

ALASKA LEGISLATURE COMMITTEE FILES 1991-1992 8672  
7712 SENATE STATE AFFAIRS

264

STATE LEASE TASK FORCE  
RECOMMENDED  
MAJOR SPACE ACQUISITION POLICY

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Whereas this Task Force recognizes the need for providing space at a reasonable life cycle cost and quality, particularly in large space acquisition projects, and whereas existing space is not always available to fit the State's need properly;

We therefore recommend that the Legislature and Governor build, own and finance any space needs in excess of 10,000 square feet or any space needed for more than 10 years, unless existing space is available at lease rates competitive with the life cycle costs of State-owned facilities.

If after analysis the State chooses not to build and own, and proceeds with a lease process that causes new construction, the Department of Administration shall address in the lease criteria life cycle costs, function, indoor environment, public convenience, planning design, appearance and location in addition to lease costs.

These criteria shall be addressed in a competitive sealed proposal process for lease space. The relative significance for each criterion shall be identified, and the process for award clearly established. The evaluation committee shall include qualified individuals reflecting appropriate experience and/or professional training.

Agree                       Disagree                       No Recommendation

Richard S. Armstrong                      1.4.96  
Signature    Date

Comments:

A SOMEWHAT BRIEFER VERSION OF THE FOLLOWING ARTICLE WAS RECENTLY PUBLISHED IN THE DECEMBER ISSUE OF THE ALASKA PROFESSIONAL DESIGN COUNCIL NEWSLETTER.



# Alaska Designs

Volume 12, No. 11, December 1989

The Official Newsletter of the Alaska Professional Design Council

## Acquisition of State Facilities Via Capital Lease

by Jack Wolever, AIA

Given current political and economic environments, most state agencies find it almost impossible to obtain funding for needed facilities through capital appropriations. The conventional process of constructing new state buildings -- an appropriation from the legislature, selection of architects and engineers, programming and design, competitive bids, and construction -- is simply no longer accessible to most state agencies because of economic or political constraints.

Several state agencies have turned to the capital lease process as a means of acquiring new facilities. These facilities are designed, constructed, financed, and often operated and maintained by the successful bidder. The building is essentially purchased by the agency on the "installment plan" utilizing funds from the agency operating budget. At the conclusion of the term of the lease, the facility ownership usually reverts to the state, often after payment of a final lump sum amount to the bidder. The capital lease process is made possible because many agencies have accommodated space needs over the years through rental of increasing amounts of office space which is frequently scattered throughout a community. Consolidation of rental space and agency functions increase the buying power and the efficiency of the agency -- powerful arguments for capital lease facility acquisition.

It is critical, however, that those individuals responsible for facility acquisition and management ensure that buildings acquired via capital lease are good investments for the state. Buildings which are functionally unreliable or unsuccessful are frustrating to the personnel who utilize them. Buildings which are poorly designed and constructed are expensive to operate and maintain and can have such a short useful life span that they are of little value at the conclusion of the term of lease when ownership is transferred to the state. It is the responsibility of an agency's facilities management group to ensure that such problems do not compromise the acquisition of a new building.

Support letter

A publication entitled Design/Build/Bid Considerations for Participants was prepared in 1986 by an ad-hoc committee of Alaskan architects, engineers, contractors, and facility planning experts to inform public sector building owners about the process of acquiring facilities through design/build/bid. The process described differs from the capital lease process currently utilized by the state in several very important areas.

Critical to the success of a design/build/bid project is preparation of a detailed facility program describing the functional needs of the agency, and performance specifications describing a minimum level of quality for building components and systems. Equally important is preparation of a format for evaluating bidder's proposals in order to obtain from each bidder a design for the best possible building that can be provided within the limits defined by the performance specifications and the project budget.

Having participated in numerous design/build/bid public works projects in Alaska and California, it has been my experience that a consultant with experience in preparing D/B/B RFPs is needed to prepare the program, performance specifications, and evaluation format. With regard to evaluation of proposals, this typically involves both objective judgements, such as awarding points for exceeding minimum energy performance standards, and subjective judgements, such as awarding points for quality of architectural design and site planning functionality. Project cost can be dealt with by either establishing a price to be paid and allowing the bidders to provide the best facility achievable within that constraint, or by allowing the cost to be another variable in the evaluation format.

State agencies that are normally in the business of leasing facilities lack the professional expertise required to prepare a D/B/B RFP, and lack that same expertise required to evaluate a D/B/B proposal with regard to both technical criteria and design criteria. The State Department of Administration is the entity that has been responsible for capital lease building acquisitions for other state agencies. The DOA track record has been dismal, producing buildings which are largely unsuccessful because of failings in the RFP utilized by DOA. The community of Juneau has seen protests sent directly from the planning commission to the Governor about conspicuous failures of capital lease building projects initiated by the DOA's Division of General Services and Supplies which is unable to differentiate between a D/B/B project and an ordinary lease for office space. Therefore, it is necessary for the Alaskan consulting community to acquire the expertise to provide state agencies with the services needed to organize and execute a successful D/B/B project.

In summary, the capital lease process is currently the only practical means available to most state agencies for obtaining new facilities. In order to ensure that agency funds are invested in a responsible manner, it is imperative that state agencies utilize a process structured to produce buildings that are functionally responsive to the needs of the occupants, are economical to operate and maintain, and are humane and productive environments for the individuals who work there. In

addition, those building projects must complement and enhance the community in which they are placed -- the buildings must be good neighbors rather than centers of controversy over planning and design issues. It is incumbent on the Alaskan design community to recognize the need for D/B/B services and to be able to provide those services to state agencies. It is incumbent on the state to recognize the failings of its' process and its' products, and to obtain the necessary expertise required to develop successful capital lease building projects.

HB

266

FISCAL NOTE

BILL NO. HB 266am

STATE OF ALASKA  
1992 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_  
Title: An act granting TRS BIA credit for service with a former BIA contract school  
Sponsor: Navarre  
Requestor: \_\_\_\_\_

Department Affected: Administration  
BRU: Retirement and Benefits  
Component: Retirement and Benefits  
COMPONENT SERIAL NO. 64

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE FUND SOURCE:	0	0	0	0	0	0

FUNDING: (Thousands of dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER FUND SOURCE	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS

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

Estimate of current year impact: Zero

ANALYSIS: (attach a separate page if necessary.)

There is no measurable financial impact to the Teachers' Retirement System with passage of this bill.

Prepared By: Gary Bader  
Division: Retirement and Benefits  
Approved by Commissioner: Nancy Bear Userra  
Agency: Department of Administration

Phone: 465-4470  
Date: January 16, 1992  
Date: 1/16/92

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB & Impacted Agency(ies).  
Rev 11/91

# **CORRECTION**

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

FISCAL NOTE

BILL NO. HB 266am

STATE OF ALASKA  
1992 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_  
Title: An act granting TRS BIA credit for service with a former BIA contract school  
Sponsor: Navarre  
Requestor: \_\_\_\_\_

Department Affected: Administration  
BRU: Retirement and Benefits  
Component: Retirement and Benefits  
COMPONENT SERIAL NO. 64

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE:	0	0	0	0	0	0
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FUNDING: (Thousands of dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER FUND SOURCE	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS

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

Estimate of current year impact: Zero

ANALYSIS: (attach a separate page if necessary.)  
There is no measurable financial impact to the Teachers' Retirement System with passage of this bill.

Prepared By: Gary Bader  
Division: Retirement and Benefits

Phone: 465-4170  
Date: January 16, 1992

Approved by Commissioner: Nancy Bear Usera  
Agency: Department of Administration

Date: 1/16/92

19 '81 16:40 BCHI 307 292 4888

Story line for reference in support of HB266

My wife and I were hired by the Kashunamuit School District in August 1982. This school district consisted of one K - 12 school located in Chevak, Alaska. At the time we were told that this district was a "BIA Contract" school district. When we inquired as to what that meant we were informed that simply referred to the fact that the BIA gave the people of Chevak the money to run their own school. The history ran like this:

Chevak had a BIA school for quite a number of years and felt very good and comfortable with the way the school was run. When, in the late 1970's, the BIA began to pull out of running schools in Alaska, Chevak and the villages of Chefornak and Tuluksak (K - 8 schools only) negotiated with the BIA an arrangement by which the villages could retain control over their schools while the BIA provided operating funds and building maintenance.

