>41</u> | <u>27</u> |
| 11 | | [150] | [120] | [100] | [80] | [60] | [40] | [30] | [20] |
| 12 | 18,001 pounds or over | <u>270</u> | <u>108</u> | <u>176</u> | <u>135</u> | <u>108</u> | <u>81</u> | <u>54</u> | <u>27</u> |
| 13 | | [200] | [160] | [130] | [100] | [80] | [60] | [40] | [20] |
| 14 | (5) vehicles specified in | <u>135</u> | <u>108</u> | <u>81</u> | <u>68</u> | <u>54</u> | <u>41</u> | <u>27</u> | <u>14</u> |
| 15 | AS 28.10.421(b)(4) | [100] | [80] | [60] | [50] | [40] | [30] | [20] | [10] |
| 16 | (6) vehicles specified in | <u>11</u> | <u>9</u> | <u>8</u> | <u>7</u> | <u>5</u> | <u>4</u> | <u>3</u> | <u>3</u> |
| 17 | AS 28.10.421(b)(6) | [8] | [7] | [6] | [5] | [4] | [3] | [2] | [2] |
| 18 | (7) vehicles specified in | <u>81</u> | <u>68</u> | <u>54</u> | <u>41</u> | <u>27</u> | <u>20</u> | <u>14</u> | <u>7</u> |
| 19 | AS 28.10.421(d)(9) | [60] | [50] | [40] | [30] | [20] | [15] | [10] | [5] |
| 20 | (8) vehicles specified in | <u>81</u> | <u>68</u> | <u>54</u> | <u>41</u> | <u>27</u> | <u>20</u> | <u>14</u> | <u>7</u> |
| 21 | AS 28.10.421(b)(2) | [60] | [50] | [40] | [30] | [20] | [15] | [10] | [5] |
| 22 | (9) vehicles specified in | <u>54</u> | | | | | | | |
| 23 | AS 28.10.421(d)(10) | [40] | | | | | | | |

* Sec. 2. AS 28.10.431(b) is repealed and reenacted to read:

(b) The tax is levied upon motor vehicles subject to the license tax under AS 28.10.411 and 28.10.421, not including mobile homes, and is based upon the age of vehicles as determined by model year according to the following schedule as adjusted under (j) of this section:

| Tax According to Age of Vehicle Since Model Year | | | | | | | | |
|--|-----|-----|-----|-----|-----|-----|-----|-------------|
| | 1st | 2nd | 3rd | 4th | 5th | 6th | 7th | 8th or over |

Motor Vehicle

| | | | | | | | | | |
|----|---------------------------|-------|-------|-------|------|------|------|------|------|
| 1 | (1) motorcycle | \$ 14 | \$ 12 | \$ 10 | \$ 9 | \$ 7 | \$ 5 | \$ 3 | \$ 3 |
| 2 | (2) vehicles specified in | 102 | 85 | 68 | 51 | 34 | 26 | 17 | 9 |
| 3 | AS 28.10.421(b)(1) | | | | | | | | |
| 4 | (3) vehicles specified in | 102 | 85 | 68 | 51 | 34 | 26 | 17 | 9 |
| 5 | AS 28.10.421(b)(3) | | | | | | | | |
| 6 | (4) vehicles specified in | | | | | | | | |
| 7 | AS 28.10.421(c)(1) - (4) | | | | | | | | |
| 8 | 5,000 pounds or less | 102 | 85 | 68 | 51 | 34 | 26 | 17 | 9 |
| 9 | 5,001 - 12,000 pounds | 170 | 136 | 102 | 85 | 68 | 51 | 34 | 17 |
| 10 | 12,001 - 18,000 pounds | 255 | 204 | 170 | 136 | 102 | 68 | 51 | 34 |
| 11 | 18,001 pounds or over | 340 | 272 | 221 | 170 | 136 | 102 | 68 | 51 |
| 12 | (5) vehicles specified in | 170 | 136 | 102 | 85 | 68 | 51 | 34 | 17 |
| 13 | AS 28.10.421(b)(4) | | | | | | | | |
| 14 | (6) vehicles specified in | 14 | 12 | 10 | 9 | 7 | 5 | 3 | 3 |
| 15 | AS 28.10.421(b)(6) | | | | | | | | |
| 16 | (7) vehicles specified in | 102 | 85 | 68 | 51 | 34 | 26 | 17 | 9 |
| 17 | AS 28.10.421(d)(9) | | | | | | | | |
| 18 | (8) vehicles specified in | 102 | 85 | 68 | 51 | 34 | 26 | 17 | 9 |
| 19 | AS 28.10.421(b)(2) | | | | | | | | |
| 20 | (9) vehicles specified in | 68 | | | | | | | |
| 21 | AS 28.10.421(d)(10) | | | | | | | | |

* Sec. 3. AS 28.10.431(e) is amended to read:

(e) The department shall refund money collected under this section, less eight [FIVE] percent as collection costs, to a municipality for which the money was collected, as determined by (1) the address of residence of an individual required to pay the tax, or (2) the situs of the vehicle if the vehicle is not owned by an individual; the tax situs is the location at which the motor vehicle is usually, normally, or regularly kept or used. For the first year in which the tax is levied within a municipality, the department may retain actual costs of collection of the tax within the municipality as determined by the department.

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

(j) The Department of Labor shall adjust the schedule under (b) of this section every

1 three years to reflect changes in the transportation new vehicle segment of the Consumer Price
2 Index for all urban consumers for all items compiled by the Bureau of Labor Statistics, United
3 States Department of Labor for the second half of the preceding calendar year. The semiannual
4 index for the second half of 1994 is the reference base index. The Department of Labor shall
5 round each scheduled amount adjusted under this subsection to the nearest dollar. The
6 Department of Community and Regional Affairs shall provide the revised schedule to each
7 municipality in the state that imposes a tax under this section and to the Department of Public
8 Safety, and shall make the schedule available to the public by February 28th of each year in
9 which the schedule is revised. A tax imposed under an adjusted schedule takes effect on July 1
10 of the year in which the schedule is adjusted.

11 * Sec. 5. Sections 1 and 3 of this Act take effect January 1, 1993.

12 * Sec. 6. Section 2 of this Act takes effect January 1, 1994.

13 * Sec. 7. Section 4 of this Act takes effect January 1, 1997.

AMENDMENT # 1

Adopted
into
WD + - - - -

TO WORK DRAFT CS HB 309 (2/13/92)

Page ~~2~~⁴, line 1, following "years"
Insert ", beginning in 1997,"

Page ~~2~~⁴, line 7, following "section"
Insert "and"

Page ~~2~~⁴, line 7, following "Safety"
Delete ", "

Page ~~2~~⁴, line 9, following "revised."

Insert "The revised rates shall go into effect on July 1 of the years in which
the schedule is revised."

AMENDMENT # 2

BY BARNES

TO: CSHB 309 (Finance)

Page 3, line 23:

Delete: "eight" [FIVE]

Insert: five

Failed

7-LS1019M
Ford
2/13/92

CS FOR HOUSE BILL NO. 309 ()

IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - SECOND SESSION

BY

Offered:
Referred:

Sponsor(s): REPRESENTATIVES NAVARRE, Boyer, Brown, B.Davis, Finkelstein, Koponen

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the municipal motor vehicle registration tax; and providing for an
2 effective date."

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

4 * Section 1. AS 28.10.431(b) is amended to read:

5 (b) The tax is levied upon motor vehicles subject to the license tax under AS 28.10.411
6 and 28.10.421, not including mobile homes, and is based upon the age of vehicles as determined
7 by model year according to the following schedule:

| | | Tax According to Age of Vehicle Since Model Year | | | | | | | |
|----|---------------------------|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | | 1st | 2nd | 3rd | 4th | 5th | 6th | 7th | 8th or over |
| 8 | | | | | | | | | |
| 9 | | | | | | | | | |
| 10 | | | | | | | | | |
| 11 | Motor Vehicle | | | | | | | | |
| 12 | (1) motorcycle | <u>\$ 11</u> | <u>\$ 8</u> | <u>\$ 8</u> | <u>\$ 7</u> | <u>\$ 5</u> | <u>\$ 4</u> | <u>\$ 3</u> | <u>\$ 3</u> |
| 13 | | [\$ 8] | [\$ 7] | [\$ 6] | [\$ 5] | [\$ 4] | [\$ 3] | [\$ 2] | [\$ 2] |
| 14 | (2) vehicles specified in | <u>81</u> | <u>68</u> | <u>54</u> | <u>41</u> | <u>27</u> | <u>20</u> | <u>14</u> | <u>7</u> |

