

ALASKA STATE LEGISLATURE
SENATE TRANSPORTATION STANDING COMMITTEE

March 27, 2007

1:30 p.m.

MEMBERS PRESENT

Senator Albert Kookesh, Chair
Senator John Cowdery, Vice Chair
Senator Bill Wielechowski
Senator Gary Wilken

MEMBERS ABSENT

Senator Donny Olson

OTHER LEGISLATORS PRESENT

Senator Hollis French

COMMITTEE CALENDAR

SENATE BILL NO. 130

"An Act relating to the registration of certain vehicles owned by ranchers, farmers, or dairy workers."

MOVED SB 130 OUT OF COMMITTEE

SENATE BILL NO. 68

"An Act requiring motor vehicle insurers to provide to the commissioner of administration a database listing vehicle insurance policy information that will allow the commissioner to verify whether mandatory motor vehicle insurance has been obtained, limiting access to the database, establishing methods for proving that mandatory motor vehicle insurance is in place, allowing the additional penalties of suspending registration and vehicle impoundment and forfeiture for failure to have mandatory motor vehicle insurance, and authorizing hearings after suspension of registration for failure to have mandatory motor vehicle insurance."

MOVED CSSB 68(TRA) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: SB 130

SHORT TITLE: RANCH, FARM, DAIRY VEHICLE REGISTRATION

SPONSOR(s): SENATOR(s) GREEN

03/21/07 (S) READ THE FIRST TIME - REFERRALS
03/21/07 (S) TRA, FIN
03/27/07 (S) TRA AT 1:30 PM BUTROVICH 205

BILL: SB 68

SHORT TITLE: MOTOR VEHICLE INSURANCE

SPONSOR(S): SENATOR(S) FRENCH

01/26/07 (S) READ THE FIRST TIME - REFERRALS
01/26/07 (S) L&C, TRA, FIN
02/08/07 (S) L&C AT 1:30 PM BELTZ 211
02/08/07 (S) Heard & Held
02/08/07 (S) MINUTE(L&C)
02/27/07 (S) L&C AT 1:30 PM BELTZ 211
02/27/07 (S) Heard & Held
02/27/07 (S) MINUTE(L&C)
03/06/07 (S) L&C AT 1:30 PM BELTZ 211
03/06/07 (S) Moved CSSB 68(L&C) Out of Committee
03/06/07 (S) MINUTE(L&C)
03/07/07 (S) L&C RPT CS 3DP 1DNP 1AM NEW TITLE
03/07/07 (S) DP: ELLIS, DAVIS, STEVENS
03/07/07 (S) DNP: BUNDE
03/07/07 (S) AM: HOFFMAN
03/20/07 (S) TRA AT 1:00 PM BUTROVICH 205
03/20/07 (S) Scheduled But Not Heard
03/27/07 (S) TRA AT 1:30 PM BUTROVICH 205

WITNESS REGISTER

Darwin Peterson
Staff to Senator Lyda Green
Alaska State Capitol
Juneau, AK

POSITION STATEMENT: Presented SB 130 for the sponsor

Larry DeVilbiss, Director
Division of Agriculture
Department of Natural Resources (DNR)
Wasilla, AK

POSITION STATEMENT: In support of SB 130

Steve Van Troba, representing himself
Palmer, AK

POSITION STATEMENT: In support of SB 130

Duane Bannock, Director
Division of Motor Vehicles

Department of Administration
Anchorage, AK
POSITION STATEMENT: In support of SB 130

Bill Ward, representing himself
Delta Junction, AK
POSITION STATEMENT: In support of SB 130

Adam Griswold, representing himself
Delta Junction, AK
POSITION STATEMENT: In support of SB 130

Nate Griswold, representing himself
Delta Junction, AK
POSITION STATEMENT: In support of SB 130

Charles Pecchio, President
VeriSol Verification Solutions Incorporated
Kennesaw, Georgia
POSITION STATEMENT: In support of SB 130