The village of Chevak elected a school board and the Kashunamuit School District was formed. The school district functioned as any other single site district in Alaska. The school board was publicly elected and they in turn hired a superintendent, office staff, cooks, teachers, and aids. The district applied for and received several grants through the Alaska Department of Education and received funds under several Title programs such as Title 2. Teachers with the school participated in state-wide, Alaska Department of Education sponsored inservices, workshops, programs, etc.. The Alaska Department of Education came out to the school and evaluated programs and curriculum as they would any other public school in Alaska. The district allowed all students in the attendance area to attend the school regardless of sex, creed, race, or religion and their hiring policy was the same.

This arrangement lasted until 1986 when the BIA announced they would not provide funds to operate the school for the following 1986-87 school year. At that time the school district lobbied for and received from the legislature funds to become an REAA school district. Lana and I left the school district in 1986 and subsequently became employed in the Kenai Peninsula Borough School District and still are. When we contacted the Teacher Retirement System about purchasing our three years spent teaching in Chevak we were informed in a letter from Sally Smith, TRS Director, that due to the fact that there were very few of these schools and that they were around for only a short period of time that the TRS had never included them. She indicated to me that the only way to correct this

oversight was through legislation which she encouraged me to do.

Currently there are 10 teachers in Alaska that I know would qualify to purchase these years should the legislation pass. I strongly encourage you to consider rectifying this situation which penalizes a few Alaskans for service in our rural Alaskan schools.

Frederick William Esposito  
Activity Director, Soldotna High School

# KENAI PENINSULA BOROUGH SCHOOL DISTRICT

148 North Binkley Street • Soldotna, AK 99669 • Phone 907/262-5846 • Fax 907/262-9645



April 22, 1991

Representative Mike Navarre  
Box V  
Juneau, Alaska 99811

Dear Representative Navarre,

I would like to thank you for submitting HB 266 to the legislature for passage. This is a bill that greatly effects myself and my husband as we taught for three years in Chevak, Alaska while it was a BIA contract school. Your effort to correct this inequity in the system is greatly appreciated.

Sincerely,

*Lana Esposito*

Lana G. Esposito  
Special Services Teacher  
Kenai Peninsula Borough School District  
148 N Binkley St.  
Soldotna, Alaska 99669



# Soldotna High School

425 W. Marydale Ave.  
Soldotna, AK 99669  
(907) 262-7411  
FAX (907) 262-4288

Ken Meacham  
Principal  
Mark Norgren  
Assistant Principal  
David McCard  
Athletic Activities

Kenai Peninsula Borough School District

April 22, 1991

Representative Mike Navarre  
Box V  
Juneau, Alaska 99811

Dear Representative Navarre,

I would like to thank you for submitting HB 266 to the legislature for passage. This is a bill that greatly effects myself and my wife as we taught for three years in Chevak, Alaska while it was a BIA contract school. There is no reason why this service should not be covered by the Teachers Retirement System. These schools were public Alaskan schools subject to the same curriculum and graduation requirements as any other they just were funded 100% by the federal government. According to Jim Griffin, retired BIA Contract Officer, who over saw these contract schools they were no different than the BIA day schools which are covered by the TRS. Your efforts to correct this inequity in the system is greatly appreciated.

Sincerely,

Frederick W. Esposito  
Vocational Coordinator  
Kenai Peninsula Borough School District  
148 N Binkley St.  
Soldotna, Alaska 99669

Sue Skiman-Jones  
1325 Mendenhall Penn. Rd.  
Juneau, AK 99801

April 21, 1991

Mr. Navarre,

Please support H.B. 266.

I am writing to express my concern for the passage of this bill. Since I am directly affected by the outcome of this bill, I strongly urge you to also support this bill.

I taught in Chevak (Kashun' Auit School District), from 1982-1984. At this time it was a BIA contracted school and not involved in the Teacher Retirement System of Alaska. The passage of H.B. 266, will very easily correct an unjust and unfair situation for a small amount of teachers who have taught in Alaska under a BIA contracted system.

Your interest and support in passing H.B. 266 is greatly appreciated.

Sincerely,



Sue Skiman-Jones

Lisa Oberle  
P.O. Box 22707  
Juneau AK 99802

April 21, 1991

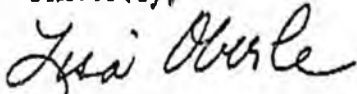
Mr. Navarre,

I am writing to express my concern and support for H.B. 266. As I am directly effected by the outcome of this bill, I strongly urge you to also support this bill. For the past 4 years, I have been buying in my three teaching years from a B.I.A. contracted school. I taught in Chevak (Kashunimuit School District), from 1982-1985 and was under the impression from the Teacher Retirement System, that it was instate experience and will count toward years for retirement. Now I find out this is not true.

The passage of H.B. 266, will very easily correct an unjust and unfair situation for a small amount of teachers who have taught in Alaska under a BIA contracted system.

Your interest and support in passing H.B. 266 is greatly appreciated.

Sincerely,



Lisa Oberle

APR 30 1991

Nathan Tabor  
Box 92  
Holy Cross, AK 99801

Mr. Mike Mavorre  
Pouch V  
Juneau, AK 99801

4 16 91

Mr. Mavorre:

I am writing in regard to House Bill 266. I was employed at Chevak B.I.A. School during the 1982-83 and 83-84 school years as a school teacher. I have always felt the Teachers Retirement System should honor those years and allow us to buy them off as vestment years. The B.I.A. contract schools should not be considered as outside service.

Many of my colleagues from the Chevak B.I.A. Contract School are hoping this bill will pass. Most of were first year teachers unaware of the value of T.R.S. I would appreciate your support on this bill.

Thank you:

*Nathan Tabor*

Nathan Tabor



# NEA-ALASKA

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Carolyn Tolson  
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Box #73933  
Wasilla, AK 99687

Hank Harrison  
Region R Director  
Box 110425 S. Station  
Anchorage, AK 99511

## ANCHORAGE REGIONAL OFFICE

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ANCHORAGE, ALASKA 99503  
(907) 274-0536  
FAX: (907) 274-0551

## JUNEAU OFFICE

105 MUNICIPAL WAY, SUITE 302  
JUNEAU, ALASKA 99801  
(907) 586-3090  
FAX: (907) 586-2744

## FAIRBANKS REGIONAL OFFICE

2118 CUSHMAN STREET  
FAIRBANKS, ALASKA 99701  
(907) 456-4435  
FAX: (907) 456-2159

April 25, 1991

**TO:** Reps. Georgianna Lincoln and Pat Carney, Co-Chairs, and Members of House HESS

**FROM:** Don Oberg

**RE:** HB 266; *An Act including service in a Bureau of Indian Affairs contract school as BIA service in the teachers' retirement system.*

This bill affects only a small number of teachers who were caught in a time warp between BIA operation and school district or REAA formation. It covers those employees who worked for a BIA contract school during that interim period.

Clearly the service of that teacher was as valid under the contracted school as it was under BIA or the newly formed district and they should not be penalized for a system change beyond their control.

We urge you to correct this inequity and to vote in favor of passage of HB 266.

LE04/Biatimer/dl

# KENAI PENINSULA EDUCATION ASSOCIATION

P.O. Box 1252  
Soldotna, Alaska 99669



May 1, 1991

MAY 8 1991

Representative Mike Navarre  
Pouch V  
Juneau, Alaska 99811

Dear Mike:

At our recent Executive Board meeting the Kenai Peninsula Education Association unanimously passed a resolution supporting the passage of House Bill No. 266 and we ask that you please give this bill your full support. There are a number of teachers in our school district as well as throughout the state of Alaska who worked in Bureau of Indian Affairs contract schools and have yet to be credited with these teaching years. Passage of House Bill No. 266 will allow these teachers to claim credit towards retirement. Of course these teachers will be subject to past payment and interest accrued. Most all of the contract schools were those institutions attempting to seek their own autonomy yet operated with State or Federal money. Teachers were required to hold a valid teaching certificate as a condition of employment.

Please give this bill your utmost attention. Thank you for your time and consideration. KPEA also wishes to thank you for supporting the \$63,000 foundation unit for education.

Sincerely,

A handwritten signature in cursive script that reads "Hal Smalley".

Hal Smalley  
President KPEA

FISCAL NOTE

BILL NO. HB 266

STATE OF ALASKA  
1991 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_  
Title: An act granting TRS BIA credit for service with a former BIA contract school.

