

ALASKA LEGISLATURE

HOUSE and SENATE FINANCE COMMITTEE FILES,

1993-1994

987

Position Paper
HB 178

"An Act adding children under the age of 21 who are eligible for adoption assistance because of special needs to the optional Medicaid coverage list and revising the order of priority in which groups eligible for optional Medicaid coverage are eliminated; and providing for an effective date."

This bill will add a new group to the list in AS 47.07.020 of persons eligible for coverage under Medicaid in Alaska. This new group consists of children under the age of 21 who have special medical needs, who are therefore difficult to place for adoption, and for whom there is in effect a state adoption assistance agreement. The bill would make this new group the last to be eliminated from Medicaid coverage under AS 47.07.035 if there are insufficient appropriations to cover all optional services and groups.

ANALYSIS

At present, adoptive parents of these children are subsidized by the state under AS 25.23.190 -- AS 25.23.210. State money often pays for some or all of the costs of medical care provided to these children.

The bill would authorize Alaska to add the Medicaid option to provide medical coverage for state-subsidized adoptive children who are not otherwise eligible for Medicaid. Medicaid would then pay for these children's medical needs eliminating the need for the DFYS payments to cover those medical costs in their subsidies, and accessing federal Medicaid funding available to the state at a 50 percent match rate.

Future subsidy agreements for hard-to-place children will allow for the Medicaid coverage available under the bill. Subsidy agreements already in force, however, do not provide for an offset for the cost of medical care that may be paid under the bill. For this reason the Department only considers federal participation to be available for the medical care cost for future adoptions.

If adoptive parents with an existing adoption subsidy agreement want to replace that agreement to access Medicaid coverage, the Department will evaluate the child's medical costs and other eligibility criteria pertinent to the option. If the child meets the Medicaid requirements for the option, a new subsidy agreement will be written considering the availability of Medicaid funding.

It is our estimate that this bill will save the state \$17.7 the first year; an amount equal to the federal matching funds received for new adoptions for children with special medical needs. This amount will grow over the following years as new children are placed and existing subsidy agreements are replaced.

POSITION

The Department supports the passage of this bill. Given Alaska's short and long-term revenue picture, it is important that we take advantage of every legitimate opportunity we have to reduce state expenditures by claiming new federal matching funds for the necessary medical services we furnish to needy Alaskans.

Recommended by: Kimberly B. Busch
Kimberly B. Busch
Director
Div. of Medical Assistance

Date: 3/3/93

Recommended by: Deborah R. Wing, acting
for Deborah R. Wing
Director
Div. of Family and Youth Services

Date: 3/3/93

Approved by: Theodore A. Mala
Theodore A. Mala, MD, MPH
Commissioner

Date: 3/4/93

DEPARTMENT OF HEALTH AND
SOCIAL SERVICES

OFFICE OF THE COMMISSIONER

WALTER J. HICKEL, GOVERNOR

THEODORE A. MALA, COMMISSIONER

P.O. BOX 110601
JUNEAU, ALASKA 99811-0601
PHONE: (907) 465-3030

March 23, 1993

Honorable Ron Larson, Co-Chair
House Finance Committee
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

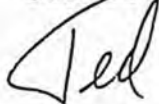
Dear Representative Larson:

House Bill 178, relating to Medicaid coverage for adopted children, is currently in the House Finance Committee. This bill was introduced by the House Labor and Commerce Committee and contains material previously included in HB 65, a bill relating to the financial administration of state government introduced at the request of the Governor. The provisions of HB 178 were removed from the original Governor's bill due to concerns by the House Labor and Commerce Committee that HB 65, as introduced, violated the single subject rule.

At this time the Department respectfully requests a hearing on HB 178. Fiscal notes and a position paper have already been provided to the first committee of referral.

Your favorable consideration of this request will be appreciated. If you have any questions regarding HB 178, please contact my legislative liaison, Mr. Lindstrom, at 465-3030.

Sincerely,



Theodore A. Mala, MD, MPH
Commissioner

cc: Honorable Eileen MacLean, Co-Chair
House Finance Committee

HVB

178

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 4/23/93

FURTHER:

DATE TURNED INTO OFFICE: 4-26-93

The Finance Committee considered **HOUSE BILL NO. 178**

"An Act adding children under the age of 21 who are eligible for adoption assistance because of special needs to the optional Medicaid coverage list and revising the order of priority in which groups eligible for optional Medicaid coverage are eliminated; and providing for an effective date."

and recommends:

- replace with _____ CS _____ (FINANCE)
 or adopt previous S CS HR 178 (HES)
 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

	Department	Date	Zero	Fiscal
#8	DHHS	4-16-93		(35.4)
#7	DHHS	4-16-93		25.1
#6	DHHS	4-16-93		499.6
#5	DHHS	4-16-93		35.4
#4	DHHS	4-16-93		1,165.7
#3	DHHS	4-16-93		55.8

PREVIOUS FISCAL NOTES

Department	Date	Zero	Fiscal

Appropriation No Fiscal Note

DO PASS.

OTHER RECOMMENDATIONS:

Tom Kelly
Gene Madala
Steve Rein
Bob Sharp
 1. Do not pass
 Co-Chair Signature/Recommendation

2. True/False - 10 Pass
 Co-Chair Signature/Recommendation

FISCAL NOTE

1
 Bill Version: HB 178
 (H) Publish Date: 3/22/93

STATE OF ALASKA
 1993 LEGISLATIVE SESSION

Revision Date: _____ Dept. Affected: Health and Social Services
 Title: "An Act adding children under the age of 21 who are eligible for adoption....to the optional Medicaid" BRU: Purchased Services
 Component: Foster Care
 Sponsor: HOUSE LABOR & COMMERCE
 Requestor: _____ COMPONENT SERIAL NO. 0252

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	-35.4	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS						
TOTAL OPERATING	(35.4)	0.0	0.0	0.0	0.0	0.0
CAPITAL						

REVENUE FUND SOURCE

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	(35.4)	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	(35.4)	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: \$0.0

ANALYSIS: (Attach a separate page if necessary)

This fiscal note represents a one-time transfer of funding responsibility from DFYS component #0252 to DMA component #0229. See attached analysis for more.

Prepared by: *for* Deborah R. Wing, Director Phone: 465-3191
 Division: Family & Youth Services Date: 03/03/93
 Approved by Commissioner: Theodore A. Mala, MD, MPH Date: 3/4/93
 Agency: Department of Health and Social Services

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Fiscal Note Analysis continuation
HB 178

"An Act adding children under the age of 21 who are eligible for adoption assistance because of special needs to the optional Medicaid coverage list and revising the order of priority in which groups eligible for optional Medicaid coverage are eliminated; and providing for an effective date."

The Division of Family and Youth Services currently pays a direct monthly subsidy to adoptive parents of hard-to-place children. A hard-to-place child is a child who is not likely to be adopted or to obtain a guardian by reason of physical or mental disability, emotional disturbance, recognized high risk of physical or mental disease, age, membership in a sibling group, racial or ethnic factors, or any combination of these.

The monthly subsidy is considered a reimbursement for costs of supporting hard-to-place children. AS 25.23.190 provides for continuation of the subsidy if necessary to assure placement of a hard-to-place child. The subsidy covers many ongoing maintenance costs including, food, shelter, clothing, school supplies, recreation and transportation costs, counseling or other types of therapy, as well as medical costs.

The bill would authorize Alaska to add the Medicaid option to provide medical coverage for state-subsidized adoptive children who are not otherwise eligible for Medicaid. Medicaid would then pay for these children's medical needs eliminating the need for the DFYS payments to cover those medical costs in their subsidies, and accessing federal Medicaid funding available to the state at a 50 percent match rate.

Future subsidy agreements for hard-to-place children will allow for the Medicaid coverage available under the bill. Subsidy agreements already in force, however, do not provide for an offset for the cost of medical care that may be paid under the bill. For this reason the fiscal note only considers the coverage available for future adoptions of hard-to-place children with special medical needs.

The experience under the program shows that the number of new subsidy agreements have begun to lessen. For FY91 new agreements for children with special medical needs totaled 46. After FY92 there have been 14 placements that have special medical needs. The projected number of special needs placements and the associated medical cost is anticipated to show only slight growth in future years.

A December 1992 review of DFYS files established a FY 93 base year average medical cost per child of \$2,400. The current medical inflation rate of 5.5% is assumed to continue. Medical costs for FY94 are calculated to be 35.4 (14 placements X \$2,400 X 1.055 medical inflation rate = \$35,448). There will be a one time transfer of funding for medical costs associated with subsidized adoptions.

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

No. 2
Bill Version: HB 178
(H) Publish Date: 3/22/93

Revision Date: _____ Dept. Affected: Health and Social Services
Title: An Act adding children under the age of BRU: Medial Assistance
21 who are eligible for adoption....to the optional Medicaid Component: Medicaid Non Facility
Sponsor: House Labor & Commerce
Requestor: _____ COMPONENT SERIAL NO. 0229

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	35.4	40.2	43.0	48.2	53.2	58.2
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	35.4	40.2	43.0	48.2	53.2	58.2
CAPITAL						
REVENUE FUND SOURCE						

FUNDING: (Thousands of Dollars)

1002 Federal Receipts	17.7	20.1	21.5	24.1	26.6	29.1
1003 GF Match	17.7	20.1	21.5	24.1	26.6	29.1
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	35.4	40.2	43.0	48.2	53.2	58.2

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: \$0.0

ANALYSIS: (Attach a separate page if necessary)

See attached for more.

*2 House FN
replaced w/
SOS (HES)
6 FNs*

Prepared by: Dave W. Williams
Division: Medical Assistance

Phone: 907-465-5826
Date: 3/2/93

Approved by Commissioner: Theodore A. Mala, MD, MPH
Agency: Department of Health and Social Services

Date: 3/4/93

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HB 178
NO. 2
Pg. 2 of 2

Fiscal Note Analysis continuation
HB 178

"An Act adding children under the age of 21 who are eligible for adoption assistance because of special needs to the optional Medicaid coverage list and revising the order of priority in which groups eligible for optional Medicaid coverage are eliminated; and providing for an effective date."

The Division of Family and Youth Services currently pays a direct monthly subsidy to adoptive parents of hard-to-place children. A hard-to-place child is a child who is not likely to be adopted or to obtain a guardian by reason of physical or mental disability, emotional disturbance, recognized high risk of physical or mental disease, age, membership in a sibling group, racial or ethnic factors, or any combination of these.

The monthly subsidy is considered a reimbursement for costs of supporting hard-to-place children. AS 25.23.190 provides for continuation of the subsidy if necessary to assure placement of a hard-to-place child. The subsidy covers many ongoing maintenance costs including, food, shelter, clothing, school supplies, recreation and transportation costs, counseling or other types of therapy, as well as medical costs.

The bill would authorize Alaska to add the Medicaid option to provide medical coverage for state-subsidized adoptive children who are not otherwise eligible for Medicaid. Medicaid would then pay for these children's medical needs eliminating the need for the DFYS payments to cover those medical costs in their subsidies, and accessing federal Medicaid funding available to the state at a 50 percent match rate.

Future subsidy agreements for hard-to-place children will allow for the Medicaid coverage available under the bill. Subsidy agreements already in force, however, do not provide for an offset for the cost of medical care that may be paid under the bill. For this reason the fiscal note only considers the coverage available for future adoptions of hard-to-place children with special medical needs.

The experience under the program shows that the number of new subsidy agreements have begun to lessen. For FY91 new agreements for children with special medical needs totaled 46. After FY92 there have been 14 placements that have special medical needs. The projected number of special needs placements and the associated medical cost is anticipated to show only slight growth in future years.

A December 1992 review of DFYS files established a FY 93 base year average medical cost per child of \$2,400. The current medical inflation rate of 5.5% is assumed to continue. Medical costs for FY94 are calculated to be 35.4 (14 placements X \$2,400 X 1.055 medical inflation rate = \$35,448). There will be a one time transfer of funding for medical costs associated with subsidized adoptions.

Position Paper
SCS HB 178 (HES)

"An Act adding children under the age of 21 who are eligible for adoption ... to the optional Medicaid coverage list...."

Subsidized Adoption

This bill will add a new group to the list in AS 47.07.020 of persons eligible for coverage under Medicaid in Alaska. This new group consists of children under the age of 21 who have special medical needs, who are therefore difficult to place for adoption, and for whom there is in effect a state adoption assistance agreement. The bill would make this new group the last to be eliminated from Medicaid coverage under AS 47.07.035 if there are insufficient appropriations to cover all optional services and groups.

At present, adoptive parents of these children are subsidized by the state under AS 25.23.190 -- AS 25.23.210. State money often pays for some or all of the costs of medical care provided to these children. The bill would authorize Alaska to add the Medicaid option to provide medical coverage for state-subsidized adoptive children who are not otherwise eligible for Medicaid. Medicaid would then pay for these children's medical needs eliminating the need for the DFYS payments to cover those medical costs in their subsidies, and accessing federal Medicaid funding available to the state at a 50 percent match rate. This shift in funding source will be accomplished with a one-time transfer of fiscal responsibility from DFYS to DMA.

It is our estimate that this bill will save the state \$17.7 the first year; an amount equal to the federal matching funds received for new adoptions for children with special medical needs. This amount will grow over the following years as new children are placed and existing subsidy agreements are replaced.

Eligibility for Children Who Need Long Term Care

The department supports the delivery of health care to children in need of long term care in the environment of the the family's choice. Currently in Alaska, if a child is receiving long term care in an institution, only that child's income is used to determine whether he or she qualifies for Medicaid. However, if that same child lives at home, the income of the child's parents is also considered. As a result, some children who need long term care can qualify for Medicaid in institutions, but not if they live at home.

This bill would amend AS 47.07.020(b) so that children age 18 and younger who would qualify for Medicaid in institutions qualify at home. To qualify, children must: 1) require a level of long term care provided by an institution; 2) be served appropriately outside of the institution; 3) cost no more to serve outside the institution; 4) be eligible for

Medicaid were they in institutions; and 5) not qualify for Medicaid home and community-based services under a federally approved waiver.

The department recently received federal approval to offer home and community-based services under waivers, effective July 1, 1993. The waivers allow the state to pay for home and community-based services for Medicaid eligible people who need an institutional level of care and allow people who qualify for Medicaid in an institution to qualify for Medicaid on a waiver, living in the community. While the federal government limits the number of people that a state can serve under waivers, the department anticipates being able to serve all children qualify for the optional coverage added by this bill by the third year of waiver operation.