Tom McGrath, representing himself
Anchorage, AK
POSITION STATEMENT: In support of SB 130

Kenton Brine, Northwest regional manager
Property Casualty Insurers Association of America
Olympia, WA
POSITION STATEMENT: In support of SB 130

Allison Biastock
Staff to Senator French
Alaska State Capitol
Juneau, AK
POSITION STATEMENT: Available for questions on SB 130

ACTION NARRATIVE

CHAIR ALBERT KOOKESH called the Senate Transportation Standing Committee meeting to order at [1:30:29 PM](#). Present at the call to order were Senators Cowdery, Wielechowski, Wilken, and Chair Kookesh.

SB 130-RANCH, FARM, DAIRY VEHICLE REGISTRATION

CHAIR KOOKESH announced the consideration of SB 130.

DARWIN PETERSON, aide to Senate President Lyda Green, sponsor of SB 130, explained that farm vehicles are getting heavier and bigger and the current maximum weight regulations are out of date; the bill will update the regulation from 16,000 to 20,000 lbs.

[1:32:45 PM](#)

SENATOR WIELECHOWSKI asked how many vehicles will be affected by the bill.

MR. PETERSON replied that there are 466 farm vehicles currently registered in Alaska with expiration dates of 2007, 2008, or 2009.

SENATOR WIELECHOWSKI asked for the rationale for the current 16,000 lbs restriction.

MR. PETERSON replied that true commercial vehicles shouldn't be used for farm purposes, so a weight restriction applies to smaller farm trucks.

SENATOR WIELECHOWSKI asked if there's any concern about weight impact on the road system.

MR. PETERSON replied that there is a concern about road damage regarding heavy trucks but the difference made by the bill will be negligible.

SENATOR WIELECHOWSKI asked what size a 20,000 lb truck would be.

MR. PETERSON replied that it's larger than a Dodge Ram pick-up truck, in the same category as a cargo van or a bus.

[1:35:16 PM](#)

CHAIR KOOKESH asked for an explanation of the farm vehicle registration plate.

MR. PETERSON replied that the specialized farm plate is in the same category as legislator plate or veteran plate.

[1:36:08 PM](#)

SENATOR OLSON asked if other states have similar farm vehicle programs.

MR. PETERSON replied that almost every state does.

SENATOR WIELECHOWSKI asked if other states have similar weight limits or just similar plates.

MR. PETERSON replied that he was referring to just the specialized plate program, and that weight limits vary for each state.

[1:37:17 PM](#)

SENATOR WILKEN asked if there's a committee substitute for the bill regarding the plate.

MR. PETERSON replied that the bill doesn't change farm plate legislation.

SENATOR WILKEN asked why a particular pamphlet was made available to the committee.

MR. PETERSON replied that it was simply to show an example of what the farm plate looks like.

[1:39:04 PM](#)

LARRY DEVILBISS, Director for the Division of Agriculture, Department of Natural Resources (DNR), said that the farm plates don't necessarily need to be changed by the bill, and the department finds it appropriate to raise the limit to 20,000 lbs.

[1:41:08 PM](#)

STEVE VAN TROBA, representing himself, said that when he travels to Alberta, Canada, to buy hay and he pays taxes that would be avoided by having farm plates.

SENATOR WIELECHOWSKI asked if Mr. Van Troba opposes the bill.

MR. VAN TROBA replied that he supports the bill.

SENATOR WIELECHOWSKI asked if Mr. Van Troba will be required to pay additional fees if the bill does not pass.

MR. VAN TROBA answered yes.

[1:43:04 PM](#)

DUANE BANNOCK, Director for the Division of Motor Vehicles, Department of Administration (DOA), related the history of the weight-limit law in Alaska and said the DMV supports the bill.

SENATOR WIELECHOWSKI asked for the punishment for driving over the weight limit.

MR. BANNOCK said that being over-limit with the wrong plate would result from one of three elements: a DMV error, improper information provided by the driver, or fraudulent use of the plate. The two latter scenarios would result in violation fines.