amended

| WORK DRAFT | WORK DRAFT | WORK DRAFT | WORK DRAFT | WORK DRAFT | WORK DRAFT | WORK DRAFT | WORK DRAFT | WORK DRAFT | |
|------------|---------------------------|------------|------------|------------|------------|------------|------------|------------|-----------|
| 1 | AS 28.10.421(b)(1) | [60] | [50] | [40] | [30] | [20] | [15] | [10] | [5] |
| 2 | (3) vehicles specified in | <u>81</u> | <u>68</u> | <u>54</u> | <u>41</u> | <u>27</u> | <u>20</u> | <u>14</u> | <u>7</u> |
| 3 | AS 28.10.421(b)(3) | [60] | [50] | [40] | [30] | [20] | [15] | [10] | [5] |
| 4 | (4) vehicles specified in | | | | | | | | |
| 5 | AS 28.10.421(c)(1) - (4) | | | | | | | | |
| 6 | 5,000 pounds or less | <u>81</u> | <u>68</u> | <u>54</u> | <u>41</u> | <u>27</u> | <u>20</u> | <u>14</u> | <u>7</u> |
| 7 | | [60] | [50] | [40] | [30] | [20] | [15] | [10] | [5] |
| 8 | 5,001 - 12,000 pounds | <u>135</u> | <u>108</u> | <u>81</u> | <u>68</u> | <u>54</u> | <u>41</u> | <u>27</u> | <u>14</u> |
| 9 | | [100] | [80] | [60] | [50] | [40] | [30] | [20] | [10] |
| 10 | 12,001 - 18,000 pounds | <u>203</u> | <u>162</u> | <u>135</u> | <u>108</u> | <u>81</u> | <u>54</u> | <u>41</u> | <u>27</u> |
| 11 | | [150] | [120] | [100] | [80] | [60] | [40] | [30] | [20] |
| 12 | 18,001 pounds or over | <u>270</u> | <u>108</u> | <u>176</u> | <u>135</u> | <u>108</u> | <u>81</u> | <u>54</u> | <u>27</u> |
| 13 | | [200] | [160] | [130] | [100] | [80] | [60] | [40] | [20] |
| 14 | (5) vehicles specified in | <u>135</u> | <u>108</u> | <u>81</u> | <u>68</u> | <u>54</u> | <u>41</u> | <u>27</u> | <u>14</u> |
| 15 | AS 28.10.421(b)(4) | [100] | [80] | [60] | [50] | [40] | [30] | [20] | [10] |
| 16 | (6) vehicles specified in | <u>11</u> | <u>9</u> | <u>8</u> | <u>7</u> | <u>5</u> | <u>4</u> | <u>3</u> | <u>3</u> |
| 17 | AS 28.10.421(b)(6) | [8] | [7] | [6] | [5] | [4] | [3] | [2] | [2] |
| 18 | (7) vehicles specified in | <u>81</u> | <u>68</u> | <u>54</u> | <u>41</u> | <u>27</u> | <u>20</u> | <u>14</u> | <u>7</u> |
| 19 | AS 28.10.421(d)(9) | [60] | [50] | [40] | [30] | [20] | [15] | [10] | [5] |
| 20 | (8) vehicles specified in | <u>81</u> | <u>68</u> | <u>54</u> | <u>41</u> | <u>27</u> | <u>20</u> | <u>14</u> | <u>7</u> |
| 21 | AS 28.10.421(b)(2) | [60] | [50] | [40] | [30] | [20] | [15] | [10] | [5] |
| 22 | (9) vehicles specified in | <u>54</u> | | | | | | | |
| 23 | AS 28.10.421(d)(10) | [40] | | | | | | | |

24 * Sec. 2. AS 28.10.431(b) is repealed and reenacted to read:

25 (b) The tax is levied upon motor vehicles subject to the license tax under AS 28.10.411
 26 and 28.10.421, not including mobile homes, and is based upon the age of vehicles as determined
 27 by model year according to the following schedule as adjusted under (j) of this section:

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

| WORK DRAFT | WORK DRAFT | WORK DRAFT | WORK DRAFT | WORK DRAFT | WORK DRAFT | WORK DRAFT | WORK DRAFT | WORK DRAFT | WORK DRAFT |
|------------|---------------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| 1 | (1) motorcycle | \$ 14 | \$ 12 | \$ 10 | \$ 9 | \$ 7 | \$ 5 | \$ 3 | \$ 3 |
| 2 | (2) vehicles specified in | 102 | 85 | 68 | 51 | 34 | 26 | 17 | 9 |
| 3 | AS 28.10.421(b)(1) | | | | | | | | |
| 4 | (3) vehicles specified in | 102 | 85 | 68 | 51 | 34 | 26 | 17 | 9 |
| 5 | AS 28.10.421(b)(3) | | | | | | | | |
| 6 | (4) vehicles specified in | | | | | | | | |
| 7 | AS 28.10.421(c)(1) - (4) | | | | | | | | |
| 8 | 5,000 pounds or less | 102 | 85 | 68 | 51 | 34 | 26 | 17 | 9 |
| 9 | 5,001 - 12,000 pounds | 170 | 136 | 102 | 85 | 68 | 51 | 34 | 17 |
| 10 | 12,001 - 18,000 pounds | 255 | 204 | 170 | 136 | 102 | 68 | 51 | 34 |
| 11 | 18,001 pounds or over | 340 | 272 | 221 | 170 | 136 | 102 | 68 | 51 |
| 12 | (5) vehicles specified in | 170 | 136 | 102 | 85 | 68 | 51 | 34 | 17 |
| 13 | AS 28.10.421(b)(4) | | | | | | | | |
| 14 | (6) vehicles specified in | 14 | 12 | 10 | 9 | 7 | 5 | 3 | 3 |
| 15 | AS 28.10.421(b)(6) | | | | | | | | |
| 16 | (7) vehicles specified in | 102 | 85 | 68 | 51 | 34 | 26 | 17 | 9 |
| 17 | AS 28.10.421(d)(9) | | | | | | | | |
| 18 | (8) vehicles specified in | 102 | 85 | 68 | 51 | 34 | 26 | 17 | 9 |
| 19 | AS 28.10.421(b)(2) | | | | | | | | |
| 20 | (9) vehicles specified in | 68 | | | | | | | |
| 21 | AS 28.10.421(d)(10) | | | | | | | | |

22 * Sec. 3. AS 28.10.431(e) is amended to read:

23 (e) The department shall refund money collected under this section, less eight [FIVE]
24 percent as collection costs, to a municipality for which the money was collected, as determined
25 by (1) the address of residence of an individual required to pay the tax, or (2) the situs of the
26 vehicle if the vehicle is not owned by an individual; the tax situs is the location at which the
27 motor vehicle is usually, normally, or regularly kept or used. For the first year in which the tax
28 is levied within a municipality, the department may retain actual costs of collection of the tax
29 within the municipality as determined by the department.

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

31 (j) The Department of Labor shall adjust the schedule under (b) of this section every

- 1 three years to reflect changes in the transportation new vehicle segment of the Consumer Price
2 Index for all urban consumers for all items compiled by the Bureau of Labor Statistics, United
3 States Department of Labor for the second half of the preceding calendar year. The semiannual
4 index for the second half of 1994 is the reference base index. The Department of Labor shall
5 round each scheduled amount adjusted under this subsection to the nearest dollar. The
6 Department of Community and Regional Affairs shall provide the revised schedule to each
7 municipality in the state that imposes a tax under this section, ^{And} to the Department of Public Safety,
8 and shall make the schedule available to the public by February 28th of each year in which the
9 schedule is revised.
- 10 * Sec. 5. Sections 1 and 3 of this Act take effect January 1, 1993.
- 11 * Sec. 6. Sections 2 and 4 of this Act take effect January 1, 1994.

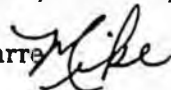
ALASKA STATE LEGISLATURE
REPRESENTATIVE MIKE NAVARRE

Co-Chair
House Finance Committee
P.O. Box V
Juneau, Alaska 99811
(907) 465-3779

SPONSOR'S STATEMENT

TO: Representative Mike Navarre, Co-Chair, House Finance Committee
Representative Eileen MacLean, Co-Chair, House Finance Committee

FROM: Representative Mike Navarre



SUBJECT: House Bill 309, An Act requiring annual adjustment of the municipal motor vehicle tax.

.....
House Bill 309 is a needed revision of AS 28.10.431, the annual motor vehicle registration tax. This tax schedule has not been revised since 1978.

Under current law, municipalities are given the option of participating in the registration tax program administered by the Division of Motor Vehicles (DMV) or collect their own local use or personal property tax. Due to the difficulty of collecting information on ownership of motor vehicles, the majority of the Alaskan municipalities have opted to participate in the state-administered program, which collects an annual registration tax according to a schedule established in statute. DMV currently retains 5% of the tax collected and refunds the balance to the municipality for which it was collected.

The registration tax schedule has not been reviewed or revised since 1978 when the statute was first written. The current tax schedule is out of line compared to other forms of personal property tax. The average purchase price for all motor vehicles has increased dramatically since 1978, therefore the gap between what is raised by personal property taxes based on the full value of the vehicle and what is collected by the state continues to widen. It is estimated that if local property tax rates were applied to current values, municipal revenues would be three times as high.

HB 309 would institute an indexing system to solve the needed annual adjustment of this personal property tax. On the effective date of this legislation there would be an annual increase of 35% for two years. The schedule would then be adjusted tri-annually, reflecting a closer relationship to full and true value of the vehicles.

Another feature of HB 309 is a fee increase of 3% (from 5% to 8%) for the Division of Motor Vehicles. DMV is expecting an increase in operating costs and this percentage increase should more than offset anticipated costs.

The index calculation will be based on the annual All Urban Consumer Price Index(CPI-U), using the transportation new vehicle segment of the CPI-U.

As state shared revenues decline, adjustments to the motor vehicle tax will provide municipalities with the means to offset lost revenues. The legislation also allows for a continued inflation-proofing adjustment to the fee schedule.

HB 309 and the positive changes it will bring are endorsed by the Alaska Municipal League.

