



KENAI PENINSULA BOROUGH

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**MIKE NAVARRE
BOROUGH MAYOR**

MEMORANDUM

TO: Blaine Gilman, Assembly President
Members, Kenai Peninsula Borough Assembly

FROM: Dale Bagley (B) for D. B.

DATE: October 13, 2016

SUBJECT: Ordinance 2016-38, Allowing for Permanent Motor Vehicle Registration Tax for Non-Commercial Motor Vehicles and Non-Commercial Trailers that are at Least Eight Years Old (Bagley)

The 2014 Alaska Legislature enacted HB 19 which allowed municipalities to provide a permanent registration tax for non-commercial motor vehicles and non-commercial trailers that are at least eight years old.

Currently there are approximately 58,000 non-commercial motor vehicles registered in the borough of which approximately 45,000 are at least eight years old and approximately 13,700 non-commercial trailers registered in the borough of which approximately 11,000 are at least eight years old.

The borough currently receives approximately \$685,000 per year in motor vehicle tax on vehicles that are at least eight years old and approximately \$55,000 per year in motor vehicle tax on non-commercial trailers that are at least eight years old.

Motor vehicles tax revenue is distributed to the borough, cities and service areas in accordance with KPB 5.12.245(B) on the basis of population instead of assessed value.

Implementing a permanent registration for non-commercial motor vehicles and non-commercial trailers would be a convenience to the residents of the borough.

If the borough implements a permanent registration tax of \$75.00 for noncommercial motor vehicles that are at least eight years old and 25 percent of eligible vehicles participate in the program, the motor vehicle tax revenue over a ten year period is estimated to be \$6.3 million, compared to estimated revenues of \$6.9 million under the current tax system. If the borough implements a permanent registration tax of \$25.00 for non-commercial trailers that are at least eight years old and 25 percent of eligible vehicles participated in the program, the motor vehicle

tax revenue over a ten year period is estimated to be \$510,000, compared to estimated revenues of \$550,000 under the current tax system.

In addition to the borough motor vehicle tax, the State of Alaska collects a biennial fee of \$100 on noncommercial motor vehicles and \$30 on non-commercial trailers, which would no longer be assessed if the borough implements a permanent registration tax.