[1:45:18 PM](#)

SENATOR COWDERY asked if the Department of Transportation and Public Facilities (DOTPF) controls over-weight vehicle permits.

MR. BANNOCK said that the DOTPF does control such permits.

BILL WARD, representing himself, said that it's appropriate to raise the weight limit; licensed vehicle government is different from commercial vehicle government, including hours of service regulations, driver's license requirements, and inspections. Operation within current statute is possible but truck modifications and updates will be difficult without the new requirements.

[1:50:07 PM](#)

ADAM GRISWOLD, representing himself, said that it's hard to buy trucks that meet the current weight limit, and he is in favor of the bill.

NATE GRISWOLD, representing himself, said that he does have a need for new equipment but it's hard to find under current regulation.

CHAIR KOOKESH asked for the will of the committee.

[1:51:18 PM](#)

SENATOR COWDERY motioned to report SB 130 from committee with individual recommendations and attached fiscal note(s). There being no objection, the motion carried.

SB 68-MOTOR VEHICLE INSURANCE

CHAIR KOOKESH announced the consideration of SB 68. He asked for a motion to adopt the committee substitute (CS).

[1:53:18 PM](#)

SENATOR COWDERY moved to adopt the proposed committee substitute to SB 68, labeled 25-LS0342\N, Version N, as the working document of the committee. There being no objection, the motion carried.

CHAIR KOOKESH asked the sponsor to present the bill.

1:54:04 PM

SENATOR FRENCH explained that SB 68 will make it easier for police to verify whether a driver does have insurance on their car or not. 14 percent of Alaskan drivers are uninsured, but 28 percent of crashes involve an uninsured driver. Currently there's no method for enforcing a mandatory insurance law; this bill will make points of contact for verification. There will be an online method, which has been shown to be effective, as well as a provision that allows municipalities to impound uninsured cars.

He pointed out that the committee substitute is the result of many hours of work with industry representatives to make sure that the bill is acceptable to everyone.

1:58:02 PM

SENATOR COWDERY asked if the Division of Motor Vehicles (DMV) checks for insurance on a car.

SENATOR FRENCH replied that currently it's an honor system.

SENATOR COWDERY asked if the new system proposed by the bill will make proving insurance mandatory.

SENATOR FRENCH replied that if the online system is adopted it will make it much easier to prove insurance, and gave an example of how people will show false proof of insurance.

SENATOR COWDERY asked if an amendment to exempt commercial vehicles would be accepted.

SENATOR FRENCH said that he would; most states exempt commercial vehicles from the online verification system because of the relatively low risk of non-insurance.

SENATOR COWDERY asked where in the bill an amendment would best fit.

SENATOR FRENCH replied that section five would be best.

SENATOR COWDERY made a motion to adopt a conceptual amendment to SB 68, allowing for the exemption of commercial vehicles.

SENATOR WILKEN objected, and said what works for automobile drivers should be good for commercial drivers.

SENATOR WIELECHOWSKI asked why commercial vehicles should be exempted from the bill.

SENATOR FRENCH replied that the DMV said that virtually all commercial vehicles carry insurance through the driver, and it's not concerned about such drivers carrying insurance.

SENATOR WIELECHOWSKI asked if the bill creates some sort of burden for commercial vehicles, and why they should be treated differently.

SENATOR FRENCH replied that the DMV would have to answer the question.

[2:01:44 PM](#)

MR. BANNOCK said that commercial vehicles would only be exempted from electronic verification of insurance. Many commercially owned vehicles are self insured and thus wouldn't be included in the system; also, in the commercial category there are 50,000 vehicles in the state out of a total of 900,000 registered vehicles, so clearly most vehicles are not commercial.

He added that he would prefer to use the language "vehicles registered commercially" as opposed to "commercial vehicles"; rental car companies are self-insured commercial vehicles as well.