DISTRICT 5

34824 K-Beach Road • Soldotna, Alaska 99669 • (907) 262-7842



PRINTED ON RECYCLED PAPER

House Bill 309 Fact Sheet

- AS 28.10.431, dealing with the Annual Motor Vehicle Registration Tax has not been adjusted since its inception in 1978. Inflationary factors have eroded the value of the revenue generated.
- HB 309 would over a two year period bring the values back to within 70% of what they would have been had they been annually adjusted.
- An indexing plan would be implemented to adjust the rate every third year after the initial two year catch-up period.
- The index would be calculated on the Consumer Price Index for All Urban Consumers (CPI-U), using the new vehicle transportation segment of the index.
- 1991 revenues were \$ 5,235,112.15 for the participating municipalities.
- The Division of Motor Vehicles receives 5% from the total collected for the municipalities. In 1991 DMV share amounted to \$276,081.85. Under HB 309 DMV's percentage increases to 8%. FY 1995 anticipated state share will be \$ 763,000.
- DMV claims increased operational costs because of tri-annual chart adjustments, consumer misunderstandings, and additional personnel. The additional 3% should cover the anticipated costs.
- HB 309 is a major plank in the Alaska Municipal League 1992 legislative platform.

STATE OF ALASKA

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

WALTER J. HICKEL, GOVERNOR

150 THIRD STREET
JUNEAU, ALASKA 99801-1291
PHONE: (907) 465-4700

949 E. 36TH AVENUE, SUITE 400
ANCHORAGE, ALASKA 99508-4302
PHONE: (907) 563-1073

February 19, 1992

POSITION PAPER

RE: CS HB 309 (Fin) Work Draft

SPONSOR: Representatives Navarre, Boyer, Brown, B. Davis,
Finkelstein, Koponen

Program Effects of Bill

The bill proposes to update the motor vehicle registration tax schedule under AS 28.10.431 and keep the schedule current into the future using the Consumer Price Index. The registration tax schedule has not been updated since 1978.

Comments

The Department previously filed a position paper on HB 309. The comments in that position paper continue to be valid for the work draft dated 2/13/92 before the House Finance Committee. These comments are provided to assist in comparing the original legislation with the work draft.

The original legislation provided for an annual revision of the tax schedule but did not list the schedule with the revised tax figures. The work draft lists the schedule to be applied in 1993 in Section 1 and the schedule to be applied in 1994 in Section 2. Thereafter, the schedule will be revised every three years by the Department of Labor using the transportation new vehicle segment of the Consumer Price Index for all urban consumers. The Department of Community and Regional Affairs will provide the revised schedule to the Department of Public Safety, to the public, and to the municipalities in the state that impose a motor vehicle registration tax, by February 28th of each year in which the schedule is revised.

An additional change between the original legislation and the work draft is the increase in the percent of money collected to be retained by the Department of Public Safety for collection costs from 5% to 8%.

Position Paper for CS HB 309
February 19, 1992
Page Two

The Department supports the changes made in the legislation by the work draft. The Department also supports the tax equity that will result by revising the motor vehicle registration schedule so that owners of motor vehicles are treated equally under local tax laws with owners of other personal property subject to local property taxes.

Ed. Blatchford

Edgar Blatchford, Commissioner

BILL NO: CSHB 309(C&RA)

DATE: 5/13/91

TITLE: "An Act requiring annual adjustment of the municipal motor vehicle registration tax. . ."

CONTACT: Charles Hosack
Div. of Motor Vehicles
269-5559

DEPARTMENT OF PUBLIC SAFETY

CSHB 309(C&RA) does two things. First, it raises by 70% (over a two-year period) the Motor Vehicle Registration Tax (MVRT). Second, the bill will require the Division of Motor Vehicles (DMV) to annually adjust the 89 different tax rates for the Motor Vehicle Registration Tax. Local governments have the option to have DMV collect this tax at the time of vehicle registration in lieu of the local governments collecting a personal property tax on vehicles. The tax revenue is passed on to the cities, minus a 5% fee to cover the costs of collection.

The present program was started in 1978 at the request of the cities, which were having difficulties collecting taxes due. By collecting the tax at the time the vehicle is registered, it is difficult for a person to avoid paying the proper tax; the cities also were spared the administrative work of collection. To avoid placing an undue administrative burden on DMV, the tax rates were based solely on the age of the vehicle. This method eliminated the cumbersome process associated with ad valorem taxes. The tax fees have only been changed once since 1978, and that change reduced the tax for older vehicles.

The concept of this program was to perform a service for the cities without unnecessarily impacting services at DMV's already crowded offices. That is one of the reasons that the tax has been seldom changed. This bill will alter the concept of the program by requiring changes to the tax rates every year, which will make it administratively more difficult for both DMV and the public. This is likely to decrease the efficiency of the service at most of DMV's main offices.

Another consideration is the total cost of registering a vehicle. The normal registration fee for a passenger vehicle is \$35, and the tax can be up to \$60. In addition, many owners must also obtain an emissions control inspection, which averages \$20-\$35. All motorists are also required to obtain motor vehicle insurance. Often, all of these fees must be paid at the same time. A 70% increase in the present tax rates is a substantial increase; the result will be more time spent at the public service counters handling complaints about the higher and continually changing costs. The Department has submitted a fiscal note which reflects our judgement regarding the program impact of the proposed tax increases.



Richard L. Burton
Commissioner



CITY OF PETERSBURG

P.O. BOX 329 • PETERSBURG, ALASKA 99833

TELEPHONE (907) 772-4511

TELECOPIER (907) 772-3759

February 7, 1991

Representative Mike Navarre
Room 511, Capital Building
P. O. Box V
Juneau, AK 99811

RE: HOUSE BILL NO. 309

Representative Navarre:

It has come to the attention of the City of Petersburg, via communications with the Alaska Municipal League, that you are sponsoring House Bill No. 309. As one of the municipalities who receives the motor vehicle registration tax, we would like to express our appreciation for your efforts in addressing the need to have this tax updated to more closely reflect current values.

A copy of Committee Substitute for HB 309 has been sent to us and based on that proposed legislation the following increases would result. The City of Petersburg in FY '91 received a total of \$27,338 in revenues from the motor vehicle registration tax. The increases proposed by your legislation would increase these revenues to, roughly, \$35,000 the first year and \$49,000 for the second year. These numbers do not take into account an increase in the number of vehicles, only the increase in rate and the decrease of revenues due to the increase in the administration percentage. These additional revenues can help off-set expenses of street and road maintenance within the City of Petersburg.

Your efforts and support for this legislation are applauded and, hopefully, this year will be passed by the legislature.

Sincerely,

Jodell Jones, City Treasurer

cc: Governor Walter Hickel
Alaska Municipal League



Matanuska-Susitna Borough

BOROUGH MANAGER

February 7, 1992

The Honorable Mike Navarre
Alaska State Legislature
Room 511, Capitol
P. O. Box V
Juneau, Alaska 99811

Dear Representative Navarre:

Subject: **HOUSE BILL 309**

The Matanuska-Susitna Borough very much supports passage of changes to the motor vehicle registration tax to make this tax more equitable to tax on other forms of personal property.

The tax rate structure of HB 309 represents a compromise among municipalities due to relative mill levy which results in registration tax for less than what would be taxed if vehicles were taxed as personal property in the Matanuska-Susitna Borough and most other boroughs, however, it will result in a 35% increase in pass through tax receipts less the increase in Department of Motor Vehicles (DMV) administrative fee the first year and a 70% increase the second year. Current receipts from DMV are about \$500,000 annually.

We appreciate the wisdom of indexing the registration tax to reflect changes in the Consumer Price Index. This will hopefully avoid major adjustments such as we face now.

The Matanuska-Susitna Borough Assessor has been instrumental in development of this legislation and is available if there are questions. Feel free to call him at 745-9641 at any time on this subject. Please do pass HB 309.

Sincerely,

A handwritten signature in cursive script that reads "Donald L. Moore".

Donald L. Moore
Borough Manager

Ltr/2792-1

1

February 7, 1992



CITY OF WASILLA

290 E. HERNING AVE.
WASILLA, ALASKA 99654-7091
PHONE: (907) 373-9050
FAX: (907) 373-0788

February 11, 1992

The Honorable Mike Navarre
Alaska State Legislature
P. O. Box V
Juneau, Alaska 99811

Re: HB 309 CS

Dear Representative Navarre:

I'm writing to support HB 309, Vehicle Registration Tax. Vehicle ad valorem tax represents a significant portion of personal property tax revenues. Loss of local revenue as the result of outdated tax rates not only diminishes critical school and general fund support but discriminates against other fully-taxed property including aircraft.

Adjustments to the vehicle registration tax program should be made as rapidly as possible. More consideration should be given to the years of free ride enjoyed by vehicle owners than to the impact of the rate increase adjustment.

Sincerely,

John C. Stein
Mayor, City of Wasilla

JCS/sbh



KENAI PENINSULA BOROUGH

144 N. BINKLEY • SOLDOTNA, ALASKA 99669
PHONE (907) 262-4441

DON GILMAN
MAYOR

Position Paper

HB 309 - Amending AS 28.10.431, Annual Motor Vehicle Registration Tax

The Kenai Peninsula Borough Supports HB 309 and urges passage by the legislature this session.

The fee schedule, contained in AS 28.10.431 has not been updated since 1978 when the statute was first written, and now falls far out of line when compared to other forms of personal property taxation.

Under current law, municipalities are given the option of participating in the registration tax program administered by the Division of Motor Vehicles or electing to levy local use or property taxes. Personal property taxation relies on a self reporting system. It is very difficult to assess and collect taxes under this system, as compared to the collection of a fee at the time of vehicle registration. It is for this reason that the Kenai Peninsula Borough opted to participate in the state program in January of 1989. While the collection rate is much higher, the difference in the statutorily established fee structure and the revenue based on the current mill rate is great.

The Kenai Peninsula Borough currently collects \$673,000 annually from this program, which is shared with the other municipalities and service areas in the borough. The proposed changes will increase this level of funding to approximately \$1,226,700 in two years. The indexing system will allow the rate structure to maintain inflationary increases.

