



Suggested by: Administration

CITY OF KENAI

RESOLUTION NO. 2016-45

A RESOLUTION OF THE COUNCIL OF THE CITY OF KENAI, ALASKA, OPPOSING KENAI PENINSULA BOROUGH ORDINANCE 2016-38 ALLOWING FOR PERMANENT MOTOR VEHICLE REGISTRATION TAX FOR NON-COMMERCIAL VEHICLES AND NON-COMMERCIAL TRAILERS THAT ARE AT LEAST EIGHT YEARS OLD.

WHEREAS, Kenai Peninsula Borough Ordinance 2016-38 provides for a permanent (one-time) motor vehicle registration tax for non-commercial motor vehicles and trailers that are at least eight years old; and,

WHEREAS, the Alaska Department of Motor Vehicles provided information showing that approximately 58% of eligible participants in the Matanuska-Susitna Borough, have participated in a similar program; and,

WHEREAS, approximately 6% of all vehicles and trailers registered in the Kenai Peninsula Borough are registered within the Kenai City boundary; and,

WHEREAS, utilizing an estimated 50% participation rate in the Kenai Peninsula Borough would result in a cumulative loss of estimated tax revenue of \$72,400 over a ten-year period; and,

WHEREAS, if Kenai Peninsula Borough Ordinance 2016-38 is amended to increase the one-time vehicle registration fee from \$75 to \$150, the effect of the ordinance would be revenue-neutral to the City and the ordinance would not be opposed.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA, that the Council opposes Kenai Peninsula Borough Ordinance 2016-38 allowing for permanent motor vehicle registration tax for non-commercial vehicles and non-commercial trailers that are at least eight years old, unless Ordinance 2016-38 is amended to be at least revenue-neutral to the City of Kenai.

PASSED BY THE COUNCIL OF THE CITY OF KENAI, ALASKA, this 2nd day of November, 2016.



Brian Gabriel, MAYOR

ATTEST:



Sandra Modigh, City Clerk





"Village with a Past, City with a Future"

210 Fidalgo Avenue, Kenai, Alaska 99611-7794
Telephone: 907-283-7535 / FAX: 907-283-3014



MEMO:

TO: Mayor Gabriel and City Council

M **FROM: Rick Koch**

DATE: October 28, 2016

SUBJECT: Resolution 2016-45, Opposing KPB Ordinance Allowing for Permanent Non-Commercial Vehicle and Trailer Registration Tax

The purpose of this correspondence is to recommend Council Adoption of the above referenced Resolution.

I will provide additional lay-down material addressing a proposed amendment to the KPB ordinance, which the Administration would not oppose.

Thank you for your attention in this matter.





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MEMO:

TO: Mayor Gabriel and City Council

FROM: Rick Koch

DATE: November 2, 2016

SUBJECT: Resolution 2016-45, Opposing KPB Ordinance Allowing for Permanent Non-Commercial Vehicle and Trailer Registration Tax

The purpose of this correspondence is to discuss the above referenced Resolution.

Following introduction of KPB Ordinance 2016-38, there has been discussion about its effect on revenues for the City of Kenai and the Kenai Peninsula Borough. The sponsor of the ordinance, Dale Bagley, asked the KPB finance department to estimate the effect of revenues if the one-time vehicle registration fee was increased from \$75 to \$150. Assembly Member Bagley may offer an amendment to increase the one-time fee from \$75 to \$150

As provided in previous information we calculated that the one-time vehicle registration fee of \$75 would result in a loss of revenue to the City of Kenai. A one-time fee of \$150 would be revenue neutral, or possibly slightly revenue positive to the City of Kenai.

Administration recommendation is to oppose the ordinance as presently written, but to not take a position if there is an amendment which increases the fee to \$150.

Thank you for your attention in this matter.