The Department supports the passage of this bill. Given Alaska's short and long-term revenue picture, it is important that we take advantage of every legitimate opportunity we have to reduce state expenditures by claiming new federal matching funds for the necessary medical services we furnish to needy Alaskans through subsidized adoptions. The department also supports the addition of the children's long term care coverage option to the state's Medicaid program. While the department will use home and community-based waivers to provide Medicaid coverage to children who would qualify for this option, the option extends basic Medicaid coverage to all children who qualify while the waivers are being fully implemented. Once waivers are implemented, the option ensures that eligible children have basic Medicaid coverage regardless of federally-imposed limits on the number of waiver recipients. It will allow some families to obtain Medicaid coverage for their children without requesting any waiver services.

Recommended by: Kimberly B. Busch
Kimberly B. Busch
Director
Div. of Medical Assistance

Date: _____

Recommended by: Deborah R. Wing
Deborah R. Wing
Director
Div. of Family and Youth Services

Date: 4/16/93

Approved by: Theodore A. Mala, MD, MPH
Theodore A. Mala, MD, MPH
Commissioner

Date: 4-16-93

FISCAL NOTE

No. 3

STATE OF ALASKA
1993 LEGISLATIVE SESSION

Bill Version: SCS HB 178 (HES)

(S) Publish Date: 4-18-93

Revision Date: _____ Dept. Affected: Health and Social Services
 Title: An Act adding children under the age of BRU: Public Assistance Administration
21 who are eligible for adoption Component: Eligibility Determination
 Sponsor: House Labor & Commerce
 Requestor: Senate HES COMPONENT SERIAL NO. 270

Expenditures/Revenues: (Thousands of Dollars)

	FY94	FY95	FY96	FY97	FY98	FY99
OPERATING						
PERSONAL SERVICES	46.8	48.2	49.7	51.1	52.7	54.3
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	5.0	5.0	5.0	5.0	5.0	5.0
SUPPLIES	0.5	0.5	0.5	0.5	0.5	0.5
EQUIPMENT	3.5	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	55.8	53.7	55.2	56.6	58.2	59.8
CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
REVENUE FUND SOURCE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

1002 Federal Receipts	27.9	26.8	27.6	28.3	29.1	29.9
1003 GF Match	27.9	26.9	27.6	28.3	29.1	29.9
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	55.8	53.7	55.2	56.6	58.2	59.8

POSITIONS:

FULL-TIME	1	1	1	1	1	1
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year (FY93) impact: NONE

ANALYSIS: (Attach a separate page if necessary)

SCS HB 178 (HES) expands Medicaid eligibility to cover severely disabled children in home and community-based care. The Division of Medical Assistance estimates that 139 disabled children who do not currently receive Medicaid would become eligible in FY94 under SCS HB 178(HES) and the Governor's amended budget. This caseload would grow to 148 in FY95 and 163 in FY96.

Additional public assistance field eligibility staff would be required to process applications and maintain Medicaid cases for these additional clients. One additional Eligibility Technician I/II would be necessary to cover the increased caseload.

Prepared by: Jan L. Hansen, Director
 Division: Division of Public Assistance
 Approved by Commissioner: Theodore A. Malan, MD, MPH
 Agency: Department of Health & Social Services

Phone: 465-2680
 Date: 4/16/93
 Date: 4-16-93

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Position Title Eligibility Technician II		No. of Positions 1	Range/Step 14B	Bargaining Unit U3U
Time Status PFT	Staff Months 12.0	Location Anchorage		Election District House 15
TYPE of EXPENDITURE		AMOUNT	Justification SCS HB 178 (HES) expands Medicaid eligibility to cover severely disabled children in home and community-based care. The Division of Medical Assistance estimates that 139 disabled children who do not currently receive Medicaid would become eligible in FY94 under SCS HB 178 (HES) and the Governor's amended budget. This caseload would grow to 148 in FY95 and 163 in FY96. Additional public assistance field eligibility staff would be required to process applications and maintain Medicaid cases for these additional clients. One additional Eligibility Technician I/II would be necessary to cover the increased caseload.	
Salary		32.8		
Benefits		14.0		
Premium Pay				
Other				
Total Personal Services		46.8		
Travel				
Contractual		5.0		
Commodities		0.5		
Equipment		3.5		
Other				
Total Cost		55.8		
FUNDING SOURCE for TOTAL COST				
1002	Federal Receipts	27.9		
1003	GF Match	27.9		
1004	General Fund			
1005	GF/Program Receipts			
1006	GF/Mental Health Trust			
1007	I/A Receipts			
1061	CIP Receipts			
Other				

REQUEST for
NEW POSITION

AGENCY: Health and Social Services

BRU: Public Assistance Administration

COMPONENT: Eligibility Determination (270)

FY94

Page 1 of 1

Revised Date:

FISCAL NOTE

No. 4

STATE OF ALASKA
1993 LEGISLATIVE SESSION

Bill Version: SCS HB 178 (HES)

(S) Publish Date: 4-18-93

Revision Date: 04/16/93 Dept. Affected: Health and Social Services
 Title: An Act adding children under the age of BRU: Medical Assistance
21 who are eligible for adoption...of the optional Medicaid Component: Medicaid Non-Facility
 Sponsor: House Labor and Commerce
 Requestor: Senate HESS Committee COMPONENT SERIAL NO. 229

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	1,165.7	692.2	0.0	0.0	0.0	0.0
MISCELLANEOUS						
TOTAL OPERATING	1,165.7	692.2	0.0	0.0	0.0	0.0

CAPITAL						
---------	--	--	--	--	--	--

REVENUE FUND SOURCE						
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FUNDING:

(Thousands of Dollars)

1002 Federal Receipts	582.8	346.1	0.0	0.0	0.0	0.0
1003 GF Match	582.9	346.1	0.0	0.0	0.0	0.0
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	1,165.7	692.2	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year (FY93) impact: 0.0

ANALYSIS: (Attach a separate page if necessary)

The fiscal impact of this bill results from adding new Medicaid recipients. Cost calculations are shown on attached page. Cost per recipient and number of new recipients are taken from home and community-based services waiver applications and supporting documents. The Department of Health and Social Services has submitted a budget amendment for Medicaid home and community-based service waivers. The cost of serving new eligibles who would also be covered under a waiver is not included in this fiscal note. Some of the cost impact of this bill would be increased if that amendment is not fully funded. The Department has limited experience identifying children living in the community who need an institutional level of care. Any variance with the predicted number of those eligible will impact costs.

The cost impacts of the subsidized adoption provisions of this bill are addressed in a separate fiscal note.

Prepared by: Jon Sherwood
 Division: Division of Medical Assistance

Phone: 465-3355
 Date: 04/16/93

Approved by Commissioner: Theodore A. Malt, MD, MPH
 Agency: Department of Health & Social Services

Date: 5-16-93

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ANALYSIS (cont.):

Cost Estimate (thousands of dollars)

FY 94:

FY 94 Medicaid service costs per recipient needing hospital or nursing facility level of care:	\$102.2
Number of new recipients, not on waivers, in FY 94 needing hospital or NF level of care:	21
Percent of time in FY 94 recipients are covered in FY 94	50%
Total FY 94 cost of Medicaid services for new recipients needing hospital or nursing facility level of care:	
$\$102.2 \times 21 \times 50\% =$	<u>\$1,073.1</u>

FY 94 Medicaid service costs per recipient needing ICF/MR level of care:	\$32.9
Number of new recipients, not on waivers, in FY 94 needing ICF/MR level of care:	36
Percent of time in FY 94 recipients are covered in FY 94	50%
Total FY 94 cost of Medicaid services for new recipients needing ICF/MR level of care:	
$\$32.9 \times 36 \times 50\% =$	<u>\$592.2</u>

Total FY 94 cost of Medicaid services for all new recipients:	
$\$1,073.1 + \$592.2 =$	<u>\$1,665.3</u>

Component Breakout:

Medicaid Non-Facility (70 percent of total costs)	\$1,165.7
Medicaid Facility (30 percent of total costs)	\$499.6

FY 95

FY 95 Medicaid service costs per recipient needing hospital or nursing facility level of care:	\$111.1
Number of new recipients, not on waivers, in FY 95 needing hospital or NF level of care:	6
Percent of time in FY 95 recipients are covered in FY 95	100%
Total FY 95 cost of Medicaid services for new recipients needing hospital or nursing facility level of care:	
$\$111.1 \times 6 \times 100\% =$	<u>\$666.6</u>

FY 95 Medicaid service costs per recipient needing ICF/MR level of care:	\$35.8
Number of new recipients, not on waivers, in FY 95 needing ICF/MR level of care:	9
Percent of time in FY 95 recipients are covered in FY 95	100%
Total FY 95 cost of Medicaid services for new recipients needing ICF/MR level of care:	
$\$35.8 \times 9 \times 100\% =$	<u>\$322.2</u>

Total FY 95 cost of Medicaid services for all new recipients:	
$\$666.6 + \$322.2 =$	<u>\$988.8</u>

Component Breakout:

Medicaid Non-Facility (70 percent of total costs)	\$692.2
Medicaid Facility (30 percent of total costs)	\$296.6

FY 96 - FY 99:

It is assumed that all new eligibles covered under this bill in FY 96 or after would receive coverage under waivers if this bill did not pass.

FISCAL NOTE

No. 5

STATE OF ALASKA
1993 LEGISLATIVE SESSION

Bill Version: SCS HB 178 (HES)

(S) Publish Date: 4-18-93

Revision Date: 04/16/93 Dept. Affected: Health and Social Services
 Title: An Act adding children under the age of 21 who are eligible for adoption....to the optional Medicaid BRU: Medial Assistance
 Component: Medicaid Non Facility
 Sponsor: House Labor & Commerce
 Requestor: Senate HESS Committee COMPONENT SERIAL NO. 0229

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	35.4	40.2	43.0	48.2	53.2	58.2
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	35.4	40.2	43.0	48.2	53.2	58.2

CAPITAL						
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REVENUE FUND SOURCE						
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FUNDING: (Thousands of Dollars)

1002 Federal Receipts	17.7	20.1	21.5	24.1	26.6	29.1
1003 GF Match	17.7	20.1	21.5	24.1	26.6	29.1
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	35.4	40.2	43.0	48.2	53.2	58.2

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: \$0.0

ANALYSIS: (Attach a separate page if necessary)
 This fiscal note represents a one-time transfer of funding responsibility from DFYS component #0252 to DMA component #0229. This fiscal note addresses the parts of this bill dealing with "subsidized adoptions". The sections of this bill dealing with the long term care eligibility provisions are addressed in a separate fiscal note on this component.

Prepared by: Dave W. Williams *Dave Williams*
 Division: Medical Assistance

Phone: 907-465-5826
 Date: 04/16/93

Approved by Commissioner: Theodore A. Mala, MD, MPH *Theodore A. Mala*
 Agency: Department of Health and Social Services

Date: 4-16-93

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Fiscal Note Analysis continuation
Sen CSHB 178 (HES) -- Subsidized Adoption Provisions

"An Act adding children under the age of 21 who are eligible for adoption assistance because of special needs to the optional Medicaid coverage list and revising the order of priority in which groups eligible for optional Medicaid coverage are eliminated; and providing for an effective date."

The Division of Family and Youth Services currently pays a direct monthly subsidy to adoptive parents of hard-to-place children. A hard-to-place child is a child who is not likely to be adopted or to obtain a guardian by reason of physical or mental disability, emotional disturbance, recognized high risk of physical or mental disease, age, membership in a sibling group, racial or ethnic factors, or any combination of these.

The monthly subsidy is considered a reimbursement for costs of supporting hard-to-place children. AS 25.23.190 provides for continuation of the subsidy if necessary to assure placement of a hard-to-place child. The subsidy covers many ongoing maintenance costs including, food, shelter, clothing, school supplies, recreation and transportation costs, counseling or other types of therapy, as well as medical costs.

The bill would authorize Alaska to add the Medicaid option to provide medical coverage for state-subsidized adoptive children who are not otherwise eligible for Medicaid. Medicaid would then pay for these children's medical needs eliminating the need for the DFYS payments to cover those medical costs in their subsidies, and accessing federal Medicaid funding available to the state at a 50 percent match rate.

Future subsidy agreements for hard-to-place children will allow for the Medicaid coverage available under the bill. Subsidy agreements already in force, however, do not provide for an offset for the cost of medical care that may be paid under the bill. For this reason the fiscal note only considers the coverage available for future adoptions of hard-to-place children with special medical needs.

The experience under the program shows that the number of new subsidy agreements have begun to lessen. For FY91 new agreements for children with special medical needs totaled 46. After FY92 there have been 14 placements that have special medical needs. The projected number of special needs placements and the associated medical cost is anticipated to show only slight growth in future years.

A December 1992 review of DFYS files established a FY 93 base year average medical cost per child of \$2,400. The current medical inflation rate of 5.5% is assumed to continue. Medical costs for FY94 are calculated to be 35.4 (14 placements X \$2,400 X 1.055 medical inflation rate = \$35,448). There will be a one time transfer of funding for medical costs associated with subsidized adoptions.

Calculation of Medical Costs for New Placements under the Bill
and
Anticipated Federal Revenue to Offset General Fund Spending.