As state shared revenue to municipalities decline, local assessments are one of the few methods for sustaining revenue.

12/10/91
12/10/91

CLERK'S OFFICE
APPROVED

Date: 12/03/91

Submitted by: Assemblymember Flynn
Prepared by: Assembly Budget Analyst
For reading: December 3, 1991

ANCHORAGE, ALASKA
AR NO. 91-260

A RESOLUTION OF THE ANCHORAGE MUNICIPAL ASSEMBLY URGING THE PASSAGE OF HB 309 WHICH INCREASES REGISTRATION FEES FOR MOTOR VEHICLES TO MORE ACCURATELY REFLECT THE FULL AND TRUE VALUE.

WHEREAS, the Municipality of Anchorage does not levy a property tax on motor vehicles but instead receives registration fees collected by the Department of Motor Vehicles; and

WHEREAS, the registration fee tax schedule in AS 28.10.431 was adopted in 1978 and has not been revised since that time; and

WHEREAS, the registration fees received by the Municipality are less than half of the revenue that could be generated by levying a local personal property tax on motor vehicles; and

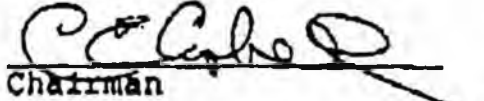
WHEREAS, currently, Alaskan motor vehicle licensing and registration fees are among the lowest in the United States; and

WHEREAS, the Alaska Municipal League supports increasing the tax table in AS 28.10.431 by 100 percent and statutory provision for an annual adjustment in motor vehicle registration tax rates.

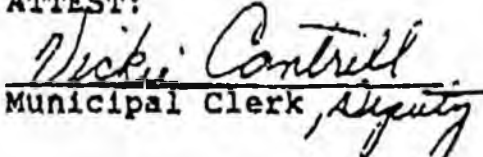
NOW, THEREFORE, The Anchorage Municipal Assembly resolves:

That the Municipality of Anchorage urge the Alaska Legislature to increase the registration fees in AS 28.10.431 and provide for an annual adjustment in those rates by passage of HB 309 or other similar legislation.

PASSED AND APPROVED by the Anchorage Assembly this 3rd day of December, 1991.


Chairman

ATTEST:


Municipal Clerk, *Signature*



MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

No. AM 1151-91

Meeting Date: December 3, 1991

From: Assemblymember Flynn
Subject: A Resolution supporting HB 309, Increase of vehicle registration fees

Alaska State Statute 29.45.110 requires full and true valuation on all real and personal property. The Division of Motor Vehicles, for 5% fee, collects personal property tax on vehicles. For that reason, rates of valuation/taxation are set in Statute. The Statutes have not been revised for more than a decade and in no way reflect full and true value.

HB 309 will raise tax rates to more accurately reflect full and true value.

Alaskan rates for vehicle registration/license taxes are the lowest in the country.

An increase in the personal property taxes on vehicles will not expand taxes beyond the tax cap. It will merely spread the base beyond real property taxpayers.

Prepared by:

Jean G. Ruppert

Respectfully submitted,

Heather Flynn
Assemblymember

JGR:dab
DOCC/AM

MUNICIPALITY OF ANCHORAGE

MEMORANDUM

DATE: November 22, 1991

TO: Assemblyperson Heather Flynn

THRU: Larry Crawford, Municipal Manager

THRU: Jerry Anderson, Chief Fiscal Officer

FROM: Steve Van Sant, Municipal Assessor

SUBJECT: Motor Vehicle Percentage of Total Personal Property Roll

The following information is in response to your inquiry as to what percentage of the total personal property roll is motor vehicles.

In 1990, our personal property rolls (including business and oil & gas properties) totaled approximately \$1.242 billion and generated about \$25.9 million tax revenue. The State Assessor's office estimates that the value of motor vehicles in the Municipality was \$664.8 million and we received almost \$3.4 million in registration fees.

Based upon these numbers, motor vehicles represent 34.8% of the assessed value and generate 11.5% of the personal property taxes. Motor vehicle taxes equate to approximately .5% of value while all other personal property taxes equate to about 2%.



MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

No. AM 1151-91

Meeting Date: December 3, 1991

From: Assemblymember Flynn
Subject: A Resolution supporting HB 309, Increase of vehicle registration fees

Alaska State Statute 29.45.110 requires full and true valuation on all real and personal property. The Division of Motor Vehicles, for 5% fee, collects personal property tax on vehicles. For that reason, rates of valuation/taxation are set in Statute. The Statutes have not been revised for more than a decade and in no way reflect full and true value.

HB 309 will raise tax rates to more accurately reflect full and true value.

Alaskan rates for vehicle registration/license taxes are the lowest in the country.

An increase in the personal property taxes on vehicles will not expand taxes beyond the tax cap. It will merely spread the base beyond real property taxpayers.

Prepared by:

Jean G. Ruppert

Respectfully submitted,

Heather Flynn
Assemblymember

JGR:dab
DOCC/AM



City of Nenana

P.O. Box 00070
Nenana, Alaska 99760
(907) 832-5441
FAX 832-5503



February 12, 1992

Representative Mike Navarre
Alaska State Legislature
P.O. Box V (MS 3100)
Juneau, AK 99811

RE: CSHB 309 - an Act Relating to Municipal Motor Vehicle Registration Tax

Dear Representative Navarre,

The City of Nenana supports the proposed Committee Substitute to HB 309. The current rates, established circa 1978, are long overdue for revision. For example, assuming the value of a new vehicle is \$17,000, the mil equivalence of the \$60 flat fee tax would be 3.5 mils. At the City's current 12.3 mil rate, the same \$17,000 vehicle would be assessed \$209 in personal property tax. This is almost four times the amount collected thru MVRT. The two year phased increase in registration rates, with an automatic adjustment in the rate every three years to reflect changes in the Consumer Price Index, allows for a more equitable adjustment of the rates.

Nenana currently receives more than \$6,000 per year under the current rate structure. This represents approximately 5% of our locally generated revenues. The proposed increase would most likely produce \$2000 in additional revenues. Do not hesitate to call me should you require additional information.

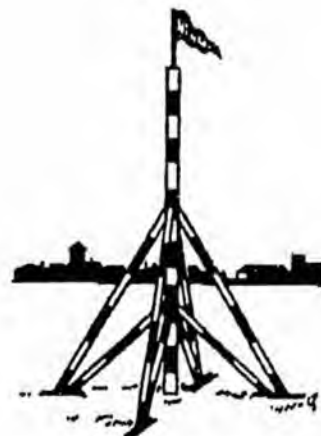
Sincerely,

Steve Bainbridge
City Administrator

cc: Governor Walter Hickel
Senator Dick Shultz
Representative John Gonzales
Scott Burgess, Executive Director/AML

 FAX TRANSMITTAL MEMO
 TO: Representative Mike Navarre
 DEPT: Legislature FAX #: 465-2278
 FROM: Steve Bainbridge PHONE: 832-5501
 CO: City of Nenana FAX #: 832-5503
 Post-It brand fax transmittal memo 7071

| |
|--------------|
| NO. OF PAGES |
| one |





Unique — even in Alaska

THE CITY OF WHITTIER

Representative Mike Navarre
Fax # 465-2278
Subject: HB 309 Committee Substitute

Dear Representative Navarre:

Attached is a copy of a resolution which the City Council will consider at a special meeting on 2-11-92 supporting the increase in motor vehicle registration tax to reflect current values and the provision for inflation adjustment.

The Finance director and I support this resolution and will recommend council approval. If passed, we will fax a copy to you immediately prior the 2-14-92 hearing with the Finance Committee.

We appreciate your efforts to bring the motor vehicle registration tax rates current. Our City depends on an equitable distribution of revenues from the state to fund many basic services, including road maintenance. We depend on the legislature to adjust the base rates of these shared taxes when necessary.

Thanks for your attention to the issues that really matter to the local communities.

Sincerely,
Lynda Hyce
Lynda Hyce
Acting City Manager

Roger Casad
Roger Casad
Finance Director

| | | | |
|--|--------------------|----------------|------------------|
| Post-It™ brand fax transmittal memo 7671 | | # of pages > 2 | |
| To | R. P. Mike Navarre | From | LYNDA HYCE |
| Co. | | Co. | CITY OF WHITTIER |
| Dept. | | Phone # | 472-2337 |
| Fax # | 465-2278 | Fax # | 472-2404 |

CITY OF WHITTIER

RESOLUTION NO. 279-92

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WHITTIER, ALASKA SUPPORTS THE PROPOSED COMMITTEE SUBSTITUTE TO HB 309.

WHEREAS, Motor vehicle registration tax rates have not been adjusted since 1978; and

WHEREAS, Motor vehicle values have increased substantial since 1978, and

WHEREAS, Motor vehicle registration tax rates should automatically increase in the future according to the consumer. Price index or some other criteria; and

WHEREAS, the motor vehicle registration tax is collected by the state on behalf of municipalities; and

WHEREAS, equitable adjustments to the motor vehicle registration tax rates will increase revenue to the City of Whittier.

NOW, THEREFORE, BE IT RESOLVED

THAT the City of Whittier supports the proposed committee substitute to HB 309 and urges the Alaska state legislature to approve this bill.

PASSED AND APPROVED by a duly constituted quorum of the Whittier City Council on this _____ day of _____.