Department Affected: Administration  
BRU: Retirement and Benefits

Sponsor: Navarre  
Requestor: \_\_\_\_\_

Component: Retirement and Benefits

COMPONENT SERIAL NO. 64

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS

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

Estimate of current year impact: Zero

ANALYSIS: (attach a separate page if necessary.)

There is no measurable financial impact to the Teachers' Retirement System with passage of this bill.

Prepared By: Garv Bader *Bob Strohman*  
Division: Retirement and Benefits

Phone: 465-4460

Date: 4/23/91

Approved by Commissioner: Millett Keller  
Agency: Department of Administration

Date: 4/25/91

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

FISCAL NOTE

STATE OF ALASKA  
1991 LEGISLATIVE SESSION

BILL NO. HB 266

Revision Date: \_\_\_\_\_ Department Affected: Education  
 Title: Including Service in a Bureau of Indian Affairs contract School BRU: \_\_\_\_\_  
 Sponsor: Navarre Component: \_\_\_\_\_  
 Requestor: HESS COMPONENT SERIAL NO. 

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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS. CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Mary Hakala Phone: 465-2806  
 Division: Commissioner's Office Date: 4/25/91  
 Approved by Commissioner: Steve Hole, Acting Commissioner  
 Agency: Education Date: 4/25/91

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

# SOLDOTNA HIGH SCHOOL

KENAI PENINSULA BOROUGH SCHOOL DISTRICT

425 W. Marydale Ave.  
Soldotna, AK, 99669



262-7411

FAX (907) 262-4288

FRANK C. GARRITY  
PRINCIPAL

MARLENE BENSON  
ASSISTANT PRINCIPAL

THOMAS G. THORPE  
ASST. PRINCIPAL, ACTIV. DIR.

"Excellence in Education"

April 5, 1990

Sally Smith, Director  
Alaska Teachers' Retirement System  
P.O. Box CR  
Juneau, AK 99811-0203

Dear Ms. Smith,

I am writing to you out of frustration after speaking with several Retirement Field Representatives and corresponding with them over the past school year. My wife and I are in a unique situation and I need your help to sort this out as it is extremely important to us. Here is the situation.

In June of 1982 my wife and I were hired as full time certificated teachers for the Kashunamuit School District in Chevak, Alaska. When we arrived in the village we discovered that this public school was a BIA Contract School. The BIA financed the school and provided maintenance on the building but the local School Board ran the district. We taught in this district for three years.

In June of 1985 we moved to Trapper Creek, Alaska where we received employment in the Matanuska-Susitna Borough School District. At that time I inquired with the TRS to find out how to buy in the three years we had just spent in Chevak. I received a letter dated 5/6/86 from Beverly Reeves stating that I could buy the three years as BIA service. Several years passed before I decided to begin paying in to the TRS to buy these years.

My wife and I are currently employed with the Kenai Peninsula Borough School district and this past fall I decided we both should buy in these three years. I began making phone calls to the TRS and found out something very disturbing. They considered Chevak to be a private school.

Not only would we have to purchase these years at the higher outside service rate but these three years would not count towards the twenty years of service needed to be eligible to retire nor towards the eight years of service it takes to become vested. It is this last part I find most difficult to accept.

Please understand that I am aware that there are rules and regulations that the TRS representatives are using to make this determination. This however does not stop me from believing that three years spent in an Alaska Public School should count towards the twenty that are required for retirement and towards the eight required for vesting. The issue of having to buy them at the outside service rate also seems unfair but would be tolerable if they applied towards the twenty or the eight. Do you feel that this is fair? I feel that this is a very small oversight affecting very few people in a system that in general does an outstanding job in its fairness and accuracy to its' members. It is an oversight because here is a group of Alaska teachers who have not been accommodated or rewarded for their service.

What can you do to help me? What can I do? Any help will be greatly appreciated. Your interest in and empathy to our situation will give us hope. Enclosed you will find copies of the related correspondence I have received from the TRS to facilitate your speedy understanding of the situation. Thank you in advance.

Sincerely,

Frederick W. Esposito, Assistant Principal  
Soldotna High School  
425 W. Marydale Ave.  
Soldotna, Alaska 99669  
262-7411

**DEPARTMENT OF ADMINISTRATION**  
**DIVISION OF RETIREMENT & BENEFITS**

PLEASE REPLY TO:

P.O. BOX CR  
JUNEAU, ALASKA 99811-0203  
PHONE: (907)465-4460  
Fax# 465-3086

701 EAST TUDOR ROAD, SUITE 240  
ANCHORAGE, ALASKA 99503-7445  
PHONE: (907) 563-5885

**STEVE COWPER, GOVERNOR**

Public Employees Retirement System  
Teachers Retirement System  
Judicial Retirement System  
Elected Public Officers Retirement System  
National Guard Retirement System  
Territorial Retirement System  
Retirees Voluntary Dental-Vision-A.I.D.O. Plan  
Supplemental Benefits System  
Group Health Life Insurance Benefits  
Disability Compensation Plan  
Public Employees Social Security Contributions

April 20, 1990

Mr. Frederick Esposito  
Soldotna High School  
425 W. Marydale Ave.  
Soldotna, AK 99669

TKS: 041-40-4992

Dear Mr. Esposito:

Your frustration regarding your teaching service with Kashunamuit School District in Chevak, Alaska is understandable, although I have no latitude in this case.

The three years that you are claiming cannot be treated as Bureau of Indian Affairs (BIA) service since the Kashunamuit School District was under the Indian Reorganization Act from July 1, 1980 through June 30, 1985, and not operated by the BIA. According to Teacher's Retirement System statute, service for the Kashunamuit School must be treated as Alaska private school service and claimed as Outside Service.

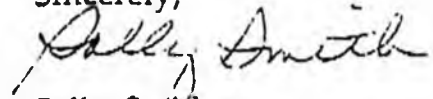
You have claimed that the May 6, 1986 letter from Beverly Reeves stated that you could buy in the three years as BIA service. In reviewing the letter, it appears that Ms. Reeves was simply notifying you of your indebtedness amount plus interest for the "outside service and/or BIA service". Ms. Reeves is an accountant and as such, does not make the determinations of service qualification. She also recommended that you contact Caramel Walder, the Anchorage office supervisor, if you had any questions.

Since the TRS laws are very clear on this issue, it appears that the only remedy available to you is through statutory revision. I suggest that you contact your local legislative representatives and discuss any remedy with them.

Mr. Frederick Esposito  
April 20, 1990  
Page 2

I can certainly sympathize with your circumstance, and wish you well in seeking a legislative solution.

Sincerely,



Sally Smith  
Director

SS/ksl

25 April 1991

Representative Mike Navarre  
Alaska State Legislature  
P.O. Box 1  
Juneau, Alaska 99801

Dear Representative Navarre:

I am writing you in support of HB 866. Having taught 2 years in Chevak when it was a contract school, I find it very discouraging to have my service considered "Outside" Service for retirement purposes. I was in Alaska, had my permanent residence in Chevak and was eligible for a Permanent Fund Dividend check yet for TRS purposes it was as if I was teaching in New York City. IT JUST ISN'T FAIR!

Thank you for trying to change this situation for all of us "Alaskans" who are being penalized. I appreciate your effort and hope you are successful.

Sincerely,

Ernie Mangie, Principal,  
Finnia Anapak Memorial School  
Chevak, AK 99680  
(907) 236-2417/2413

**ALASKA STATE LEGISLATURE  
REPRESENTATIVE MIKE NAVARRE**

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

**MEMORANDUM**

January 28, 1992

TO: Senator Pat Rodey, Chairman, Senate State Affairs Committee

FROM: Representative Mike Navarre *M.N.*

SUBJECT: House Bill 266, An Act relating to Bureau of Indian Affairs contract employment.

.....

I, respectively request that the Senate State Affairs Committee hear House Bill 266 at their earliest convenience. HB 266 provides an equitable solution to a small group of BIA contract teachers, who have been excluded from using their BIA teaching experience in the Teacher Retirement System.

DISTRICT 5

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



PRINTED ON RECYCLED PAPER

**SPONSOR STATEMENT**

January 16, 1992

TO: Senator Arliss Sturgulewski, Chairman, Senate HESS Committee

FROM: Representative Mike Navarre

SUBJECT: House Bill 266, An Act relating to Bureau of Indian Affairs contract employment.

