

Submitted by: ASSEMBLY MEMBER DRUMMOND  
Assembly Member Gray-Jackson

Prepared by: Assembly Counsel

For Reading: January 31, 2012

*Filed 2/14/12*

**ANCHORAGE, ALASKA  
AO NO. 2012-18**

**1 AN ORDINANCE OF THE ANCHORAGE MUNICIPAL ASSEMBLY AMENDING  
2 ANCHORAGE MUNICIPAL CODE §12.07.010 TAX LEVY ON MOTOR VEHICLE  
3 REGISTRATION, TO PROVIDE FOR A LIMITED REFUND PROGRAM AND PROVIDING  
4 FOR RETROACTIVE APPLICATION.**

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6 WHEREAS, AO 2010-35(S), passed and approved by the Assembly on May 11, 2010,  
7 states at Section 9: "Sections 1, 3, 6, and 7 of this ordinance shall become effective one  
8 hundred eighty (180) days after ADEC provides written notice to the I/M Administrator that  
9 both the ADEC and EPA have duly accepted and approved termination of the I/M Program in  
10 accordance with amendments to the State Air Quality Control Plan and State Implementation  
11 Plan (SIP)"; and

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13 WHEREAS, as of January 13, 2012, both the EPA and ADEC have provided written  
14 approval for termination of the I/M program; and

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16 WHEREAS, the 180-day transition period has been relied upon by the industry  
17 contractors who have maintained municipal compliance with federal and state law in the  
18 interim, until the EPA and ADEC processes were complete; and

19  
20 WHEREAS, in approving the imposition of a municipal tax levy on motor vehicle  
21 registrations to become effective January 1, 2012 under AO 2010-81(S-1) and AO 2011-30,  
22 the Assembly anticipated the phase out of the I/M program would precede implementation of  
23 the municipal tax levy on motor vehicle registrations so as to avoid overlap in payments  
24 required from Anchorage residents on non-commercial motor vehicle ownership; and

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26 WHEREAS, under state law, a short term postponement of the municipal tax levy on  
27 motor vehicle registration is not available to make the new municipal tax coincide with  
28 termination of I/M program; and

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30 WHEREAS, the net result is that upon implementation of the new municipal tax levy on  
31 motor vehicle registration through the Alaska Department of Motor Vehicles on January 1,  
32 2012, some motor vehicle owners will have been required to also pay the I/M inspection and  
33 certificate fees; and

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35 WHEREAS, the purpose of this ordinance is to create an equitable refund in an  
36 amount no greater than the amount paid by the vehicle owner for the I/M inspection and  
37 certificate when vehicle registration became due in 2012, prior to I/M program termination;  
38 now therefore,

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40 THE ANCHORAGE ASSEMBLY ORDAINS:

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42 **Section 1.** Anchorage Municipal Code section 12.07.010 is hereby amended to read as

1 follows (*other subsections not affected are not set out*):

2 **12.07.010 Tax levy on motor vehicle registration.**

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4 Tax levy. There is levied in the municipality a motor vehicle registration tax pursuant to  
5 the provisions of AS 28.10.431 (Biennial Motor Vehicle Registration Tax) as such  
6 statute may be hereafter amended, revised, or replaced. Pursuant to AS 28.10.431(j)  
7 the municipality modifies the scheduled amount of tax imposed under subsections (b)  
8 and (l) of the statute according to the following schedules, subject to the refund  
9 provision set out in subsection D:

10  
11 \*\*\* \*\*

12 D. The municipality shall fund a limited program to make a partial refund available  
13 to persons who paid the 2012 motor vehicle registration tax and the inspection  
14 and certificate fees in 2012 under Municipality's Motor Vehicle Emissions  
15 Inspection and Maintenance (I/M) Program prior to I/M program termination as  
16 follows:

- 17  
18 1. Eligibility for refund must be demonstrated in person by producing the  
19 valid 2012 vehicle registration and valid 2012 I/M certificate for the  
20 vehicle registered in Anchorage and subject to 2012 I/M inspection prior  
21 to termination of the I/M program by the Municipality in 2012. There shall  
22 be no more than one (1) eligible applicant per 2012 vehicle registration.  
23 The registration shall demonstrate payment of the municipal tax.  
24  
25 2. The amount of the refund shall not exceed the amount demonstrated as  
26 having been paid by the applicant for the I/M inspection and certificate or  
27 \$68.00, whichever is less.  
28  
29 3. The refund shall be applied first to any monies owing to the municipality  
30 by the applicant, or for the vehicle.  
31  
32 4. The refund program will become available by no later than March 1,  
33 2012 at the office designated by the Municipality, and shall terminate 30  
34 days after the effective date of I/M program termination.

