

**CS FOR SENATE BILL NO. 68(TRA)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-FIFTH LEGISLATURE - FIRST SESSION

BY THE SENATE TRANSPORTATION COMMITTEE

Offered: 4/2/07

Referred: Finance

Sponsor(s): SENATOR FRENCH

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act directing the Department of Administration to develop and maintain an  
2 Internet-based system to verify mandatory motor vehicle insurance coverage; requiring  
3 motor vehicle insurers to provide to the commissioner of administration vehicle  
4 insurance policy information to allow the commissioner to verify whether mandatory  
5 motor vehicle insurance has been obtained and limiting access to the information;  
6 requiring evidence of mandatory insurance coverage when a person applies for or  
7 renews motor vehicle registration; and allowing the additional penalties of vehicle  
8 impoundment and forfeiture for failure to have mandatory motor vehicle insurance."

9 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

10 \* **Section 1.** AS 21.89.020 is amended by adding a new subsection to read:

11 (j) An insurer licensed to issue motor vehicle liability insurance shall provide  
12 to the commissioner of administration or to a person designated by the commissioner

1 information that allows the commissioner to verify that a vehicle is covered by the  
2 insurance required under AS 28.22.011.

3 \* **Sec. 2.** AS 28.01.015(a) is amended to read:

4 (a) Notwithstanding other provisions in this title, a municipality may adopt an  
5 ordinance providing for the impoundment or forfeiture of a

6 (1) motor vehicle, watercraft, or aircraft involved in the commission of  
7 an offense under AS 28.35.030, 28.35.032, or an ordinance with elements substantially  
8 similar to AS 28.35.030 or 28.35.032;

9 (2) motor vehicle involved in the commission of an offense under  
10 AS 28.15.291 or an ordinance with elements similar to AS 28.15.291;

11 (3) motor vehicle used by a person whose license is suspended under  
12 AS 28.22.041; [OR]

13 (4) motor vehicle used by a person who fails to carry proof of  
14 insurance as required under AS 28.22.019; or

15 **(5) motor vehicle for failure to be covered by motor vehicle**  
16 **insurance required by AS 28.22.011.**

17 \* **Sec. 3.** AS 28.10.021(a) is amended to read:

18 (a) The owner of a vehicle subject to registration shall apply for registration  
19 under this chapter by properly completing the form prescribed by the commissioner  
20 under AS 28.05.041. Before the issuance of a certificate of registration by the  
21 department, the owner shall

22 (1) pay all registration fees and taxes required under this chapter and  
23 federal heavy vehicle use taxes required under 26 U.S.C. 4481 (Internal Revenue Code  
24 of 1954);

25 (2) unless the owner qualifies as a self-insurer under AS 28.20.400 or  
26 is exempted from obtaining liability insurance under AS 28.22.011, certify to the  
27 department the existence of a motor vehicle liability policy that complies with  
28 AS 28.22.011 for the vehicle being registered; in this paragraph, "certify" means to  
29 **provide sufficient evidence, in a** [INDICATE BY CHECK-OFF ON THE VEHICLE  
30 REGISTRATION] form prescribed by the department, **of** the existence of a policy of  
31 insurance **that complies with AS 28.22.011** [, IF A POLICY IS REQUIRED AT

1 THAT TIME], and the intention to continue the policy [OR OBTAIN A POLICY AS  
2 REQUIRED BY THIS SUBSECTION]; and

3 (3) comply with other applicable statutes and regulations.

4 \* **Sec. 4.** AS 28.10.111(a) is amended to read:

5 (a) Application for the renewal of vehicle registration shall be made by  
6 completing the proper form, **providing sufficient evidence, in a form prescribed by**  
7 **the department, of the existence of a policy of insurance that complies with**  
8 **AS 28.22.011 and the intention to continue the policy,** and paying any required fee  
9 and tax.