.....

House Bill 266, an Act relating to the Bureau of Indian Affairs (BIA) contract employment, will provide the necessary corrective measures for a small group of former BIA staff members. To provide a historical perspective, when the BIA was removing itself from providing educational opportunities in Alaska some areas of the state felt more comfortable with a known entity, the BIA, rather than with the replacement organization, REAA. In response, the BIA by contract to a few local school boards continued to operate for a period of time. The employees of this BIA contract arrangement were not incorporated into the roll-over to the state retirement system. HB 266 will allow approximately ten to fifteen teachers to pay into and use their contract BIA years vesting purposes in the Teacher Retirement System.

I have enclosed a summary of a typical BIA contract situation presented by one of the affected teachers. I believe that the enclosed summary pretty succinctly states the inequities of the BIA contract dilemma.

On January 15, 1992 the House of Representatives amended and passed HB 266 by a vote of 38-0. The amendment reduces the language of the original bill and provides an opportunity to correct any future BIA TRS problems. In my research I have not been able to discover where there may be future needs for this legislation, but, if HB 266 is needed the Legislature will not have to reinvent the wheel.

The fiscal impact of HB 266 is expected to be minimal, thus a zero fiscal note.

Contact person for HB 266 is Tom Ackerly at 3779 in Capital 515.

H B

2 7 2

**FISCAL NOTE**

**STATE OF ALASKA  
1992 LEGISLATIVE SESSION**

**BILL NO.** CSHB 212 (MLV)

Revision Date: 2/6/92 Department Affected: Military & Veterans Affairs  
 Title: Relating to duties of the Adjutant General BRU: Alaska National Guard  
 Component: Office of the Adjutant General  
 Sponsor: House DMVA  
 Requestor: House DMVA 2/6/92 COMPONENT SERIAL NO. 

4	1	4
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**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0	0	0	0	0	0

<b>CAPITAL</b>						
----------------	--	--	--	--	--	--

<b>REVENUE</b>						
<b>FUND SOURCE:</b>						

**FUNDING: (Thousands of Dollars)**

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER FUND SOURCE:						
<b>TOTAL</b>						

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: \_\_\_\_\_

**ANALYSIS: (Attach a separate page if necessary.)**

Zero fiscal impact.

Prepared By: Jeff Morrison Phone: 465-4600  
 Division: Administrative Support and Services Date: 7 Feb 92  
 Approved by Commissioner: *J Morrison for* Hugh L. Cox III  
 Agency: Military and Veterans Affairs Date: 7 Feb 92

# Alaska State Legislature

## House of Representatives

Rep. Ivan, Chair  
Rep. Davidson  
Rep. Foster  
Rep. Gonzales  
Rep. Gruenberg  
Rep. M.W. Miller  
Rep. Parnell



State Capitol  
Juneau, Alaska 99801-1182  
(907) 465-4527

### Special Committee on Military & Veterans Affairs

#### SUMMARY OF CS FOR HOUSE BILL 272 (MVA)

The committee substitute for House Bill 272 (MVA) relates to the duties of the Adjutant General of the Department of Military and Veterans Affairs. The bill establishes the Adjutant General as the official liaison between the state and the active military in the state, the federal Department of Veterans Affairs and the Federal Emergency Management Administration. The bill also requires the Adjutant General to submit an annual report to the legislature by February 1.

HB 272 has a zero fiscal note from the Department of Military and Veterans Affairs and an immediate effective date.

Alaska State Legislature  
House of Representatives

P.O. BOX 886  
BETHEL, AK 99559  
(907) 543-3541

DURING SESSION  
STATE CAPITOL  
JUNEAU, AK 99801-1182  
(907) 465-4527



COMMITTEES  
CHAIRMAN  
SPECIAL COMMITTEE ON  
MILITARY & VETERANS AFFAIRS  
MEMBER  
LABOR & COMMERCE  
RESOURCES  
FINANCE SUBCOMMITTEES  
MILITARY & VETERANS AFFAIRS  
PUBLIC SAFETY

Representative Ivan M. Ivan

M E M O R A N D U M

TO: Senator Pat Rodey, Chairman  
Senate State Affairs Committee

FROM: Representative Ivan M. Ivan, Chair *IM*  
House Special Committee on Military and  
Veterans Affairs

DATE: March 9, 1992

RE: Request for Hearing - CSHB 272 (MLV)

Please consider this request to hear CS for HB 272 (MLV) at your earliest possible convenience.

This bill relates to the duties of the Adjutant General of the Department of Military and Veterans Affairs. It establishes the Adjutant General as the official liaison between the state and the active military within the state, the federal Department of Veterans Affairs and the Federal Emergency Management Agency. The bill also requires the department to submit an annual report to the legislature by February 1 of each year.

CSHB 272 (MLV) has a zero fiscal note from the Department of Military and Veterans Affairs and an immediate effective date.

Back up material is attached.

Thank you for considering this request. Please do not hesitate to contact me or Tom Wright, committee staff, if you need further information or have any questions.

IMI:tw

Sponsor Request

HB

309

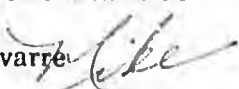
**ALASKA STATE LEGISLATURE**  
**REPRESENTATIVE MIKE NAVARRE**

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

**SPONSOR'S STATEMENT**

**TO:** Senator Pat Rodey, Senate State Affairs Committee

**FROM:** Representative Mike Navarre



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

.....

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

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

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

On the effective date of this legislation there would be an annual increase of 35% for two years. Three years later an adjustment is made based on All Urban Consumer Price Index (CPI-U), using the transportation new vehicle segment of the CPI-U. The adjustment segment of HB 309 then sunsets.

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

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

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

DISTRICT 5

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

SPONSOR STATEMENT - Rep. Navarre

### House Bill 309 Fact Sheet

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

DISTRICT 5

3480 W. Beach Road • Soldotna, Alaska 99669 • (907) 262-7842

HB-309 FACT SHEET - Rep. Navarre

# STATE OF ALASKA

## DEPT. OF COMMUNITY & REGIONAL AFFAIRS

### OFFICE OF THE COMMISSIONER

WALTER J. HICKEL, GOVERNOR

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

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

February 19, 1992

### POSITION PAPER

RE: CS HB 309 (Fin) Work Draft

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

#### Program Effects of Bill

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

#### Comments

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

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

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

**BILL NO:** DRAFT CSHB 309(FIN)

**DATE:** February 13, 1992

**TITLE:** An Act relating to motor  
vehicle registration tax. . .

**CONTACT:** Gayle A. Horetski  
Deputy Commissioner  
465-4322

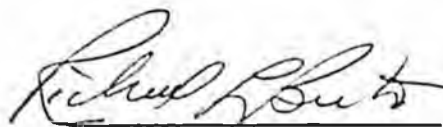
**POSITION PAPER - Department of Public Safety**

The Division of Motor Vehicles collects a Motor Vehicle Registration Tax on behalf of some municipalities at the time that a vehicle is registered. Local governments have the option to have DMV collect this tax at the time of registration in lieu of them collecting a personal property tax on vehicles. The tax revenue is returned to the cities minus a 5% collection cost. This bill will adjust the amount of the tax to reflect cost of living increases since the start of the program, and will provide a method for future increases. The bill will also increase the amount retained by DMV to cover administrative collection costs from 5% to 8%.

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

This bill raises the level of tax imposed on vehicles by 70% over a two-year period. This will impact the total cost to the customer for vehicle registration. Under the current tax rates the total cost associated with registration of a new passenger vehicle would be \$95.00 (\$35 for registration and \$60 for tax). After the first two years' increase the total cost would be \$137 (\$35 for registration and \$102 for tax). The bill also requires the Alaska Department of Labor to adjust the tax schedules every three years based upon changes in the Federal Consumer Price Index. The impact of these tax increases will be felt at the public service counters where the customers will take the time to make their feelings on the increase known. The increase in the collection costs will offset the costs of dealing with this public reaction.

The Department takes no position on this bill. The appropriate level of taxation is something that must be decided by the legislature and the municipalities. The increased workload upon DMV as a result of these rate changes is adequately offset by the increased administrative percentage (8%) retained by the Division of Motor Vehicles.