FISCAL ANALYSIS OF KPB ORDINANCE 2016-38 AND POSSIBLE AMENDMENT OF KPB ORDINANCE 2016-38

Motor Vehicles

Assuming 50% Participation

	Annual Reduction in Vehicle Tax/Fee to State of Alaska	Annual Reduction in Tax to Kenai Peninsula Borough (93.865%)	Annual Reduction in Tax to City of Kenai (6.144%)	KPB Permanent (one-time) Registration TAX (\$75)	City of Kenai Permanent (one-time) Registration TAX (\$75)	Years Until Reduction Exceeds One-time Revenue	Annual Savings (Cost) to Vehicle Owner to Participate				
							Year 1	Year 2	Year 3	Year 4	Year 5
Ordinance 2016-38 (As Written)	\$ (1,144,900.00)	\$ (322,367.20)	\$ (21,102.80)	\$ 1,611,836.02	\$ 105,513.98	5	\$ (20.00)	\$ -	\$ 130.00	\$ -	\$ 130.00
Ordinance 2016-38 Possible Amendment	\$ (1,144,900.00)	\$ (322,367.20)	\$ (21,102.80)	\$ 3,223,672.03	\$ 211,027.97	10	\$ (120.00)	\$ -	\$ 130.00	\$ -	\$ 130.00

Non-Commercial Trailers

Assuming 50% Participation

	Annual Reduction in Vehicle Tax/Fee to State of Alaska	Annual Reduction in Tax to Kenai Peninsula Borough (93.865%)	Annual Reduction in Tax to City of Kenai (6.144%)	KPB Permanent (one-time) Registration TAX (\$75)	City of Kenai Permanent (one-time) Registration TAX (\$75)	Years Until Reduction Exceeds One-time Revenue	Annual Savings (Cost) to Trailer Owner to Participate				
							Year 1	Year 2	Year 3	Year 4	Year 5
Ordinance 2016-38 (As Written)	\$ (82,867.50)	\$ (25,925.37)	\$ (1,697.13)	\$ 129,626.87	\$ 8,485.63	5	\$ (15.00)	\$ -	\$ 40.00	\$ -	\$ 40.00