Kelly Carlisle, Mayor

ATTEST:

Tina Lorrekovich, City Clerk



Matanuska-Susitna Borough

BOROUGH MANAGER

February 7, 1992

| | | | |
|--|--------------------------------|------------|-----------------|
| PostNet™ brand fax transmittal memo 7871 | | # of pages | 2 |
| To | REPRESENTATIVE Mike Navarre | From | Donald L. Moore |
| Co. | | Co. | |
| Dept. | | Phone | (907) 745-9688 |
| Fax # | 465-2278 | Fax # | |

The Honorable Mike Navarre
Alaska State Legislature
Room 511, Capitol
P. O. Box V
Juneau, Alaska 99811

Dear Representative Navarre:

Subject: **HOUSE BILL 309**

The Matanuska-Susitna Borough very much supports passage of changes to the motor vehicle registration tax to make this tax more equitable to tax on other forms of personal property.

The tax rate structure of HB 309 represents a compromise among municipalities due to relative mill levy which results in registration tax for less than what would be taxed if vehicles were taxed as personal property in the Matanuska-Susitna Borough and most other boroughs, however, it will result in a 35% increase in pass through tax receipts less the increase in Department of Motor Vehicles (DMV) administrative fee the first year and a 70% increase the second year. Current receipts from DMV are about \$500,000 annually.

We appreciate the wisdom of indexing the registration tax to reflect changes in the Consumer Price Index. This will hopefully avoid major adjustments such as we face now.

The Matanuska-Susitna Borough Assessor has been instrumental in development of this legislation and is available if there are questions. Feel free to call him at 745-9641 at any time on this subject. Please do pass HB 309.

Sincerely,

Donald L. Moore
Borough Manager

Lx/2792-1

1

February 7, 1992

cr

cc: Representative Mark Boyer
Representative Kay Brown
Representative Bettye Davis
Representative David Finkelstein
Representative Nillo Koponen
Representative Ronald L. Larson
Representative Eileen MacLean
Representative George Jacko
Representative Fran Ulmer
Representative Ramona Barnes
Representative Randy Phillips
Representative Bert Sharp

**CITY OF PETERSBURG**

P.O. BOX 329 • PETERSBURG, ALASKA 99833

TELEPHONE (907) 772-4511

TELECOPIER (907) 772-3759

February 7, 1991

Representative Nike Navarre
Room 511, Capital Building
P. O. Box V
Juneau, AK 99811

RE: HOUSE BILL NO. 309

Representative Navarre:

It has come to the attention of the City of Petersburg, via communications with the Alaska Municipal League, that you are sponsoring House Bill No. 309. As one of the municipalities who receives the motor vehicle registration tax, we would like to express our appreciation for your efforts in addressing the need to have this tax updated to more closely reflect current values.

A copy of Committee Substitute for HB 309 has been sent to us and based on that proposed legislation the following increases would result. The City of Petersburg in FY '91 received a total of \$27,338 in revenues from the motor vehicle registration tax. The increases proposed by your legislation would increase these revenues to, roughly, \$35,000 the first year and \$49,000 for the second year. These numbers do not take into account an increase in the number of vehicles, only the increase in rate and the decrease of revenues due to the increase in the administration percentage. These additional revenues can help off-set expenses of street and road maintenance within the City of Petersburg.

Your efforts and support for this legislation are applauded and, hopefully, this year will be passed by the legislature.

Sincerely,

Jodell Jones, City Treasurer

cc: Governor Walter Hickel
Alaska Municipal League



February 14, 1992

Position Paper

HB 309 - Requiring Adjustment of Municipal Motor Vehicle Registration Tax

The Alaska Municipal League, which represents 118 local governments and their citizens throughout the State of Alaska, supports HB 309, which would require a regular indexing of the motor vehicle registration tax collected by the state on behalf of municipalities to reflect changes in the value of automobiles since the tax schedule was statutorily established in 1978. This issue was identified by the League's Board of Directors as one of its top priorities for the 1992 legislative session.

The proposed Committee Substitute for HB 309 calls for a phased increase in the tax structure that would total approximately 70 percent over two years and partially compensate for inflation in the value of vehicles between 1978 and 1992. It also includes a provision for the tax structure to be adjusted every three years to keep up with inflation in the future and more equitably tax motor vehicles in comparison to other forms of personal property. The proposed CS would allow an increase in the administrative fee retained by the state from 5 percent to 8 percent.

Under the current provisions of AS 28.10.431, Annual Motor Vehicle Registration Tax, municipalities are given the option of participating in the registration tax program administered by the Division of Motor Vehicles or electing to levy local use or property taxes. Because of the difficulty of collecting information on ownership of motor vehicles, the majority of Alaskan municipalities that tax motor vehicles have opted to participate in the state-administered program (see attachment). This program collects a tax based on a schedule established in statute in 1978. The Division of Motor Vehicles retains 5 percent of the tax collected as an administrative fee and refunds the balance to the municipality for which it was collected.

A recent study of motor vehicle values and property tax rates in Alaskan municipalities conducted by the Municipal Finance Officers Association at the request of the Alaska Municipal League found that in order to reflect current motor vehicle values and local mill rates the registration tax would have to be as much as 300 percent of the current level. The approach included in the proposed CS for HB 309, which would regularly adjust the tax structure to reflect inflation (beginning with an adjustment from 1978 to the present, an increase of approximately 70 percent), will more accurately reflect the value of motor vehicles and thus tax them more equitably as compared to other types of personal property, make additional local revenues available from this source, and allow for regular adjustments. Increasing the state-retained administrative fee from 5 percent to 8 percent will more than compensate the state for the costs of administering the program, especially when the increased rate is applied to the adjusted tax structure.

The Alaska Municipal League supports HB 309.



217 Second Street, Suite 200 ■ Juneau, Alaska 99801 ■ Tel (907) 586-1325, Fax (907) 463-5480

Revision of Motor Vehicle Registration Tax Rates

The Alaska Municipal League urges the legislature and the governor to support legislation to revise AS 28.10.431, which establishes motor vehicle registration tax rates, to reflect equity in taxation of vehicles compared to other forms of personal property.

The Alaska Municipal League, which represents 118 local governments and their citizens throughout the State of Alaska, supports legislation that would require the motor vehicle registration tax collected by the state on behalf of municipalities to be increased 100 percent and automatically adjusted annually to reflect changes in the Consumer Price Index. Such legislation would allow an updating of the statutory motor vehicle registration rates, which were originally established in 1978 and have not been changed to reflect increases in the prices of motor vehicles, to ensure a proportionate and equitable treatment of taxes on vehicles as compared to other forms of personal property.

Under the current provisions of AS 28.10.431, Annual Motor Vehicle Registration Tax, municipalities are given the option of participating in the registration tax program administered by the Division of Motor Vehicles or electing to levy local use or property taxes. Because of the difficulty of collecting information on ownership of motor vehicles, the majority of Alaskan municipalities that tax motor vehicles have opted to participate in the state-administered program (see Table 1). This program collects a tax based on a schedule established in statute in 1978. The Division of Motor Vehicles retains 5 percent of the tax collected as a collection fee and refunds the balance to the municipality for which it was collected. However, local officials estimate that the registration tax collected by the state and returned to municipalities is less than half the local revenue that could be generated by levying a local personal property tax.

A study of motor vehicle values and property tax rates in Alaskan municipalities conducted by the Municipal Finance Officers Association at the request of the Alaska Municipal League found that in order to reflect current motor vehicle values and local mill rates, the registration tax would have to be as much as 300 percent of the current statutory rate. The League is advocating a 100 percent increase with an automatic annual adjustment for inflation. Another approach would be to index each year's registration tax rates to the Consumer Price Index beginning with an adjustment from 1978 to the present, an increase of approximately 67 percent.



217 Second Street, Suite 200 ■ Juneau, Alaska 99801 ■ Tel (907) 586-1325, Fax (907) 463-5480

**Projected Return to Selected Municipalities Resulting from
Adjustment in Motor Vehicle Taxes (AS 28.10.431)
under Provisions of Proposed CS HB 309**
(rounded to nearest \$1,000)

| Municipality | FY 91 Received by Municipality | FY 94 Projected Return* | FY 95 Projected Return* |
|--|-----------------------------------|-------------------------------|-------------------------------|
| Currently Participating In Program** | | | |
| Anchorage | \$ 3,420,000 | \$ 4,471,000 | \$ 5,947,000 |
| Kenai Peninsula Borough | 672,000 | 878,000 | 1,168,000 |
| Mat-Su Borough | 628,000 | 820,000 | 1,092,000 |
| Ketchikan Gateway Borough | 190,000 | 248,000 | 330,000 |
| Currently Not Participating In Program*** | | | |
| Fairbanks North Star Borough | na | 1,357,000 | 1,805,000 |
| City and Borough of Juneau | na | 441,000 | 586,000 |

*FY 94 return would in fact be somewhat higher because adjusted registration tax schedules would go into effect in January 1993 and January 1994, half-way through the fiscal year. Based on FY 91 statistics from Division of Motor Vehicles and using a 35% adjustment of tax schedule beginning in January 1993 and an additional 33% adjustment beginning in January 1994 as well as an increase in state administrative fee from 5% to 8%.

**For currently participating municipalities, calculations are based on actual FY 91 average return/registered vehicle figures: Anchorage's average return was \$15.31; Kenai Peninsula Borough's, \$11.73; Mat-Su's, \$10.26; and Ketchikan Peninsula Borough's, \$12.77. These return figures vary because of the mix of vehicle types and ages within each municipality. Projections assumed no increase in the number of vehicles registering.

***Calculated using an average return to a municipality of \$12/registered vehicle.

Prepared by Alaska Municipal League, 13 February 1992

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**



217 Second Street, Suite 200 ■ Juneau, Alaska 99801 ■ Tel (907) 586-1325. Fax (907) 463-5480

Revision of Motor Vehicle Registration Tax Rates

The Alaska Municipal League urges the legislature and the governor to support legislation to revise AS 28.10.431, which establishes motor vehicle registration tax rates, to reflect equity in taxation of vehicles compared to other forms of personal property.