	New Place- ments	X	Base Year Medical Cost	X	Medical Infla- tion Rate	=	Total Annual Medical Costs	÷ 2 =	New Federal Revenue & GF Offset
FY 94	14	X	\$2,400	X	1.055	=	\$35,448	÷ 2 =	\$17,724
FY 95	16	X	\$2,400	X	1.055	=	\$40,512	÷ 2 =	\$20,256
FY 96	17	X	\$2,400	X	1.055	=	\$43,044	÷ 2 =	\$21,522
FY 97	19	X	\$2,400	X	1.055	=	\$48,108	÷ 2 =	\$24,054
FY 98	21	X	\$2,400	X	1.055	=	\$53,172	÷ 2 =	\$26,586
FY 99	23	X	\$2,400	X	1.055	=	\$58,236	÷ 2 =	\$29,118

Cross ref: Fiscal note by the Div. of Family and Youth Services

FISCAL NOTE

No. 6

STATE OF ALASKA
1993 LEGISLATIVE SESSION

Bill Version: SCS HB 178 (H/S)

(S) Publish Date: 4-18-93

Revision Date: 04/16/93 Dept. Affected: Health and Social Services
 Title: An Act adding children under the age of BRU: Medical Assistance
21 who are eligible for adoption.. of the optional Medicaid Component: Medicaid Facilities
 Sponsor: House Labor and Commerce
 Requestor: Senate HESS Committee COMPONENT SERIAL NO. 230

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	499.6	296.6	0.0	0.0	0.0	0.0
MISCELLANEOUS						
TOTAL OPERATING	499.6	296.6	0.0	0.0	0.0	0.0

CAPITAL						
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REVENUE FUND SOURCE						
---------------------	--	--	--	--	--	--

FUNDING:

(Thousands of Dollars)

1002 Federal Receipts	249.8	148.3	0.0	0.0	0.0	0.0
1003 GF Match	249.8	148.3	0.0	0.0	0.0	0.0
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	499.6	296.6	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year (FY93) impact: 0.0

ANALYSIS: (Attach a separate page if necessary)

The fiscal impact of this bill results from adding new Medicaid recipients. Cost calculations are shown on attached page. Cost per recipient and number of new recipients are taken from home and community-based services waiver applications and supporting documents. The Department of Health and Social Services has submitted a budget amendment for Medicaid home and community-based service waivers. The cost of serving new eligibles who would also be covered under a waiver is not included in this fiscal note. Some of the cost impact of this bill would be increased if that amendment is not fully funded. The Department has limited experience identifying children living in the community who need an institutional level of care. Any variance with the predicted number of those eligible will impact costs.

This fiscal note addresses the long term care eligibility provisions of the bill, the subsidized adoption provisions are addressed in a separate fiscal note.

Prepared by: Jon Sherwood
 Division: Division of Medical Assistance

Phone: 465-3355
 Date: 04/16/93

Approved by Commissioner: Theodore A. Mala, MD, MPH
 Agency: Department of Health & Social Services

Date: 4-16-93

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ANALYSIS (cont.):

Cost Estimate (thousands of dollars)

FY 94:

FY 94 Medicaid service costs per recipient needing hospital or nursing facility level of care:	\$102.2
Number of new recipients, not on waivers, in FY 94 needing hospital or NF level of care:	21
Percent of time in FY 94 recipients are covered in FY 94	50%
Total FY 94 cost of Medicaid services for new recipients needing hospital or nursing facility level of care:	
$\$102.2 \times 21 \times 50\% =$	<u>\$1,073.1</u>

FY 94 Medicaid service costs per recipient needing ICF/MR level of care:	\$32.9
Number of new recipients, not on waivers, in FY 94 needing ICF/MR level of care:	36
Percent of time in FY 94 recipients are covered in FY 94	50%
Total FY 94 cost of Medicaid services for new recipients needing ICF/MR level of care:	
$\$32.9 \times 36 \times 50\% =$	<u>\$592.2</u>

Total FY 94 cost of Medicaid services for all new recipients:	
$\$1,073.1 + \$592.2 =$	<u>\$1,665.3</u>

Component Breakout:

Medicaid Non-Facility (70 percent of total costs)	\$1,165.7
Medicaid Facility (30 percent of total costs)	\$499.6

FY 95

FY 95 Medicaid service costs per recipient needing hospital or nursing facility level of care:	\$111.1
Number of new recipients, not on waivers, in FY 95 needing hospital or NF level of care:	6
Percent of time in FY 95 recipients are covered in FY 95	100%
Total FY 95 cost of Medicaid services for new recipients needing hospital or nursing facility level of care:	
$\$111.1 \times 6 \times 100\% =$	<u>\$666.6</u>

FY 95 Medicaid service costs per recipient needing ICF/MR level of care:	\$35.8
Number of new recipients, not on waivers, in FY 95 needing ICF/MR level of care:	9
Percent of time in FY 95 recipients are covered in FY 95	100%
Total FY 95 cost of Medicaid services for new recipients needing ICF/MR level of care:	
$\$35.8 \times 9 \times 100\% =$	<u>\$322.2</u>

Total FY 95 cost of Medicaid services for all new recipients:	
$\$666.6 + \$322.2 =$	<u>\$988.8</u>

Component Breakout:

Medicaid Non-Facility (70 percent of total costs)	\$692.2
Medicaid Facility (30 percent of total costs)	\$296.6

FY 96 — FY 99:

It is assumed that all new eligibles covered under this bill in FY 96 or after would receive coverage under waivers if this bill did not pass.

FISCAL NOTE

No. 7

STATE OF ALASKA
1993 LEGISLATIVE SESSION

Bill Version: SCS HB 178 (HES)

(S) Publish Date: 4-18-93

Revision Date: 04/16/93 Dept. Affected: Health and Social Services
 Title: An Act adding children under the age of BRU: Medical Assistance Administration
21 who are eligible for adoption...ot the optional Medicaid Component: Claims Processing
 Sponsor: House Labor and Commerce
 Requestor: Senate HESS Committee COMPONENT SERIAL NO. 243

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	25.1	9.0	0.0	0.0	0.0	0.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	25.1	9.0	0.0	0.0	0.0	0.0

CAPITAL						
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REVENUE FUND SOURCE						
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FUNDING:

(Thousands of Dollars)

1002 Federal Receipts	12.5	4.5	0.0	0.0	0.0	0.0
1003 GF Match	12.6	4.5	0.0	0.0	0.0	0.0
1004 GF						
1005 GF/Program Recelpts						
1006 GF/MHTIA						
Other						
TOTAL	25.1	9.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year (FY93) impact: 0.0

ANALYSIS: (Attach a separate page if necessary)

The fiscal impact of this bill results from an increase in claims processing charges due to increasing new recipients. Cost calculations are shown on the attached page. In addition, FY 94 impact include one-time changes to the Medicaid Management Information System to add a new category of eligibility.

The Department of Health and Social Services has submitted a budget amendment for Medicaid home and community-based service waivers. Failure to fully fund this amendment would increase the cost of this bill.

This fiscal note addresses the cost of the long term care eligibility provisions of the bill; the subsidized adoption provisions are addressed in another fiscal note.

Prepared by: Jon Sherwood
 Division: Division of Medical Assistance

Phone: 465-3355
 Date: 04/16/93

Approved by Commissioner: Theodore A. Mala, MD, MPH
 Agency: Department of Health & Social Services

Date: 4-16-93

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FISCAL NOTE

No. 8

STATE OF ALASKA
1993 LEGISLATIVE SESSION

Bill Version: SCS HB 178 (HES)

(S) Publish Date: 4-18-93

Revision Date: April 16, 1993 Dept. Affected: Health and Social Services
 Title: "An Act adding children under the age of 21 who are eligible for adoption....to the optional Medicaid" BRU: Purchased Services
 Component: Foster Care
 Sponsor: HOUSE LABOR & COMMERCE
 Requestor: SENATE HES COMMITTEE COMPONENT SERIAL NO. 0252

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY94	FY95	FY96	FY97	FY98	FY99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	-35.4	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS						
TOTAL OPERATING	(35.4)	0.0	0.0	0.0	0.0	0.0
CAPITAL						
REVENUE FUND SOURCE						

FUNDING:

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	(35.4)	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	(35.4)	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: \$0.0

ANALYSIS: (Attach a separate page if necessary)

This fiscal note represents a one-time transfer of funding responsibility from DFYS component #0252 to DMA component #0225. This fiscal note addresses the "subsidized adoption" provisions of this bill and the long term care provisions are addressed in a separate fiscal note. See attached pages for additional analysis.

Prepared by: Deborah R. Wing, Director Phone: 465-3191
 Division: Family & Youth Services Date: 04/16/93
 Approved by Commissioner: Theodore A. Mala, MD, MPH Date: 4-16-93
 Agency: Department of Health and Social Services

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Fiscal Note Analysis continuation
Sen CSHB 178 (HES) -- Subsidized Adoption Provisions

"An Act adding children under the age of 21 who are eligible for adoption assistance because of special needs to the optional Medicaid coverage list and revising the order of priority in which groups eligible for optional Medicaid coverage are eliminated; and providing for an effective date."

The Division of Family and Youth Services currently pays a direct monthly subsidy to adoptive parents of hard-to-place children. A hard-to-place child is a child who is not likely to be adopted or to obtain a guardian by reason of physical or mental disability, emotional disturbance, recognized high risk of physical or mental disease, age, membership in a sibling group, racial or ethnic factors, or any combination of these.

The monthly subsidy is considered a reimbursement for costs of supporting hard-to-place children. AS 25.23.190 provides for continuation of the subsidy if necessary to assure placement of a hard-to-place child. The subsidy covers many ongoing maintenance costs including, food, shelter, clothing, school supplies, recreation and transportation costs, counseling or other types of therapy, as well as medical costs.

The bill would authorize Alaska to add the Medicaid option to provide medical coverage for state-subsidized adoptive children who are not otherwise eligible for Medicaid. Medicaid would then pay for these children's medical needs eliminating the need for the DFYS payments to cover those medical costs in their subsidies, and accessing federal Medicaid funding available to the state at a 50 percent match rate.

Future subsidy agreements for hard-to-place children will allow for the Medicaid coverage available under the bill. Subsidy agreements already in force, however, do not provide for an offset for the cost of medical care that may be paid under the bill. For this reason the fiscal note only considers the coverage available for future adoptions of hard-to-place children with special medical needs.

The experience under the program shows that the number of new subsidy agreements have begun to lessen. For FY91 new agreements for children with special medical needs totaled 46. After FY92 there have been 14 placements that have special medical needs. The projected number of special needs placements and the associated medical cost is anticipated to show only slight growth in future years.

A December 1992 review of DFYS files established a FY 93 base year average medical cost per child of \$2,400. The current medical inflation rate of 5.5% is assumed to continue. Medical costs for FY94 are calculated to be 35.4 (14 placements X \$2,400 X 1.055 medical inflation rate = \$35,448). There will be a one time transfer of funding for medical costs associated with subsidized adoptions.

Calculation of Medical Costs for New Placements under the Bill
and
Anticipated Federal Revenue to Offset General Fund Spending.

	New Place- ments	X	Base Year Medical Cost	X	Medical Infla- tion Rate	=	Annual Medical Costs	÷ 2 =	New Federal Revenue & GF Offset
FY 94	14	X	\$2,400	X	1.055	=	\$35,448	÷ 2 =	\$17,724
FY 95	16	X	\$2,400	X	1.055	=	\$40,512	÷ 2 =	\$20,256
FY 96	17	X	\$2,400	X	1.055	=	\$43,044	÷ 2 =	\$21,522
FY 97	19	X	\$2,400	X	1.055	=	\$48,108	÷ 2 =	\$24,054
FY 98	21	X	\$2,400	X	1.055	=	\$53,172	÷ 2 =	\$26,586
FY 99	23	X	\$2,400	X	1.055	=	\$58,236	÷ 2 =	\$29,118

Cross ref: Fiscal note by the Div. of Family and Youth Services

Alaska State Legislature

Senator Steve Rieger, Chair
Senator Bert Sharp, Vice Chair
Senator Loren Leman
Senator Mike Miller
Senator Jim Duncan
Senator Johnny Ellis
Senator Judith Salo




State Capitol
Room 516
Juneau, Alaska 99801
(907) 465-3762

Senate Committee on Health, Education and Social Services

MEMORANDUM

April 24, 1993

TO: Senator Drue Pearce, Co-Chair
Senator Steve Frank, Co-Chair
Senate Finance Committee

FROM: Senator Steve Rieger, Chair 
Senate HESS Committee

RE: Scheduling of SCS HB 178(HES)

I respectfully request an early hearing for SCS HB 178(HES) which is in the Senate Finance Committee.

This bill originally addressed the addition of children under the age of 21 who are eligible for adoption assistance because of special needs to the optional Medicaid coverage list and made this group the last to be eliminated from Medicaid coverage if there are insufficient appropriations to cover all optional services and groups. The Senate HESS committee substitute still addresses these concerns and allows implementing an option available under federal law to extend Medicaid eligibility to certain persons who are eligible to be institutionalized but who are not in institutions.

Enclosed for Senate Finance members are: current fiscal notes; a current position paper/sponsor statement; and a complete bill history for this bill.

Representatives from the Department of Health and Social Services have been available for questions at legislative hearings on this bill. The department contact person is Elmer Lindstrom at 465-3030. He will have Dave Williams from the Division of Public Assistance and Randall Hines from the Division of Family and Youth Services available at the Senate Finance hearing to respond to any questions members may have.

Thank you for your assistance.

HB

179

HFIN

FILE

HOUSE COMMITTEE REPORT

(11)

Date Referred: March 17, 1993

FURTHER REFERRALS:

Date of Committee Action: 4/13/93

The FINANCE Committee considered:

HB 179

HOUSE BILL NO. 179

MOTOR VEHICLE REGISTRATION, FEES, ETC.

"An Act relating to motor vehicles and mobile homes: and providing for an effective date."

RECOMMENDATIONS:

be replaced with CS HB 179 (FIN) [the same title] [a new title]

[] have attached amendments(s)

[] 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)

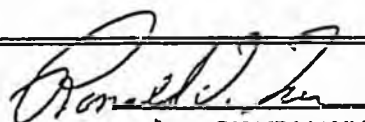
[] fiscal impact DPS

[] fiscal note(s) _____

[] zero fiscal note _____

[] zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>EP Maclean</i> Maclean	<input checked="" type="checkbox"/>	<i>Mark Hanley</i> Hanley			<input checked="" type="checkbox"/>
<i>Ronald Larson</i> Larson	<input checked="" type="checkbox"/>	<i>Terry Martiny</i> Martiny			<input checked="" type="checkbox"/>
<i>Tom Brown</i> BROWN	<input checked="" type="checkbox"/>	<i>David Parrott</i> Parrott			<input checked="" type="checkbox"/>
<i>Richard Foster</i> FOSTER	<input checked="" type="checkbox"/>	<i>Ben Grussendorf</i> Grussendorf		<input checked="" type="checkbox"/>	
		<i>Gene Thoma</i> Thoma			


 CHAIRMAN'S SIGNATURE
 Larson Maclean

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO: CSHB 179(FIN)

Revision Date: 4/14/93 Dept. Affected: Public Safety
 Title: "An Act rela... motor vehicles" BRU: Motor Vehicles
 Component: Field Services
 Sponsor: House Labor & Commerce
 Requestor: House Labor & Commerce COMPONENT SERIAL NO. 502

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

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES	82.0	109.5	0	0	0	0
TRAVEL						
CONTRACTUAL	115.1	61.6	61.6	61.6	61.6	61.6
SUPPLIES						
EQUIPMENT	15.0					
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	212.1	171.1	61.6	61.6	61.6	61.6
CAPITAL						
REVENUE FUND	2891.0	3031.6	3031.6	3031.6	3031.6	3031.6
SOURCE: 1005						

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts	212.1	171.1	61.6	61.6	61.6	61.6
1006 GF/MHTIA						
Other						
TOTAL	212.1	171.1	61.6	61.6	61.6	61.6

POSITIONS:

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

Estimate of current year (FY 93) impact: \$ none

ANALYSIS: (Attach a separate page if necessary.)
Please see attached.

