

ALASKA LEGISLATURE

1549

HOUSE and SENATE FINANCE COMMITTEE FILES, 1995-1996

1 Sec. 14.48.090. FEES. The commission shall adopt regulations that establish
2 the amount and manner of payment of application fees, authorization or permit fees,
3 renewal fees, investigation fees, and all other fees as appropriate for the authorization
4 to operate under AS 14.48.070 and the agent's permit for services under AS 14.48.080.

5 • Sec. 3. AS 18.80.060(b) is amended to read:

6 (b) In addition to other powers and duties prescribed by this chapter, the
7 commission may

8 (1) delegate to the executive director all powers and duties given it by
9 this chapter except the duties and powers given it by AS 18.80.120 and 18.80.130;

10 (2) call upon the departments and agencies of the state, with the
11 approval of the governor, for cooperation and assistance in carrying out this chapter;

12 (3) hold hearings under AS 18.80.120;

13 (4) establish the amount and manner of payment of fees for
14 services, information, and materials that the commission provides to public and
15 private organizations and other persons.

16 • Sec. 4. AS 23.30.090 is amended by adding new subsections to read:

17 (b) An employer authorized as a self-insurer, except the state, a municipality,
18 a municipal school district, or a regional educational attendance area shall pay to the
19 department, for administrative services provided by the department, a fee of four
20 percent of the total amount reported in the report filed by the employer under
21 AS 23.30.155(m) for the preceding calendar year. The board shall adopt regulations
22 establishing the procedures for payment of the fee under this subsection. The
23 department shall transfer the fees collected under this subsection to the Department of
24 Revenue for deposit in the state treasury.

25 (c) In (b) of this section, "total amount reported" means the total of all
26 temporary total disability payments, temporary partial disability payments, permanent
27 partial disability payments, permanent partial impairment payments, permanent total
28 disability payments, medical benefits, reemployment benefits, health benefits, attorney
29 fees, litigation costs, penalties, interest, and other payments paid by the employer and
30 reported in the employer's annual report filed under AS 23.30.155(m).

31 • Sec. 5. AS 27.30 is amended by adding a new section to read:

1 Sec. 27.30.095. FEES. The commissioner may charge a fee for direct costs
2 incurred by the department in evaluating or auditing an application to certify the credit
3 authorized under AS 27.30.010, including the cost of contractors selected by the
4 commissioner to assist in the evaluation or audit. The fee may not exceed \$500 for
5 each application covering one or more years if the amount claimed in the application
6 is \$1,000,000 or less. The fee may not exceed \$1,000 for each application covering
7 one or more years if the amount claimed in more than \$1,000,000.

- 8 • Sec. 6. AS 29.35 is amended by adding a new section to read:

9 Sec. 29.35.085. COSTS OF PRISONERS. A municipality may charge a
10 prisoner in a municipal facility for room, board, and personal expenses of the prisoner,
11 subject to the ability of the prisoner to pay the charge. A charge imposed under this
12 section may not exceed \$70 per day.

- 13 • Sec. 7. AS 35.10 is amended by adding a new section to article 2 to read:

14 Sec. 35.10.121. MARINE AND HARBOR FACILITY FEES. (a) The
15 department may establish fees, by regulation, for the use of state marine or harbor
16 facilities that provide for the reasonable costs of management, operation, maintenance,
17 and replacement of those facilities.

18 (b) A municipality that leases a state marine or harbor facility under
19 AS 35.10.120 may, by ordinance and in accordance with the lease, establish and
20 collect reasonable fees for the use of those facilities. The municipality shall establish,
21 by ordinance, a separate account into which those fees shall be deposited. The
22 municipality shall disburse money from the account in accordance with the lease and
23 applicable law.

- 24 • Sec. 8. AS 43.40.015(d) is amended to read:

25 (d) A certificate of use is not required

26 (1) for fuel exempted under AS 43.40.100(2)(C) [(F),] or (K); and

27 (2) for fuel exempted under AS 43.40.100(2)(J) other than fuel sold or
28 transferred under this exemption to a person who is engaged in construction or mining
29 activity.

- 30 • Sec. 9. AS 43.70.030(a) is amended to read:

31 (a) The license fee for each business is \$75 for a two-year period (\$25 PER

1 YEAR].

2 • Sec. 10. AS 44.35.040 is amended to read:

3 Sec. 44.35.040. FEES FOR CERTAIN TRAINING. The Department of Military
4 and Veterans' Affairs may adopt regulations establishing reasonable fees for training
5 provided by the department to persons relating to emergency management response.
6 Regulations adopted under this section must establish [THE TRANSPORTATION,
7 STORAGE, OR OTHER MANAGEMENT OF HAZARDOUS SUBSTANCES, AND
8 ESTABLISHING] procedures for the collection of the fees.

9 • Sec. 11. AS 44.46.025(a) is amended to read:

10 (a) The Department of Environmental Conservation may adopt regulations that
11 prescribe reasonable fees, and establish procedures for the collection of the fees, to
12 cover the applicable direct costs, not including travel, of inspections, permit
13 preparation and administration, plan review and approval, and other services provided
14 by the department relating to

15 (1) agriculture and animals under AS 03.05; food, drugs, and cosmetics
16 under AS 17.20; and public accommodations and facilities under AS 18.35;

17 (2) certificates of inspection for motor vehicles under AS 46.14.400 or
18 46.14.510;

19 (3) sewerage system and treatment works and wastewater disposal
20 systems, and drinking water systems, under AS 46.03.720;

21 (4) [REPEALED

22 (5) REPEALED

23 (6)] water and wastewater operator training under AS 46.30;

24 (5) [(7)] control of solid waste facilities under AS 46.03.020(10) and
25 46.03.100;

26 (6) [(8)] certification of laboratories conducting environmental analyses
27 of public drinking water systems or of oil or hazardous substances, or conducting other
28 analyses required by the department;

29 (7) [(9)] certification of federal permits or authorizations under 33
30 U.S.C. 1341, sec. 401 (Clean Water Act);

31 (8) regulation of pesticides and broadcast chemicals under

1 AS 46.03.320 and 46.03.330.

2 * Sec. 12. AS 43.40.100(2)(F) is repealed.

3 * Sec. 13. TRANSITIONAL PROVISION: ADOPTION OF REGULATIONS. The state
4 agencies affected by this Act may proceed to adopt regulations necessary to implement the
5 changes made by secs. 2 - 5, 7, and 9 - 11 of this Act, respectively. The regulations take
6 effect under AS 44.62 (Administrative Procedure Act), but not before the respective effective
7 dates of secs. 2 - 5, 7, and 9 - 11 of this Act.

8 * Sec. 14. TRANSITIONAL PROVISION: TEMPORARY FEE SCHEDULE FOR
9 CERTAIN ACTIVITIES RELATED TO POSTSECONDARY EDUCATIONAL
10 INSTITUTIONS AND AGENTS. Until a new fee schedule is adopted by regulation to
11 implement the changes made by sec. 2 of this Act, the Alaska Commission on Postsecondary
12 Education, or its successor state agency, may charge the fees set out in the following schedule
13 for an authorization to operate an institution in this state and for an agent's permit related to
14 activities for postsecondary educational institutions:

15	(1) authorization to operate	\$100;
16	(2) renewal of authorization to	
17	operate	\$100;
18	(3) an agent's permit	\$ 50;
19	(4) renewal of an agent's permit	\$ 50.

20 * Sec. 15. Section 13 of this Act takes effect immediately under AS 01.10.070(c).

21 * Sec. 16. Sections 1 - 3, 5 - 7, 10, 11, and 14 of this Act take effect July 1, 1996.

22 * Sec. 17. Sections 4 and 9 of this Act take effect January 1, 1997.

CS SB 216(FIN) - RELATING TO FEES CHARGED BY STATE AGENCIES - SECTIONAL

Section	Department	Brief Description	Revenues	
			FY97	Future Years
1	Commerce & Economic Dev	Allows the department to charge costs of hearings related to the real estate surety fund on an ongoing basis rather than upon conclusion of a case. This clarifies and simplifies the real estate surety fund statutes by allowing all hearing costs to be charged to the real estate surety fund.	3.0	
2	Education	Allows the department to set fees by regulation for applications to operate and for agents' permits related to postsecondary education institutions This will allow the corporation to cover costs of this process by allocating these costs across the regulated population. Charges will be based on a sliding scale tied to the tuition/fee revenues of each institution and will set minimums and	62.5	
3	Governor	Allows the Human Rights Commission to charge fees for education and training services and for materials provided to the public The Commission has had to direct more of its limited resources towards enforcement and less to training in recent years. This section will allow the Commission to charge for training to deal with this unmet need. <i>Request technical</i>	5.1	
4	Labor	Requires self-insured employers to pay a fee to cover the costs of activities related to Workers' Compensation claims processing. The bill exempts municipalities, school districts and regional educational attendance areas from these provisions. 4% user fee on all workers compensation costs paid during the previous calendar year. This is similar to the premium tax paid by employers' for WC policies. This fee would cover the cost of processing & hearings on claim disputes before the	671.3	
5	Natural Resources	Allows the department to charge a fee for direct costs of evaluating or auditing an application for exploration credits for mine development.		
6		Allows municipalities to charge prisoners for costs of incarceration subject to prisoners' ability to pay		

CS SB 216(FIN) - RELATING TO FEES CHARGED BY STATE AGENCIES - SECTIONAL

7	Transportation & Public Facilities	Allows the department to charge for the use of state marine or harbor facilities and requires municipalities that lease state marine or harbor facilities to charge comparable fees and account for those fees separately.		
8	Revenue	Removes gasohol from the requirement of use permits		
9	Commerce & Economic Dev	Increases business license fees charged by Occupational Licensing from \$25 per year to \$75 every 2 years The business license fees have not been changed since statehood. The increased revenues will help close the fiscal gap. Occupational licensing collects the current fees on a biannual basis.	841.3	
10	Military & Veterans' Affairs	Allows the department to charge fees for emergency management response training Municipalities, non-profits and for-profit organizations are interested in receiving training on emergency preparedness. The fees will cover travel and facility rental necessary to conduct the training. The trainer is funded from federal FEMA funds.	0.0	4.0
11	Environmental Conservation	Allows the department to charge chemical firms fees for pesticide and broadcast chemical use.	100.0	
12	Revenue	Removes the gasohol from the exemptions from the definition of motor fuel		
13, 14		Transitional language		
15 - 17		Effective dates		
			<hr/> 1,683.2	4.0
PROPOSED AMENDMENT				
New	Environmental Conservation	Allows the department to charge fees for review of subdivision plans for sewage waste disposal or treatment facilities The department will set and collect fees for review of subdivision plans for sewage disposal or treatment. The fees will replace GF transferred from the domestic wastewater program. This will fund technical staff conducting reviews and supporting costs.	220.0	

April 12, 1996

MEMO TO FILE

TO: Finance Committee

BILL/RES. NO.: SENATE BILL NO. 216

"An Act relating to fees or assessment of costs for certain services provided by state government, including hearing costs related to the real estate surety fund; fees for authorization to operate a postsecondary educational institution or for an agent's permit to perform services for a postsecondary educational institution; administrative fees for self-insurers in workers' compensation; business license fees; fees for activities related to coastal zone management, training relating to emergency management response, regulation of pesticides and broadcast chemicals, and subdivision plans for sewage waste disposal or treatment; and providing for an effective date."