Model Year	Count	58122	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10			
2016	1,064														
	58138	45,796													
		\$ 15.00 (annually)													
								After 5 years		After 7 years		After 10 years			
Current DMV revenue from vehicles more than 8 years old	\$ 686,940	\$ 686,940	\$ 686,940	\$ 686,940	\$ 686,940	\$ 686,940	\$ 686,940	\$ 3,434,700	\$ 686,940	\$ 686,940	\$ 4,808,580	\$ 686,940	\$ 686,940	\$ 686,940	\$ 6,869,400
Permanent tax fee	\$ 75.00 (annually)														
Estimated additional number of 8+ year old vehicles qualifying for permanent registration				2,000	2,000	2,000		2,000	2,000		2,000	2,000	2,000		
Presumes 100% of qualifying vehicles participating in permanent registration															
DMV revenues from vehicles more than 8 years old	\$ 3,434,700	\$ 3,434,700	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 7,769,400	\$ 300,000	\$ 300,000	\$ 8,369,400	\$ 300,000	\$ 300,000	\$ 300,000	\$ 9,269,400	
<u>Presumes 75% of qualifying vehicles</u>															
DMV revenues from those participating in permanent registration	\$ 2,576,025	\$ 2,576,025	\$ 225,000	\$ 225,000	\$ 225,000	\$ 5,827,050	\$ 225,000	\$ 225,000	\$ 6,277,050	\$ 225,000	\$ 225,000	\$ 225,000	\$ 6,952,050		
DMV revenue from remaining 25% non-Permanent Registration	\$ 171,735	\$ 171,735	\$ 171,735	\$ 171,735	\$ 171,735	\$ 858,675	\$ 171,735	\$ 171,735	\$ 1,202,145	\$ 171,735	\$ 171,735	\$ 171,735	\$ 1,717,350		
DMV revenues from vehicles more than 8 years old	\$ 2,747,760	\$ 2,747,760	\$ 396,735	\$ 396,735	\$ 396,735	\$ 6,685,725	\$ 396,735	\$ 396,735	\$ 7,479,195	\$ 396,735	\$ 396,735	\$ 396,735	\$ 8,669,400		
<u>Presumes 50% of qualifying vehicles</u>															
DMV revenues from those participating in permanent registration	\$ 1,717,350	\$ 1,717,350	\$ 150,000	\$ 150,000	\$ 150,000	\$ 3,884,700	\$ 150,000	\$ 150,000	\$ 4,184,700	\$ 150,000	\$ 150,000	\$ 150,000	\$ 4,634,700		
DMV revenue from remaining 50% non-Permanent Registration	\$ 343,470	\$ 343,470	\$ 343,470	\$ 343,470	\$ 343,470	\$ 1,717,350	\$ 343,470	\$ 343,470	\$ 2,404,290	\$ 343,470	\$ 343,470	\$ 343,470	\$ 3,434,700		
DMV revenues from vehicles more than 8 years old	\$ 2,060,820	\$ 2,060,820	\$ 493,470	\$ 493,470	\$ 493,470	\$ 5,602,050	\$ 493,470	\$ 493,470	\$ 6,588,990	\$ 493,470	\$ 493,470	\$ 493,470	\$ 8,069,400		
<u>Presumes 25% of qualifying vehicles</u>															
DMV revenues from those participating in permanent registration	\$ 858,675	\$ 858,675	\$ 75,000	\$ 75,000	\$ 75,000	\$ 1,942,350	\$ 75,000	\$ 75,000	\$ 2,092,350	\$ 75,000	\$ 75,000	\$ 75,000	\$ 2,317,350		
DMV revenue from remaining 75% non-Permanent Registration	\$ 515,205	\$ 515,205	\$ 515,205	\$ 515,205	\$ 515,205	\$ 2,576,025	\$ 515,205	\$ 515,205	\$ 3,606,435	\$ 515,205	\$ 515,205	\$ 515,205	\$ 5,152,050		
DMV revenues from vehicles more than 8 years old	\$ 1,373,880	\$ 1,373,880	\$ 590,205	\$ 590,205	\$ 590,205	\$ 4,518,375	\$ 590,205	\$ 590,205	\$ 5,698,785	\$ 590,205	\$ 590,205	\$ 590,205	\$ 7,469,400		
Revenue Impact															
revenue change 100% electing	\$ 2,747,760	\$ 2,747,760	\$ (386,940)	\$ (386,940)	\$ (386,940)	\$ 4,334,700	\$ (386,940)	\$ (386,940)	\$ 3,560,820	\$ (386,940)	\$ (386,940)	\$ (386,940)	\$ 2,400,000		
revenue change 75% electing	\$ 2,060,820	\$ 2,060,820	\$ (290,205)	\$ (290,205)	\$ (290,205)	\$ 3,251,025	\$ (290,205)	\$ (290,205)	\$ 2,670,615	\$ (290,205)	\$ (290,205)	\$ (290,205)	\$ 1,800,000		
revenue change 50% electing	\$ 1,373,880	\$ 1,373,880	\$ (193,470)	\$ (193,470)	\$ (193,470)	\$ 2,167,350	\$ (193,470)	\$ (193,470)	\$ 1,780,410	\$ (193,470)	\$ (193,470)	\$ (193,470)	\$ 1,200,000		
revenue change 25% electing	\$ 686,940	\$ 686,940	\$ (96,735)	\$ (96,735)	\$ (96,735)	\$ 1,083,675	\$ (96,735)	\$ (96,735)	\$ 890,205	\$ (96,735)	\$ (96,735)	\$ (96,735)	\$ 600,000		