Prepared By: Juanita Hensley Phone: 465-4361
 Division: Motor Vehicles Date: 4/14/93
 Approved by Commissioner: *[Signature]* Date: 4/14/93
 Agency: Richard L. Burton, Dept. of Public Safety

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SECTION 1

This is a technical amendment to reflect the current computer technology in use. The Department of Public Safety uses a relational database in the Alaska Public Safety Information Network (APSIN). With this type of database there is no separate file or database that could be called "the vehicle register". The creation of such a list for sale to user has historically been done for more than 20 years and this amendment clarifies this sale as an electronic service. This protects over \$100,000 in revenue from those vendors who argue that this list should be provided at no charge. There is no fiscal since this amendment clarifies the current situation.

SECTION 2

This Section clarifies Section 1.

SECTION 3

This section allows the Division to design special plates and charge a one-time fee of \$30.00 for their issuance. This is similar to the existing fee structure for personalized plates and these fees would be in addition to the normal registration fees and taxes. This analysis assumes that 10,000 plates would be issued annually.

Contractual cost - 10,000 plates @ \$6	\$60,000
Revenue - 10,000 plate fees @ \$30	\$300,000

SECTION 4

This section would place Alaska in compliance with uniform federal regulatory guidelines for the issuance of handicap plates. These standards limit the plates and the use of special parking places to those persons with mobility handicaps. Current Alaska law allows those with other than mobility handicaps to obtain the plates. Revenue estimates are based on the assumption that 15% or 480 of the 3200 persons with these plates would not qualify and would have to pay regular fees.

Revenue - 480 registrations @ \$35	\$16,800
------------------------------------	----------

SECTION 5

This amendment closes a loop hole in the current law that allows dealers to misuse the dealer plate and prevents further loss of revenue. Since only one dealer was known to have misused the plates the additional revenue will be negligible.

SECTION 6

This amendment takes away the authority to issue vehicle titles to mobile homes. In almost all cases the mobile homes are permanently mounted in trailer parks and should be classed as real property. A title is usually only required when the mobile home is financed because the banks feel getting a vehicle title is easier than filing a UCC lien or a real property lien. Since the title is optional the division usually cannot guarantee ownership since there is no clear chain of documents normally associated vehicle ownership. There would be a small loss of revenue from the approximately 150 titles issued each year.

Revenue - 150 title and lien fees @ \$10 (\$1,500)

SECTION 7

This amendment improves efficiency by removing ambiguity associated with senior citizen exemptions and eliminating associated problems. Many senior citizens buy and sell several vehicles during the year and try to claim exemptions on each one. The statute only allows one exemption per year. There is no fiscal impact.

SECTION 8

Historically only 25-30% of vehicle owners use the mail to renew vehicle registrations. The remainder, over 300,00, come in person to a DMV office adding to the long lines when there is no need to do so. This section charges an additional \$10 for those who do not use the mail service. This approach was taken over giving a discount to those who use the mail because it is a revenue generator rather than a revenue loss. It places the cost directly on those who are creating the efficiency loss. Even with this incentive it is estimated that 200,000 owners will still come in person to renew their vehicles.

Revenue - 200,000 @ \$10 \$2,000,000

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. 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 cost of administering the program in FY 94 and FY 95.

The increase in revenue for DMV retention, above the FY 94 current rate calculations, is as follows:

FY94	FY95	FY96	FY97	FY98	FY 99
140.6	281.2	281.2	281.2	281.2	281.2

Detailed costs for Sections 10 through 13 are as follows:

Personal Services	FY94 (9mos.)	FY95
3 Motor Vehicle Rep I/II positions	\$ 82.0	\$109.5
Contractual	\$ 55.1	\$ 1.6
Mail-out registration forms		
Regular registration forms		
Computer line charges		
Equipment	\$ 15.0	
3 Computer work stations		
	TOTAL	\$152.1
		\$111.1

SECTION 12

This Section clarifies Section 4.

SECTION 13

This amendment further clarifies the definition of mobile homes (see related SECTION 6.)

Position Title Motor Vehicle Representative I/II		Number of Positions 3	Range/Step 8/9	Bargaining Unit GGU
Time Status PFT	Staff Months 9 (1st year)	Location Statewide	Election District Statewide	
Type of Expenditure		Amount		
1	2	3		
Salary*	54.7			
Benefits*	27.3			
Premium Pay (Included in Above)				
Other				
Total Personal Services		82.0		
Travel				
Contractual		55.1		
Commodities				
Equipment		15.0		
Other				
Total Cost		152.1		
Funding Source For Total Cost				
Federal Receipts	1002			
G.F. Match	1003			
General Fund	1004			
Program Receipts/GF	1005	152.1		
I-A Receipts	1007			
CIP Receipts	1061			
Other				
* Personal Services Salary and Benefits Costs are from PACS calculations.				

Justification
The adoption of this legislation is estimated to impact the workload of the Division by 3-5%. Approximately 355,000 vehicles, or 66% 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 increases 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.

REQUEST FOR
NEW POSITION

AGENCY Department of Public Safety
BRU Motor Vehicles
COMPONENT Field Services

FY 94

Page 7 of 7
Revised Date

8-LS0679AK
Dierdorff
3/30/93

Incorporates Amendment by Larson (8-LS0679) J. Porter (8-LS0679) J. 1

CS FOR HOUSE BILL NO. 179(FIN)

IN THE LEGISLATURE OF THE STATE OF ALASKA

EIGHTEENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): HOUSE LABOR AND COMMERCE COMMITTEE

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to motor vehicles and mobile homes; and providing for an
2 effective date."

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

4 * Section 1. AS 28.10.071(a) is amended to read:

5 (a) The department shall review each application for registration received and,
6 when satisfied that it is correct, register the vehicle and keep a record of the
7 registration in suitable books, index cards, or electronic or photographic recording and
8 storage media, or in any combination of them. The [RECORD IS REFERRED TO AS
9 THE "VEHICLE REGISTER" AND THE] vehicles are referred to as "registered
10 vehicles." The department may compile a record of the number and types of vehicles
11 registered in this state and may make statistical data available to the public for a fee
12 as prescribed in regulations adopted by the commissioner. The department may also
13 provide vehicle registration lists to the public for a fee [but only] as an electronic
14 service or product under AS 09.25.115. The commissioner may prescribe, by

amend

1 regulation, fees relating to the provision of vehicle registration lists.

2 * Sec. 2. AS 28.10.071(c) is amended to read:

3 (c) The department shall keep a record of the registrations of vehicles used in
4 law enforcement work when secrecy is necessary. This record is separate from the
5 record [VEHICLE REGISTER] required by (a) of this section and may be disclosed
6 only to and upon the request of the chief peace officer of a municipality, a state
7 trooper district commander, the chief federal law enforcement officer assigned to the
8 state, or to a court upon an appropriate order.

9 * Sec. 3. AS 28.10.181(c) is amended to read:

10 (c) Special request plates. Upon application by the owner of a passenger
11 vehicle, motorcycle, noncommercial van or pick-up truck, or motor home, the
12 department shall design and issue registration plates containing a series of not more
13 than six letters or numbers or combination of letters and numbers as requested by the
14 owner. The department may, in its discretion, disapprove the issuance of registration
15 plates under this subsection when the requested symbols are a duplication of an
16 existing registration or when the symbols are considered unacceptable by the
17 department. The department may also design and issue special registration plates
18 depicting Alaska plant life, fish, wildlife, geography, history, or other depictions
19 of the state.

20 * Sec. 4. AS 28.10.181(d) is repealed and reenacted to read:

21 (d) Vehicles owned by disabled veterans, including persons disabled in the line
22 of duty while serving in the Alaska Territorial Guard, or other persons with disabilities.
23 Upon the request of a person with a disability that limits or impairs the ability to walk,
24 as defined in 23 C.F.R. 1235.2, the department shall (1) register one passenger vehicle
25 in the name of the person without charge; and (2) issue a specially designed
26 registration plate that displays (A) recognition of the disabled veteran if the applicant's
27 disability originated from the applicant's service with the Alaska Territorial Guard or
28 the armed forces of the United States; ^{and} ~~or~~ (B) the standard symbol of disability (the amend
29 wheelchair logo). A disabled veteran who is not otherwise qualified under this
30 subsection, but who presents to the department written proof that the person is at least
31 70 percent disabled or medicaly handicapped as a consequence of service in the

1 Alaska Territorial Guard or the armed forces of the United States, may register one
2 passenger vehicle without charge and the department shall issue a specially designed
3 registration plate that displays recognition of the disabled veteran that does not display
4 the standard handicap symbol and does not carry with it special parking privileges.

5 * Sec. 5. AS 28.10.181(j) is amended to read:

6 (j) Vehicles owned by dealers. A state-registered and bonded vehicle dealer
7 may apply for dealer registration plates. A plate issued under this subsection may be
8 used only on dealer-owned vehicles during the routine and normal course of the
9 dealer's business, excluding service vehicles, or for transporting an unregistered vehicle
10 from a port of entry to the dealer's facilities or from one dealer to another or, in the
11 case of a house trailer, from the retail facility to a trailer space. A vehicle permitted
12 to have dealer plates must be affixed with two plates issued under this subsection.

13 If the dealer sells or transfers the vehicle, the dealer plates may be used on the vehicle
14 by the new owner or transferee for a period of not more than five days after the sale
15 or transfer. The department may seize the dealer plates if it has reason to believe that
16 the plates are being used to defeat the purposes of, or are in violation of, this chapter.

17 * Sec. 6. AS 28.10.201(b) is amended to read:

18 (b) The owner of a vehicle described in AS 28.10.011 as being exempt from
19 registration and the owner of a snowmobile or off-highway vehicle may not apply for,
20 nor may the department issue, a certificate of title for such a vehicle. However, the
21 department may issue a certificate of title to the owner of a vehicle exempt from
22 registration under AS 28.10.011(3), (6), (7), or (11) [, OR (12)] only upon application
23 by that owner.

24 * Sec. 7. AS 28.10.411(f) is amended to read:

25 (f) A resident 65 years of age or older on January 1 of the year the vehicle is
26 registered is entitled to an exemption once each calendar year from the registration
27 fee required under this section for one motor vehicle subject to registration under
28 AS 28.10.421(b)(1), (2), (5), or (6). An exemption may not be granted except upon
29 written application for the exemption on a form prescribed by the department.

30 * Sec. 8. AS 28.10.421(a) is amended to read:

31 (a) Unless otherwise provided by law,

1 (1) the fees prescribed in this section shall be paid to the department
2 at the times provided under AS 28.10.108 and 28.10.111; and.

3 (2) an additional fee of \$10 shall be added to the registration fee
4 set out in this section for registration not conducted by mail; the department may
5 waive this additional fee for a good cause based on criteria established in
6 regulations adopted by the department.

7 * Sec. 9. AS 28.10.421(c) is amended to read:

8 (c) The annual registration fees under this subsection are imposed and are
9 based upon the actual unladen weight as established by the manufacturer's advertised
10 weight or upon the actual weight which the owner shall furnish, subject to the approval
11 of the commissioner or the commissioner's representative, for a vehicle, including a
12 motor vehicle pulling a trailer or semi-trailer, that is registered in the name of a
13 company or business ~~or is~~ used or maintained for the transportation of passengers
14 for hire, excepting taxicabs and buses under (b) of this section, or for the transportation
15 of property for hire or ~~(for other commercial~~ purposes ~~)]~~ ^[USE], including [A
16 COMMERCIAL VEHICLE SUCH AS] a trailer, semi-trailer, truck, wrecker, tow car,
17 hearse, ambulance, and tractor, as follows:

- 18 (1) up to and including 5,000 pounds \$51;
- 19 (2) more than 5,000 pounds to and including 12,000 pounds . . \$86;
- 20 (3) more than 12,000 pounds to and including 18,000 pounds \$156;
- 21 (4) more than 18,000 pounds \$221.

22 * Sec. 10. AS 28.10.431(b) is amended to read:

23 (b) The tax is levied upon motor vehicles subject to the license ^{FEE} ~~tax~~ under
24 AS 28.10.411 and 28.10.421 [, NOT INCLUDING MOBILE HOMES,] and is based
25 upon the age of vehicles as determined by model year according to the following
26 schedule:

Tax According to Age of Vehicle Since Model Year

	1st	2nd	3rd	4th	5th	6th	7th	8th	
									or over

30 Motor Vehicle

31 (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>	
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change to 10% →

← *yes*

	WORK DRAFT		WORK DRAFT		WORK DRAFT		WORK DRAFT		WORK DRAFT
1		[\$ 8]	[\$ 7]	[\$ 6]	[\$ 5]	[\$ 4]	[\$ 3]	[\$ 2]	[\$ 2]
2	(2) vehicles speci-	<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	fied in AS 28.10.-	[60]	[50]	[40]	[30]	[20]	[15]	[10]	[5]
4	421(b)(1)								
5	(3) vehicles speci-	<u>81</u>	<u>68</u>	<u>54</u>	<u>41</u>	<u>27</u>	<u>20</u>	<u>14</u>	<u>7</u>
6	fied in AS 28.10.-	[60]	[50]	[40]	[30]	[20]	[15]	[10]	[5]
7	421(b)(3)								
8	(4) vehicles speci-								
9	fied in AS 28.10.-								
10	421(c)(1) - (4)								
11	5,000 pounds or	<u>81</u>	<u>68</u>	<u>54</u>	<u>41</u>	<u>27</u>	<u>20</u>	<u>14</u>	<u>7</u>
12	less	[60]	[50]	[40]	[30]	[20]	[15]	[10]	[5]
13	5,001 - 12,000	<u>135</u>	<u>108</u>	<u>81</u>	<u>68</u>	<u>54</u>	<u>41</u>	<u>27</u>	<u>14</u>
14	pounds	[100]	[80]	[60]	[50]	[40]	[30]	[20]	[10]
15	12,001 - 18,000	<u>203</u>	<u>162</u>	<u>135</u>	<u>108</u>	<u>81</u>	<u>54</u>	<u>41</u>	<u>27</u>
16	pounds	[150]	[120]	[100]	[80]	[60]	[40]	[30]	[20]
17	18,001 pounds	<u>270</u>	<u>216</u>	<u>176</u>	<u>135</u>	<u>108</u>	<u>81</u>	<u>54</u>	<u>27</u>
18	or over	[200]	[160]	[130]	[100]	[80]	[60]	[40]	[20]
19	(5) vehicles speci-	<u>135</u>	<u>108</u>	<u>81</u>	<u>68</u>	<u>54</u>	<u>41</u>	<u>27</u>	<u>14</u>
20	fied in AS 28.10.-	[100]	[80]	[60]	[50]	[40]	[30]	[20]	[10]
21	421(b)(4)								
22	(6) vehicles speci-	<u>11</u>	<u>9</u>	<u>8</u>	<u>7</u>	<u>5</u>	<u>4</u>	<u>3</u>	<u>3</u>
23	fied in AS 28.10.-	[8]	[7]	[6]	[5]	[4]	[3]	[2]	[2]
24	421(b)(6)								
25	(7) vehicles speci-	<u>81</u>	<u>68</u>	<u>54</u>	<u>41</u>	<u>27</u>	<u>20</u>	<u>14</u>	<u>7</u>
26	fied in AS 28.10.-	[60]	[50]	[40]	[30]	[20]	[15]	[10]	[5]
27	421(d)(9)								
28	(8) vehicles speci-	<u>81</u>	<u>68</u>	<u>54</u>	<u>41</u>	<u>27</u>	<u>20</u>	<u>14</u>	<u>7</u>
29	fied in AS 28.10.-	[60]	[50]	[40]	[30]	[20]	[15]	[10]	[5]
30	421(b)(2)								
31	(9) vehicles eligible	<u>54</u>							

1 for dealer plates [40]
 2 under AS 28.10.-
 3 421(d)(10).