ATTENTION: Nancy, Rhonda, Heidi
Senate Secretary's Office

This bill/resolution has not yet received a do pass recommendation.

Leave this note in the file.

SENATE COMMITTEE REPORT
First Committee of Referral

DATE: 2/23/96

FURTHER: Finance

Date of 5-Day Notice: 4/4/96
 (in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: 4/19/96

The Labor & Commerce Com considered SB 216

Omnibus state fees and cost assessments.

PFW's

and recommends:

- be replaced with CS SB 216 (LIC)
- adopt previous CS _____
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to the _____ Committee

- Senate Bill:
- same title
 - new title
- House Bill:
- same title
 - technical title
 - new: SCR _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
		<i>Mike Hilder</i>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
		<i>John Ryan</i>	<input checked="" type="checkbox"/>		
CHAIR: <i>[Signature]</i>		CHAIR: <i>T. Kelly</i>			

NEW FISCAL NOTE(S):

Department	Date	Zero	Fiscal

PREVIOUS FISCAL NOTE(S):*

Department	Date	Zero	Fiscal
Revenue	1/11/96		62.5
Office of Gov.	1/9/96		5.1
Military; Vet. Affs	1/11/96		4.0
DEC	1/11/96		100.0
DEC	1/10/96		220.0
DCEO	1/10/96		741.3
Office of Gov.	1/10/96		32.5

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

DO Labor 1/10/96 (671.3) change in RUM

A M E N D M E N T

OFFERED IN THE SENATE

BY: SENATOR FRANK

TO: CSSB 216 (FIN) [version K, Cook, 5/1/96]

Page 5, Line 20:

Insert a new bill section to read:

* Sec. 15. SUBDIVISION PLAN REVIEWS. It is the intent of the legislature that rather than establish authority for the Department of Environmental Conservation to charge review fees for subdivision plans for sewage waste disposal or treatment submitted under AS 46.03.090 within organized boroughs and municipalities, that each organized borough or municipality should determine if such reviews are necessary. If the borough or municipality determines such reviews are necessary, the borough or municipality may establish an appropriate fee for approving the plans.

Renumber remaining sections.

Page 5, Line 21:

Delete " 11, and 14"

Insert "11, 14, and 15"

5/2/96

Tom -

Tom Cook, Legal

Services, says amend.

language is "awful."

She wants to reword.

Please give her a call.

at 2450.

Kathy

AMENDMENT to bill #6 Amendment #3

moved Sen. Frank w/o objection adopted

OFFERED IN THE SENATE

Sen. Frank

TO: CS SB 216(L&C)

SENATE FINANCE COMMITTEE

Amendment Number: 3
Bill Number: CS SB 216(L&C)
Sponsor: Gov. Date: 4/23/96
Logged In By: JL

Page 1 line 7
Following "response,"
Delete "and"

Page 1, line 8:
Following "chemicals;":
Insert "and subdivision plans for sewage waste disposal or treatment:"

Page 3, after line 29:
Insert new bill subsection to read: outside of an organized borough or municipality
(9) subdivision plans for sewage waste disposal or treatment
submitted under AS 46.03.090.

The fees authorized
by this subsection
may not be levied
for review of
subdivisions being
divided into 4 lots
or less where each
lot is at least one
acre in size.

STATE OF ALASKA

APR 16 1996

TONY KNOWLES, GOVERNOR

DEPT. OF ENVIRONMENTAL CONSERVATION

DIVISION OF ENVIRONMENTAL HEALTH
555 CORDOVA STREET
ANCHORAGE, ALASKA 99501

Telephone: (907) 269-7644
Fax: (907) 269-7654

HAND DELIVERED
April 15, 1996

The Honorable Rick Halford
Co-Chair, Senate Finance Committee
Juneau, AK 99801

Dear Senator Halford:

CSSB 216 (L&C), authorizing user fees for certain activities, has been referred to your committee. When originally introduced, this bill in part would have allowed the Department of Environmental Conservation to charge a fee for reviewing subdivision plans. The Labor and Commerce committee deleted this provision. It is our hope that the Finance Committee will consider adding it back. I have sent a similar letter to Senator Frank.

When the bill was before Labor and Commerce, the primary concern expressed was that DEC's review somehow duplicates work performed by engineers hired by the subdivision developers. Obviously, I did not do a sufficient job at explaining the differences between DEC's role and that of the private engineers. I have therefore put together a brief, but I hope, fuller explanation of what DEC does and why. It is enclosed for your perusal.

There were also statements made by the committee members that since we had general funds to do this work, the Department would be able to continue to perform the plan reviews without fee authority. While that was true at the time, the general funds in the Division of Statewide Public Service that supported this function have since been cut. Therefore, without this fee authority, review of subdivision plans will cease.

The Department does have authority to charge fees for individual lot certification, which is required by lending institutions before they will make loans on homes with an on-lot sewage system. However, when problems arise after the individual lots are developed, the cost to the state and municipality through a CIP fix or to the homeowners can be - and usually is - considerable. I've included some information on this point in the enclosed fact sheet. If the subdivision plans are reviewed before the property is sold, there is an opportunity at that point to resize or reconfigure the lots. It also seems odd to risk spending thousands or millions of dollars on fixing problems that likely would have been prevented for a few hundred dollars.

April 15, 1996

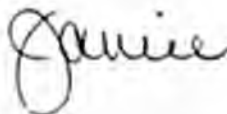
Last week, Don Gilman, the Mayor of the Kenai Peninsula Borough, sent a letter to you about subdivision plan reviews. It expressed his support for continuance of this function by some governmental entity, be it the state or the municipalities. I've enclosed a copy for your easy reference. As Mayor Gilman notes, at this time only Anchorage and Valdez perform this function. He indicates Kenai's willingness to accept this responsibility but points out that most local governments will not voluntarily do so.

This certainly seems to be the case for the Mat-Su Borough, which passed a resolution last month in support of DEC's continuing to perform subdivision plan reviews supported by fees. I've also enclosed a copy of that resolution for your review.

Safe sewage disposal is something everyone needs. It's so basic, most buyers don't consider the possibility they may not have it. Failure to have adequate sewage disposal is not only disgusting, it poses a significant health threat. And, property without an affordable, workable sewage disposal system loses value. While no review can absolutely guarantee a system won't fail, what we have seen is that the systems that have failed are those where no state or municipal review was done.

I will be in Juneau Monday afternoon through Thursday noon and would be happy to answer any questions you or your staff might have on this topic. I can be reached at 465-5065. Thank you for your consideration.

Sincerely,



Janice Adair
Director &
Legislative Liaison

JA/id (EH/g/ch/SB216.fin)

Enclosures:

- Subdivision Plan Review Fact Sheet
- Letter from Mayor Gilman, dated 4-12-96
- Mat-Su Borough Resolution, dated 3-19-96

cc: The Honorable Steve Reiger (w/encl)
The Honorable Bert Sharp (w/encl)
The Honorable Randy Phillips (w/encl)
The Honorable Fred Zharoff (w/encl)
The Honorable Dave Donley (w/encl)

SUBDIVISION PLAN REVIEW

- **What is a subdivision plan review?**

Subdivision plans are reviewed to ensure that proposed lots are sized properly to support safe sewage treatment and disposal.

- **Why are these reviews done, and who does them?**

Ensuring the proposed lots in a subdivision can accommodate safe and economical sewage treatment and disposal is a basic governmental public health review of the subdivision. Equally important, ensuring proper sewage disposal helps maintain property values.

The subdivision review is the first and sometimes only opportunity for the state or municipal government to work with developers and their engineers to assure consistent and proven concepts are applied in dealing with sewage disposal issues.

In most places in the state, it is the Department of Environmental Conservation which does these reviews. However, a municipality may opt through adoption of an ordinance to undertake this activity. Both the Municipality of Anchorage and Valdez have done so.

- **Doesn't this duplicate what private engineers do for the developers?**

Whereas private engineers work with the developer on an individual subdivision and ensures compliance with Title 29, state or municipal review looks at the setting of the subdivision in relation to other subdivisions, adjacent lots, ground water, drinking water, other nearby waterbodies and so on. It's more of a public health review, rather than strictly an engineering review and ensures compliance with Title 46.

- **So what? Why is this important?**

A lot or subdivision that has a failing sewage disposal system can't be sold - banks won't issue a loan, even if there was a willing buyer. Homesites can end up with raw sewage on the ground or contaminated drinking water wells when a system fails.

While nothing can guarantee there will never be a problem, subdivision review is the best insurance we have to head off million-dollar problems for communities, and thousand-dollar problems for individual homeowners. It's a pay-now-or-pay-later situation. Some examples are on the back.

- **How much will it cost and who will pay?**

The Department estimates that the fee would run about \$300 per subdivision. The average subdivision has 7 lots, so the fee would be equal to about \$43 per lot. The developer of the property would pay the fee, though it's likely it would be passed on as a small increase in the cost of each lot. It's important to remember though that it can cost homeowners tens of thousands of dollars to correct the problems with sewage disposal this review is intended to avoid.



KENAI PENINSULA BOROUGH

144 N. BINKLEY SOLDOTNA, ALASKA 99669-7599
BUSINESS (907) 262-4441 FAX (907) 262-1892

VIA FAX 465-4228

DON GILMAN
MAYOR

April 12, 1996

The Honorable Senator Rick Halford, Co-Chairman
Senate Finance Committee
State Capitol, Room 508
Juneau, Alaska 99801-1182

Dear Senator Halford:

Janice Adair from the Alaska Department of Conservation has asked that I comment to you on the pending proposal to either authorize a \$250 plan review fee for ADEC review of subdivisions or transfer that review responsibility to local governments. As you know, Unified Municipalities like Anchorage, Juneau, Sitka and Boroughs such as the Kenai Peninsula Borough must review and approve subdivisions according to standards established under Title 29 of the Alaska Statutes. Currently only Anchorage and Valdez include within their subdivision review water and wastewater regulations. The rest of the communities rely upon ADEC to perform this function.

It is my opinion that the Kenai Peninsula Borough would accept the review function if ADEC discontinued its plan check. It is my understanding that subdivision review is not a function which ADEC must perform but one which has been assumed because the water and wastewater review was not required at the local level. I have consulted with our planning commission on this issue and it was their view that the professional surveyors and engineers who submit the plats to the borough could provide evidence of the water/wastewater requirements in any particular subdivision. This would eliminate the necessity for ADEC review. However, unless either the legislature or ADEC requires the local governments to perform this function it is safe to assume that not all local governments will take on this task.

If the Kenai Peninsula Borough were to include water/wastewater plan review by the professional surveyors the added cost which the borough would incur would be incorporated into the subdivision review charge which we periodically adjust. Currently we charge \$60 for plats which have 4 lots or less and \$75+\$2.00 per lot for plats with more than 4 lots. Added costs for water/wastewater review would be minimal because the developer would be paying the professional engineer for the investigation of the property and the out of pocket expenses. The borough can do this because we already have staff that are dedicated full time to subdivision review. Under any circumstances the developer of the land should bear the expense of the review and in my opinion the reviews should continue.