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36 (AO No. 2010-81(S-1), § 16, 12-7-2010; AO No. 2011-30, § 1, 3-8-11, eff. 1-1-12)

37  
38 **Section 2.** This ordinance shall become effective retroactive to January 1, 2012 upon  
39 passage and approval by the Assembly.  
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PASSED AND APPROVED by the Anchorage Assembly this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

\_\_\_\_\_  
Chair

ATTEST:

\_\_\_\_\_  
Municipal Clerk

**MUNICIPALITY OF ANCHORAGE**  
**Summary of Economic Effects -- General Government**

AO Number: 2012-18

Title: AN ORDINANCE AMENDING 12.07.010, RELATED TO THE TAX LEVY ON  
MOTOR VEHICLE REGISTRATION TO PROVIDE FOR A LIMITED REFUND  
PROGRAM AND PROVIDING FOR RETROACTIVE APPLICATION.

Sponsor:

Preparing Agency: Department of Health and Human Services

Others Impacted: All programs receiving general fund revenues

<b>CHANGES IN EXPENDITURES AND REVENUES:</b>		<b>(In Thousands of Dollars)</b>				
	<b>FY12</b>	<b>FY13</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	
<b>Operating Expenditures</b>						
1000 Personal Services	\$ 80,000					
2000 Non-Labor	15,000					
3900 Contributions						
4000 Debt Service						
<b>TOTAL DIRECT COSTS:</b>	<b>\$ 95,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
Add: 6000 Charges from Others	\$ 10,000					
Less: 7000 Charges to Others						
<b>FUNCTION COST:</b>	<b>\$ 105,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>REVENUES:</b>	<b>\$ (460,000)</b>					
<b>CAPITAL:</b>						
<b>POSITIONS: FT/PT and Temp</b>	<b>1.1</b>	<i>(estimate 2,400 hours = 1.1 FTEs to process and administer refunds.)</i>				

**PUBLIC SECTOR ECONOMIC EFFECTS:**

Between Jan 1 and Feb 6, 2012, approximately 5,400 I/M tests have been performed and 300 seasonal waivers have been issued in accordance with Municipality of Anchorage and State of Alaska DMV requirements for vehicle registration.

For this analysis we have assumed that the rate of testing and waiver issuance will drop in half during the remaining three weeks in February in anticipation of the official end of I/M on March 1. If this is the case, by March 1, we project a total of 7,000 I/M tests and 400 seasonal waivers will be eligible for reimbursement under the ordinance. If 95% of those eligible apply and receive reimbursement, the total reimbursement obligation for the MOA is approximately \$460,000.

In addition, DHHS and fiscal staff will be required to process the reimbursement requests. At this point in time it is difficult to know how much time and resources will be required. For example, the ordinance requires a check of any debts owed to the MOA by the vehicle owner prior to reimbursing I/M costs. If we assume an average time of 20 minutes per reimbursement request to answer questions, determine if there are any debts owed to the MOA, and review and process each request, personnel costs amount to an estimated total of 2,400 hours. This amounts to roughly \$80,000 in salary and benefit costs. Other additional costs (supplies, mailing costs and indirect costs, etc.) are estimated to be approximately \$25,000. This represents an unplanned and unbudgeted increase of \$105,000 in operating costs under DHHS budget.

Total combined cost to the MOA (revenue loss + increase in operating expenditures) is estimated to be roughly \$565,000.

Of importance to note: The 2012 MOA budget assumes that expenditures incurred by the I/M and Air Quality program will be off-set by revenues collected from I/M vehicle certifications. For Jan 1 – Feb 29, 2012, these expenditures estimate to approximately \$250,000 (salary & benefits, referee contract, supplies, indirect costs, etc). From a City budget perspective, these program costs will no longer be fully supported by revenue, if revenue is given back in the form of a refund to individuals in the private sector affected by the I/M program during the first two months of 2012. None of the motor vehicle registration tax is currently allocated to DHHS, nor was it intended to fund the IM and Air Quality program. The reimbursable obligation represents an unplanned net decrease in revenues anticipated by DHHS for FY 2012.

**PRIVATE SECTOR ECONOMIC EFFECTS:**

Vehicle owners who registered a vehicle in the Municipality of Anchorage between January 1, 2012 and February 29, 2012, will be eligible to receive a partial refund of auto taxes paid in 2012. The total amount of all these refunds is expected to be approximate \$460,000 and is expected to be distributed to approximately 7,030 applicants, for an average refund amount of \$65 per applicant.