The Alaska Municipal League, which represents 118 local governments and their citizens throughout the State of Alaska, supports legislation that would require the motor vehicle registration tax collected by the state on behalf of municipalities to be increased 100 percent and automatically adjusted annually to reflect changes in the Consumer Price Index. Such legislation would allow an updating of the statutory motor vehicle registration rates, which were originally established in 1978 and have not been changed to reflect increases in the prices of motor vehicles, to ensure a proportionate and equitable treatment of taxes on vehicles as compared to other forms of personal property.

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Table 1: Local Policy on Taxation of Motor Vehicles

| Municipality | Form of Taxation |
|------------------------------|----------------------------------|
| Municipality of Anchorage | State-collected ^a |
| Bristol Bay Borough | Full and true value ^b |
| Cordova | Exempt ^c |
| Craig | Exempt |
| Dillingham | Exempt |
| Eagle | Exempt |
| Fairbanks North Star Borough | Exempt |
| Haines Borough | Exempt |
| City and Borough of Juneau | Exempt |
| Kenai Peninsula Borough | State-collected |
| Ketchikan Gateway Borough | State-collected |
| Kodiak Island Borough | State-collected |
| Matanuska-Susitna Borough | State-collected |
| Nenana | State-collected |
| Nome | State-collected |
| North Slope Borough | Full and true value |
| Pelican | Exempt |
| Petersburg | State-collected |
| Skagway | Exempt |
| City and Borough of Sitka | Exempt |
| Unalaska | Exempt |
| Valdez | Exempt |
| Whittier | State-collected |
| Wrangell | Exempt |
| Yakutat | Exempt |

^a Collected by the state on behalf of municipality under AS 28.10.431.

^b Taxed by the municipality at full and true value.

^c Exempt from municipal taxation.

Source: *Alaska Taxable, 1991*

Legislation revising AS 28.10.431, Annual Motor Vehicle Registration Tax, should be approved to more accurately and equitably reflect the value of motor vehicles, make additional local revenues available from this source, and allow for annual adjustments. The revenue received as a result of an adjustment in rates will more than compensate the state for the administration of the program.



217 Second Street, Suite 200 ■ Juneau, Alaska 99801 ■ Tel (907) 586-1325, Fax (907) 463-5480

**Projected Return to Selected Municipalities Resulting from
Adjustment in Motor Vehicle Taxes (AS 28.10.431)
under Provisions of Proposed CS HB 309**
(rounded to nearest \$1,000)

| Municipality | FY 91 Received by Municipality | FY 94 Projected Return* | FY 95 Projected Return* |
|--|-----------------------------------|-------------------------------|-------------------------------|
| Currently Participating in Program** | | | |
| Anchorage | \$ 3,420,000 | \$ 4,471,000 | \$ 5,947,000 |
| Kenai Peninsula Borough | 672,000 | 878,000 | 1,168,000 |
| Mat-Su Borough | 628,000 | 820,000 | 1,092,000 |
| Ketchikan Gateway Borough | 190,000 | 248,000 | 330,000 |
| Currently Not Participating in Program*** | | | |
| Fairbanks North Star Borough | na | 1,357,000 | 1,805,000 |
| City and Borough of Juneau | na | 441,000 | 586,000 |

*FY 94 return would in fact be somewhat higher because adjusted registration tax schedules would go into effect in January 1993 and January 1994, half-way through the fiscal year. Based on FY 91 statistics from Division of Motor Vehicles and using a 35% adjustment of tax schedule beginning in January 1993 and an additional 33% adjustment beginning in January 1994 as well as an increase in state administrative fee from 5% to 8%.

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***Calculated using an average return to a municipality of \$12/registered vehicle.

Prepared by Alaska Municipal League, 13 February 1992

HB309

DATE: 5/4/92

FURTHER:

DATE TURNED INTO OFFICE: [REDACTED]

The Finance Committee considered

CS FOR HOUSE BILL NO. 309 (FINANCE) am

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

and recommends:

- replace with [REDACTED] CS [REDACTED] 309 (FINANCE)
- or adopt previous CS [REDACTED]
- attaches amendment(s)

- same title
- new title
- technical title change (HB only)

adopts _____ Letter of Intent

further referral to the _____

do pass

do not pass

no recommendation

individual recommendations

NEW FISCAL NOTES: Dept/Date

zero fiscal notes _____

fiscal notes _____

appropriation--no fiscal note

DO PASS:

1. [Signature]
Co-Chair: Signature/Recommendation

PREVIOUS FISCAL NOTES: Dept/Date

zero fiscal notes [REDACTED]

fiscal notes [REDACTED]

OTHER RECOMMENDATIONS:

[Signature] (No Rec)
[Signature] - No Rec
[Signature] No Rec
2. _____
Co-Chair: Signature/Recommendation

FISCAL NOTE

3

Bill Version: CSHB 309(FIN)

(H) Publish Date: 2-24-92

STATE OF ALASKA
1992 LEGISLATIVE SESSION

Revision Date: _____
Title: "...relating to the municipal motor vehicle registration tax; and providing for an effective date."
Sponsor: Rep. Navarre, Bover, Brown, B.Davis, Finkelstein, Koponen
Requestor: _____

Department Affected: Community and Regional Affairs
BRU: _____
Component: _____
COMPONENT SERIAL NO.

| | | | |
|---|---|---|---|
| 0 | 0 | 0 | 0 |
|---|---|---|---|

EXPENDITURES/REVENUES: (Thousands of Dollars)

| OPERATING | FY 93 | FY 94 | FY 95 | FY 96 | FY 97 | FY 98 |
|-------------------|-------|-------|-------|-------|-------|-------|
| 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 | | | | | | |
|---------|--|--|--|--|--|--|

| | | | | | | |
|----------------------|--|--|--|--|--|--|
| REVENUE FUND SOURCE: | | | | | | |
|----------------------|--|--|--|--|--|--|

FUNDING: (Thousands of Dollars)

| | | | | | | |
|--------------------|-----|-----|-----|-----|-----|-----|
| GENERAL FUND | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| FEDERAL FUNDS | | | | | | |
| OTHER FUND SOURCE: | | | | | | |
| TOTAL | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

POSITIONS:

| | | | | | | |
|-----------|-----|-----|-----|-----|-----|-----|
| FULL-TIME | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| PART-TIME | | | | | | |
| TEMPORARY | | | | | | |

Estimate of current year impact:

ANALYSIS: (Attach a separate sheet)

Changes in CSB CSHB 309 (FIN) have no fiscal impact. This fiscal note is appropriate.
5-8-92 date J. Guzman Comte Aide (initial)

Changes in CSB CSHB 309 (STA) have no fiscal impact. This fiscal note is appropriate.
5-4-92 date Tina by AMR Comte Aide (initial)

Prepared By: Remond Henderson
Division: Administrative Services Division

Phone: 465-4708
Date: 2/21/92

Approved by Commissioner: E. J. ...
Agency: Department of Community and Regional Affairs

Date: 2-21-92

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OMB/DBR, Gov. Legis. Ofc., & Impacted Agency(ies).
Rev 10/7/91

COMMITTEE COPY

FISCAL NOTE

No. 2 Corrected

STATE OF ALASKA
1992 LEGISLATIVE SESSION

Bill Version: CSHB 309 (FIN)
(H) Publish Date: 2/28/92

Revision Date: 2/21/92 Department Affected: Public Safety
Title: An Act relating to motor vehicle registration tax BRU: Motor Vehicles
Sponsor: Representative Navarre Component: Field Services
Requestor: House Finance COMPONENT SERIAL NO.

| | | | |
|--|---|---|---|
| | 5 | 0 | 2 |
|--|---|---|---|

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

| OPERATING | FY 93 | FY 94 | FY 95 | FY 96 | FY 97 | FY 98 |
|-------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES | 52.5 | 0 | 0 | 0 | 0 | 0 |
| TRAVEL | | | | | | |
| CONTRACTUAL | 4.5 | 0 | -0- | -0- | -0- | -0- |
| SUPPLIES | | | | | | |
| EQUIPMENT | 30.0 | 0 | -0- | -0- | -0- | -0- |
| LAND & STRUCTURES | | | | | | |
| GRANTS, CLAIMS | | | | | | |
| MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | 87.0 | 0 | 0 | 0 | 0 | 0 |

| | | | | | | |
|---------|--|--|--|--|--|--|
| CAPITAL | | | | | | |
|---------|--|--|--|--|--|--|

| | | | | | | |
|--------------|-------|-------|-------|-------|-------|-------|
| REVENUE | 275.0 | 671.0 | 748.0 | 748.0 | 822.8 | 822.8 |
| FUND SOURCE: | | | | | | |

FUNDING: (Thousands of Dollars)

| | | | | | | |
|-------------------|------|---|---|---|---|---|
| GENERAL FUND | | | | | | |
| FEDERAL FUNDS | | | | | | |
| OTHER | 87.0 | 0 | 0 | 0 | 0 | 0 |
| FUND SOURCE: 1005 | | | | | | |
| TOTAL | 87.0 | 0 | 0 | 0 | 0 | 0 |

POSITIONS:

| | | | | | | |
|-----------|---|---|---|---|---|---|
| FULL-TIME | 3 | 0 | 0 | 0 | 0 | 0 |
| PART-TIME | | | | | | |
| TEMPORARY | | | | | | |

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

See Attached.

Changes in CSHB 309 (FIN)
reflect NO FISCAL CHANGE from the original
fiscal note. This fiscal note is appropriate.