I hope I haven't bored you to death with detail and this information can be some help in your deliberations on this matter.

Sincerely yours,

Don Gilman
Kenai Peninsula Borough Mayor

DG:bd

cc: Ms. Janice Adair

CORRECTION

THE FOLLOWING DOCUMENT(S)
HAVE BEEN REFILMED TO
ASSURE LEGIBILITY OR PAGINATION



Rev. 6/98

Central Microfilm Services
Department of Education
State of Alaska

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EXAMPLES

- *Talkeetna and Wasilla.* The Talkeetna area was so saturated with failing septic systems, the state and federal governments had to install a \$5.6 million sewer system. In Wasilla, a similar problem wound up costing \$14 million.
- *Castaway Cove/Kenai.* People who purchased lots in two riverside subdivisions, at premium riverside prices, found the lots could not support on-lot septic systems. They can build nothing more than boathouses.
- *McDonald Spit/Kenai.* A five acre tract was subdivided into lots that were too small to accommodate on-site sewage treatment. The lots were sold, and the purchasers found they were unable to secure loans to build on their property and are facing substantial costs to accommodate on-site disposal.
- *Fairbanks.* As septic failures surface in Fairbanks subdivisions, as as more people crowd out the existing systems' capacities, homeowners who want to buy or sell property are having to spend \$6,000 to \$10,000 per lot to install proper sewage disposal systems.
- *Chugiak.* When septic systems on residential property failed in Chugiak, ground water - the source for the Chugiak Elementary school's drinking water became contaminated. The school had to abandon it's well and install a connection to the municipal water system. It will also have to upgrade its onsite wastewater system. Cost, about \$2 million - and this doesn't include the cost to the individual homeowners.



KENAI PENINSULA BOROUGH

144 N BINKLEY SOLDOTNA, ALASKA 99869-7599
BUSINESS (907) 262-4441 FAX (907) 262-1892

VIA FAX 465-4928

DON GILMAN
MAYOR

April 12, 1996

The Honorable Senator Rick Halford, Co-Chairman
Senate Finance Committee
State Capitol, Room 508
Juneau, Alaska 99801-1182

Dear Senator Halford:

RICK

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Sincerely yours,

Don Gilman
Kenai Peninsula Borough Mayor

DG:M

cc: Ms. Janice Adair

Adopted: 3/19/96

**MATANUSKA-SUSITNA BOROUGH
RESOLUTION SERIAL NO. 96-016**

A RESOLUTION OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY SUPPORTING ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION REVIEW OF SUBDIVISION PLANS AND CHARGING APPROPRIATE USER FEES.

WHEREAS, ground water is an important drinking water source to the residents of the Matanuska-Susitna Borough and needs to be protected from overdevelopment or improper development of land; and

WHEREAS, ground water and surface water are valuable economic resources, and the protection of these resources is of concern to the residents of the Matanuska-Susitna Borough; and

WHEREAS, Alaska Department of Environmental Conservation has numerous statutorily delegated duties, such as water and wastewater plan reviews, and protection of ground and surface waters; and

WHEREAS, Alaska Department of Environmental Conservation has the engineering expertise to conduct subdivision plan reviews to assure that subdivision lots can be properly developed with wastewater disposal systems; and

WHEREAS, Alaska Department of Environmental Conservation's budget in the Domestic Wastewater Program has been significantly reduced since 1992; and

WHEREAS, other partners of this program transfer much of the service cost to the user; and

WHEREAS, the Matanuska-Susitna Borough is recovering from a long debilitating recession, elimination of the Alaska Department:


of Environmental Conservation subdivision plan wastewater disposal reviews will cause economic hardship in the Borough; and

WHEREAS, the Matanuska-Susitna Borough would need to hire additional engineering staff to conduct such reviews, at substantial costs; and

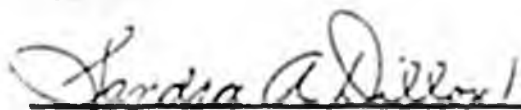
WHEREAS, the Alaska Department of Environmental Conservation should charge user fees to the subdivision developer which recovers the costs associated with subdivision plan reviews, so there is no net cost to the state.

NOW THEREFORE, BE IT RESOLVED, that the Matanuska-Susitna Borough Assembly supports the continuation of the Alaska Department of Environmental Conservation's subdivision plan review responsibilities and the proposed amendment to AS 44.06.025(A) to allow for the charging of appropriate user fees for this service.

ADOPTED by the Matanuska-Susitna Borough Assembly this 19th day of March, 1996.


BARBARA LACHER, Borough Mayor

ATTEST:


SANDRA A. DILLON, Borough Clerk

(SEAL)

AMENDMENT

SENATE FINANCE
COMMITTEE

OFFERED IN THE SENATE

TO: CS SB 216(L&C)

Amendment Number: 1

Bill Number: CS SB 216(L&C)

Sponsor: Gov. Date: 4/23/96

Logged In By: AN

Page 1, line 5:

Following "compensation:"

Insert "fees for services and materials provided by the Human Rights
Commission;"

Page 2, after line 11:

Insert new bill section to read:

*Sec. 3. AS 18.80.060(b) is amended to read:

(b) In addition to other powers and duties prescribed by this chapter, the
commission may

(1) delegate to the executive director all powers and duties given it
by this chapter except the duties and powers given it by AS 18.80.120 and 18.80.130;

(2) call upon the departments and agencies of the state, with the
approval of the governor, for cooperation and assistance in carrying out this chapter;

(3) hold hearings under AS 18.80.120;

(4) establish the amount and manner of payment of fees for
services, information and materials that the commission provides to public and private
organization and other person.

Renumber the following bill sections accordingly:

Page 4, line 1:

Delete "secs. 2 - 6"

Insert "secs. 2 - 7"

Page 4, line 3:

Delete "secs. 2 - 6"

Insert "secs. 2 - 7"

Page 4, line 16:

Delete "Section 7"

Insert "Section 8"

Page 4, line 17:

Delete "Sections 1, 2, 5, 6, and 8"

Insert "Sections 1, 2, 3, 6, 7, and 9"

Page 4, line 18

Delete "Sections 3 and 4"

Insert "Sections 4 and 5"

AMENDMENT

SENATE FINANCE

COMMITTEE

Amendment Number: 2

Bill Number: CS SB 216(L&C)

Sponsor: Gov. Date: 4/23/96

Logged In By: EV

OFFERED IN THE SENATE

TO: CS SB 216(L&C)

Page 1, line 6:

Following "compensation:"

Insert "fees for activities related to coastal zone management;"

Page 2, after line 29:

Insert new bill section to read:

*Sec. 5. AS 44.19.145(a)(11) is amended to read:

(11) render, on behalf of the state, all federal consistency determinations and certifications authorized by 16 U.S.C. 1456 (Sec. 307, Coastal Zone Management Act of 1972), and each conclusive state consistency determination when a project requires a permit, lease, or authorization from two or more state resource agencies; the office may adopt regulations to charge fees for services provided under this paragraph.

Renumber the following bill sections accordingly:

Page 4, line 1:

Delete "secs. 2 - 6"

Insert "secs. 2 - 7"

Page 4, line 3:

Delete "secs. 2 - 6"

Insert "secs. 2 - 7"

Page 4, line 16:

Delete "Section 7"

Insert "Section 8"

Page 4, line 17:

Delete "Sections 1, 2, 5, 6, and 8"

Insert "Sections 1, 2, 5 - 7, and 9"

AMENDMENT

OFFERED IN THE SENATE

TO: ^{CS} SB 216(L+C)

SENATE FINANCE
COMMITTEE

Amendment Number: 4

Bill Number: CS SB 216(L+C)

Sponsor: Gov. Date: 4/23/96

Logged In By: AL

Page 1, line 8:

Following "chemicals,":

Delete "and"

Following "treatment":

Insert ", and state marine and harbor facilities and the lease of those facilities"

Page 2, following line 26:

Insert a new bill section to read:

* Sec. 4. AS 35.10 is amended by adding a new section to article 2 to read:

Sec. 35.10.121. MARINE AND HARBOR FACILITY FEES. (a) The department may establish fees, by regulation, for the use of state marine or harbor facilities that provide for the reasonable costs of management, operation, maintenance, and replacement of those facilities.

(b) A municipality that leases a state marine or harbor facility under AS 35.10.120 shall, by ordinance and in accordance with the lease, establish and collect reasonable fees for the use of those facilities. ~~At minimum, the fees may not~~

~~be less than the fees established by the department for that type of facility under (a) of~~
~~this section.~~ The municipality shall establish, by ordinance, a separate account into
which those fees shall be deposited. The municipality shall disburse money from the
account in accordance with the lease and applicable law."

Renumber the following bill sections accordingly.

Page 4, line 1:

Delete "secs. 2 - 6"

Insert "secs. 2 - 7"

Page 4, line 3:

Delete "secs. 2 - 6"

Insert "secs. 2 - 7"

Page 4, line 16:

Delete "Section 7"

Insert "Section 8"

Page 4, line 17:

Delete "Sections 1, 2, 5, 6, and 8"

Insert "Sections 1, 2, 4, 6, 7, and 9"

Page 4, line 18:

• Delete "Sections 3 and 4"

Insert "Sections 3 and 5"

AMENDMENT

SENATE FINANCE
COMMITTEE

Amendment Number: 5
Bill Number: CS SB 216(L&C)
Sponsor: Gov. Date: 4/23/96
Logged In By: RL

OFFERED IN THE SENATE

TO: CS SB 216(L&C)

Page 1, line 5:

Following "compensation:"

Insert "fees for evaluating or auditing applications for exploration incentive credits:"

Page 2, after line 26:

Insert new bill sections to read:

"*Sec. 4. AS 27.30 is amended by adding a new section to read:

Sec. 27.30.095. FEES. The commissioner may charge a fee for direct costs incurred by the department in evaluating or auditing an application to certify the credit authorized under AS 27.30.010, including the cost of contractors selected by the commissioner to assist in the evaluation or audit. The fee may not exceed \$500 for each application covering one or more years if the amount claimed in the application is \$1,000,000 or less. The fee may not exceed \$1,000 for each application covering one or more years if the amount claimed is more than \$1,000,000.

Renumber the following bill sections accordingly.

Page 4, line 1:

Delete "secs. 2 - 6"

Insert "secs. 2 - 7"

Page 4, line 3:

Delete "secs. 2 - 6"

Insert "secs. 2 - 7"

Page 4, line 16:

Delete "Section 7"

Insert "Section 8"

Page 4, line 17:

Delete "Sections 1, 2, 5, 6, and 8"

Insert "Sections 1, 2, 4, 6, 7, and 9"

Page 4, line 18:

Delete "Sections 3 and 4"

Insert "Sections 3 and 5"

APR 16 1996

OFFICE OF THE GOVERNOR

OFFICE OF MANAGEMENT AND BUDGET

P.O. BOX 110020
JUNEAU, ALASKA 99811-0020
PHONE: (907) 465-4660
FAX: (907) 465-3008

April 16, 1996

The Honorable Steve Frank
The Honorable Rick Halford
Co-Chairs, Senate Finance Committee
State Capitol
Juneau, AK 99801-1182

Dear Senators:

By request of the Governor, SB 216 ("An Act relating to fees or assessments of costs...") was introduced and, subsequently, referred to your committee. On behalf of Governor Knowles, I respectfully request that this legislation be scheduled for a hearing.