Richard L. Burton  
Commissioner

# **CORRECTION**

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

# STATE OF ALASKA

## DEPT. OF COMMUNITY & REGIONAL AFFAIRS

### OFFICE OF THE COMMISSIONER

WALTER J. HICKEL, GOVERNOR

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

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

February 19, 1992

### POSITION PAPER

RE: CS HB 309 (Fin) Work Draft

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

#### Program Effects of Bill

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

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

POSITION PAPER - C&RA

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

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

*Ed. Blatchford*

Edgar Blatchford, Commissioner

**BILL NO:** DRAFT CSHB 309(FIN)

**DATE:** February 13, 1992

**TITLE:** An Act relating to motor  
vehicle registration tax. . .

**CONTACT:** Gayle A. Horetski  
Deputy Commissioner  
465-4322

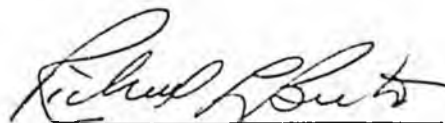
**POSITION PAPER - Department of Public Safety**

The Division of Motor Vehicles collects a Motor Vehicle Registration Tax on behalf of some municipalities at the time that a vehicle is registered. Local governments have the option to have DMV collect this tax at the time of registration in lieu of them collecting a personal property tax on vehicles. The tax revenue is returned to the cities minus a 5% collection cost. This bill will adjust the amount of the tax to reflect cost of living increases since the start of the program, and will provide a method for future increases. The bill will also increase the amount retained by DMV to cover administrative collection costs from 5% to 8%.

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

This bill raises the level of tax imposed on vehicles by 70% over a two-year period. This will impact the total cost to the customer for vehicle registration. Under the current tax rates the total cost associated with registration of a new passenger vehicle would be \$95.00 (\$35 for registration and \$60 for tax). After the first two years' increase the total cost would be \$137 (\$35 for registration and \$102 for tax). The bill also requires the Alaska Department of Labor to adjust the tax schedules every three years based upon changes in the Federal Consumer Price Index. The impact of these tax increases will be felt at the public service counters where the customers will take the time to make their feelings on the increase known. The increase in the collection costs will offset the costs of dealing with this public reaction.

The Department takes no position on this bill. The appropriate level of taxation is something that must be decided by the legislature and the municipalities. The increased workload upon DMV as a result of these rate changes is adequately offset by the increased administrative percentage (8%) retained by the Division of Motor Vehicles.



Richard L. Burton  
Commissioner



February 14, 1992

## Position Paper

### HB 309 - Requiring Adjustment of Municipal Motor Vehicle Registration Tax

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

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

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

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

The Alaska Municipal League supports HB 309.

Attachment

Member

MUNICIPAL LEAGUE  
Position Paper

C92TE1ST:HB309.2

Division of Counties



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

## Revision of Motor Vehicle Registration Tax Rates

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

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

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

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

**Table 1: Local Policy on Taxation of Motor Vehicles**

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

<sup>a</sup> Collected by the state on behalf of municipality under AS 28.10.431.

<sup>b</sup> Taxed by the municipality at full and true value.

<sup>c</sup> Exempt from municipal taxation.

Source: *Alaska Taxable, 1991*

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



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

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

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

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

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

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

Prepared by Alaska Municipal League, 13 February 1992

**Letters / Resolutions of Support for HB-309,  
increasing municipal vehicle tax levy**

Alaska Municipal League  
Kenai Peninsula Borough  
Kenai Peninsula Caucus  
Anchorage Municipal Assembly  
City of Soldotna  
City of Nenana  
City of Whittier  
Matanuska-Susitna Borough  
City of Petersburg  
City of Wasilla

House Letter of Intent  
for  
CSHB 309(Finance) am

"It is the intent of the Legislature that the fiscal note attached to CSHB 309(Finance) am shall be zero and the new employees be zeroed out."

7-LS1019V  
Ford  
5/1/92

SENATE CS FOR CS FOR HOUSE BILL NO. 309 (STATE AFFAIRS)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SEVENTEENTH LEGISLATURE - SECOND SESSION

BY THE SENATE STATE AFFAIRS COMMITTEE

Offered:  
Referred:

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

A BILL

FOR AN ACT ENTITLED

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

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

4 \* Section 1. AS 28.10.431(a) is repealed and reenacted to read:

5 (a) There is levied a motor vehicle registration tax within each municipality in which the  
6 tax has been approved by the qualified voters at a regular or special municipal election.

7 \* Sec. 2. AS 28.10.431(b) is amended to read:

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

11		Tax According to Age of Vehicle Since Model Year							
12		1st	2nd	3rd	4th	5th	6th	7th	8th or
13									over
14	Motor Vehicle								

WORK DRAFT

WORK DRAFT

WORK DRAFT

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

\* Sec. 3. AS 28.10.431(b) is repealed and reenacted to read:

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

Tax According to Age of Vehicle Since Model Year

WORK DRAFT

WORK DRAFT

WORK DRAFT

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

\* Sec. 4. AS 28.10.431(c) is amended to read:

(c) Except as provided in this subsection, the [THE] registration tax shall be levied, collected, enforced, and otherwise administered in the same manner as provided for the registration fees in this chapter. Except for motor vehicles for which a prorated tax is collected, only [ONLY] one registration tax may be collected with respect to the same motor vehicle in the year for which the tax is paid. A person who operates a fleet of 50 or more motor vehicles may pay a proportionate prorated registration fee that allows a vehicle in

1 the fleet to be registered in monthly increments if (1) the motor vehicles are subject to the  
2 registration tax in a single municipality under (a) of this section, and (2) the motor vehicle  
3 fleet increases or decreases by more than 50 percent in a calendar year. The department  
4 shall prorate registration fees in monthly increments to allow registration in less than  
5 one-year periods when required by this subsection.

6 \* Sec. 5. AS 28.10.431(e) is amended to read:

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

14 \* Sec. 6. AS 28.10.431 is amended by adding a new subsection to read:

15 (j) The Department of Labor shall adjust the schedule under (b) of this section every  
16 three years to reflect changes in the transportation new vehicle segment of the Consumer Price  
17 Index for all urban consumers for all items compiled by the Bureau of Labor Statistics, United  
18 States Department of Labor for the second half of the preceding calendar year. The semiannual  
19 index for the second half of 1994 is the reference base index. The Department of Labor shall  
20 round each scheduled amount adjusted under this subsection to the nearest dollar. The  
21 Department of Community and Regional Affairs shall provide the revised schedule to each  
22 municipality in the state that imposes a tax under this section and to the Department of Public  
23 Safety, and shall make the schedule available to the public by February 28th of each year in  
24 which the schedule is revised. A tax imposed under an adjusted schedule takes effect on July 1  
25 of the year in which the schedule is adjusted.

26 \* Sec. 7. AS 28.10.431(j) is repealed June 30, 1998.

27 \* Sec. 8. TRANSITION. A municipality in which a motor vehicle registration tax was imposed  
28 under AS 28.10.431 before January 1, 1993, may not impose the tax on or after January 1, 1993, until  
29 the municipality meets the requirements of AS 28.10.431(a), as repealed and reenacted in sec. 2 of this  
30 Act.

31 \* Sec. 9. Sections 2 and 5 of this Act take effect January 1, 1993.

- 1 \* Sec. 10. Section 3 of this Act takes effect January 1, 1994.
- 2 \* Sec. 11. Sections 6 and 7 of this Act take effect January 1, 1997.

A M E N D M E N T

OFFERED IN THE SENATE

TO: CSHB 309 (FINANCE)

Page 3, after line 21:

Insert a new bill section to read:

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

(c) Except as provided in this subsection, the [THE] registration tax shall be levied, collected, enforced, and otherwise administered in the same manner as provided for the registration fees in this chapter. Except for motor vehicles for which a prorated tax is collected, only [ONLY] one registration tax may be collected with respect to the same motor vehicle in the year for which the tax is paid. A person who operates a fleet of 50 or more motor vehicles may pay a proportionate prorated registration fee that allows a vehicle in the fleet to be registered in monthly increments if (1) the motor vehicles are subject to the registration tax in a single municipality under (a) of this section, and (2) the motor vehicle fleet increases or decreases by more than 50 percent in a calendar year. The department shall prorate registration fees in monthly increments to allow registration in less than one-year periods when required by this subsection."

Renumber the following bill sections accordingly.