SENATOR WIELECHOWSKI replied that he understood the difficulties of including commercial vehicles in the online system, and asked for the number of accidents involving uninsured commercial vehicle.

MR. BANNOCK replied that he didn't have state data, but that nationally, accidents and injuries involving commercial vehicles compose less than 5 percent of the total, even including situations where the commercial vehicle is not at fault.

2:05:33 PM

SENATOR WIELECHOWSKI asked for a summary of any burden incurred by including commercial vehicles in the bill.

MR. BANNOCK replied that he didn't have a prepared answer, but that self-insured vehicle information is not readily available online.

SENATOR COWDERY asked how many drivers without insurance also do not have a valid license.

MR. BANNOCK replied that he didn't have the number available.

SENATOR OLSON asked how often commercial vehicle accidents cause the victims to go on social assistance due to injuries or financial ramifications.

MR. BANNOCK said that he didn't have any related data.

SENATOR OLSON asked if the sponsor had such information.

SENATOR FRENCH said that he couldn't answer the question.

SENATOR OLSON asked how a person proves self-insurance.

MR. BANNOCK said that the matter is addressed in AS 28.10.

CHAIR KOOKESH asked for a suggestion for an appropriate place for the conceptual amendment.

SENATOR FRENCH suggested language for the amendment, and that it could be put in section five of the bill.

SENATOR WIELECHOWSKI asked if it was Chair Kookesh's intent to move the bill that day.

CHAIR KOOKESH replied that he had intended to move the bill, but that there seemed to be concern about the amendment.

SENATOR FRENCH said that the timeline was at the will of the committee.

SENATOR OLSON said that commercial vehicles would be encumbered by being included in the bill's online verification element.

CHAIR KOOKESH said that he didn't have the intention of keeping the bill in committee.

SENATOR FRENCH commented that the bill does go to another committee after leaving the Senate Transportation Standing Committee.

CHAIR KOOKESH replied that he'd like to get the work done in the current committee.

SENATOR FRENCH repeated the suggested language for the conceptual amendment.

[2:11:23 PM](#)

CHAIR KOOKESH asked if there was further objection to the amendment.

SENATOR WILKEN said that he maintained his objection.

There was a roll call vote, and Senators Cowdery, Olson, Wielechowski, and Chair Kookesh voted yes; Senator Wilken voted no. Therefore, the conceptual amendment to SB 68 passed 4:1.

[2:12:21 PM](#)

CHARLES PECCHIO, president of VeriSol Verification Solutions Incorporated, said that the major issue with the approach to verifying insurance is that proof can easily be forged or misrepresented. There have been pilot programs done in several states with the online approach, which performs real time verifications; the accuracy is equivalent to calling the insurance company on the phone. He explained that the existing system isn't changing with the bill, just becoming more effective.

He added that less than one half of one percent of commercial vehicles are uninsured. Commercial vehicles will be included in the program in the future.

[2:17:21 PM](#)

SENATOR COWDERY asked if insurance companies can legally give out insurance information in response to public inquiry.

MR. PECCHIO replied that the insurance companies provide the data directly to the state, and it is not made public.

SENATOR COWDERY asked how the situation of cancelled policies is addressed.

MR. PECCHIO replied that the system can automatically check for cancelled insurance, and it is updated on a daily basis.

SENATOR COWDERY asked for the cost of the program to the state.

MR. PECCHIO replied that the state would pay a monthly fee ranging from 1 to 3 cents per vehicle per month.

[2:19:54 PM](#)

SENATOR WILKEN remarked that two states are starting full-on online verification programs, and asked for any others that may be using it.

MR. PECCHIO replied that Florida was the first state to use the program, and Wyoming is currently in a pilot stage. Oklahoma and Texas are getting the program started soon.

SENATOR WILKEN asked if there are any states that have been operational for at least a year.

MR. PECCHIO replied that the specifications were released only a year ago.

SENATOR WILKEN asked how the software would work in a theoretical situation.

MR. PECCHIO explained how the software operates.