This measure represents the Governor's goal to find areas that can, and should, be supported by user fees. This legislation can bring almost an additional \$1.7 million to the state treasury to support the costs of emergency response training, processing sewage disposal and treatment plans, regulation of pesticides and broadcast chemicals, and administrative fees for self-insurers in workers' compensation. This bill also includes new revenue that would go directly to the unrestricted general fund as an additional revenue source and does not support specific current expenses of the state.

This administration is committed to working with you to find means of providing needed services with less general fund revenues. I urge you to schedule this legislation.

Your attention to this request is greatly appreciated.

Sincerely,



Annalee McConnell
Director

cc: Senator Steve Reiger
Senator Bert Sharp
Senator Randy Phillips
Senator Fred Zharoff
Senator Dave Donley

SENATE FINANCE COMMITTEE REPORT

DATE: 5/2/96

DATE TURNED INTO OFFICE: 5-2-96

The Finance Committee considered SENATE BILL NO. 216

Relating to fees or assessment of costs for certain services provided by state government; efd.

and recommends:

- be replaced with _____ CS SB 216 (FIN)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by the Finance Committee
- further referral to the _____ Committee

Senate Bill: same title
 new title
 House Bill: same title
 technical change
 new: SCR# _____

SIGNING <u>DO</u> PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
		<i>Steve Kim</i>			
		<i>Paul E. [unclear]</i>			
		<i>[unclear]</i>			
		<i>[unclear]</i>			
Co-Chair: <i>[Signature]</i>	<input checked="" type="checkbox"/>	Co-Chair: <i>[Signature]</i>			
Co-Chair: <i>[Signature]</i>		Co-Chair: <i>[Signature]</i>			

NEW FISCAL NOTE(S):

Department	Date	Zero	Fiscal

PREVIOUS FISCAL NOTE(S):*

Department	Date	Zero	Fiscal

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

APR 16 1996

OFFICE OF THE GOVERNOR

OFFICE OF MANAGEMENT AND BUDGET

P.O. BOX 110020
JUNEAU, ALASKA 99811-0020
PHONE: (907) 465-4660
FAX: (907) 465-3008

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Juneau, AK 99801-1182

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Sincerely,



Annalee McConnell
Director

cc: Senator Steve Reiger
Senator Bert Sharp
Senator Randy Phillips
Senator Fred Zharoff
Senator Dave Donley

CS SB 216(L&C) - RELATING TO FEES CHARGED BY STATE AGENCIES - SECTIONAL

Section	Department	Brief Description	Revenues	
			FY97	Future Years
1	Commerce & Economic Dev	Allows the department to charge costs of hearings related to the real estate surety fund on an ongoing basis rather than upon conclusion of a case. This clarifies and simplifies the real estate surety fund statutes by allowing all hearing costs to be charged to the real estate surety fund.	3.0	
2	Education	Allows the department to set fees by regulation for applications to operate and for agency permits related to postsecondary education institutions. It will allow the corporation to cover costs of this process by allocating these costs across the regulated population. Charges will be based on a sliding scale tied to the tuition/fee revenues of each institution and will set minimums and maximums.	62.5	
3	Labor	Requires self-insured employers to pay a fee to cover the costs of activities related to Workers' Compensation claims processing. The bill exempts municipalities, school districts and regional educational attendance areas from these provisions. A 4% user fee on all workers compensation costs paid during the previous calendar year. This is similar to the premium tax paid by employers' for WC policies. This fee would cover the cost of processing & hearings on claim disputes before the	671.3	
4	Commerce & Economic Dev	Increases business license fees charged by Occupational Licensing from \$25 per year to \$75 every 2 years. The business license fees have not been changed since statehood. The increased revenues will help close the fiscal gap. Occupational licensing collects the current fees on a biannual basis.	841.3	
5	Military & Veterans' Affairs	Allows the department to charge fees for emergency management response training. Municipalities, non-profits and for-profit organizations are interested in receiving training on emergency preparedness. The fees will cover travel and facility rental necessary to conduct the training. The trainer is funded from federal FEMA funds.	0.0	4.0

New Natural Resources Allows the department to charge a fee for direct costs of evaluating or auditing an application for exploration credits for mine development.

CORRECTION

THE FOLLOWING DOCUMENT(S)
HAVE BEEN REFILMED TO
ASSURE LEGIBILITY OR PAGINATION



Rev 6/98

Central Microfilm Services
Department of Education
State of Alaska

CS SB 216(L&C) - RELATING TO FEES CHARGED BY STATE AGENCIES - SECTIONAL

Section	Department	Brief Description	Revenues	
			FY97	Future Years
1	Commerce & Economic Dev	Allows the department to charge costs of hearings related to the real estate surety fund on an ongoing basis rather than upon conclusion of a case. This clarifies and simplifies the real estate surety fund statutes by allowing all hearing costs to be charged to the real estate surety fund.	3.0	
2	Education	Allows the department to set fees by regulation for applications to operate and for agents' permits related to postsecondary education institutions. This will allow the corporation to cover costs of this process by allocating these costs across the regulated population. Charges will be based on a sliding scale tied to the tuition/fee revenues of each institution and will set minimums and maximums.	62.5	
3	Labor	Requires self-insured employers to pay a fee to cover the costs of activities related to Workers' Compensation claims processing. The bill exempts municipalities, school districts and regional educational attendance areas from these provisions. 4% user fee on all workers compensation costs paid during the previous calendar year. This is similar to the premium tax paid by employers' for WC policies. This fee would cover the cost of processing & hearings on claim disputes before the	671.3	
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5	Military & Veterans' Affairs	Allows the department to charge fees for emergency management response training. Municipalities, non-profits and for-profit organizations are interested in receiving training on emergency prep. readiness. The fees will cover travel and facility rental necessary to conduct the training. The trainer is funded from federal FEMA funds.	0.0	4.0

6	Environmental Conservation	Allows the department to charge chemical firms fees for pesticide and broadcast chemical use.	100.0	
8		Transitional language		
9 - 11		Effective dates		
Proposed Amendments			TOTAL	1,678.1
New	Governor	Allows the Human Rights Commission to charge fees for education and training services and for materials provided to the public The Commission has had to direct more of its limited resources towards enforcement and less to training in recent years. This section will allow the Commission to charge for training to deal with this unmet need. <i>Request technical amendment to</i>	5.1	
New	Governor	Allows the Division of Governmental Coordination to charge fees for federal consistency determinations Consistency review process provides a consolidated state response to coastal development projects and related state and federal permit applications. This will allow DGC to charge industry for large and medium size projects. The funds will be used to assemble a team to facilitate early design and review of particular projects. Projects could include forest products manufacturing facilities, oil & gas development projects and mine development in the coastal areas.	0.0	32.5
New	Environmental Conservation	Allows the department to charge fees for review of subdivision plans for sewage waste disposal or treatment facilities The department will set and collect fees for review of subdivision plans for sewage disposal or treatment. The fees will replace GF transferred from the domestic wastewater program. This will fund technical staff conducting reviews and supporting costs.	220.0	
New	Transportation & Public Facilities	Allows the department to charge for the use of state marine or harbor facilities and requires municipalities that lease state marine or harbor facilities to charge appropriate fees and account for those fees separately.		

New Natural Resources Allows the department to charge a fee for direct costs of evaluating or auditing an application for exploration credits for mine development.

TONY KNOWLES
GOVERNOR



P O Box 110001
Juneau, Alaska 99811-0001
(907) 465-3500
Fax (907) 465-3532

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 12, 1996

The Honorable Drue Pearce
President of the Senate
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear President Pearce:

As we work to close Alaska's budget gap, my fiscal plan combines spending cuts with increases in certain fees and taxes. This fee bill asks users of state services to take responsibility and help cover the costs of the agencies that serve them.

Section 1 of the bill would grant to the Real Estate Commission the power to charge the real estate surety fund for claim hearing costs as they are incurred. Presently, the commission must await the conclusion of a hearing before charging the fund. Because these costs may have been incurred during a fiscal year that has since been "closed out," the costs often cannot be reimbursed from the surety fund. In addition, this section would delete a misleading statutory reference to clarify that only the costs of surety fund claim hearings, and not the costs of all disciplinary hearings, may be charged to the fund.

Section 2 would allow the Alaska Commission on Postsecondary Education to charge fees for processing educational institutions' applications for authorization to operate, along with application fees for the institutions' agent permits.

Section 3 of the bill would authorize the State Commission for Human Rights to establish and charge fees for educational and training services and for information and materials the commission provides to the public. This amendment would help the commission cover costs associated with its education efforts to eliminate discrimination.

The Honorable Drue Pearce

January 12, 1996

Page 2

Section 4 of the bill would establish an administrative fee for self-insured employers under the Alaska Workers' Compensation Act. Most employers currently pay a portion of the cost of running the state workers' compensation program through their insurance premium tax. Self-insured employers, however, are receiving the same state services but are not currently contributing to the cost of running the system. Under this bill, employers would share in those costs.

Section 5 would change the biennial fee for a business license from \$50 to \$75. This would mark the first fee increase since statehood.

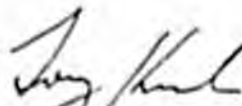
Section 6 of the bill would allow the Division of Governmental Coordination in the Office of the Governor to adopt regulations to charge for services related to federal consistency determinations and certifications under the Coastal Zone Management Act.

Section 7 of the bill would authorize the Department of Military and Veterans' Affairs to adopt regulations setting reasonable fees for classes and seminars on emergency response procedures.

Section 8 of the bill would authorize the Department of Environmental Conservation to adopt regulations setting fees for the regulation of pesticides and broadcast chemicals and for the review of subdivision plans for sewage waste disposal or treatment.

This legislation, coupled with my spending plan, is a step toward closing Alaska's budget gap. I urge your prompt consideration and passage of this bill.

Sincerely,



Tony Knowles
Governor

SENATE FINANCE COMMITTEE REPORT

DATE: 4/12/96

DATE TURNED INTO OFFICE: 5-2-96

The Finance Committee considered SB 216

Omnibus state fees and cost assessments.

and recommends:

- be replaced with _____ CS SB 216 (Fix)
- adopt previous _____ CS _____
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to the _____ Committee

- Senate Bill:
- same title
 - new title
- House Bill:
- same title
 - technical change
 - new: SCR# _____

SIGNING <u>DO</u> PASS	DP	OTHER RECOMMENDATIONS	NR	DNP	AM
		<i>Steve King</i>	✓		
		<i>Paul E. Hoff</i>	✓		
		<i>Paul E. Hoff</i>	✓		
<i>Bob King</i>	✓				
Co-Chair: <i>Steve King</i>		Co-Chair:			
Co-Chair: <i>Paul E. Hoff</i>		Co-Chair: <i>Paul E. Hoff</i>	✓		

NEW FISCAL NOTE(S):

Department Date Zero Fiscal

PREVIOUS FISCAL NOTE(S):*

Department Date Zero Fiscal

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

SB

226

HFIN

FILE

HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: March 19, 1996

FURTHER REFERRALS:

Date of Committee Action: 4/11/96

The FINANCE Committee considered:

CSSB 226(FIN) am

CS FOR SENATE BILL NO. 226(FIN) am

MOTOR VEHICLE REGISTRATION/EMISSIONS

"An Act relating to biennial registration of motor vehicles; imposing biennial registration fees on motor vehicles and setting the statutory amounts of a scheduled biennial municipal tax on motor vehicles; relating to motor vehicle emissions control programs; and providing for an effective date."

recommends it be replaced with the following committee substitute HCS CSSB 226(FIN) the same title a new title

additional referral to _____ Committee

attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dep.)