Page 4, line 11:

Delete "and 3"

Insert ", 3, and 4"

Page 4, line 13:

Delete "4"

Insert "5"



Official Business

# Alaska State Legislature

P.O. Box V  
State Capitol  
Juneau, Alaska 99811

## SENATE STATE AFFAIRS COMMITTEE

March 23, 1992

To: HEATHER FLYNN  
Assemblymember

From: Max Gifford *MG*  
Legislative Assistant  
465-3793

Subj: HB-309, Municipal Motor Vehicle Registration Tax

The Anchorage Assembly approved AR NO. 91-260, urging the legislature to increase the registration fees in AS 28.10.431, and provide for an annual adjustment rate. Such an increase is contained in CSHB-309 (Fin) am, by the House Finance Committee.

The Senate State Affairs Committee considered the measure and the attached amendment (LS1019\p.2, 3/18/92) which provides for a "proportionate prorated registration fee" on operations with a fleet of 50 or more motor vehicles.

Senators expressed interest in knowing the opinion of the Anchorage Assembly with regard to the proposed amendment. It should be noted that a local option vehicle classification exemption is already contained in AS 29.45.050 (b) (5) (copy included in this fax transmission).

I would appreciate you or someone at the Assembly office calling to let me know the Assembly reaction to the amendment. I'll pass the information to committee members when/if the measure is rescheduled for hearing.

Thank you.

This cover plus 2 pages

A M E N D M E N T

OFFERED IN THE SENATE

TO: CSHB 309 (FINANCE)

Page 3, after line 21:

Insert a new bill section to read:

"\* Sec. 3. AS 28.10.431(c) is amended to read:

(c) Except as provided in this subsection, the [THE] registration tax shall be levied, collected, enforced, and otherwise administered in the same manner as provided for the registration fees in this chapter. Except for motor vehicles for which a prorated tax is collected, only [ONLY] one registration tax may be collected with respect to the same motor vehicle in the year for which the tax is paid. A person who operates a fleet of 50 or more motor vehicles may pay a proportionate prorated registration fee that allows a vehicle in the fleet to be registered in monthly increments if (1) the motor vehicles are subject to the registration tax in a single municipality under (a) of this section, and (2) the motor vehicle fleet increases or decreases by more than 50 percent in a calendar year. The department shall prorate registration fees in monthly increments to allow registration in less than one-year periods when required by this subsection."

Renumber the following bill sections accordingly.

Page 4, line 11:

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Page 4, line 13:

Delete "4"

Insert "5"

term "developed" in this section, is consistent with the meaning of that term as used in the Alaska Native Claims Settlement Act. *Kenai Peninsula Borough v. Tyonek Native Corp.*, 807 P.2d 502 (Alaska 1991).

The definition of "developed" is broad enough to include subdivided land which is ready for sale. *Kenai Peninsula Borough v. Cook Inlet Region, Inc.*, 807 P.2d 487 (Alaska 1991).

**Housing project on air force base.** — Any property interest of the federal government in an air force base housing project or any other property within a federal reservation is exempt from taxation by state or local authorities, but any pri-

vate interest in such land is taxable to the extent of the interest. *Ben Lomond, Inc. v. Fairbanks N. Star Borough Bd. of Equalization*, 760 P.2d 508 (Alaska 1988).

Where taxpayer has leased land on an air force base from the federal government and has leased back to the government the housing project taxpayer constructed on the land, taxpayer's leasehold interest as well as its interest in the buildings are subject to taxation. *Ben Lomond, Inc. v. Fairbanks N. Star Borough Bd. of Equalization*, 760 P.2d 508 (Alaska 1988).

Cited in *City of Valdez v. State, Dep't of Community & Regional Affairs*, 793 P.2d 532 (Alaska 1990).

X

**Sec. 29.45.050. Optional exemptions and exclusions.** (a) A municipality may exclude or exempt or partially exempt residential property from taxation by ordinance ratified by the voters at an election. An exclusion or exemption authorized by this section may not exceed the assessed value of \$10,000 for any one residence.

(b) A municipality may by ordinance

(1) classify boats and vessels for the purposes of taxation and may establish the assessed valuation of boats and vessels on the basis of their registered or certificated net tonnage;

(2) classify and exempt from taxation

(A) the property of an organization not organized for business or profit-making purposes and used exclusively for community purposes if the income derived from rental of that property does not exceed the actual cost to the owner of the use by the renter;

(B) historic sites, buildings, and monuments;

(C) land of a nonprofit organization used for agricultural purposes if rights to subdivide the land are conveyed to the state and the conveyance includes a covenant restricting use of the land to agricultural purposes only; rights conveyed to the state under this subparagraph may be conveyed by the state only in accordance with AS 38.05.069(c);

(3) exempt personal property from taxation;

(4) exempt business inventories from taxation;

X

(5) classify as to type and exempt or partially exempt any or all types of motor vehicles from taxation.

(c) The provisions of (a) of this section notwithstanding,

(1) a borough may, by ordinance, adjust its property tax structure in whole or in part to the property tax structure of a city in the borough, including but not limited to, excluding personal property from taxation, establishing exemptions, and extending the redemption period;

3 of 3 Flynn

A M E N D M E N T

✓ OFFERED IN THE SENATE

BY SENATOR RODEY

TO: CSHB 309 (FINANCE)

Page 3, after line 21:

Insert a new bill section to read:

"\* Sec. 3. AS 28.10.431(c) is amended to read:

(c) Except as provided in this subsection, the [THE] registration tax shall be levied, collected, enforced, and otherwise administered in the same manner as provided for the registration fees in this chapter. Except for motor vehicles for which a prorated tax is collected, only [ONLY] one registration tax may be collected with respect to the same motor vehicle in the year for which the tax is paid. A person who operates a fleet of 50 or more motor vehicles may pay a proportionate prorated registration fee that allows a vehicle in the fleet to be registered in monthly increments if (1) the motor vehicles are subject to the registration tax in a single municipality under (a) of this section, and (2) the motor vehicle fleet increases or decreases by more than 50 percent in a calendar year. The department shall prorate registration fees in monthly increments to allow registration in less than one-year periods when required by this subsection."

Renumber the following bill sections accordingly.

Page 4, line 11:

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Insert ", 3, and 4"

Page 4, line 13:

Delete "4"

Insert "5"

How many OTHERS  
WILL IT  
AFFECT

To: Mike Ford - legal  
From: MAX (Rodley's Office)  
Subj: HB-309 - Motor Vehicle Tax

Please review for possible  
amendment or inclusion in

CS

---

Any person or business entity which maintains a motor vehicle fleet of fifty (50) or more motor vehicles within a city or town which has adopted an ordinance adopting the tax provided in AS \_\_\_\_\_ and whose motor vehicle fleet size varies throughout the calendar year by more than fifty percent (50%), shall be permitted to register its motor vehicles for less than one (1) calendar year with minimal registration increments of one (1) calendar month paying prorata registration for each registration increment necessary to have the motor vehicle properly registered based upon the schedules set forth in section \_\_\_\_\_ above.

Dana Parks -

Files 586-2230

A-562-7051

re: seasonal <sup>part-time</sup> ~~work~~  
for area vehicles -

FRI

MAX / PAT:

ED DANKW, CALL

RE: HB 309.

WANTS US TO

ASK FOR A

STA REFERRAL

WHEN ITS

READ ACROSS.

Patrick M. Rodey  
Senator

# Alaska State Legislature



Senate

3111 C. St., Suite 510  
Anchorage, Alaska 99503  
(907) 561-7618

During Session:  
P.O. Box V  
Juneau, Alaska 99811  
(907) 465-3793

## MEMORANDUM

DATE: March 9, 1992

TO: Senator Dick Eliason, President  
Alaska State Senate

FROM: Senator Patrick M. Rodey *Pat*

SUBJ: Request for Committee Referral

I request that CSHB 309 (FIN) am, due to be read across to-day, be given a referral to the Senate State Affairs Committee. We are currently reviewing two other motor vehicle related bills, and I feel committee evaluation of HB 309 is appropriate in this context.

PMR/tb/memo004

ALASKA STATE LEGISLATURE  
REPRESENTATIVE MIKE NAVARRE

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

MEMORANDUM

**TO:** Senator Pat Rodey, Senate State Affairs Committee

**FROM:** Representative Mike Navarre

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

**DATE:** March 26, 1992

.....  
In a recent meeting of the Senate State Affairs Committee, an amendment was put forward by a representative of a fleet operator.