DELETE
 SECTION
 11

4 * Sec. 11. AS 28.10.431(b) is repealed and reenacted to read:

5 (b) The tax is levied upon motor vehicles subject to the license tax under
 6 AS 28.10.411 and 28.10.421 and is based upon the age of vehicles as determined by
 7 model year according to the following schedule:

8 Tax According to Age of Vehicle Since Model Year

9		1st	2nd	3rd	4th	5th	6th	7th	8th
10		or over							
11	Motor Vehicle								
12	(1) motorcycle	\$ 14	\$ 12	\$ 10	\$ 9	\$ 7	\$ 5	\$ 3	\$ 3
13	(2) vehicles specified in	102	85	68	51	34	26	17	9
14	AS 28.10.421(b)(1)								
15	(3) vehicles specified in	102	85	68	51	34	26	17	9
16	AS 28.10.421(b)(3)								
17	(4) vehicles specified in								
18	AS 28.10.421(c)(1) - (4)								
19	5,000 pounds or less	102	85	68	51	34	26	17	9
20	5,001 - 12,000 pounds	170	136	102	85	68	51	34	17
21	12,001 - 18,000 pounds	255	204	170	136	102	68	51	34
22	18,001 pounds or over	340	272	221	170	136	102	68	51
23	(5) vehicles specified in	170	136	102	85	68	51	34	17
24	AS 28.10.421(b)(4)								
25	(6) vehicles specified in	14	12	10	9	7	5	3	3
26	AS 28.10.421(b)(6)								
27	(7) vehicles specified in	102	85	68	51	34	26	17	9
28	AS 28.10.421(d)(9)								
29	(8) vehicles specified in	102	85	68	51	34	26	17	9
30	AS 28.10.421(b)(2)								
31	(9) vehicles eligible for	68							

1 dealer plates under
2 AS 28.10.421(d)(10).

3 * Sec. 12. AS 28.10.431(e) is amended to read:

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

12 * Sec. 13. AS 28.10.431 is amended by adding a new subsection to read:

13 (j) The Department of Labor shall adjust by regulation the schedule under (b)
14 of this section every three years to reflect changes in the transportation new vehicle
15 segment of the Consumer Price Index for all urban consumers for all items compiled
16 by the Bureau of Labor Statistics, United States Department of Labor for the second
17 half of the preceding calendar year. The semiannual index for the second half of 1994
18 is the reference base index. The Department of Labor shall round each scheduled
19 amount adjusted under this subsection to the nearest dollar. The Department of
20 Community and Regional Affairs shall provide the revised schedule to each
21 municipality in the state that imposes a tax under this section and to the Department
22 of Public Safety, and shall make the schedule available to the public by June 30th of
23 each year in which the schedule is revised. A tax imposed under an adjusted schedule
24 takes effect on January 1 of the year after the year in which the schedule is adjusted.

delete

25 * Sec. 14. AS 28.10.495(c) is amended to read:

26 (c) Proof of disablement or medical handicap, for the purpose of this section,
27 shall be the same as that required for the purposes of AS 28.10.181(d)(2)
28 [PROVIDED AS SPECIFIED IN AS 28.10.181(d)].

29 * Sec. 15. AS 28.40.100(a)(21) is amended to read:

30 (21) "vehicle" means a device in, upon, or by which a person or
31 property may be transported or drawn upon or immediately over a highway or

1 vehicular way or area; "vehicle" does not include

2 (A) [EXCEPT] devices used exclusively upon stationary rails
3 or tracks;

4 (B) mobile homes;

5 * Sec. 16. AS 28.10.011(12), 28.10.181(k), 28.10.421(d)(12), and AS 28.22.011(a)(3) are
6 repealed.

7 * Sec. 17. Sections 1 - 9 and 14 - 16 this Act take effect July 1, 1993.

8 * Sec. 18. Sections 10 and 12 of this Act take effect January 1, 1994.

9 * Sec. 19. Section 11 of this Act takes effect January 1, 1995. DELETE

10 * Sec. 20. Section 13 of this Act takes effect January 1, 1997. - DELETE -

A M E N D M E N T

OFFERED IN THE HOUSE
TO: CSHB 179(L&C)

BY REPRESENTATIVE PORTER

Page 7, line 9, after "adjust":
Insert "by regulation"

Page 7, line 18:
Delete "February 28th"
Insert "June 30th"

Page 7, line 20:
Delete "July 1 of"
Insert "January 1 of the year after"

Page 8, line 6:
Delete "1998"
insert "1997"



Alaska State Legislature

HOUSE OF REPRESENTATIVES

Official Business

Representative Brian Porter

State Capitol
Juneau, AK 99801-1182

Date: March 29, 1993

To: Members of the House Finance Committee

From: Representative Brian Porter

BP.

Re: CSHB 179(L&C) Section 10 through Section 13

=====

Mr. Chairman, members of the Committee, I appreciate the opportunity to briefly appear before you today in support of HB 179, Sections 10 through 13. Sections 1 through 9 were originally part of an omnibus fee bill introduced at the request of the governor, that dealt with motor vehicles.

Under current law, municipalities are given the option of participating in a registration tax program administered by the Division of Motor Vehicles, or electing to levy local use taxes. Because of the difficulty of collecting information on ownership of motor vehicles, several Alaskan municipalities that tax motor vehicles have opted to participate in the state-administered program. 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.

1. While I certainly hope we will not be reducing Municipal Assistance/Revenue Sharing to the Governor's proposed level, these entitlements will undoubtedly be reduced, resulting in our cities/boroughs needing support.
2. The idea of user fees has received acceptance in most communities throughout our state, and if this legislation were passed into law, the Municipality of Anchorage alone would see an estimated increase in revenue of \$1.2 million during FY 94. This compares to a loss of \$4,620,011 if just municipal assistance is reduced. Other cities and boroughs will have similar ratios.
3. The registration tax schedule has not been reviewed or revised since 1978 when the statute was first written. The current 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.
4. On the effective date of this legislation there would be an annual increase of 35% for two years. Three years later an adjustment is made based on All Urban Consumer Price Index (CPI-U), using the transportation new vehicle segment of the CPI-U.

Position Statement
Motor Vehicle Registration Tax
March 29, 1993
Page 2

After moving this bill from the Labor and Commerce Committee, it was ascertained that an amendment to Section 13, Page 7, is necessary as follows:

1. On page 7, line 9, after the word "adjust", insert "by regulation". This makes clear the department responsible for the regulatory process necessary to increase the fees.
2. On page 7, line 18, delete "February 28th" and insert June 30th. The Department of Labor has advised that the annual Consumer Price Index Report is not available from the U.S. Department of Labor by February 28th.
3. On page 7, line 20, delete "July 1 of" and insert "January 1 of the year after". This is necessary to allow the public and the Department of Labor to comply with APA procedures relating to the public input process and for the regulatory review process to work.

Sections 10 through 13 of the bill were very extensively debated during the 17th Legislature as HB 309. During debate of HB 309 on the House floor, there was considerable support for enactment as the vote was 32 - 6 for passage of this legislation.

Mr. Chairman, members of the committee, I appreciate your consideration of HB 179 and would ask that this bill be moved from the Finance Committee, as amended.

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

No. 1
Bill Version: CSHB 179 (I.&C)
(H) Publish Date: 3/17/93

Revision Date: 3/15/93 Dept. Affected: Public Safety
Title: "An Act relating to motor vehicles" BRU: Motor Vehicles
Component: Field Services
Sponsor: House Labor & Commerce
Requestor: House Labor & Commerce COMPONENT SERIAL NO. 502

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

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES	82.0	109.5	109.5	109.5	109.5	109.5
TRAVEL						
CONTRACTUAL	115.1	61.6	61.6	61.6	61.6	61.6
SUPPLIES						
EQUIPMENT	15.0					
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	212.1	171.1	171.1	171.1	171.1	171.1
CAPITAL						
REVENUE FUND	2965.0	3319.5	3458.8	3458.8	* 3458.8	* 3458.8
SOURCE: 1005						

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	212.1	171.1	171.1	171.1	171.1	171.1
1005 GF/Proram Receipts						
1006 GF/MHTIA						
Other						
TOTAL	212.1	171.1	171.1	171.1	171.1	171.1

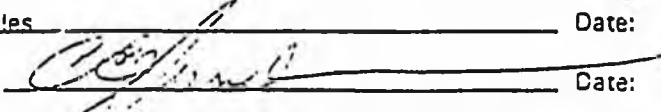
POSITIONS:

FULL-TIME	3	3	3	3	3	3
PART-TIME						
TEMPORARY						

Estimate of current year (FY 93) impact: \$ none

ANALYSIS: (Attach a separate page if necessary.)

* FY 98 and FY 99 revenue figures do not include the municipal motor vehicle registration tax increase based on the consumer price index determined by the Dept. of Labor.

Prepared By: Juanita Hensley Phone: 465-4361
Division: Motor Vehicles Date: 3/15/93
Approved by Commissioner:  Date: 3/15/93
Agency: Richard L. Quinn, Dept. of Public Safety

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Department of Public Safety
 Fiscal Note Analysis - HB 179
 Page 2 of 7

SECTION 1

This is a technical amendment to reflect the current computer technology in use. The Department of Public Safety uses a relational database in the Alaska Public Safety Information Network (APSIN). With this type of database there is no separate file or database that could be called "the vehicle register". The creation of such a list for sale to user has historically been done for more than 20 years and this amendment clarifies this sale as an electronic service. This protects over \$100,000 in revenue from those vendors who argue that this list should be provided at no charge. There is no fiscal since this amendment clarifies the current situation.

SECTION 2

This Section clarifies Section 1.

SECTION 3

This section allows the Division to design special plates and charge a one-time fee of \$30.00 for their issuance. This is similar to the existing fee structure for personalized plates and these fees would be in addition to the normal registration fees and taxes. This analysis assumes that 10,000 plates would be issued annually.

Contractual cost - 10,000 plates @ \$6	\$60,000
Revenue - 10,000 plate fees @ \$30	\$300,000

SECTION 4

This section would place Alaska in compliance with uniform federal regulatory guidelines for the issuance of handicap plates. These standards limit the plates and the use of special parking places to those persons with mobility handicaps. Current Alaska law allows those with other than mobility handicaps to obtain the plates. Revenue estimates are based on the assumption that 15% or 480 of the 3200 persons with these plates would not qualify and would have to pay regular fees.

Revenue - 480 registrations @ \$35	\$16,800
------------------------------------	----------

Department of Public Safety
Fiscal Note Analysis - CS HB 179
Page 3 of 7

SECTION 5

This amendment closes a loop hole in the current law that allows dealers to misuse the dealer plate and prevents further loss of revenue. Since only one dealer was known to have misused the plates the additional revenue will be negligible.

SECTION 6

This amendment takes away the authority to issue vehicle titles to mobile homes. In almost all cases the mobile homes are permanently mounted in trailer parks and should be classed as real property. A title is usually only required when the mobile home is financed because the banks feel getting a vehicle title is easier than filing a UCC lien or a real property lien. Since the title is optional the division usually cannot guarantee ownership since there is no clear chain of documents normally associated vehicle ownership. There would be a small loss of revenue from the approximately 150 titles issued each year.

Revenue - 150 title and lien fees @ \$10 (\$1,500)

SECTION 7

This amendment improves efficiency by removing ambiguity associated with senior citizen exemptions and eliminating associated problems. Many senior citizens buy and sell several vehicles during the year and try to claim exemptions on each one. The statute only allows one exemption per year. There is no fiscal impact.

SECTION 8

Historically only 25-30% of vehicle owners use the mail to renew vehicle registrations. The remainder, over 300,00, come in person to a DMV office adding to the long lines when there is no need to do so. This section charges an additional \$10 for those who do not use the mail service. This approach was taken over giving a discount to those who use the mail because it is a revenue generator rather than a revenue loss. It places the cost directly on those who are creating the efficiency loss. Even with this incentive it is estimated that 200,000 owners will still come in person to renew their vehicles.

Revenue - 200,000 @ \$10 \$2,000,000

Department of Public Safety
 Fiscal Note Analysis - CS HB179
 Page 5 of 7

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. 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 cost of administering the program.

The increase in revenue for DMV retention, above the FY 94 current rate calculations, is as follows:

FY94	FY95	FY96	FY97	FY98	FY 99
214.6	569.1	708.4	708.4	708.4*	708.4*

* FY 98 & FY 99 revenue figures do not include the MVRT increase based on the Consumer Price Index.