APPROVES PREVIOUS: (Dep., Date)

fiscal note(s) PPS

fiscal note(s) _____

zero fiscal note(s) _____

zero fiscal note(s) _____

SIGNING WITH RECOMMENDATIONS		DP	DNP	NR	AM
<i>Richard Josey</i>	Foster	X			
<i>Mark Hanley</i>	Hanley	X			
<i>John Mulder</i>	Mulder	X			
<i>Tony Martin</i>	Martin	X			
<i>Neil Kohring</i>	Kohring	X			
<i>Ben Grossenbart</i>	Grossenbart			X	
<i>Ray Brown</i>	Brown				X
<i>Walter Kelly</i>	Kelly	V			
<i>Gene Theriault</i>	Theriault	X			

CO CHAIR'S SIGNATURE *Mark Hanley* *Richard Josey*

FISCAL NOTE

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL NO: HCS CSSB 226(FIN)

Revision Date: 4/11/96 Dept. Affected: Public Safety
 Title: An act relating to biennial registration of motor vehicles imposing biennial registration fees BRU: Motor Vehicles
 Component: Field Services
 Sponsor: Senator Frank
 Requestor: H.FIN. COMPONENT SERIAL NO. 0501

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

OPERATING	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL	5.5	(52.9)	(119.0)	(119.0)	(119.0)	(119.0)
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	5.5	(52.9)	(119.0)	(119.0)	(119.0)	(119.0)
CAPITAL EXPENDITURES						
CHANGE IN REVENUES (1005) Revenue Code	5,069.5	5,053.3	(548.7)	(548.7)	(548.7)	(548.7)

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GE Match						
1004 GE		(52.9)	(119.0)	(119.0)	(119.0)	(119.0)
1005 GE/Program Receipts						
1006 GE/MHTIA						
Other						
TOTAL						

Estimate of current year (FY 96) impact: \$ _____

POSITIONS:

FULL-TIME	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS (Attach a separate page if necessary)

SEE ATTACHED

Prepared By: Charles R. Hosack Phone: 260-5559
 Division: Motor Vehicles Date: 4/11/96
 Approved by Commissioner: *Ronald L. Otte* Date: 4-11-96
 Agency: Ronald L. Otte, Dept. of Public Safety

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For further distribution information call the Governor's Legislative Office

ANALYSIS

This bill will require all vehicles to be registered on a biennial rather than an annual basis. This bill will reduce some of the workload for DMV but it will not reduce it by 50%. The annual renewal of registration is one of the easiest transactions to process and the total volume of annual renewal transactions is only 15%-20% of the total workload for the division. The average renewal transaction takes less than a minute to process as compared to 10 minutes for a vehicle title change or a driver license renewal, 45 minutes for an original non-commercial driver license with road test, or 3 hours for an original commercial driver license with a road test.

In 1995 there were approximately 150,000 original registrations for new vehicles and vehicles first coming into the state and there were approximately 430,000 registration renewals. The total number of registration transactions, 580,000, will be the basis for estimating costs and revenue for the biennial program.

The bill does exempt rental vehicles from biennial registration and allows them to continue with an annual registration. This would have no revenue impact since this is no change from the current status.

The bill creates a special exemption that requires the department to waive the \$10 fee paid on registration renewals not conducted by mail if the registration is done by an authorized contract agent. This amendment will increase operating costs and decrease revenue. In FY 95, a total of \$31.7 was collected from owners who did not renew by mail but instead renewed their registrations at a commission agent. This revenue will be lost with the new exemption. Also some of the owners who began using the mail to avoid the \$10 fee will revert back to using the commission agents. This will increase operating costs since the agents are paid a percentage of the gross revenue collected. A comparison was made using the two years before the fee was imposed and the two years after the fee was imposed. The registration renewals at commissioned agents decreased an average of 3714 after the fee was imposed. Some may continue to use the mail but it will be assumed that 50% of these will not. The 1857 registrations at an average of \$40 will increase commission agent revenue collections by \$74.3. Commission agents are paid 15% of the gross revenue so this will generate an additional \$11.1 in commission agent payments. Since the effective date is January 1, 1997, half of the revenue and expenditure amount will be shown in FY 97 and the full amount will be shown in FY 98 and after.

Operating Costs/Savings

There will be cost savings in forms and postage since only 50% of the vehicles will be sent renewal notices each year after the phase in period. There will also be a savings in postage for the return renewals for the 60% of vehicles registered by mail. The cost savings will begin in Jan 98 with half the savings shown in FY 98 and the full amount in each thereafter. These savings are shown as follows:

Postage		
260,000 renewal notices @ \$0.27		\$70.2
156,000 mail renewals @ \$0.32		\$50.0
Forms		
260,000 forms @ \$0.03		\$7.8
	Savings	\$128.0
Commission Payment Increase (beginning Jan 97)		\$11.1

Revenue

This bill increases the registration fees for all vehicles which for this estimate is the 580,000 registration transactions in 1995. The new registration amount is twice the current amount minus \$2. During the first year of the phase-in period there will be an increase in revenue since all vehicles will be required to register but 50% will pay the higher fees for the biennial period. This increase will be shown half in FY 97 and half in FY 98. The total amount of the increase is based on the amount collected in FY 95 for registration which was \$21,500,000.00. During the first complete year of the program all vehicles will be required to register and half will pay the higher fees for biennial registration. The one time revenue increase will be shown in two full years. After the first year of the program only half the vehicles will register but they will pay the higher fees. There will be a small revenue loss because the new fees are \$2.00 less than doubling the current fees.

The \$10 fee exemption for registration renewals conducted at commission agents will decrease revenue by \$31.7 annually. Only half of this decrease will be shown in FY 97.

FISCAL NOTE

2

STATE OF ALASKA
1996 LEGISLATIVE SESSION

BILL

Bill Version: CSSB 226 (FIN)
 (S) Publish Date: 3-12-96

Revision Date: 3/8/96 Dept. Affected: Public Safety
 Title: An act relating to biennial registration of motor BRU: Motor Vehicles
vehicles imposing biennial registration fees ... Component: Field Services
 Sponsor: Senator Frank
 Requestor: S FIN COMPONENT SERIAL NO. 0501

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

OPERATING	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL		(64.0)	(128.0)	(128.0)	(128.0)	(128.0)
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		(64.0)	(128.0)	(128.0)	(128.0)	(128.0)
CAPITAL EXPENDITURES						
CHANGE IN REVENUES	5,085.0	5,085.0	(580.0)	(580.0)	(580.0)	(580.0)
(1006) Revenue Code						

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GE Match						
1004 GE		(64.0)	(128.0)	(128.0)	(128.0)	(128.0)
1005 GE/Program Receipts						
1006 GE/MHTIA						
Other						
TOTAL						

Estimate of current year (FY 96) impact: \$ _____

POSITIONS:

FULL-TIME	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS (Attach a separate page if necessary.)

SEE ATTACHED

Prepared By: Charles R. Moseck Phone: 269-5559
 Division: Motor Vehicles Date: 3/8/96
 Approved by Commissioner: Ronald L. Otto Date: 3/11/96
 Agency: Ronald L. Otto, Dept. of Public Safety

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For further distribution information call the Governor's Legislative Office

Adopted

9-LS1452\M.2

Ford

4/10/96

AMENDMENT

5

Mulder

OFFERED IN THE HOUSE

TO: CSSB 226(FIN) am

1 Page 8, lines 12 - 13:

2 Delete all material.

3 Insert "the municipality in administering

4 (1) the motor vehicle emission control inspection program; and


5 (2) the related ambient air monitoring program."

MUNICIPALITY OF ANCHORAGE

MEMORANDUM

DATE: March 27, 1996

TO: Denny DeWitt
Rep. Eldon Mulder

FROM: Tim Rogers, Legislative Program Coordinator 
343-4467

SUBJECT: S.B. 226

Per our telephone conversation, S.B. 226, which is scheduled to be heard in the House Finance Committee March 28 & 29, was amended to restrict the fee that may be charged by a municipality to an amount "not to exceed the actual costs of the department or the municipality in administering the motor vehicle emission control inspection program."

This is problematic for the Municipality in that by ordinance (copy attached) our fees cover not only the cost of administering the I/M program but also related air quality control programs. Currently \$295,000 of the Anchorage I/M revenues are appropriated to the air quality control program as a required match for a \$110,000 ADEC pass through grant from EPA.

I would appreciate your assistance in having Section 16 of S.B. 226 amended to allow us to charge a fee that does not exceed the actual costs of the Municipality in administering the motor vehicle emission control inspection program and related air quality control program.

Please call me at 343-4467 if you have any questions, and thanks for your assistance.

Chapter 15.80

VEHICLE INSPECTION AND MAINTENANCE PROGRAM

Sections:

15.80.010	Inspection and maintenance of motor vehicles.
15.80.020	Referee station.
15.80.030	presumption of violation.
15.80.040	Enforcement.
15.80.050	Penalties.
15.80.060	Waiver for seasonal use vehicles.
15.80.070	Waiver for show cars. [Repealed].

15.80.010 Inspection and maintenance of motor vehicles.

- A. Every owner of a vehicle registered, principally located or principally used within the Municipality of Anchorage shall have each such vehicle inspected and maintained annually in accordance with the requirements specified in the document entitled "Anchorage I/M Program Design Document" dated October 15, 1993, as amended, and referred to as the "I/M Program Design". The I/M Program Design is adopted by reference as part of this ordinance, as are measures adopted by the program administrator pursuant to subsection I of this section.
- B. Every owner of more than 10 vehicles which are primarily used in the Municipality of Anchorage shall have such vehicles inspected and maintained in accordance with the requirements of the I/M Program Design regardless of whether such vehicles are registered with the Municipality of Anchorage.
- C. A certificate of inspection issued in accordance with the procedures specified in the I/M Program Design shall be required prior to vehicle registration or vehicle registration renewal with the Alaska Division of Motor Vehicles for all vehicles subject to the requirements of the I/M Program Design.
- D. The director of the Department of Health and Human Services shall have principal responsibility for the implementation and enforcement of the I/M program and shall designate one employee of the department as the I/M program administrator.
- E. The I/M program administrator shall certify mechanics, vehicle test or service facilities (stations), equipment and training courses meeting all certification requirements specified in 54 of the I/M Program Design.