Upon close examination, I believe current **AS 29.45.050, optional exemptions and exclusions**, supplies the source of the relief that fleet operators are seeking. **AS 29.45.050 (C) 5** states "*a municipality may by ordinance classify as to type and exempt or partially exempt any or all types of motor vehicles from taxation.*" If the municipality chooses to adopt such a measure, the fleet operators may apply for such an exemption from the municipality where they register their vehicles.

This bill allows the State of Alaska to provide a better mechanism of convenient tax collection for the municipalities - whether to exempt or partially exempt certain kinds of motor vehicles is better left to the municipalities' discretion.

In light of this, I respectfully request that the Senate State Affairs move the bill from committee without amendment.

# STATE OF ALASKA

## DEPT. OF COMMUNITY & REGIONAL AFFAIRS

### OFFICE OF THE COMMISSIONER

WALTER J. HICKEL, GOVERNOR

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

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

February 19, 1992

### POSITION PAPER

RE: CS HB 309 (Fin) Work Draft

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

#### Program Effects of Bill

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

#### Comments

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

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

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

POSITION PAPER - C&RA

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

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

*Ed. Blatchford*

Edgar Blatchford, Commissioner

**BILL NO:** DRAFT CSHB 309(FIN)

**DATE:** February 13, 1992

**TITLE:** An Act relating to motor vehicle registration tax. . .

**CONTACT:** Gayle A. Horetski  
Deputy Commissioner  
465-4322


**POSITION PAPER - Department of Public Safety**

The Division of Motor Vehicles collects a Motor Vehicle Registration Tax on behalf of some municipalities at the time that a vehicle is registered. Local governments have the option to have DMV collect this tax at the time of registration in lieu of them collecting a personal property tax on vehicles. The tax revenue is returned to the cities minus a 5% collection cost. This bill will adjust the amount of the tax to reflect cost of living increases since the start of the program, and will provide a method for future increases. The bill will also increase the amount retained by DMV to cover administrative collection costs from 5% to 8%.

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

This bill raises the level of tax imposed on vehicles by 70% over a two-year period. This will impact the total cost to the customer for vehicle registration. Under the current tax rates the total cost associated with registration of a new passenger vehicle would be \$95.00 (\$35 for registration and \$60 for tax). After the first two years' increase the total cost would be \$137 (\$35 for registration and \$102 for tax). The bill also requires the Alaska Department of Labor to adjust the tax schedules every three years based upon changes in the Federal Consumer Price Index. The impact of these tax increases will be felt at the public service counters where the customers will take the time to make their feelings on the increase known. The increase in the collection costs will offset the costs of dealing with this public reaction.

The Department takes no position on this bill. The appropriate level of taxation is something that must be decided by the legislature and the municipalities. The increased workload upon DMV as a result of these rate changes is adequately offset by the increased administrative percentage (8%) retained by the Division of Motor Vehicles.



Richard L. Burton  
Commissioner



February 14, 1992

## Position Paper

### HB 309 - Requiring Adjustment of Municipal Motor Vehicle Registration Tax

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

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

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

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

The Alaska Municipal League supports HB 309.



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

## **Revision of Motor Vehicle Registration Tax Rates**

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

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

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

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



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

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

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

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

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

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

Prepared by Alaska Municipal League, 13 February 1992

**Letters / Resolutions of Support for HB-309,  
increasing municipal vehicle tax levy**

Alaska Municipal League  
Kenai Peninsula Borough  
Kenai Peninsula Caucus  
Anchorage Municipal Assembly  
City of Soldotna  
City of Nenana  
City of Whittier  
Matanuska-Susitna Borough  
City of Petersburg  
City of Wasilla

FISCAL NOTE

STATE OF ALASKA  
1992 LEGISLATIVE SESSION

BILL NO. DRAFT CSHB 309(FIN)

Revision Date: 2/12/92 Department Affected: Public Safety  
 Title: An Act relating to motor vehicle BRU: Motor Vehicles  
registration tax Component: Field Services  
 Sponsor: Representative Navarre  
 Requestor: House Finance COMPONENT SERIAL NO. 

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

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

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	52.5	105.0	105.0	105.0	105.0	105.0
TRAVEL						
CONTRACTUAL	4.5	-0-	-0-	-0-	20.0	-0-
SUPPLIES						
EQUIPMENT	30.0	-0-	-0-	-0-	-0-	-0-
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>87.0</b>	<b>105.0</b>	<b>105.0</b>	<b>105.0</b>	<b>105.0</b>	<b>105.0</b>

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

REVENUE FUND SOURCE:	517.0	671.0	748.0	748.0	822.8	822.8
-------------------------	-------	-------	-------	-------	-------	-------

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER FUND SOURCE: 1005	87.0	105.0	105.0	105.0	105.0	105.0
<b>TOTAL</b>	<b>87.0</b>	<b>105.0</b>	<b>105.0</b>	<b>105.0</b>	<b>105.0</b>	<b>105.0</b>

POSITIONS:

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

Estimate of current year impact: \_\_\_\_\_

ANALYSIS: (Attach a separate page if necessary.)  
 Note: Half year personal services costs are shown in FY 93 since the program begins January 1, 1993.  
 Revenue figures for FY 93 & 94 reflect increases in the middle of the fiscal year.  
 (continued on attachment)

Prepared By: Jay N. Dulany, Director Phone: 269-5559  
 Division: Motor Vehicles Date: 2/10/92  
 Approved by Commissioner: *Richard L. Burton* Richard L. Burton  
 Agency: Department of Public Safety Date: 2/13/92

*Prep'd*  
2/13/92

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

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

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

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

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

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

The detailed costs are as follows:

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

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

REQUEST FOR  
NEW POSITION

AGENCY Department of Public Safety

FY 93

BRU Motor Vehicles

Page 3 of 3

COMPONENT Field Services

Revised Date

BILL: HB 309 SHORT TITLE: MOTOR VEHICLE REGISTRATION TAX  
NAME: CSHB 309(FIN) AM  
TITLE: "AN ACT RELATING TO THE MUNICIPAL MOTOR VEHICLE REGISTRATION TAX; AND PROVIDING FOR AN EFFECTIVE DATE."

SPONSOR(S): REPRESENTATIVE(S) NAVARRE, BOYER, BROWN, B. DAVIS, FINKELSTEIN, KOPONEN

CURRENT STATUS: (S) STA STATUS DATE: 03/09/92  
THEN FIN, RLS

HEARING: (S) STA MAR 18 01:30 PM

04/29/91	1010	(H)	READ THE FIRST TIME - REFERRAL(S)
04/29/91	1010	(H)	CRA, FINANCE
05/10/91	1270	(H)	CRA RPT CS(CRA) 4DP 1NR
05/10/91	1270	(H)	(DP: G. PHILLIPS, B. DAVIS, C. DAVIS, MACKIE)
05/10/91	1270	(H)	(NR: GONZALES)
05/10/91	1270	(H)	-ZERO FISCAL NOTE (DCRA) 5/10/91
02/24/92	2396	(H)	FIN RPT CS(FIN) NEW TITLE 5DP 4NR
02/24/92	2397	(H)	(DP: MACLEAN, NAVARRE, BOYER, BROWN, ULMER)
02/24/92	2397	(H)	(NR: R. PHILLIPS, LARSON, SHARP, BARNES)
02/24/92	2397	(H)	-FISCAL NOTE (DPS) 2/24/92
02/24/92	2397	(H)	-ZERO FISCAL NOTE (DCRA) 2/24/92
02/28/92		(H)	RULES TO CALENDAR 2/28/92
02/28/92	2460	(H)	READ THE SECOND TIME
02/28/92	2460	(H)	CORRECTED FN #2 SUBMITTED BY H. FIN
02/28/92	2460	(H)	-FISCAL NOTE (DPS) 2/28/92
02/28/92	2460	(H)	FIN CS ADOPTED UNAN CONSENT
02/28/92	2460	(H)	AM 1 BY HANLEY
02/28/92	2461	(H)	AM NO 1 FAILED Y15 N20 E5
02/28/92	2461	(H)	AM 2 BY HANLEY
02/28/92	2461	(H)	AM 2 WITHDRAWN
02/28/92	2462	(H)	AM 3 RULED OUT OF ORDER
02/28/92	2462	(H)	ADVANCE TO 3RD RDG FLD Y22 N12 E5 A1
02/28/92	2462	(H)	ADVANCED TO THIRD READING 3/2 CALENDAR
03/02/92	2488	(H)	READ THE THIRD TIME CSHB 309(FIN)
03/02/92	2489	(H)	RETURN TO SECOND FOR AM 4 UNAN CONSENT
03/02/92	2489	(H)	AM 4 BY NAVARRE
03/02/92	2489	(H)	AM NO 4 ADOPTED Y32 N6 E2
03/02/92	2490	(H)	RETURN TO SECOND FOR AM 2 UNAN CONSENT
03/02/92	2490	(H)	AM 2 BY HANLEY
03/02/92	2490	(H)	AM NO 2 FAILED Y19 N19 E2
03/02/92	2491	(H)	PASSED Y32 N6 E2 CSHB 309(FIN) AM
03/02/92	2491	(H)	EFFECTIVE DATE SAME AS PASSAGE
03/02/92	2491	(H)	(H) ADOPTED LETTER OF INTENT
03/02/92	2491	(H)	GRUENBERG NOTICE OF RECONSIDERATION
03/04/92	2525	(H)	HELD ON RECONSIDERATION TO 3/6/92
03/06/92	2552	(H)	RECONSIDERATION NOT TAKEN UP
03/06/92	2552	(H)	TRANSMITTED TO (S)
03/09/92	2336	(S)	READ THE FIRST TIME - REFERRAL(S)
03/09/92	2336	(S)	STATE AFFAIRS, FINANCE