Detailed costs for Sections 10 through 13 are as follows:

Personal Services	FY94 (9mos.)	FY95
3 Motor Vehicle Rep I/II positions	\$ 82.0	\$109.5
Contractual	\$ 55.1	\$ 1.6
Mail-out registration forms		
Regular registration forms		
Computer line charges		
Equipment	\$ 15.0	
3 Computer work stations		
	TOTAL	\$152.1
		\$111.1

SECTION 14

This Section clarifies Section 4.

SECTION 15

This amendment further clarifies the definition of mobile homes (see related SECTION 6.)

Department of Public Safety
 Fiscal Note Analysis - CS HB179
 Page 6 of 7

SECTION 16

The repeal of these two statutes in Title 28 will increase revenue. The revenue associated with the repeal of AS 28.10.011(12) has already been covered in Section 6. The repeal of AS 28.10.181(k) will require owner of vehicles registered under the "occasional use" category to pay full fees. The average increase for these vehicles will be \$20.

Revenue - 1,757 Vehicles @ \$20 \$35,140

REVENUE RECAP

SECTION	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
3	300.0	300.0	300.0	300.0	300.0	300.0
4	16.8	16.8	16.8	16.8	16.8	16.8
6	<1.5>	<1.5>	<1.5>	<1.5>	<1.5>	<1.5>
8	2000.0	2000.0	2000.0	2000.0	2000.0	2000.0
9	400.0	400.0	400.0	400.0	400.0	400.0
10-13	214.6	569.1	708.4	708.4	*708.4	*708.4
16	35.1	35.1	35.1	35.1	35.1	35.1
	_____	_____	_____	_____	_____	_____
TOTAL	2965.0	3319.5	3458.8	3458.8	3458.8	3458.8

* MVRT rate increase based on CPI is unknown.

Position Title Motor Vehicle Representative I/II			Number of Positions 3	Range/Step 8/9	Bargaining Unit GGU
Time Status PFT	Staff Months 9 (1st year)		Location Statewide	Election District Statewide	
Type of Expenditure			Amount		
1			2		
3					
Salary *			54.7		
Benefits *			27.3		
Premium Pay (Included in Above)					
Other					
Total Personal Services			82.0		
Travel					
Contractual			55.1		
Commodities					
Equipment ⁴			15.0		
Other					
Total Cost			152.1		
Funding Source For Total Cost					
Federal Receipts 1002					
G.F. Match 1003					
General Fund 1004					
Program Receipts/GF 1005			152.1		
I-A Receipts 1007					
CIP Receipts 1061					
Other					
* Personal Services Salary and Benefits Costs are from PACS calculations.					

Justification
The adoption of this legislation is estimated to impact the workload of the Division by 3-5%. Approximately 355,000 vehicles, or 66% 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 increases 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.

**REQUEST FOR
NEW POSITION**

AGENCY Department of Public Safety
BRU Motor Vehicles
COMPONENT Field Services

Page 7 of 7
Revised Date

FY 94

CSHS 1796-2-2
No. 1

**DIVISION OF LEGAL SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA**

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

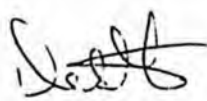
130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

March 26, 1993

SUBJECT: Sectional Summary of CSHB 179(L&C) (An Act relating to motor vehicles and mobile homes)

TO: Representative Brian Porter
Chair, House Judiciary Committee

FROM: David R. Dierdorff 
Revisor of Statutes

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

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

As introduced, HB 179 initially consisted only of that portion of HB 65, an omnibus fee bill introduced at the request of the governor, that dealt with motor vehicles. In the House Labor and Commerce Committee, an amendment was made that incorporated a phased increase in the motor vehicle tax that a municipality may elect to have collected by the state. To the extent that sections of CSHB 179(L&C) are identical to those of HB 65, this sectional incorporates by reference the sectional analysis transmitted by the governor, a copy of which is attached.

Section 1. This appeared in HB 65 as sec. 50. In HB 179, the concept of "registered vehicles," which was amended out in the governor's bill, has been retained. This was done because the term "registered vehicles" is used in eight other provisions of AS 28.10 and the language included in the second sentence of AS 28.10.071(a) is the closest thing there is to a definition of the term.

Sec. 2. This was not in HB 65. It is needed to conform the language to the amendment made in sec. 1.

Secs. 3 - 9. These were secs. 51 - 57 in HB 65. Some minor changes were made to reflect our drafting style, but the substance of the provisions is identical.

Sec. 10. This section and secs. 11 - 13 were not in HB 65. The section was originally in HB 179 only to delete the reference to mobile homes, which reference is not needed given the exclusion of mobile homes from the definition of "vehicle" in sec. 15 of the bill. In CSHB 179(L&C), the amounts of the tax on motor vehicles are increased, effective January 1, 1994. This tax is one that a municipality may elect to levy and have the state collect for it. A municipality may elect not to impose a tax, or to tax at a different rate and collect the tax itself. This bill does not change that.

Sec. 11. This bill section contains the second step of the phased increase in the optional motor vehicle tax. It would take effect January 1, 1995.

Sec. 12. Increases from five to eight the percentage that may be retained by the state for collecting the optional motor vehicle tax for municipalities.

Sec. 13. Enacts, effective January 1, 1998, a requirement that the Department of Labor adjust the optional motor vehicle tax amounts every three years to reflect changes (up or down) in the Consumer Price Index. The revised schedule, as prepared by the Department of Labor, would be distributed by the Department of Community and Regional Affairs to municipalities that impose the optional tax and to the Department of Public Safety, and, by February 28 of the years in which the schedule is revised, to the public. The revised schedule would take effect July 1 of that year. Because of the definition of "regulation" in AS 44.62, the Department of Labor may have to prepare the adjusted schedule in the form of a regulation. The other departments have only distribution or collection duties under the new provision.

Sec. 14. This was not in HB 65. The amendment of AS 28.10.181(d) in sec. 4 (relating to registration and special license plates for vehicles owned by persons with disabilities) requires this amendment to AS 28.10.495(c), relating to special parking permits for vehicles used to transport persons with disabilities.

Sec. 15. This was in HB 65 as sec. 58. It excludes "mobile homes" from the definition of "vehicle" for purposes of AS 28. Because of provisions incorporating this definition by reference, this amendment may have an effect on that term as it is used in AS 11.46.490, AS 45.45.240, and AS 46.03.900. It should be pointed out that AS 28 contains references to "house trailers," and that neither that term nor "mobile homes" is defined. Because registration fees and other important provisions are involved, it is recommended that the legislature consider further amendments and clarification to ensure, for example, that recreational house trailers, which some might categorize in some instances as "mobile homes," continue to be licensed when used on the state's highways.

WALTER J. HICKEL
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 15, 1993

The Honorable Ramona L. Barnes
Speaker of the House
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear Speaker Barnes:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the improvement of state finances by reducing costs in the operations of certain state agencies and authorizing state agencies to defray a greater portion of their costs through the imposition of fees. A section-by-section description of this bill follows.

Sections 1 - 32 of the bill authorize biennial renewal of liquor licenses by the Alcoholic Beverage Control Board. Under this bill, all liquor licenses that are now issued for a one-year period would be issued for a two-year period. As a result of the transitional procedures in sec. 71 of the bill, each year only one-half of the licenses would be subject to renewal. The board's staff now labors under a staggering amount of renewal-related work. The effect of the bill would be to spread that workload.

Sections 33 - 35, 49, 64, and 70 (repealer of AS 13.26.410(b)) relate to the duties of the Office of Public Advocacy. The bill proposes to delete certain functions of the Office of Public Advocacy (OPA) that are considered to be duplicative of services provided by other agencies or that are not constitutionally mandated. Due to the increase in child-in-need-of-aid cases, it is crucial that the many abused and neglected children receive priority in OPA appointments.

Sections 33 - 35 of the bill would allow the Department of Administration to determine a schedule of reasonable fees for the costs of providing public guardians. The Office of Public Advocacy would be allowed to assess these fees against the estate or income of a ward or protected person for whom a guardian has been appointed, based on the financial ability on the ward or protected person to pay these costs. Currently, no fees may be assessed against any person receiving the benefit of a public guardian except upon approval by a court. This process is cumbersome and expensive for the Office of Public Advocacy, which must pay for the costs of a court hearing, including the costs of

counsel for both sides. These changes would simplify the procedure for recouping some of these costs, and would provide for consistent application of the fee schedule, while allowing an exemption forwards or protected persons who are not financially able to pay the fees.

Section 49 of the bill would amend AS 25.24.310 to delete the requirement that OPA provide guardian ad litem representation in certain child custody proceedings. Currently, the Alaska court system has personnel denoted as "custody investigators" who perform essentially the same function as OPA in custody proceedings.

Section 64 of the bill would amend AS 44.21.410(a), regarding the powers and duties of OPA, to correspond to the amendments made by secs. 33 - 35 of the bill. Additionally, this section would eliminate the requirement that OPA provide free attorney representation to parents whose children are involved in the disposition phase of delinquency proceedings, and the requirement of free representation in cases involving adoption of a minor, a petition to remove the disabilities of a minor, or a commitment proceeding involving a minor.

Section 69 of the bill would delete the requirement that OPA represent minors in commitment proceedings, to correspond to one of the amendments to AS 44.21.410(a)(4) made by sec. 64 of the bill.

Section 70 would repeal AS 13.26.410(b), for consistency with the amendments proposed by secs. 33 - 35.

After the effective date of the sections relating to OPA in this bill, OPA would not accept new appointments for the types of cases deleted from OPA's mandate by the bill. However, OPA would continue to represent those parties in cases to which OPA was appointed before the bill's effective date.

Sections 36 - 38 would authorize the Alaska Commission on Postsecondary Education to assess a one percent guarantee fee on student loan awards made under the Scholarship Loan Program, effective July 1, 1994. These fees would be deposited into a loan guarantee fee account within the student loan fund and would be used to offset losses incurred due to student loan debt cancellation necessitated by death, disability, or bankruptcy of the student. The current statute does not allow security to be required for a loan and strictly limits the use of loan proceeds. These amendments also would provide that the loan guarantee fee be added to the loan award so that students would receive the full amount of money requested, up to the maximums set out in AS 14.43.110 and 14.43.115, to pay for their educations.

Sections 39 - 43 would authorize the same one percent loan guarantee fee to be assessed on loans under the Memorial Scholarship Loan Program, the Teacher Scholarship Loan Program, and the Family Education Loan Program. As a result, all of the student loan programs would assess a one percent loan guarantee fee on the amount of the loan awarded.

Section 44 would establish in the Department of Labor the authority to set reasonable fees by regulation for administering special inspector examinations

The Honorable Ramona L. Barnes

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and processing applications for special boiler and pressure vessel inspector commissions. Currently the department does not charge a fee for processing these applications for administering the examinations.

Section 45 would eliminate the requirement in AS 18.62.020 that certificates of fitness for plumbers and electricians be valid for either a one-year or a three-year period. Under the bill, the Department of Labor would have the authority to set a time period in regulation for the certificates. This should increase the department's efficiency in processing applications for these certificates and stabilize program receipts.

Section 46 would eliminate the current statute's prescribed certificate of fitness fees for plumbers and electricians, and instead would establish authority in the Department of Labor to set reasonable fees by regulation. See AS 18.62.030. This section would also allow the department to charge a fee for duplicate certificates. These changes would enable the department to set fees for certificates of fitness in line with the actual costs incurred in issuing them, and would authorize the department to recoup expenses incurred in issuing 100 - 150 duplicate certificates each year.

Section 47 is a revenue-generating measure that would permit the Alaska Police Standards Council to adopt regulations to collect reasonable fees for processing applications for state certification of police and correctional officers and instructors who are employed by non-state agencies.

Section 48 would raise the required fee for filing an application for an employment agency permit under AS 23.15.390 from \$10 to \$100. This higher amount reflects the costs of the review done by the Department of Labor for these permits.

Sections 50 - 57 would amend AS 28 (motor vehicles) to enhance revenue through increased motor vehicle fees or to correct technical problems in the motor vehicle laws to increase the efficiency of the Department of Public Safety.

Section 50 would delete the phrase "vehicle register" in AS 23.10.071(a), which no longer is meaningful in light of current computer technology. In addition, this section would clarify the authority of the department to adopt regulations to recover the state's costs in generating computerized vehicle registration lists.

Section 51 would amend AS 28.10.181(c) to permit the issuance of special request license plates depicting Alaska wildlife and other images of life in Alaska. This change would produce revenue through the issuance of these special request plates.

Section 52 changes the eligibility for free vehicle registration and license plates for disabled persons by adopting the definition of limited or impaired ability to walk that appears in a federal regulation (23 C.F.R. 1235.2). The special license plate allows the holder to have special consideration for designated parking for the disabled. The existing statute (AS 28.10.181(d)) allows a person with at least a 70 percent disability or medical handicap to obtain vehicle registration at no charge, and, through the free special license plates, to use the designated parking even though the person may not have a disability that affects walking.

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The new definition would provide for free vehicle registration and license plates to those most in need of special parking. The department should receive additional revenue from vehicle registration fees and the sale of regular license plates to those who no longer qualify under AS 28.10.181(d).

Section 53 clarifies an ambiguity in AS 28.10.181(j) by explicitly requiring that car dealers use two dealer plates on each vehicle permitted to have dealer plates (all license plates are issued in pairs). The somewhat confusing language of the existing statute has allowed some dealers to split a pair of plates between two vehicles. The Department of Public Safety should receive increased revenue through the sale of additional plates to dealers.

Sections 54 and 58, and the repeal of AS 28.10.011(12) in sec. 70, together make clear that mobile homes are not considered "vehicles" for purposes of administering motor vehicle laws. Under the changes made by these sections, the Department of Public Safety, division of motor vehicles, will no longer provide registration and motor vehicle titles for mobile homes.

Section 55 would clarify that senior citizens are entitled to free vehicle registration of only one vehicle once each calendar year. This change is needed in order to avoid significant difficulties and administrative costs encountered in maintaining proper registration when senior citizens buy, sell, or trade vehicles during the year and claim free registration on more than one vehicle during the year.

Section 56 provides an additional registration fee of \$10 for vehicle registration not done by mail. This section would provide an incentive for people to use the mail for vehicle registration. This should alleviate some of the delays that most people are encountering at division of motor vehicle field offices and allow DPS staff to function more efficiently. This section also allows the department to adopt regulations to waive the additional fee in appropriate circumstances.

Section 57 would clarify AS 28.10.421(c) by requiring that companies and businesses that register vehicles in their company or business name must pay commercial registration fees, and cannot avoid paying those fees by claiming that the vehicle is not used for commercial purposes.