10 \* **Sec. 5.** AS 28.22 is amended by adding a new section to read:

11 **Sec. 28.22.035. Mandatory motor vehicle insurance verification.** (a) The  
12 department shall adopt regulations establishing an Internet-based system that allows a  
13 peace officer, an authorized employee of the Alaska Court System, and other persons  
14 authorized by the department to verify whether mandatory motor vehicle insurance  
15 that complies with AS 28.22.011 has been issued.

16 (b) The regulations adopted under (a) of this section

17 (1) may use standards established by the Insurance Industry  
18 Committee on Motor Vehicle Administration;

19 (2) must provide for direct inquiry of a motor vehicle insurer's records  
20 by authorized personnel, including peace officers, authorized employees of the Alaska  
21 Court System, or other persons authorized by the department;

22 (3) must include provisions consistent with industry standards to  
23 secure data against unauthorized access;

24 (4) must allow for an appropriate testing period; and

25 (5) must use indexing methods that allow insurance verification by  
26 vehicle identification number, policy number, registered owner's name, or other  
27 indexes as determined by the department.

28 (c) The department may not develop or apply the system established by this  
29 section to verify whether mandatory motor vehicle insurance has been issued for a  
30 commercial motor vehicle, and a person authorized by (a) of this section to use the  
31 system may not verify whether mandatory motor vehicle insurance has been issued for

1 a commercial motor vehicle. In this subsection, "commercial motor vehicle" means,  
 2 notwithstanding AS 28.90.990, a self-propelled or towed vehicle that is used on a  
 3 highway or vehicular way for commercial purposes; for purposes of this subsection,  
 4 "commercial purposes" means activities for which a person receives direct monetary  
 5 compensation or activities for which a person does not receive direct monetary  
 6 compensation but that are incidental to and done in furtherance of the person's  
 7 business. However, for purposes of this subsection, the following vehicles are not  
 8 commercial motor vehicles:

9 (1) emergency or fire equipment that is necessary to the preservation  
 10 of life or property;

11 (2) farm vehicles that are

12 (A) controlled and operated by a farmer;

13 (B) used to transport agricultural products, farm machinery, or  
 14 farm supplies to or from that farmer's farm;

15 (C) not used in the operations of a common or contract motor  
 16 carrier; and

17 (D) used within 150 miles of the farmer's farm;

18 (3) school buses;

19 (4) vehicles owned and operated by the federal government unless the  
 20 vehicle is used to transport property of the general public for compensation in  
 21 competition with other persons who own or operate a commercial motor vehicle  
 22 subject to AS 19.10.310 - 19.10.399, and except to the extent that regulation of  
 23 vehicles operated by the federal government is permitted by federal law; and

24 (5) vehicles used exclusively for purposes other than commercial  
 25 purposes.

26 (d) The department may contract with a private vendor to provide assistance in  
 27 establishing and maintaining the verification system.

28 (e) Information available to the department under this section is not a public  
 29 record for purposes of AS 40.25.110 - 40.25.140 and shall be available only to the  
 30 department, peace officers, court personnel, and other persons with a need for the  
 31 information, as determined by the commissioner.

1 (f) Nothing in this section creates a private right or cause of action for errors  
2 associated with the verification system.

3 \* **Sec. 6.** AS 28.22 is amended by adding a new section to read:

4 **Sec. 28.22.042. Uninsured vehicle impoundment.** In addition to the penalty  
5 set out in AS 09.65.320, AS 28.22.041, AS 28.90.010, or other penalty, a motor  
6 vehicle that is not covered by the insurance required by AS 28.22.011 that is driven,  
7 moved, or parked on a highway or vehicular way or area may be impounded by a  
8 peace officer or an employee of the Department of Public Safety officially designated  
9 for that purpose. The impounded motor vehicle shall be considered abandoned and  
10 disposed of under AS 28.11. The motor vehicle may be redeemed from impoundment  
11 if

12 (1) the insurance required by AS 28.22.011 has been obtained;

13 (2) proof of insurance by a method set out in AS 28.22.031 is provided  
14 to the department; and

15 (3) the costs of impounding and storing the vehicle have been paid.