5/8/92
date

[Signature]
Comte Aide (initial)

Prepared By: Jay N. Dulany, Director Phone: 269-5559
Division: Motor Vehicles Date: 2/27/92
Approved by Commissioner: [Signature] Richard L. Burton
Agency: Department of Public Safety Date: 2/27/92

Distribution (by preparer): Leg. Fin., Legislative Sponsor, Requestor, OMB/DBR, Gov. Legis. Ofc., & Impacted Agency(ies).

Rev 10/7/91

COMMITTEE COPY

Page 1 of 2

This bill changes the Motor Vehicle Registration Tax amounts. The first two years' increases will be 35% each year to equal the increase in the Anchorage area CPI since the program first began in 1978. After the first two years, adjustments to the tax schedule based upon the Federal Consumer Price index will be made at three-year intervals by the Alaska Department of Labor.

Additional administrative work will be needed to change the computer programs to reflect the new rates and in training the employees on the new rate structure. This work alone is not enough to justify a full-time position, but absorbing it will adversely affect other administrative functions.

Approximately 355,000 vehicles, or 66% of the total number of registered vehicles, are in areas subject to the tax. Any increase in fees increases the workload in the public service offices of the Division since DMV employees collecting the tax will receive any public complaints, which take time and result in increased delays for others in line. Frequent changes to fees increase processing time because employees will not be familiar with the fees. There are only 17 different registration fees, but there are 89 different categories for the registration tax.

Based on DMV's experience, increases of this nature will impact workloads 3-5%. As a result, DMV will increase the field office staffing by 3% or 3 PFT positions for the first year. Under the proposed bill, DMV's retention of funds to cover collection costs would be increased from 5% to 8%, subject to appropriation by the legislature. The increase is adequate to cover the increased costs of administering this program.

The Revenue fund source for FY 93 through FY 98 is 8% of the total revenue that DMV will be collecting for the municipalities. Those totals are as follows:

| FY93 | FY94 | FY95 | FY96 | FY97 | FY98 |
|--------|--------|--------|--------|---------|---------|
| 6462.5 | 8387.5 | 9350.0 | 9350.0 | 10285.0 | 10285.0 |

The detailed costs are as follows:

| | FY 93 |
|--|--------------------|
| Personal Services | |
| 3 Motor Vehicle Rep I/II positions (Range 8/9) | \$ 52.5 (6 months) |
| Contractual | |
| Terminal Charges (3 APSIN terminals) | \$ 4.5 |
| Equipment | |
| Office Equipment (3 new positions) | \$ 9.0 |
| Computer terminals and printers | \$ 21.0 |
| TOTAL | \$ 87.0 |

SENATE CS FOR CS FOR HOUSE BILL NO. 309 (FINANCE)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:

Referred:

Sponsor(s): REPRESENTATIVES NAVARRE, Boyer, Brown, B.Davis, Finkelstein, Koponen

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the municipal motor vehicle registration tax; and providing for an
2 effective date."

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

4 * Section 1. AS 28.10.431(b) is amended to read:

5 (b) The tax is levied upon motor vehicles subject to the license tax under AS 28.10.411
6 and 28.10.421, not including mobile homes, and is based upon the age of vehicles as determined
7 by model year according to the following schedule:

| | Tax According to Age of Vehicle Since Model Year | | | | | | | |
|------------------------------|--|-------------|-------------|-------------|-------------|-------------|-------------|----------------|
| | 1st | 2nd | 3rd | 4th | 5th | 6th | 7th | 8th or over |
| 11 Motor Vehicle | | | | | | | | |
| 12 (1) motorcycle | <u>\$ 11</u> | <u>\$ 9</u> | <u>\$ 8</u> | <u>\$ 7</u> | <u>\$ 5</u> | <u>\$ 4</u> | <u>\$ 3</u> | <u>\$ 3</u> |
| 13 | [\$ 8] | [\$ 7] | [\$ 6] | [\$ 5] | [\$ 4] | [\$ 3] | [\$ 2] | [\$ 2] |
| 14 (2) vehicles specified in | <u>81</u> | <u>68</u> | <u>54</u> | <u>41</u> | <u>27</u> | <u>20</u> | <u>14</u> | <u>7</u> |

| | | | | | | | | | |
|----|---------------------------|------------|------------|------------|------------|------------|-----------|-----------|-----------|
| 1 | AS 28.10.421(b)(1) | [60] | [50] | [40] | [30] | [20] | [15] | [10] | [5] |
| 2 | (3) vehicles specified in | <u>81</u> | <u>68</u> | <u>54</u> | <u>41</u> | <u>27</u> | <u>20</u> | <u>14</u> | <u>7</u> |
| 3 | AS 28.10.421(b)(3) | [60] | [50] | [40] | [30] | [20] | [15] | [10] | [5] |
| 4 | (4) vehicles specified in | | | | | | | | |
| 5 | AS 28.10.421(c)(1) - (4) | | | | | | | | |
| 6 | 5,000 pounds or less | <u>81</u> | <u>68</u> | <u>54</u> | <u>41</u> | <u>27</u> | <u>20</u> | <u>14</u> | <u>7</u> |
| 7 | | [60] | [50] | [40] | [30] | [20] | [15] | [10] | [5] |
| 8 | 5,001 - 12,000 pounds | <u>135</u> | <u>108</u> | <u>81</u> | <u>68</u> | <u>54</u> | <u>41</u> | <u>27</u> | <u>14</u> |
| 9 | | [100] | [80] | [60] | [50] | [40] | [30] | [20] | [10] |
| 10 | 12,001 - 18,000 pounds | <u>203</u> | <u>162</u> | <u>135</u> | <u>108</u> | <u>81</u> | <u>54</u> | <u>41</u> | <u>27</u> |
| 11 | | [150] | [120] | [100] | [80] | [60] | [40] | [30] | [20] |
| 12 | 18,001 pounds or over | <u>270</u> | <u>108</u> | <u>176</u> | <u>135</u> | <u>108</u> | <u>81</u> | <u>54</u> | <u>27</u> |
| 13 | | [200] | [160] | [130] | [100] | [80] | [60] | [40] | [20] |
| 14 | (5) vehicles specified in | <u>135</u> | <u>108</u> | <u>81</u> | <u>68</u> | <u>54</u> | <u>41</u> | <u>27</u> | <u>14</u> |
| 15 | AS 28.10.421(b)(4) | [100] | [80] | [60] | [50] | [40] | [30] | [20] | [10] |
| 16 | (6) vehicles specified in | <u>11</u> | <u>9</u> | <u>8</u> | <u>7</u> | <u>5</u> | <u>4</u> | <u>3</u> | <u>3</u> |
| 17 | AS 28.10.421(b)(6) | [8] | [7] | [6] | [5] | [4] | [3] | [2] | [2] |
| 18 | (7) vehicles specified in | <u>81</u> | <u>68</u> | <u>54</u> | <u>41</u> | <u>27</u> | <u>20</u> | <u>14</u> | <u>7</u> |
| 19 | AS 28.10.421(d)(9) | [60] | [50] | [40] | [30] | [20] | [15] | [10] | [5] |
| 20 | (8) vehicles specified in | <u>81</u> | <u>68</u> | <u>54</u> | <u>41</u> | <u>27</u> | <u>20</u> | <u>14</u> | <u>7</u> |
| 21 | AS 28.10.421(b)(2) | [60] | [50] | [40] | [30] | [20] | [15] | [10] | [5] |
| 22 | (9) vehicles specified in | <u>54</u> | | | | | | | |
| 23 | AS 28.10.421(d)(10) | [40] | | | | | | | |

* Sec. 2. AS 28.10.431(b) is repealed and reenacted to read:

(b) The tax is levied upon motor vehicles subject to the license tax under AS 28.10.411 and 28.10.421, not including mobile homes, and is based upon the age of vehicles as determined by model year according to the following schedule:

| | | | | | | | | |
|--|--|-----|-----|-----|-----|-----|-----|--------|
| | Tax According to Age of Vehicle Since Model Year | | | | | | | |
| | 1st | 2nd | 3rd | 4th | 5th | 6th | 7th | 8th or |
| | | | | | | | | over |

Motor Vehicle

| | | | | | | | | | |
|----|---------------------------|-------|-------|-------|------|------|------|------|------|
| 1 | (1) motorcycle | \$ 14 | \$ 12 | \$ 10 | \$ 9 | \$ 7 | \$ 5 | \$ 3 | \$ 3 |
| 2 | (2) vehicles specified in | 102 | 85 | 68 | 51 | 34 | 26 | 17 | 9 |
| 3 | AS 28.10.421(b)(1) | | | | | | | | |
| 4 | (3) vehicles specified in | 102 | 85 | 68 | 51 | 34 | 26 | 17 | 9 |
| 5 | AS 28.10.421(b)(3) | | | | | | | | |
| 6 | (4) vehicles specified in | | | | | | | | |
| 7 | AS 28.10.421(c)(1) - (4) | | | | | | | | |
| 8 | 5,000 pounds or less | 102 | 85 | 68 | 51 | 34 | 26 | 17 | 9 |
| 9 | 5,001 - 12,000 pounds | 170 | 136 | 102 | 85 | 68 | 51 | 34 | 17 |
| 10 | 12,001 - 18,000 pounds | 255 | 204 | 170 | 136 | 102 | 68 | 51 | 34 |
| 11 | 18,001 pounds or over | 340 | 272 | 221 | 170 | 136 | 102 | 68 | 51 |
| 12 | (5) vehicles specified in | 170 | 136 | 102 | 85 | 68 | 51 | 34 | 17 |
| 13 | AS 28.10.421(b)(4) | | | | | | | | |
| 14 | (6) vehicles specified in | 14 | 12 | 10 | 9 | 7 | 5 | 3 | 3 |
| 15 | AS 28.10.421(b)(6) | | | | | | | | |
| 16 | (7) vehicles specified in | 102 | 85 | 68 | 51 | 34 | 26 | 17 | 9 |
| 17 | AS 28.10.421(d)(9) | | | | | | | | |
| 18 | (8) vehicles specified in | 102 | 85 | 68 | 51 | 34 | 26 | 17 | 9 |
| 19 | AS 28.10.421(b)(2) | | | | | | | | |
| 20 | (9) vehicles specified in | 68 | | | | | | | |
| 21 | AS 28.10.421(d)(10) | | | | | | | | |

* Sec. 3. AS 28.10.431(e) is amended to read:

(e) The department shall refund money collected under this section, less eight [FIVE] percent as collection costs, to a municipality for which the money was collected, as determined by (1) the address of residence of an individual required to pay the tax, or (2) the situs of the vehicle if the vehicle is not owned by an individual; the tax situs is the location at which the motor vehicle is usually, normally, or regularly kept or used. For the first year in which the tax is levied within a municipality, the department may retain actual costs of collection of the tax within the municipality as determined by the department.