- F. All inspections required under the I/M Program Design shall be done in a manner consistent with the requirements of §6 of the I/M Program Design when performed by certified I/M stations.
- G. Certifications shall be suspended or revoked by the I/M program administrator for repeated or serious violations of procedures or requirements specified in the I/M Program Design.
- H. No facility may advertise itself as a certified I/M station unless it is certified as such by the I/M program administrator.
- I. Upon 60 days' advance notice to certified I/M stations and the public, the I/M program administrator shall make such changes to the I/M Program Design as are necessary to:
1. Maintain an overall failure rate of 30% or less; and
 2. Require the use of inspection and repair procedures which are cost-effective and which reflect changes in the motor vehicle fleet.
- J. The program administrator shall sell blank certificates of inspection to certified I/M stations for a fee of \$10.00. A \$2.00 fee shall be charged for certificates of inspection issued by the program administrator to vehicles qualifying for a waiver under the I/M Program Design; except for Certificates of Inspection issued by the program administrator for vehicles which are registered in, but not used in, the Municipality of Anchorage. The certificate of inspection fees shall be for the cost of operating the I/M and related air quality programs and shall from time to time be modified to reflect changes in the program operating costs.
- K. An average of four random checks per year per inspection station shall occur. (AO 84-110, am AO 85-8, AO 87-35, AO 87-27, AO 88-154(S), AO 88-184; AO No. 93-216(S), 51, 2-15-94).

NOTE

15.80.020 Referee station.

The I/M Program Design is amended to provide that the referee station anticipated in the I/M Program Design shall be offered for operation by the private sector. (AO 84-110).

15.80.030 Presumption of violation.

The failure of an owner of a vehicle to display current license plates and expiration stickers on a vehicle is prima facie evidence of failure to annually inspect and maintain the

8/21/96
STEVE FRANK

Alaska State Legislature

119 N. Cushman, Rm 211
Fairbanks, Alaska 99701
(907) 452-3421



While in Juneau
P.O. Box 5
Juneau, Alaska 99801
(907) 465-1772
Capitol Rm 317

Senate

MEMORANDUM

TO: Representative Mark Hanley, Co-Chair
House Finance Committee

FROM: Senator Steve Frank, Co-Chair
Senate Finance Committee

RE: SB 226: *Biennial Motor Vehicle Registration*

DATE: March 20, 1996

This is to request the scheduling of an expedited hearing for CS SB 226 (FIN) am. Attached is a sectional analysis, an overview outline, and a summary of highlights prepared by my office.

SB 226 requires motor vehicles registrations to be renewed once every two years instead of annually. This will result in shorter customer service lines at the Division of Motor Vehicles (DMV) by reducing the necessity for as frequent public contact.

To help offset the burden of having to pay two years of fees at once, this legislation gives the public a small registration fee break. However, despite the small fee break to the public, the state and those municipalities which have a motor vehicle registration tax will receive additional one time revenues in the year of implementation due to accelerated collections.

The Senate Finance Committee version of this bill contained provisions that would have delayed implementation of the biennial emissions testing (enacted last year by SB 28 to take effect July 1, 1996) by six months to allow for concurrent implementation with biennial registrations starting July 1, 1997. This change in implementation date was requested by

Representative Mark Hanley

March 20, 1996

Page 2

the Department of Environmental Conservation (DEC) and supported by the Department of Public Safety. However, on the Senate floor those provisions were deleted. Consequently, DEC is still required to implement biennial emissions testing on July 1, 1996, six months before DMV would be required to implement biennial registration under the current version of SB 226.

However, DMV has advised us that they could implement the biennial registration provisions of SB 226 starting July 1, 1996 without any additional cost if the legislation were to pass the legislature by the end of March. If the House Finance Committee will schedule this bill within the next few days, it would be my intention to request an amendment to the effective date making this legislation effective July 1, 1996.

Implementation of SB 226 on July 1, 1996 would also increase revenues for FY 97 by \$10.2 million, helping shrink the fiscal gap.

I believe this is a good piece of legislation. I request an expedited hearing before the House Finance Committee and encourage your support. Thank you.

PROVIDED BY SENATOR FRANK
CS SB 226 (FIN) am SECTIONAL ANALYSIS
As of March 20, 1996

- Secs. 1-4:** Amends AS 28.10.108 by substituting biennial for annual.
- Sec. 5:** Amends AS 28.10.111(b) by substituting biennial for annual, maintaining the Commissioner's current authority to establish longer registration periods.
- Sec. 6:** Amends AS 28.10.411(a) by substituting biennial for annual.
- Sec. 7:** Amends AS 28.10.411(f) by changing the reference to the calendar year to the biennial registration period.
- Secs. 8-11:** Amends AS 28.10.421(b)-(d), (f) by making biennial fees two times the current fee minus \$2 for all annual fees that are currently equal to or greater than \$35; and making biennial fees two times the current fee for all annual fees that are currently less than \$35.
- Sec. 12:** Amends AS 28.10.423 by substituting biennial for annual.
- Sec. 13:** Amends AS 28.10.431(b) by changing the optional municipal motor vehicle registration tax to a biennial tax, based upon the age of the vehicle as determined by model year in the first year of the biennial period. Adds two years of fees together.
- Sec. 14:** Amends AS 28.10.431(h) adjusting a technical reference resulting from renumbering in this bill.
- Sec. 15:** Amends AS 28.35.155(a) by substituting biennial for annual.
- Sec. 16:** Amends AS 46.14.510 to ensure that state and municipal fees for emission control inspection programs do not exceed the actual costs of administering those programs.
- Sec. 17:** Provides for staggered implementation of biennial registration over a 2 year period.
- Sec. 18** Makes section 17 effective immediately. *(A technical amendment to delete this section will be requested by the sponsor.)*
- Sec. 19:** Makes all the enacted changes effective January 1, 1997, except for those in section 17. *(A technical amendment to delete the reference to section 18 will be requested by the sponsor.)*

PROVIDED BY SENATOR FRANK
CS SB 226 (FIN) am OVERVIEW
As of March 20, 1996

This legislation:

1. changes the annual registration of motor vehicles to a biennial (every 2 years) registration;
2. makes biennial fees 2X the current fee minus \$2 for all annual fees that are currently equal to or greater than \$35;
3. makes biennial fees 2X the current fee for all annual fees that are currently less than \$35;
4. allows the state to receive \$10.2 million additional one-time revenues over FY 97 and FY 98 as a result of accelerated collections (per DPS fiscal note);
5. converts the municipal motor vehicle registration tax (MVRT) schedule to a biennial basis without any reduction to revenue for municipalities. Although registrations would be spread out over a 2 year period, collections per registration would double;
6. allows municipalities with MVRTs to receive additional one time revenues as a result of accelerated collections;
7. ensures that state and municipal fees for emission control inspection programs do not exceed the actual costs of administering those programs; and
8. allows staggered implementation over a 2-year period beginning January 1, 1997.

PROVIDED BY SENATOR FRANK
CS SB 226 (FIN) am HIGHLIGHTS
As of March 20, 1996

Ensures the public only has to register vehicles half as often!

Reduces customer service lines at DMV by spreading out registrations over two years!

Gives the public a small state registration fee break!

Maintains current municipal motor vehicle registration tax levels!

Provides a significant one time boost in revenues for the state and those municipalities which have a motor vehicle registration tax due to accelerated collections!

Ensures that state and municipal fees for emission control inspection programs do not exceed the actual costs of administering those programs!

Provides for staggered implementation over a 2-year period beginning January 1, 1997!

Summary of Benefits Associated with Delaying the Implementation of SB 28

Over the past 11 years, motorists living in Anchorage and Fairbanks have been required to obtain an I/M certificate before registering their vehicle each year. The linkage between I/M and registration has worked well and produced substantial air quality benefits in both communities. Since SB 28 will change the relationship between these programs, care must be taken to minimize public confusion over the relationship between biennial I/M and annual registration. The current debate over SB 226 provides an opportunity to reestablish the linkage between these two programs. By implementing both programs on January 1, 1997, this linkage will be preserved and public confusion will be minimized. The cost savings expected to result from this change in implementation date include the following:

- approximately \$150,000 in TAS software costs to I/M stations will be saved by combining two updates (to implement biennial I/M and vehicle registration separately) into a single update; this will result in a savings of roughly \$0.50/test in inspection fees (i.e., to pay for the added update), which would otherwise be passed onto motorists (this cost would only be incurred if a change to SB226 should be made that would require changes to our TAS software);
- costs that would be needed to fund additional staff to handle the increased counter traffic and phone calls expected to occur due to public confusion over separate I/M and registration biennial implementation schedules;
- the additional cost of modifying I/M certificate and vehicle registration tracking software maintained by DEC, DMV and the local I/M programs to account for two separate implementation schedules;
- the cost associated with adoption of regulations to prepare and implement separate mid-year conversions for the two biennial programs;
- no additional costs would be incurred if the implementation of SB28 should be delayed; and
- while it is difficult to place a price tag on confusion, the savings in time not spent on wasted trips to DMV and I/M stations, and related phone calls will be significant;

ANALYSIS

This bill will require all vehicles to be registered on a biennial rather than an annual basis. This bill will reduce some of the workload for DMV but it will not reduce it by 50%. The annual renewal of registration is one of the easiest transactions to process and the total volume of annual renewal transactions is only 15%-20% of the total workload for the division. The average renewal transaction takes less than a minute to process as compared to 10 minutes for a vehicle title change or a driver license renewal, 45 minutes an original non-commercial driver license with road test, or 3 hours for an original commercial driver license with a road test.

In 1995 there were approximately 150,000 original registrations for new vehicles and vehicles first coming into the state and there were approximately 430,000 registration renewals. The total number of registration transactions, 580,000, will be the basis for estimating costs and revenue.

Cost Savings

There will be cost savings in forms and postage since only 50% of the vehicles will be sent renewal notices each year after the phase in period. There will also be a savings in postage for the return renewals for the 60% of vehicles registered by mail. These savings are shown as follows:

Postage		
280,000 renewal notices @ \$0.27		\$70.2
156,000 mail renewals @ \$0.32		\$50.0
Forms		
280,000 forms @ \$0.03		\$7.8
	Total Savings	\$128.0

Only 50% of this savings will be shown in the initial year since the program goes into effect in January 97.

Revenue

This bill increases the registration fees for all vehicles which for this estimate is the 580,000 registration transactions in 1995. The new registration amount is twice the current amount minus \$2. During the first year of the phase-in period there will be an increase in revenue since all vehicles will be required to register but 50% will pay the higher fees for the biennial period. This increase will be shown half in FY 97 and half in FY 98. The total amount of the increase is based on the amount collected in FY 95 for registration which was \$21,500,000.00. During the first complete year of the program all vehicles will be required to register and half will pay the higher fees for biennial registration. The one time revenue increase will be shown in two fiscal years. After the first year of the program only half the vehicles will register but they will pay the higher fees. There will be a small revenue loss because the new fees are \$2.00 less than doubling the current fees.

STATE OF ALASKA

TONY KNOWLES, GOVERNOR

DEPT. OF ENVIRONMENTAL CONSERVATION

OFFICE OF THE COMMISSIONER
410 Willoughby Avenue, Suite 105
Juneau, Alaska 99801-1795

Phone: (907) 465-5066
Fax: (907) 465-5070

March 28, 1996

The Honorable Mark Hanley
Co-Chairman, House Finance Committee
State Capitol, Room 507
Juneau, AK 99801-1182

Dear Representative Hanley:

I am writing to you regarding CSSB 226(FIN) am, converting vehicle registration from an annual program to a biennial program. As government continues to downsize, it is important to look for opportunities to coordinate our efforts to implement statewide program changes. CSSB 226(FIN) am provides such an opportunity.