Section 59 exempts money that the state receives for administering the group insurance programs established under AS 39.30.090 (primarily health insurance programs) from the definition of "program receipts" in AS 37.05.146. This change will result in accounting efficiencies being saved in the Department of Administration's ongoing operations and cost-savings to the state.

Sections 60 and 61 of the bill amend AS 37.05.289, the State Insurance Catastrophe Reserve Account (Account), by providing that payments to the state of insurance claim settlement money and money received by the state as recovery for losses, are to be deposited directly into the Account (which is in the general fund). Presently, such money that is received by the division of risk management must be credited to the general fund and is appropriated to the state agency to which the payment is related. The United States Department of Health

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& Human Services' division of cost allocation has determined that certain insurance recovery money must be returned to the Account (from which federally funded state agencies have been charged premiums through division of risk management "Cost of Risk" allocations). The federal government demands that a portion of such insurance recoveries be refunded to the appropriate federal program.

By allowing for insurance settlement and claims recovery money to be deposited directly into the state insurance catastrophe reserve account, future premium assessments are expected to be reduced and the state will be in compliance with federal cost allocation standards. An appropriation would still be required before expenditure of money in that account. Additionally, the new procedures should reduce the considerable accounting required with the present system.

Section 62 would clarify the authority of the Department of Natural Resources to accept cash or other donations to support the system of state parks and recreational facilities.

Section 63 would expand the authority of the Department of Natural Resources to collect reasonable fees for services provided in state parks. It would add several new categories of park fees, including sale of firewood, sale of park-related merchandise, entrance fee into visitor centers and historic sites, sale of plans and graphic materials, day use fees, and fees for park-related programs. The bill, in sec. 71, also would set a temporary fee schedule for certain of these services, to be used until the Department of Natural Resources sets the fees by regulation. In the fourth year of a phased implementation schedule, these new fees are expected to raise around \$400,000.

Sections 65 and 66 of the bill would amend, and add a new subsection to, AS 44.46.025 to provide the Department of Environmental Conservation (DEC) with increased authority to charge fees to offset the direct costs of various programs designed to avoid and rectify pollution, to ensure healthy and safe public facilities, and to assist business in complying with local, state, and federal environmental standards. An existing statute presently limits DEC's authority to charge fees to certain enumerated subject areas, and further limits DEC's fee authority to specified services related to those subjects. Thus, DEC may charge a fee to reflect the costs associated with the issuance of a permit for a hazardous waste facility, but may not charge a fee when a permit is not issued (either because the application is withdrawn or a permit is determined not to be necessary), even though DEC incurs costs in reviewing the application. This results in the permitted facilities shouldering an inequitably large share of the cost of the hazardous waste management program.

Section 65 would rectify this problem in several ways. First, it would amend the introductory clause of AS 44.46.025(a), to allow DEC to charge fees for any services relating to the programs listed in (a), not just the underinclusive listing of activities now set out in the law. This amendment recognizes that DEC employs methods other than permits and inspections in its activities.

Second, through sec. 65, the itemized list of programs in the subsection would be modified and expanded, to allow the DEC to charge fees reflecting the direct costs

of: (1) management of hazardous waste, not just permitting costs; (2) approvals of sites for hazardous waste management facilities; (3) control of solid waste facilities, and permits for those facilities, including wetlands permits (assuming state assumption of the wetlands permitting process that is currently handled by the United States Army Corps of Engineers); (4) reviews of sewage and industrial waste disposal or treatment plans; (5) oversight of the application of pesticides and broadcast chemicals; (6) inspection, testing, or other regulation of a wider variety of service facilities; (7) certification of private laboratories that will conduct a variety of environmental analyses for profit; (8) state testing for and issuance of certificates of inspection for motor vehicles; (9) certification of federal permits or authorizations under the federal Clean Water Act; and (10) filing of information with the Alaska State Emergency Response Commission.

Section 66 would revise the existing fee language relating to the air quality permit program, removing it from AS 44.46.025(a) and placing it in a new subsec. (c) of AS 44.46.025. This new subsection authorizes DEC to set fees for program services to cover indirect costs of the program, as well as direct costs. This change is incorporated in the bill because air quality permit program fees must reflect both indirect and direct costs to meet requirements of the federal Clean Air Act.

Section 67 would amend AS 47.07.020(b) to add a new category of persons to the state's optional list of those eligible for federal Medicaid coverage. Through the amendment, the state could claim federal matching money for medical costs now paid entirely from state money. Children under age 21 who are eligible for adoption assistance under AS 25.23.190 - 25.23.220 because of special medical or rehabilitative needs would be added to the optional Medicaid-eligible list under this provision.

Section 68 would amend AS 47.07.035, which lists the order of priority in which groups eligible under the optional Medicaid program will be eliminated from Medicaid coverage when there are insufficient appropriations to cover all optional services and groups. This bill would add, as para. (28) in this list, persons under age 21 who are eligible for adoption assistance due to special medical or rehabilitative needs. Placement of this group as number 28 would mean that this group would be the last to be eliminated for Medicaid coverage in the event of a shortfall of appropriations.

Section 70 repeals certain provisions of Alaska law. AS 13.26.410(b) would be repealed to make a necessary conforming amendment to facilitate the collection of fees by OPA as set out in secs. 33 - 35 of this bill. AS 28.10.011(12) is repealed to remove a reference to mobile homes from AS 28, as described earlier in this letter. AS 28.10.181(k) is repealed to allow the Department of Public Safety (DPS) to no longer register vehicles that are only occasionally used on a highway. This repeal should reduce the workload for DPS, as well. AS 28.22.011(a)(3) is repealed to make a technical amendment to mandatory motor vehicle insurance to conform to the repeal of AS 28.10.181(k), relating to occasional used vehicles. Finally, AS 37.05.210(1) is repealed to remove the statutory requirement for the Department of Administration to make monthly and annual reports on the financial condition and transactions of funds in the state

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accounting system. The department currently prepares these reports by computer on a more frequent basis. The repeal would leave intact the Department of Administration's responsibility to file a year-end report on the financial condition of the state, including financial transactions from the preceding fiscal year.

Section 73 would give transitional authority to allow state agencies to begin the process to adopt regulations as soon as the bill is signed into law, so long as the new regulations do not become effective before the respective effective dates of the relevant sections of this bill. Section 74 of this bill would give this section an immediate effective date.

Section 74 also would provide an immediate effective date for the transitional sections related to temporary fees in state parks and staggered expiration of licenses issued by the Alcoholic Beverage Control Board.

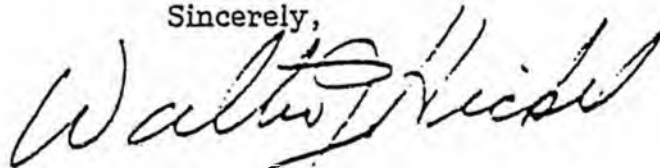
Section 75 would provide a July 1, 1993 effective date for the majority of sections of the bill to coincide with the start of state fiscal year 1994.

Section 76 would provide an effective date of December 31, 1993 to allow a uniform date for the changing from annual to biennial licenses issued by the Alcoholic Beverage Control Board.

Section 77 would give secs. 36 - 43 of this bill an effective date of July 1, 1994 to allow the Alaska Commission on Postsecondary Education to institute the uniform fee assessment for the 1994 - 1995 academic year.

I urge your favorable consideration of this bill.

Sincerely,

A handwritten signature in cursive script, reading "Walter J. Hickel". The signature is written in dark ink and is positioned above the typed name and title.

Walter J. Hickel
Governor

Omnibus Legislation - Fiscal Impact Sectional

Section	Department	Brief Description	Discussion of Fiscal Impact	Revenues (including savings)	Cost
1 thru 32	Revenue	Changes issuances of liquor licenses by the Alcohol Beverage Control Board from the current annual issuance to biennial.	Will enable staff to spread workload out over two years thereby enabling more efficient processing and utilization of existing staffing levels.		
33 thru 35	Administration	Office of Public Advocacy: Will enable OPA to determine a reasonable fee schedule for public guardians.	Due to time required to develop and implement regulations, no revenue is projected for FY 94. Until fee schedule is established, future revenue projections are difficult.	Not yet determined	
36 thru 38	Education	Alaska Commission on Postsecondary Education: Authorizes assessment of a 1% guarantee fee to be used to offset losses due to student loan debt cancellation due to death, disability or bankruptcy of the student.	Total revenue to be generated in FY 94 is 600.0 in corporate receipts	600.0	
39 thru 43	Education	Alaska Commission on Postsecondary Education: Authorizes same 1% guarantee fee as established in sections 36 through 38 in these other loan programs: Memorial Scholarship Loan Program, Teacher Scholarship Loan Program, and Family Education Loan Program.	Total revenue to be generated in FY 94 is 13.0 in corporate receipts	13.0	
44	Labor	Allows department to set fees by regulation for administering certain examinations and processing applications for special boiler and pressure vessel inspector commissions (currently there is no charge).	Anticipate fee of \$25.00 which will annually generate estimated \$375.00 to general fund.	0.4	
45	Labor	Eliminates the current statutory requirement that plumber and electrician certificates of fitness be valid for either one year or three years; gives the department the authority to set time frame by regulation	No fiscal impact; currently revenues fluctuate due to one or three year renewal. Change to a two year certificate will stabilize program receipts coming to the department.		

Omnibus Legislation - Fiscal Impact Sectional

Section	Department	Brief Description	Discussion of Fiscal Impact	Revenues (including savings)	Cost
46	Labor	Eliminates current statutorily prescribed certificate of fitness fees for plumbers and electricians and gives the department the authority to do so by regulation; allows the department to charge for issuing duplicate certificates	Anticipate application and exam fee of \$50.00 to generate 118.5 in program receipts. Of this amount, 93.5 is currently authorized in the Governor's FY 94 operating budget. Fiscal note requests additional authorization of 25.0.	25.0	25.0
47	Public Safety	Alaska Police Standards Council: Authorizes the adoption of regulations to collect fees for processing applications for state certification of non-state police and correctional officers and instructors.	Based on issuance of 170 non-state certificates at a charge of \$50.00 per certificate, an estimate 8.5 in general fund program receipts is expected. The amount is projected to increase by 5% in future years.	8.5	
48	Labor	Increases the application filing fee for employment agency permits from the current \$10 to \$100.	Only eight agencies are currently licensed; fee increase will generate an additional \$720.00.	0.7	
49	Administration	Office of Public Advocacy: Deletes the requirement that OPA provide guardian ad litem in child custody proceedings.	Estimated savings is 100.0. Because OPA is continually underfunded, this reduction was not taken in the Governor's FY 94 operating budget.	100.0	
50	Public Safety	Clarifies department's ability to recover cost in generating computerized vehicle registration lists by clarifying this sale as an electronic service.	No new revenues; "protects" the department's ability to continue collecting the current 100.0 in revenue now collected from vendors who have argued the list should be provided at no charge.		

Omnibus Legislation - Fiscal Impact Sectional

Section	Department	Brief Description	Discussion of Fiscal Impact	Revenues (including savings)	Cost
51	Public Safety	Allows the department to issue special vehicle license plates depicting Alaska wildlife and other images; \$30.00 fee for issuance will be charged.	Estimate 10,000 plates will be annually issued. Contractual cost is 60.0 and estimated annual revenue is 300.0. These costs and revenues are not reflected in FY 94 operating budget.	300.0	60.0
52	Public Safety	Changes the eligibility for free vehicle registration and license plates for disabled persons by narrowing the definition to include only those most in need of special parking. Will put Alaska in compliance with uniform federal regulatory guidelines.	Increased revenue of 16.8 is expected. Based on assumption that 15% (or 480) of current persons with these plates will not qualify and will have to pay regular fees.	16.8	
53	Public Safety	Clarifies current statute that requires car dealers to use two dealer plates per vehicle.	No fiscal impact.		
54	Public Safety	Eliminates authority to issue vehicle titles to mobile homes. Revenue impact is noted in sec. 70.	Will result in loss of revenues based on 50 titles and lien fees of \$10.00 not being issued by Public Safety.	-1.5	
55	Public Safety	Clarifies the statute that senior citizens are entitled to free vehicle registration of only one vehicle each calendar year.	Fiscal impact discussed in sec. 70.		
56	Public Safety	Provides an additional vehicle registration fee of \$10.00 for registration not done by mail	Currently 25-30% of vehicle owners use mail. With this financial incentive, it is estimated 100,000 of the 300,000 "walk in" registrants will use mail. The remaining 200,000 that will continue to "walk in" will generate 2,000.0 in increased revenues.	2,000.0	

Omnibus Legislation - Fiscal Impact Sectional

Section	Department	Brief Description	Discussion of Fiscal Impact	Revenues (including savings)	Cost
57	Public Safety	Clarifies the requirement that companies and businesses that register a vehicle in a company or business name must pay a commercial registration fee.	Estimated revenue increase is 400.0 based on average difference in registration fees of \$ 16.00 for approximately 25,000 vehicles.	400.0	
58	Public Safety	Amends the definition of vehicle in statute to delete "mobile homes."	Relates to section 54; no additional fiscal impact.		
59	Administration	Exempts money that state receives for administering group insurance programs under AS 39.30.090 (primarily health insurance programs) from the definition of program receipts.	The Governor's FY 94 operating budget makes this fund source shift from general fund/program receipts to Benefit Systems Receipts.	683.0	
60 thru 61	Administration	Amend State Insurance Catastrophe Reserve Account statute by providing that payments to the state of insurance claim settlement money and money received as recovery for losses are deposited directly into this account.	No fiscal impact; however will enable compliance with existing federal cost allocation standards. Failure to comply may require state to reimburse some federal funds.		
62	Natural Resources	Clarifies the department's authority to accept cash or other donations to support state park operations	No fiscal impact.		
63	Natural Resources	Expands the department's authority to collect fees for services in state parks; fees would vary for each park.	Installation of estimated 44 fee stations would be phased. Revenue estimate from these fees is reflected in sec. 71.		
64	Administration	Office of Public Advocacy: This section is related to the changes made in sections 33-35; eliminates the requirement that OPA provide free attorney representation in certain cases.	Estimated savings of 100.0 as a result of these changes are included in section 49.		