BILL HISTORY

### House Bill 309 Fact Sheet

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

DISTRICT 5

34824 E. Beach Road • Seldotna, Alaska 99669 • (907) 262-7842

HB-309 FACT SHEET - Rep. Navarre



## **KENAI PENINSULA BOROUGH**

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

**DON GILMAN**  
MAYOR

### **Position Paper**

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

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

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

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

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

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

*Filed 12/10/91  
Approved 12/10/91*

CLERK'S OFFICE

APPROVED

Date: 12/03/91

Submitted by: Assemblymember Flynn

Prepared by: Assembly Budget Analyst

For reading: December 3, 1991

ANCHORAGE, ALASKA

AR NO. 91-260

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

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

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

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

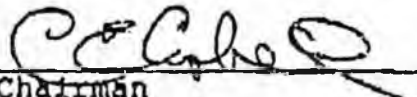
WHEREAS, currently, Alaskan motor vehicle licensing and registration fees are among the lowest in the United States; and

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

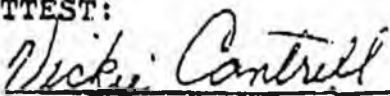
NOW, THEREFORE, The Anchorage Municipal Assembly resolves:

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

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

  
Chairman

ATTEST:

  
Municipal Clerk, Deputy



# MUNICIPALITY OF ANCHORAGE

## ASSEMBLY MEMORANDUM

No. AM 1151-91

Meeting Date: December 3, 1991

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

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

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

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

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

Prepared by:

A handwritten signature in cursive script, reading "Jean G. Ruppert".

Jean G. Ruppert

Respectfully submitted,

A handwritten signature in cursive script, reading "Heather Flynn".

Heather Flynn  
Assemblymember

JGR:dab  
DOCC/AM

MUNICIPALITY OF ANCHORAGE

MEMORANDUM

DATE: November 22, 1991

TO: Assemblyperson Heather Flynn

THRU: Larry Crawford, Municipal Manager

THRU: Jerry Anderson, Chief Fiscal Officer

FROM: Steve Van Sant, Municipal Assessor

SUBJECT: Motor Vehicle Percentage of Total Personal Property Roll

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

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

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



# MUNICIPALITY OF ANCHORAGE

## ASSEMBLY MEMORANDUM

No. AM 1151-91

Meeting Date: December 3, 1991

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

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

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

Prepared by:

A handwritten signature in cursive script that reads "Jean G. Ruppert".

Jean G. Ruppert

Respectfully submitted,

A handwritten signature in cursive script that reads "Heather Flynn".

Heather Flynn  
Assemblymember

JGR:dab  
DOCC/AM

**KENAI PENINSULA CAUCUS**  
AN ORGANIZATION REPRESENTING  
MUNICIPAL GOVERNMENTS AND CHAMBERS OF COMMERCE  
OF THE KENAI PENINSULA BOROUGH  
177 North Birch Street, Soldotna, AK 99669  
Phone: 262-9107

**Board of Directors**

**Municipal Governments**

Don Gilman, Kenai Peninsula Borough  
Betty Glick, Kenai Peninsula Borough  
C.E. Swackhammer, City of Homer  
Gary L. Davis, City of Soldotna  
Phil Morris, Kachemak City  
Vern McCorkle, City of Seldovia  
William Noll, City of Seward  
John J. Williams, City of Kenai

**Chambers of Commerce**

Stan Harrington, Anchor Point  
Gloria Wisecarver, Funny River  
Dee Forest, Homer  
John Torgerson, Soldotna  
Jack Brown, North Peninsula  
Darlene Crawford, Seldovia  
Al Schafer, Seward  
Jim Carter, Kenai

May 9, 1991

Representative Mike Navarre  
State of Alaska  
House of Representatives  
P.O. Box V  
Juneau, AK 99811

Dear Mike,

This is a letter of support for House Bill 309. The Kenai Peninsula Caucus Board and membership support and applaud your efforts on our behalf.

Please contact me if I can provide additional information.

Sincerely,

KENAI PENINSULA CAUCUS

  
Jack Brown, President

JB/clf

# City of Soldotna

• 177 North Birch • Soldotna, Alaska 99669 • Phone: 262-9107



May 8, 1991

Representative Jerry Mackie, Chairman  
Community & Regional Affairs Committee  
Room 110, Capitol  
Box V  
Juneau, AK 99811

MAY 18 1991

Dear Representative Mackie,

The City of Soldotna supports HB 309 which would require the Motor Vehicle registration tax collected by the State, on behalf of municipalities, to be adjusted annually to reflect changes in the Consumer Price Index.

In this economic climate it becomes more important to make taxation as fair as possible while maximizing each revenue source.

We estimate that had this increase been in effect in FY 89-90, the increase in the City's revenues would have been \$11,435. The estimated increase for FY 90-91 would have been approximately \$15,000.

We ask for your support of HB 309.

We appreciated your efforts on behalf of the municipalities and political subdivisions of the State.

Sincerely,

Gary L. Davis  
Mayor

cc: Rep. Mike Navarre  
AML Legislative Committee



# City of Nenana

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



February 12, 1992

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

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

Dear Representative Navarre,

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

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

Sincerely,

Steve Bainbridge  
City Administrator

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

\*\*\*\*\*  
FAX TRANSMITTAL MEMO  
TO: Representative Mike Navarre  
DEPT: Legislature FAX #: 465-2278  
FROM: Steve Bainbridge PHONE: 832-5501  
CO: City of Nenana FAX #: 832-5503  
Post-It brand fax transmittal memo 7671

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## CITY OF WHITTIER

## RESOLUTION NO. 279-92

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

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

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

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

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

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

NOW, THEREFORE, BE IT RESOLVED

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

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

\_\_\_\_\_  
Kelly Carlisle, Mayor

ATTEST:

\_\_\_\_\_  
Tina Lorrekovich, City Clerk



# Matanuska-Susitna Borough

BOROUGH MANAGER

February 7, 1992

Post-it™ brand fax transmittal memo 7871		# of pages 2
To REPRESENTATIVE Mike Navarre	From Donald L. Moore	
Co.	Co.	
Dept.	Phone# (907) 745-9689	
Fax # 465-2278	Fax #	

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

Dear Representative Navarre:

Subject: **HOUSE BILL 309**

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

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

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

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

Sincerely,

  
Donald L. Moore  
Borough Manager

Ltr/2792-1

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February 7, 1992

er

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

**CITY OF PETERSBURG**

P.O. BOX 329 • PETERSEBURG, ALASKA 99833

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February 7, 1991

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

RE: HOUSE BILL NO. 309

Representative Navarre:

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

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

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

Sincerely,

Jodell Jones, City Treasurer

cc: Governor Walter Hickel  
Alaska Municipal League