Model Year	Count	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10			
	13,702													
		\$ 11,049												
		\$ 5.00	(annually)											
Current DMV revenue from trailers more than 8 years old		\$ 55,245	\$ 55,245	\$ 55,245	\$ 55,245	\$ 55,245	\$ 55,245	\$ 55,245	\$ 55,245	\$ 55,245	\$ 55,245			
							276,225							
									386,715					
											552,450			
Permanent tax fee		\$ 12.50	(annually)											
Estimated additional number of 8+ year old vehicles qualifying for permanent registration				500	500	500	500	500	500	500	500			
Presumes 100% of qualifying trailers participating in permanent registration														
DMV revenues from trailers more than 8 years old		\$ 138,113	\$ 138,113	\$ 12,500	\$ 12,500	\$ 12,500	\$ 313,725	\$ 12,500	\$ 12,500	\$ 338,725	\$ 12,500	\$ 12,500	\$ 12,500	\$ 376,225
Presumes 75% of qualifying trailers														
DMV revenues from those participating in permanent registration		\$ 103,584	\$ 103,584	\$ 9,375	\$ 9,375	\$ 9,375	\$ 235,294	\$ 9,375	\$ 9,375	\$ 254,044	\$ 9,375	\$ 9,375	\$ 9,375	\$ 282,169
DMV revenue from remaining 25% non-Permanent Registration		\$ 13,811	\$ 13,811	\$ 13,811	\$ 13,811	\$ 13,811	\$ 69,056	\$ 13,811	\$ 13,811	\$ 96,679	\$ 13,811	\$ 13,811	\$ 13,811	\$ 138,113
DMV revenues from trailers more than 8 years old		\$ 117,396	\$ 117,396	\$ 23,186	\$ 23,186	\$ 23,186	\$ 304,350	\$ 23,186	\$ 23,186	\$ 350,723	\$ 23,186	\$ 23,186	\$ 23,186	\$ 420,281
Presumes 50% of qualifying trailers														
DMV revenues from those participating in permanent registration		\$ 69,056	\$ 69,056	\$ 6,250	\$ 6,250	\$ 6,250	\$ 156,863	\$ 6,250	\$ 6,250	\$ 169,363	\$ 6,250	\$ 6,250	\$ 6,250	\$ 188,113
DMV revenue from remaining 50% non-Permanent Registration		\$ 27,623	\$ 27,623	\$ 27,623	\$ 27,623	\$ 27,623	\$ 138,113	\$ 27,623	\$ 27,623	\$ 193,358	\$ 27,623	\$ 27,623	\$ 27,623	\$ 276,225
DMV revenues from trailers more than 8 years old		\$ 96,679	\$ 96,679	\$ 33,873	\$ 33,873	\$ 33,873	\$ 294,975	\$ 33,873	\$ 33,873	\$ 362,720	\$ 33,873	\$ 33,873	\$ 33,873	\$ 464,338
Presumes 25% of qualifying trailers														
DMV revenues from those participating in permanent registration		\$ 34,528	\$ 34,528	\$ 3,125	\$ 3,125	\$ 3,125	\$ 78,431	\$ 3,125	\$ 3,125	\$ 84,681	\$ 3,125	\$ 3,125	\$ 3,125	\$ 94,056
DMV revenue from remaining 75% non-Permanent Registration		\$ 41,434	\$ 41,434	\$ 41,434	\$ 41,434	\$ 41,434	\$ 207,169	\$ 41,434	\$ 41,434	\$ 290,036	\$ 41,434	\$ 41,434	\$ 41,434	\$ 414,338
DMV revenues from trailers more than 8 years old		\$ 75,962	\$ 75,962	\$ 44,559	\$ 44,559	\$ 44,559	\$ 285,600	\$ 44,559	\$ 44,559	\$ 374,718	\$ 44,559	\$ 44,559	\$ 44,559	\$ 508,394
Potential Revenue Impact														
revenue change 100% electing		\$ 82,868	\$ 82,868	\$(42,745)	\$(42,745)	\$(42,745)	\$ 37,500	\$(42,745)	\$(42,745)	\$(47,990)	\$(42,745)	\$(42,745)	\$(42,745)	\$(176,225)
revenue change 75% electing		\$ 62,151	\$ 62,151	\$(32,059)	\$(32,059)	\$(32,059)	\$ 28,125	\$(32,059)	\$(32,059)	\$(35,993)	\$(32,059)	\$(32,059)	\$(32,059)	\$(132,169)
revenue change 50% electing		\$ 41,434	\$ 41,434	\$(21,373)	\$(21,373)	\$(21,373)	\$ 18,750	\$(21,373)	\$(21,373)	\$(23,995)	\$(21,373)	\$(21,373)	\$(21,373)	\$(88,113)
revenue change 25% electing		\$ 20,717	\$ 20,717	\$(10,686)	\$(10,686)	\$(10,686)	\$ 9,375	\$(10,686)	\$(10,686)	\$(11,998)	\$(10,686)	\$(10,686)	\$(10,686)	\$(44,056)