SENATOR WILKEN asked for clarification on the use of the software.

MR. PECCHIO replied in explaining that there are several different ways of researching a vehicle in the system.

[2:24:25 PM](#)

SENATOR WILKEN asked if an active and reliable internet connection is needed at all times for the system to work properly.

MR. PECCHIO replied that that was correct. The same sort of technology is used with credit card verification software.

SENATOR WILKEN replied that many places in the state have uneven internet access, and asked who else in America offers similar software.

MR. PECCHIO replied that there are no competitors so far.

[2:25:30 PM](#)

SENATOR WIELECHOWSKI asked if the system has ever been hacked or if any data has ever been lost.

MR. PECCHIO replied that the system has never been hacked, and the company doesn't maintain any data itself.

[2:26:09 PM](#)

SENATOR FRENCH said that the bill includes language that allows for proof of insurance such as a card, and that the internet system is just an option. The department and individual officers will have room for interpretation.

SENATOR OLSON said that some people are suspicious of questionable or erroneous information, and he wants to make sure that there won't be any harassment incurred by the bill.

SENATOR FRENCH said he shares the concern.

SENATOR OLSON asked if there's a way to lower premiums through the action of the bill.

SENATOR FRENCH replied that the objective is to reduce the number of uninsured drivers, and ideally premiums would be reduced as a result.

SENATOR WILKEN cautioned against moving the bill too quickly, as it's a huge policy call that could end badly; more opinions should be solicited.

CHAIR KOOKESH said that he had previously let the bill sit in committee for a week.

SENATOR FRENCH commented that he neither pushes nor pulls his bills.

[2:30:49 PM](#)

TOM MCGRATH, representing himself, said that he has worked with similar bills in the past, and asked the committee to consider the bill, which is well-crafted. People who do not have insurance are a costly liability. He related the impact of uninsured drivers on his business, and encouraged the committee to move the legislation forward.

[2:33:31 PM](#)

KENTON BRINE, Northwest Regional Manager of the Property Casualty Insurers Association of America (PCIAA), said that he thinks the bill is now headed in the right direction. He has been working with Senator French and his aide to improve the legislation, in the areas of the effective date and terms of use of the program by the DMV.

He added that more specification should be added in terms of access to the database. The PCIAA is also interested in the forms of identifiers to be used; some companies don't provide Vehicle Identification Numbers (VIN) in their insurance policies.

He cautioned the committee that there is no perfect system for getting uninsured drivers off the roads; any crackdown will work for a certain amount of time, but not forever. Making insurance as affordable as possible is perhaps the most effective way of fixing the problem.

[2:39:21 PM](#)

SENATOR WIELECHOWSKI asked if the ideal effective date would be in 2009.

MR. BRINE replied affirmatively.

SENATOR WIELECHOWSKI asked if the sponsor had any comment on the effective date.

ALLISON BIASTOCK, aide to Senator French, said that the final bill would include language pertaining to the effective date. The DMV has said it would be ready earlier than 2009.

SENATOR WIELECHOWSKI asked if the effective date, as currently written, would be 90 days from signing.

MS. BIASTOCK replied that the DMV would be able to get the program up and running with the 90-day effective date.

SENATOR OLSON asked if the major difficulty would be getting the technology in place.

MS. BIASTOCK replied that the program would be using the existing computer system; it's a matter of getting the software.

SENATOR OLSON said that there's no reason to wait until 2009 to put the program in place.

[2:41:14 PM](#)

CHAIR KOOKESH asked for the will of the committee.

SENATOR COWDERY motioned to report the committee substitute to SB 68, as amended, from committee with individual recommendations and accompanying fiscal notes. There being no objection, CSSB 68(TRA) moved from the Senate Transportation Committee.

CHAIR KOOKESH asked the sponsor to look at the amendment to make sure the title would still be appropriate.

There being no further business to come before the committee, Chair Kookesh adjourned the meeting at [2:42:09 PM](#).