Omnibus Legislation - Fiscal Impact Sectional

Section	Department	Brief Description	Discussion of Fiscal Impact	Revenue (including savings)	Cost
65	Environmental Conservation	Allows charging of fees for any services relating to programs currently stipulated in AS 44.26.025 (a) (now can only charge for permits and inspections). Also modifies list of services for which fees can be charged to reflect direct costs of program.	Because regulations would have to be adopted, fees would not be collected until FY 95 and projected increased revenues are 700.0. FY 94 cost of implementation is 75.3. This impact is not reflected in FY 94 operating budget.	700.0	75.3
66	Environmental Conservation	Authorized department to set fees for both direct and indirect costs of air quality permit program. Change is required by federal Clean Air Act.	Due to start up delays, revenues and expenditures would not be in place until FY 95.	3,747.1	1,882.0
67	DHSS	Adds new category to state's optional list for federal Medicaid coverage. These are children under age 21 who are eligible for adoption assistance under current law because of special medical or rehabilitative needs.	Estimated FY 94 GF savings is 17.7 which increases in future years. The GF savings is made up by matching federal funds. This savings has not been reflected in FY 94 operating budget.	17.7	
68	DHSS	Adds new category established in section 67 to priority list of Medicaid eligibility list.			
69	Administration	Office of Public Advocacy: Deletes the requirement that OPA represent minors in commitment proceedings (corresponds to section 64 amendment).	Estimated savings of 100.0 as a result of these changes are included in section 49.		
70	Public Safety	Section includes the repeal of the "occasional use" provision which will require owner of vehicles registered under the "occasional use" category to pay full fees.	Average increase as a result of "occasional use" change is \$20.00.	35.1	

Omnibus Legislation - Fiscal Impact Sectional

Section	Department	Brief Description	Discussion of Fiscal Impact	Revenues (including savings)	Cost
71	Natural Resources	Establishes a temporary fee schedule for state parks pending the promulgation of permanent regulations.	FY 94 costs of 76.0 includes installing 18 fee collection stations and the design/production of fee collection envelopes and the fee stations. Revenues of 150.0 are estimated in FY 94 and increase in future years.	160.0	76.0
72	Revenue	Provides the time table for implementing the biennial issuance of liquor licenses by the Alcoholic Beverage Control Board.			
73 thru 77	Multiple	Effective dates			
Total				8,645.6	2,042.3

Back-up



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

March 29, 1993

TO: Representative Ron Larson and Representative Eileen MacLean, Co-Chairs
and
Members, House Finance Committee

FROM: Kent E. Swisher, Executive Director

RE: CS HB 179 (L&C) - Relating to motor vehicles

The Alaska Municipal League supports CS HB 179 (L&C) as it pertains to changes in the Municipal Motor Vehicle Registration Tax authorized in AS 28.10.431. Revision of the tax schedule for this program, which was established in 1978 and has not been changed since that time, is one of the League's priority issues for 1993.

Under the program established by the legislature in 1978, municipalities are given the option of participating in the registration tax program administered on their behalf by the Division of Motor Vehicles or electing to levy local use or property taxes on vehicles. Because of the difficulty of collecting information on ownership of motor vehicles locally, the majority of municipalities that tax motor vehicles have chosen to participate in the state-administered program. By statute, the state keeps 5 percent of taxes collected as an administrative fee. In FY 91, over \$5.2 million was remitted to twelve participating municipalities, and the state retained just over \$276,000 in fees.

Both the value of motor vehicles and local tax rates have increased significantly since 1978, when the tax schedule was established. A study done by the Municipal Finance Officers in 1990 indicated that an increase in the municipal registration tax schedule of over 300 percent would be required to accurately reflect inflation and the increase in local tax rates since 1978. The League and its members are asking for a more modest adjustment in the schedule to partially reflect those increases and to allow for greater equity in the taxation of vehicles compared to other forms of personal property.

Sections 10-13 of CS HB 179 (L&C) call for a 70 percent increase in the schedule over a two-year period and an inflation-driven adjustment in the schedule once every three years after that. This would bring the state-collected tax somewhat closer to what it was originally based on -- the amount of tax that the Municipality of Anchorage would have collected on a moderately priced automobile.

An additional provision of CS HB 179 (L&C) is an increase in the state's administrative fee from 5 to 8 percent.

AML supports CS HB 179 (L&C) as it pertains to the municipal motor vehicle tax and urges your support and timely action on the bill.

Enclosure

93LEG3:hb179.329



Revision of Municipal Motor Vehicle Registration Tax Schedule

The Alaska Municipal League urges the legislature and the governor to support legislation to revise AS 28.10.431, which establishes a schedule for the municipal motor vehicle registration tax. The schedule, which was established in 1978 and has not been changed since then, needs to be revised to reflect changes in the value of motor vehicles and assessment levels. Revising the schedule will allow for greater equity in taxation of vehicles compared to other forms of personal property.

The Alaska Municipal League, which represents 113 local governments and their citizens throughout the State of Alaska, supports legislation that would require the motor vehicle registration tax collected on behalf of municipalities by the state 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 tax schedule, which was originally established in 1978 and has not been changed to reflect increases in the prices of motor vehicles or assessment levels. Updating the schedule would help ensure proportionate and equitable local taxation of 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 on their behalf by the Division of Motor Vehicles or electing to levy local use or property taxes on vehicles. Because of the difficulty of collecting information on ownership of motor vehicles locally, 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.

Table 1: Local Policy on Taxation of Motor Vehicles

Municipality	Form of Taxation
Municipality of Anchorage	State-collected ^a
Bethel	State-collected
Bristol Bay Borough	Full and true value ^b
Cordova	Exempt ^c
Craig	Exempt
Dillingham	State-collected
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	State-collected
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 by local decision.

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 additional revenue received by the state as a result of an adjustment in the schedule will more than compensate the state for the costs of administering the program.

~~Unit 17E~~

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.

HB 65/SB 99 - Revenues and Expenditures						
Section	Dept	Program	Revenues		Savings to GF	Cost
			GF	OF		
36-38	Education	Postsecondary Education Commission: 1% loan guarantee fee on scholarship loan program		500.0		
39-43	Education	Postsecondary Education Commission: 1% loan guarantee fee on other loan programs		13.0		
44	Labor	Ability to charge fees for special boiler and pressure vessel inspector commissions	0.4			
46	Labor	Increase fees for plumbers and electricians	118.5			
47	Pub Safety	Enable Police Standards Council to collect fees for certification on non-state police and correctional officers and instructors	8.5			
48	Labor	Increase fee for employment agency permits	0.7			
49	Admin	Delete Office of Public Advocacy's requirement to provide guardian ad litem in child custody proceedings			-100.0	
51	Pub Safety	Enable issuance of vehicle license plates depicting Alaska wildlife	300.0			
52	Pub Safety	Change eligibility for free vehicle registration and license plates for disabled persons	16.8			
54	Pub Safety	Deletes mobile homes from vehicles subject to registration	-1.5			
56	Pub Safety	Additional vehicle registration for "walk in" registrants	2,000.0			
57	Pub Safety	Clarifies requirement that companies and businesses register vehicle in a company of business name	400.0			
59	Admin	Amends definition of program receipts to not include monies the state receives from the state's health insurance carrier to administer the health insurance program; would be categorized as "system benefits receipts."			683.0	
65	DEC	Allows DEC to charge fees for other activities	700.0			
66	DEC	Authorizes DEC to set fees for indirect costs of air quality program (currently only charges for direct services)	3,747.1			1,882.0
67	DHSS	Adds to Medicaid children eligible for adoption assistance because of special medical or rehabilitative needs			17.7	
70	Pub Safety	Repeals special class of "occasional users of highways" thereby requiring these vehicles to be licensed as regular vehicles	35.1			
71	DNR	Enables parks to charge fees for a number of services	150.0			76.0
Total			7,475.6	513.0	600.7	1,958.0

Attachment IV

REGISTRATION CATEGORIES WITH REDUCED FEES

CLASS	DESCRIPTION	COUNT	REDUCED FEE	NORMAL FEE	REVENUE LOSS
STATE AND LOCAL GOVERNMENT VEHICLES					
1G	GOVT EX - PASS	619	\$5.00	\$35.00	\$18,670.00
1H	STATE - PASS	299	\$0.00	\$35.00	\$10,465.00
1M	GOVT PERS - PASS	16	\$5.00	\$35.00	\$480.00
2G	GOVT EX - MC	2	\$5.00	\$20.00	\$30.00
4G	GOVT EX - PICKUP	2003	\$5.00	\$40.00	\$70,105.00
4H	STATE PICKUP	203	\$0.00	\$40.00	\$8,120.00
5G	GOVT EX - BUS	68	\$5.00	\$155.00	\$9,800.00
5H	STATE - BUS	2	\$0.00	\$155.00	\$310.00
				SUB TOTAL	\$117,980.00
ALL OTHERS					
62	OCCASIONAL USE	1664	\$16.00	\$35.00	\$33,280.00
81	PRIS OF WAR - PASS	25	\$0.00	\$35.00	\$875.00
82	PRIS OF WAR - PICKUP	13	\$0.00	\$40.00	\$520.00
83	PEARL HARBOR - PASS	30	\$0.00	\$35.00	\$1,050.00
84	PEARL HARBOR - PICKUP	5	\$0.00	\$40.00	\$200.00
12	DISABLED VET	428	\$0.00	\$35.00	\$14,980.00
13	HANDICAPPED	3412	\$0.00	\$35.00	\$119,420.00
1F	CALL LETTER - PASS	244	\$0.00	\$35.00	\$8,540.00
1P	CHAR EXEMPT - PASS	1057	\$5.00	\$35.00	\$31,710.00
4F	CALL LETTER - PICKUP	173	\$0.00	\$40.00	\$6,920.00
4P	CHAR EXEMPT - PICKUP	1135	\$5.00	\$40.00	\$39,725.00
5P	CHAR EX - BUS	182	\$5.00	\$155.00	\$28,200.00
	SENIOR CITIZEN	14000	\$0.00	\$35.00	\$490,000.00
				SUB TOTAL	\$776,350.00
				GRAND TOTAL	\$893,330.00

HB

179

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 4/21/93

FURTHER:

DATE TURNED INTO OFFICE: _____

The Finance Committee considered CS FOR HOUSE BILL NO. 179(FIN) and

"An Act relating to motor vehicles and mobile homes; and providing for an effective date."

Died in SFC 1994.

and recommends:

- replace with _____ CS _____ (FINANCE)
- or adopt previous _____ CS _____
- 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

Department	Date	Zero	Fiscal

PREVIOUS FISCAL NOTES

Department	Date	Zero	Fiscal

Appropriation No Fiscal Note

DO PASS.

OTHER RECOMMENDATIONS:

1. _____
Co-Chair: Signature/Recommendation

2. _____
Co-Chair: Signature/Recommendation

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO: CSHB 179(FIN) am

Revision Date: 4/22/93 Dept. Affected: Public Safety
 Title: "An Act relating to motor vehicles" BRU: Motor Vehicles
 Component: Field Services
 Sponsor: House Labor & Commerce
 Requestor: Senate Finance COMPONENT SERIAL NO. 502

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

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES	82.0	109.5	0	0	0	0
TRAVEL						
CONTRACTUAL	55.1	1.6	1.6	1.6	1.6	1.6
SUPPLIES						
EQUIPMENT	15.0					
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	152.1	111.1	1.6	1.6	1.6	1.6
CAPITAL						
REVENUE FUND	2591.0	2731.6	2731.6	2731.6	2731.6	2731.6
SOURCE: 1005						

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts	152.1	111.1	1.6	1.6	1.6	1.6
1006 GF/MHTIA						
Other						
TOTAL	152.1	111.1	1.6	1.6	1.6	1.6

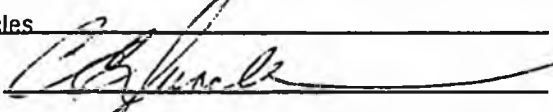
POSITIONS:

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

Estimate of current year (FY 93) impact: \$ none

ANALYSIS: (Attach a separate page if necessary.)

Please see attached.

Prepared By: Juanita Hensley Phone: 465-4361
 Division: Motor Vehicles Date: 4/22/93
 Approved by Commissioner:  Date: 4/22/93
 Agency: Richard W. Burton Dept. of Public Safety

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SECTION 1

This is a technical amendment to reflect the current computer technology in use. The Department of Public Safety uses a relational database in the Alaska Public Safety Information Network (APSIN). With this type of database there is no separate file or database that could be called "the vehicle register". The creation of such a list for sale to user has historically been done for more than 20 years and this amendment clarifies this sale as an electronic service. This protects over \$100,000 in revenue from those vendors who argue that this list should be provided at no charge. There is no fiscal since this amendment clarifies the current situation.

SECTION 2

This Section clarifies Section 1.

SECTION 3

This section would place Alaska in compliance with uniform federal regulatory guidelines for the issuance of handicap plates. These standards limit the plates and the use of special parking places to those persons with mobility handicaps. Current Alaska law allows those with other than mobility handicaps to obtain the plates. Revenue estimates are based on the assumption that 15% or 480 of the 3200 persons with these plates would not qualify and would have to pay regular fees.

Revenue - 480 registrations @ \$35	\$16,800
------------------------------------	----------

SECTION 4

This amendment closes a loop hole in the current law that allows dealers to misuse the dealer plate and prevents further loss of revenue. Since only one dealer was known to have misused the plates the additional revenue will be negligible.

SECTION 5

This amendment takes away the authority to issue vehicle titles to mobile homes. In almost all cases the mobile homes are permanently mounted in trailer parks and should be classed as real property. A title is usually only required when the mobile home is financed because the banks feel getting a vehicle title is easier than filing a UCC lien or a real property lien. Since the title is optional the division usually cannot guarantee ownership since there is no clear chain of documents normally associated vehicle ownership. There would be a small loss of revenue from the approximately 150 titles issued each year.

Revenue - 150 title and lien fees @ \$10 (\$1,500)

SECTION 6

This amendment improves efficiency by removing ambiguity associated with senior citizen exemptions and eliminating associated problems. Many senior citizens buy and sell several vehicles during the year and try to claim exemptions on each one. The statute only allows one exemption per year. There is no fiscal impact.

SECTION 7

Historically only 25-30% of vehicle owners use the mail to renew vehicle registrations. The remainder, over 300,000, come in person to a DMV office adding to the long lines when there is no need to do so. This section charges an additional \$10 for those who do not use the mail service. This approach was taken over giving a discount to those who use the mail because it is a revenue generator rather than a revenue loss. It places the cost directly on those who are creating the efficiency loss. Even with this incentive it is estimated that 200,000 owners will still come in person to renew their vehicles.

Revenue - 200,000 @ \$10 \$2,000,000