Last year, SB 28 was passed and signed by the Governor, converting the vehicle inspection program from annual to biennial effective July 1, 1996. Now that the legislature is considering doing the same for vehicle registration, we believe it makes sense to coordinate the implementation of CSSB 226(FIN) am with SB 28.

We would appreciate your committee's consideration of the attached amendment which would delay the implementation of SB 28 to January 1997, the same effective date proposed for CSSB 226(FIN) am. We've also included a brief fact sheet describing the benefits of this delay. It's important to note the real beneficiaries of coordinating the implementation of these two programs will be the citizens of Alaska.

This amendment was made in the Senate Finance Committee with the support of the sponsor of CSSB 226(FIN) am. However, the bill was further amended on the floor of the Senate, and this amendment was removed. In the time since CSSB 226(FIN) am was considered by the full Senate, the general funds provided to the department for implementing SB 28 (\$50.0) have been slated for reduction by the department's House Finance budget subcommittee. Therefore delaying the implementation of SB 28 has become even more important in order to allow DEC and DPS to coordinate the costs of implementing both of these programs.

The Honorable Mark Hanley

- 2 -

March 28, 1996

We appreciate your consideration of this request. If your staff have any questions, please have them call Ron King in our Air Quality Program at 465-5128.

Sincerely,



Michele Brown
Commissioner

Enclosures:

- 1) Proposed Amendment to CSSB 226(FIN) am
- 2) Summary of Benefits/Delaying SB 28
- 3) Copy of SB 28

cc: Members, House Finance Committee (w/enc.)

adopted w/obj
AMENDMENT I

OFFERED IN THE HOUSE

TO: CSSB 226(FIN) am

- 1 Page 8, line 20:
- 2 Delete all material.
- 3 Renumber the following section accordingly.
- 4 Page 8, line 21:
- 5 Delete "Except as provided under sec. 18 of this Act, this"
- 6 Insert "This"

withdrawn
AMENDMENT 2

OFFERED IN THE HOUSE

TO: CSSB 226(FIN) am

- 1 Page 8, line 18:
- 2 Delete "January 1, 1998"
- 3 Insert "July 1, 1997"

- 4 Page 8, line 19:
- 5 Delete "January 1, 1999"
- 6 Insert "July 1, 1998"

- 7 Page 8, line 21:
- 8 Delete "January 1, 1997"
- 9 Insert "July 1, 1996"

withdrawn

AMENDMENT # 4

CSSB 226 (FIN) am

Mulder

Page 8, line 14 add:

Section 17. Section 7, ch 56, SLA 1995, is amended to read:

Sec 7. Except as provided in sec. 6 of this is, this Act takes effect January 1, 1997

[JULY 1, 1996].

Renumber remaining sections accordingly.

Page 8, line 20, add new subsection:

(b) Notwithstanding the provisions of ch. 56, SLA 1995, the biennial motor vehicle emissions inspection program imposed under ch. 56, SLA 1995 shall be imposed by a municipality or the Department of Environmental Conservation in a manner that allows approximately one-half of vehicle inspections to occur by January 1, 1998 and the remaining emissions inspections to occur by January 1, 1999.

Page

STATE OF ALASKA

TONY KNOWLES, GOVERNOR

DEPT. OF ENVIRONMENTAL CONSERVATION

OFFICE OF THE COMMISSIONER
410 Willoughby Avenue, Suite 105
Juneau, Alaska 99801-1795

Phone: (907) 465-5066
Fax: (907) 465-5070

March 28, 1996

The Honorable Mark Hanley
Co-Chairman, House Finance Committee
State Capitol, Room 507
Juneau, AK 99801-1182

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The Honorable Mark Hanley

- 2 -

March 28, 1996

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Michele Brown
Commissioner

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cc: Members, House Finance Committee (w/enc.)

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- costs that would be needed to fund additional staff to handle the increased counter traffic and phone calls expected to occur due to public confusion over separate I/M and registration biennial implementation schedules;
- the additional cost of modifying I/M certificate and vehicle registration tracking software maintained by DEC, DMV and the local I/M programs to account for two separate implementation schedules;
- the cost associated with adoption of regulations to prepare and implement separate mid-year conversions for the two biennial programs;
- no additional costs would be incurred if the implementation of SB28 should be delayed; and
- while it is difficult to place a price tag on confusion, the savings in time not spent on wasted trips to DMV and I/M stations, and related phone calls will be significant;

Withdrawn

9-LS1452\K.8
Ford
3/29/96

AMENDMENT 6

by Mulder

OFFERED IN THE HOUSE

TO: CSSB 226(FIN) am

- 1 Page 2, line 13, after "choice.":
- 2 Insert "Notwithstanding the other provisions of this chapter, upon request of the
- 3 owner and payment of the proportionate prorated fee, a rental motor vehicle shall be
- 4 registered annually."

Replaced

9-LS1452(K.4)

FORD

3/28/96

AMENDMENT

5 Mulvaney

OFFERED IN THE HOUSE

TO: CSSB 226(FIN) am

- 1 Page 8, line 13, after "program.":
- 2 Insert "This subsection does not apply to an air quality control program established
- 3 by the department or a municipality that is not a vehicle emission control program."

Replaced

9-LS14521K.6

Ford

3/28/96

AMENDMENT 7 - mackie

OFFERED IN THE HOUSE

TO: CSSB 222(FIN) am

Discussed
not
moved

1 Page 3, after line 2

2 Insert a new bill section to read:

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

4 (a) Unless otherwise provided by law,

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

7 (2) an additional fee of \$10 shall be added to the registration fee set
8 out in this section for registration not conducted by mail, the department shall waive
9 this additional fee for registration occurring at a contract office authorized under
10 AS 28.15.081(d) and may waive this additional fee for a good cause based on criteria
11 established in regulations adopted by the department.

12 Renumber the following bill sections accordingly:

13 Page 8, line 20

14 Delete "Section 17"

15 Insert "Section 18"

16 Page 8, line 21

17 Delete "sec. 18"

18 Insert "sec. 19"

Alaska State Legislature

ALASKA STATE OFFICE
JUNEAU, ALASKA 99801
TELEPHONE
FACSIMILE
MAILING LIST
LEGISLATIVE COUNCIL
LEGISLATIVE CLERK
LEGISLATIVE SECRETARY



REPRESENTATIVE
JERRY MACKIE

House of Representatives

March 29, 1996

MEMORANDUM

To: Rep. Hanley, Co-chair
Rep. Foster, Co-chair

From: Rep. Mackie 

Re: Amendment to SB 226 exempting contract agents.

A \$10 incentive fee was established several years ago to induce the public to renew driver's licenses by mail. In effect, the \$35 license renewal would cost \$45 if a person sought an immediate transaction at any DMV field office. The purpose of the inducement was to reduce the overcrowding primarily at the DMV offices in the urban centers and their associated need for additional staff.

An unintended side effect, however, was to severely reduce the income of the contract agents who are providing DMV services in the smaller communities of the state. Areas served by contract agents are Craig, Wrangel, Petersburg, Skagway, Dutch Harbor, Dillingham, Naknek, Barrow, Anderson, and Seward. The use of contract agents is an important and cost effective way of providing DMV services (including exams and driving tests) without establishing a field office with state employees. The citizens benefit from the local availability of the DMV services that would otherwise entail expensive transportation costs to an urban center.

In summary, the incentive fee undermines the purpose of having contract agents and the relatively uniform provision of DMV services in all parts of the state. The amendment would exempt areas served by contract agents from the \$10 additional fee for not using the mail to renew licenses.

CRAIG DEPT. OF MOTOR VEHICLES

Kathy See, Agent

P.O. Box #25 Craig, AK 99921

907 626-3950

Hours Mon, Wed, Fri, 10am-4pm

Wed Nights 7pm to 9pm

Last Sunday Month 1pm to 3pm

June 30, 1993

Jay N Dulany

Director

Division of Motor Vehicles

5700 E Tudor Road

Anchorage Ak 99507

Dear Mr. Dulany;

In regards to the new law (AS 28.10.421(a)(2)), I would like to make the following point:

Fee agents are paid on a commission basis. Renewals provide a substantial portion of our salary. Last year I processed 85% vehicle renewals from this location (932). At the least expensive rate of \$35, this translated to a direct pay loss of \$4681.50 if these renewals are done by mail. The actual total is much larger as I have a large amount of commercial vehicles with registration fees of \$156 to \$221. At 15%, these mean a commission of \$23.40 or \$33.15 per transaction. These fees will be in grave jeopardy with the \$10 renewal fee proposed. Someone with a fleet of 10 or 20 trucks will hardly be likely to pay an additional \$100 to \$200 a year for registrations.

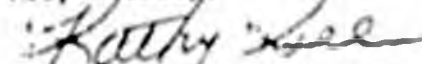
I do not feel it was the intent of the Legislature to penalize those of us who are on a strictly commission basis. There are no perks with the Fee Agent positions and to further penalize us with the renewal penalty seems unfair.

I can't speak for the other Fee Agents in the State but I know that I spend time cultivating my customers so they'll return. This is how I earn "pay increases" as there are none for those who don't work for them in this position.

When you are considering exemptions for this law, I respectfully request that you take this information into careful consideration. I feel an exemption to all Fee Agent offices is within the intent of this legislation.

If I can be of further service please don't hesitate to call or write to me. Thank you in advance for your consideration on our behalf.

Respectfully,


Kathy See/Craig DMV Agent

9-LS1452K7 ✓

Cook
3/28/96

adopted 3/28/96
AMENDMENT 3

OFFERED IN THE HOUSE

TO: CSSB 226(FIN) am as amended by K.2

1 Page 1, line 4:

2 After "programs;"

3 Insert "amending the effective date in sec. 7, ch. 56, SLA 1995;"

4 Page 8, following bill section 16:

5 Delete all material.

6 Insert the following new bill sections to read:

7 * Sec. 17. Section 7, ch. 56, SLA 1995, is amended to read:

8 Sec. 7. Except as provided in sec. 6 of this Act, this Act takes effect

9 January 1, 1997 (JULY 1, 1996)

10 * Sec. 18. TRANSITION. (a) Notwithstanding the provisions of this Act, the biennial
 11 registration fees imposed under this Act shall be imposed by the Department of Public Safety
 12 upon registration or renewal of an existing registration and in a manner that allows
 13 approximately one-half of vehicle registrations to be issued or renewed under a biennial
 14 system by January 1, 1995, and the remaining biennial vehicle registrations or renewals to
 15 be imposed by January 1, 1999.

16 (b) Notwithstanding the provisions of ch. 56, SLA 1995, the biennial motor vehicle
 17 emissions inspection program imposed under ch. 56, SLA 1995, shall be imposed by a
 18 municipality or the Department of Environmental Conservation in a manner that allows
 19 approximately one-half of vehicle inspections to occur by January 1, 1998, and the remaining
 20 emissions inspections to occur by January 1, 1999.

21 * Sec. 19. Section 17 of this Act takes effect immediately under AS 01.10.070(c)

22 * Sec. 20. Except as provided under sec. 19 of this Act, this Act takes effect January 1,

23 1997.