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

(j) The Department of Labor shall adjust the schedule under (b) of this section every

1 three years to reflect changes in the transportation new vehicle segment of the Consumer Price
2 Index for all urban consumers for all items compiled by the Bureau of Labor Statistics, United
3 States Department of Labor for the second half of the preceding calendar year. The semiannual
4 index for the second half of 1994 is the reference base index. The Department of Labor shall
5 round each scheduled amount adjusted under this subsection to the nearest dollar. The
6 Department of Community and Regional Affairs shall provide the revised schedule to each
7 municipality in the state that imposes a tax under this section and to the Department of Public
8 Safety, and shall make the schedule available to the public by February 28th of each year in
9 which the schedule is revised. A tax imposed under an adjusted schedule takes effect on July 1
10 of the year in which the schedule is adjusted.

11 * Sec. 5. AS 28.10.431(j) is repealed June 30, 1998.

12 * Sec. 6. Sections 1 and 3 of this Act take effect January 1, 1993.

13 * Sec. 7. Section 2 of this Act takes effect January 1, 1994.

14 * Sec. 8. Sections 4 and 5 of this Act take effect January 1, 1997.

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. SCS CSHB 309(SA)

Revision Date: 5/06/92 Department Affected: Public Safety
 Title: An Act relating to motor vehicle registration tax. BRU: Motor Vehicles
 Component: Field Services
 Sponsor: Representative Navarre
 Requestor: Senate Finance COMPONENT SERIAL NO.

| | | | |
|--|---|---|---|
| | 5 | 0 | 2 |
|--|---|---|---|

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

| OPERATING | FY 93 | FY 94 | FY 95 | FY 96 | FY 97 | FY 98 |
|------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| PERSONAL SERVICES | 190.0 | 253.3 | 148.3 | 148.3 | 148.3 | 148.3 |
| TRAVEL | | | | | | |
| CONTRACTUAL | 52.2 | 19.2 | 19.2 | 19.2 | 19.2 | 19.2 |
| SUPPLIES | | | | | | |
| EQUIPMENT | 70.0 | 0 | 0 | 0 | 0 | 0 |
| LAND & STRUCTURES | | | | | | |
| GRANTS, CLAIMS | | | | | | |
| MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | 312.2 | 272.5 | 167.5 | 167.5 | 167.5 | 167.5 |

| | | | | | | |
|---------|--|--|--|--|--|--|
| CAPITAL | | | | | | |
|---------|--|--|--|--|--|--|

| | | | | | | |
|-------------------------|-------|-------|-------|-------|-------|-------|
| REVENUE FUND SOURCE: | 275.0 | 594.0 | 748.0 | 748.0 | 822.8 | 822.8 |
|-------------------------|-------|-------|-------|-------|-------|-------|

FUNDING: (Thousands of Dollars)

| | | | | | | |
|----------------------------|-------|-------|-------|-------|-------|-------|
| GENERAL FUND | | | | | | |
| FEDERAL FUNDS | | | | | | |
| OTHER FUND SOURCE: 1005 | 312.2 | 272.5 | 167.5 | 167.5 | 167.5 | 167.5 |
| TOTAL | | | | | | |

POSITIONS:

| | | | | | | |
|-----------|---|---|---|---|---|---|
| FULL-TIME | 7 | 4 | 4 | 4 | 4 | 4 |
| PART-TIME | | | | | | |
| TEMPORARY | | | | | | |

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)
See Attached.

Prepared By: Charles R. Hosack, Deputy Director Phone: 269-5559
 Division: Motor Vehicles Date: 5/4/92
 Approved by Commissioner: *Charles R. Hosack* for Richard L. Burton
 Agency: Department of Public Safety Date: 5/6/92

This bill changes the Motor Vehicle Registration Tax amounts. The first two years increase will be 35% each year to equal the increase in the Anchorage area CPI since the program first began in 1978. After the first two years, adjustments to the tax schedule based upon the Federal Consumer Price Index will be made at three-year intervals by the Alaska Department of Labor.

The bill also requires cities currently in the program to approve the program in a regular or special election by January 1, 1993, or the tax will no longer be collected. The current law only requires passage of an appropriate ordinance to participate in the program. This is usually done by the local assembly or council rather than by a general election. For the purposes of this fiscal note the Division will assume that all local governments that are currently in the program will schedule an election to continue the tax and that the voters will approve the tax. The Division recognizes that this is probably an unlikely happening but it is the only way to estimate the costs of such a major change as this on very short notice. If a city does not approve the tax by 1/1/93, then they would be out of the program for at least 1995 because, by law, the Division must be notified by January 1 of the year preceding the start of the tax.

The bill also allows fleets of 50 or more vehicles which have change of at least 50% each year to pay only partial year tax and registration fees. This is a radical change from a system that has traditionally been based on an annual registration period. Changing to a partial year prorated fee system will require a major reprogramming effort for the computer system and will require several administrative changes as well. For example the vehicles with partial-year registrations would not be able to use the mail renewal system, since they would be registering for undetermined periods rather than the standard one year period. Each application would require more data entry to calculate the fees and reflect a new expiration month that is determined by the fleet owner. This takes approximately 10 times more data entry time than the current renewal process. Since the fleet owners, at their option, may renew for as little as one month at a time, it is conceivable to perform as many as 12 registrations for a vehicle in a year's time. An estimated 5,000 - 7,000 vehicles may be eligible for this special treatment and each vehicle will be processed at least twice and likely more than that each year, rather than just once. Since this requires special handling for a select group of vehicles and also requires special treatment that is not available to the public or to smaller commercial operations that use their vehicles seasonally, a special unit will be centrally located in Anchorage to process these special fleet registrations. This will avoid adversely affecting public services in the field offices used by the vast majority of owners who pay normal fees.

Approximately 355,000 vehicles, or 66% of the total number of registered vehicles, are in areas subject to the tax. Any increase in fees increases the workload in public service offices

of the Division, since DMV employees collecting the tax will receive public complaints, which take time and result in increased delays for the others in line. Frequent changes to the fees increase processing time, because employees will not be as familiar with the fees. There are only 17 different registration fees, but there are 89 different categories for the registration tax. This will be further complicated by the need to prorate amounts.

Based on DMV's experience, increase of this nature will impact workloads 3-5%. As a result, DMV will increase the field office staffing by 3% or 3 PFT positions for the first year. A four-person unit will be created to process the fleet registrations. Under the proposed bill, DMV's retention of funds to cover collection costs would be increased from 5% to 8%, subject to appropriation by the legislature. The increase is adequate to cover the cost of administering the program.

If Section 4 of the bill were deleted to remove the partial year registration and tax for the fleets, then the fiscal note could be reduced to \$113.4. This would fund only the 3 positions and related equipment to handle the increased workload the first year caused by the complaints and reactions to the increased fees.

The revenue fund source for FY 93 through FY 98 is 8% of the total revenue that DMV will be collecting for the municipalities. The partial year registration will not affect revenue, since the new owner will pay fees not paid by the fleet owner if the vehicle is sold. The revenue totals are as follows:

| FY 93 | FY 94 | FY 95 | FY 96 | FY 97 | FY 98 |
|--------|--------|--------|--------|---------|---------|
| 5500.0 | 7425.0 | 9350.0 | 9350.0 | 10285.0 | 10285.0 |

The detailed costs are as follows:

Personal Services (FY 93 9 months only PS)

| | FY 93 | FY 94 |
|--------------------------------------|---------|----------|
| Field Office Staffing | | |
| 3 Motor Vehicle Rep I/II positions | \$ 78.9 | \$ 105.0 |
| Fleet Prorate Unit | | |
| 1 Motor Vehicle Rep IV (lead worker) | \$ 32.2 | \$ 43.3 |
| 3 Motor Vehicle Rep I/II | \$ 78.9 | \$ 105.0 |

Contractual

| | | |
|---|---------|---------|
| Terminal Charges (7 APSIN Terminals) | \$ 10.5 | |
| Programming 300 hours @ \$75/hour | \$ 22.5 | |
| Lease Space 800 sq. ft. @ \$2.00/sq. ft./mo. | \$ 19.2 | \$ 19.2 |

Equipment

| | |
|------------------------------------|---------|
| Office Equipment (7 new positions) | \$ 21.0 |
| Computer terminals and printers | \$ 49.0 |

Total \$ 312.2 \$ 272.5