Mackie

AMENDMENT 7

Adopted

OFFERED IN THE HOUSE

TO: CSSB 226(FIN) am

1 Page 8, following line 13:

2 Insert a new bill section to read:

3 "• Sec. 17. Section 2, ch. 56, SLA 1995, is amended to read:

4 Sec. 2. AS 28.10.421(a) is amended to read:

5 (a) Unless otherwise provided by law,

6 (1) the fees prescribed in this section shall be paid to the department
7 at the times provided under AS 28.10.108 and 28.10.111; and8 (2) an additional fee of \$10 shall be added to the registration fee set
9 out in this section for registration not conducted by mail or not conducted at an
10 emissions inspection station or contract office offering vehicle registration services;
11 the department may waive this additional fee for a good cause based on criteria
12 established in regulations adopted by the department."

13 Remember the following bill sections accordingly.

14 Page 8, line 20:

15 Delete "Section 17 of this Act takes"

16 Insert "Sections 17 and 18 of this Act take"

17 Page 8, line 21:

18 Delete "sec. 18"

19 Insert "sec. 19"

Adopted Mulder
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9-LS1452K.10
Ford/Cramer
4/3/96

AMENDMENT 8

OFFERED IN THE HOUSE

TO: CSSB 226(FIN) am

1 Page 2, line 13, after "choice.":

2 Insert "Notwithstanding the other provisions of this chapter, upon request of the
3 owner and payment of the annual fee set out in (h) of this section, the department shall
4 register a rental motor vehicle for a one-year period."

5 Page 6, after line 5:

6 Insert a new bill section to read:

7 " Sec. 12. AS 28.10.421 is amended by adding a new subsection to read:

8 (h) The annual registration fees for rental motor vehicles under this subsection
9 are imposed and are based upon the actual unladen weight as established by the
10 manufacturer's advertised weight or upon the actual weight which the owner shall
11 furnish, subject to the approval of the commissioner or the commissioner's
12 representative, as follows

- 13 (1) up to and including 5,000 pounds \$51;
- 14 (2) more than 5,000 pounds to and including 12,000 pounds
- 15 \$86;
- 16 (3) more than 12,000 pounds to and including 18,000 pounds
- 17 \$156;
- 18 (4) more than 18,000 pounds \$221."

19 Renumber the following bill sections accordingly.

20 Page 8, line 20:

21 Delete "Section 17"

22 Insert "Section 18"

- 1 Page 8, line 21:
- 2 Delete "sec. 18"
- 3 Insert "sec. 19"

AMENDMENT

OFFERED IN THE HOUSE

TO: CSSB 226(FIN) am

1 Page 8, following line 13:

2 Insert a new bill section to read:

3 ** Sec. 17. Section 2, ch. 56, SLA 1995, is amended to read:

4 Sec. 2. AS 28.10.421(a) is amended to read:

5 (a) Unless otherwise provided by law,

6 (1) the fees prescribed in this section shall be paid to the department
7 at the times provided under AS 28.10.108 and 28.10.111; and8 (2) an additional fee of \$10 shall be added to the registration fee set
9 out in this section for registration not conducted by mail or not conducted at an
10 emissions inspection station or contract office offering vehicle registration services;
11 the department may waive this additional fee for a good cause based on criteria
12 established in regulations adopted by the department."

13 Renumber the following bill sections accordingly.

14 Page 8, line 20:

15 Delete "Section 17 of this Act takes"

16 Insert "Sections 17 and 18 of this Act take"

17 Page 8, line 21:

18 Delete "sec. 18"

19 Insert "sec. 19"

SLA 1995

Chapter 56

1 (4) motor vehicle has not been inspected for emissions or the existing
2 emissions inspection certificate is more than 12 months old.

3 * Sec. 2. AS 28.10.421(a) is amended to read:

4 (a) Unless otherwise provided by law,

5 (1) the fees prescribed in this section shall be paid to the department
6 at the times provided under AS 28.10.109 and 28.10.111; and

7 (2) an additional fee of \$10 shall be added to the registration fee set
8 out in this section for registration not conducted by mail or not conducted at an
9 emissions inspection station offering vehicle registration services; the department
10 may waive this additional fee for a good cause based on criteria established in
11 regulations adopted by the department.

12 * Sec. 3. AS 28.10.423 is amended to read:

13 Sec. 28.10.423. EMISSION CONTROL INSPECTION PROGRAM FEES. In
14 addition to the annual registration fee specified in AS 28.10.421, a \$2 (\$1) fee is
15 imposed upon every vehicle required to be inspected under an emission control
16 program established under AS 46.14.400 or 46.14.510. This fee shall be collected at
17 the same time and in the same manner as the registration fee.

18 * Sec. 4. AS 46.14.400 is amended by adding new subsections to read:

19 (i) If a municipality or a local air quality district administering a program
20 under this section requires emissions inspection for a motor vehicle, emission
21 inspection may not be required more than once every two years.

22 (j) A person who operates a motor vehicle in violation of emission
23 requirements imposed under this section is guilty of a violation and upon conviction
24 shall be fined \$200. It is the intent of the legislature that money collected under this
25 subsection be appropriated to promote air quality control programs in municipalities.

26 * Sec. 5. AS 46.14.510 is amended by adding new subsections to read:

27 (e) If the department adopts regulations requiring emissions inspection for a
28 motor vehicle, the department may not require the vehicle be inspected more than once
29 every two years.

30 (f) A person who operates a motor vehicle in violation of emission
31 requirements imposed under this section is guilty of a violation and upon conviction

Chapter 56

1 shall be fined \$200. It is the intent of the legislature that money collected under this
2 subsection be appropriated to control pollution from motor vehicle emissions.

3 * Sec. 6. AS 46.14.400(j), enacted in sec. 4 of this Act, and AS 46.14.510(f), enacted in
4 sec. 5 of this Act, take effect July 1, 1995.

5 * Sec. 7. Except as provided in sec. 6 of this Act, this Act takes effect July 1, 1996.

STATE OF ALASKA

TONY KNOWLES, GOVERNOR

DEPT. OF ENVIRONMENTAL CONSERVATION

DIVISION OF AIR & WATER QUALITY
410 Willoughby Avenue, Suite 105
Juneau, Alaska 99801-1795

Phone: (907) 465-5260
Fax: (907) 465-5274

April 3, 1996

The Honorable Mark Hanley
Co-Chairman, House Finance Committee
State Capitol, Room 507
Juneau, AK 99801-1182

Dear Representative Hanley:

Thank you for the opportunity to comment on the proposed amendments to SB 226. As stated in Commissioner Brown's letter, dated March 28, 1996, it is important to coordinate departmental implementation efforts during this period of downsizing government.

During committee testimony, you asked that the Department follow up with written comments regarding the remaining amendments before the Finance Committee. Amendments K.6 and K.8 have no impacts on the Department of Environmental Conservation. However, amendment K.4 has impacts upon governmental entities operating air quality programs. It is our understanding that amendment K.4 has been offered in an attempt to clarify what costs may or may not be included in setting the inspection fee.

The major source of air quality problems in Anchorage and Fairbanks is the automobile. As such, one could assert that the cost for the Air Quality Program in those cities be borne by automobile users through I/M certificate fees. What would not be an allowable expense, for example, would be using fees collected via the air program to fund a water quality program. Allowing only valid Air Quality Program expenses to be included in the certification fee we believe is appropriate. This is particularly true since governmental agencies are being asked to search for other funding sources to pay for required programs. Therefore, the Department supports amendment K.4 which will allow Air Quality Program costs to be recovered.

Finally, during testimony, Representative Brown asked Mr. King, what the impact of the loss in general funds would have on the implementation of the biennial inspection program. I would like to reiterate the Department's position contained in Commissioner Brown's letter dated March 21, 1996, to Representative Gene Theriault. In the Commissioner's letter, the loss of the \$50.0 will affect our ability to install the software. It will be difficult to achieve implementation of an effective program without the software.

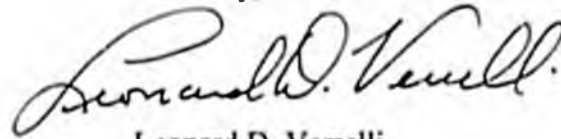
The Honorable Mark Hanley

-2-

April 3, 1996

Thank you for your consideration of the Department's concerns. If your staff should have any questions, please have them call Ron King in our Air Quality Program at 465-5128.

Sincerely,

A handwritten signature in cursive script, reading "Leonard D. Verrelli".

Leonard D. Verrelli
Director

LDV/RGK/pal (h:\airking\legisl96\hanley1.wpd)

cc: Members, House Finance Committee
Shari Kochman, Governor's Office
Janis Adair, Director, ADEC/EH

DEPARTMENT OF PUBLIC SAFETY
DIVISION OF MOTOR VEHICLES

SR 226 AMENDMENTS

Two amendments to this bill were made in the House Finance Committee and the following are comments from the Division of Motor Vehicles concerning the impact and effect of these amendments

Registration Exemption For Rental Vehicles

This amendment would allow a rental motor vehicle to be registered annually rather than biennially as required by this bill. The rental companies claim that they usually sell their rental fleet in less than a year and would be paying for the new buyer's use of the registration. DMV can implement this amendment but it does raise questions concerning the propriety of giving a small number of businesses an exemption from fees that is not available to all other businesses or to the general public. Numerous businesses other than rental companies sell their fleets of vehicles and would not receive any exemption from an unused portion of the registration.

Traditionally in Alaska the question of whether the registration is paid or not has been a negotiating point between the buyer and seller of the vehicle without any government interference. If the registration is still valid the new owner is allowed to use that portion of the registration without paying additional fees other than the normal transfer of ownership fees. This negotiating option would still be available to rental companies if this amendment was not passed and this would allow them to recover their costs at the sale of the vehicle. This would be the same procedure used by any other business that sells vehicles.

From a program standpoint, DMV would have to create a separate category for rental vehicles to allow a one-year registration while all other vehicles are on a biennial schedule. This adds complexity to the program because the computer will no longer be used to automatically assign registration periods. There is no current mechanism to differentiate rental vehicles from similar vehicles owned by any other commercial operation.

Exemption from the \$10 Service Fee For Contract Agents

There is a \$10 service fee imposed on registration renewals not done by the mail program. This incentive has increased the use of the mail renewal service from 30% of vehicle owners to 60%. This amendment would waive the fee if an authorized contract agent does the renewal. This amendment was proposed because a contract agent voiced concerns that too many owners were using the more efficient mail service and their income was decreased as a result. Besides having a more efficient service any effort to hold the rising costs of agent payments was viewed as an added benefit. DMV has 11 regular contract agents and in the last 5 years the annual payments for these agents has risen from \$128,154 in FY 90 to \$174,516 in FY 95. Since there was no addition to the operating budget for these increased costs, they have been absorbed to the detriment of services in other areas of the state.

A phone survey of the contract agents indicated that 66% favored this amendment since they believe that it will increase their income while the other 33% are not in favor of it. The amendment would result in a loss of \$11,000 in revenue annually from the service fees collected by the agents and would require higher expenditure for commission payment if many owners in these areas stopped using the mail renewal service.

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To: Michelle	From: Rita Hernandez
Co: Bob Hanley	Co:
Copy: 1	Phone: 2650
Fax: 2418	Fax: