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35

LEGISLATURE OF THE STATE OF ILLINOIS  
THIRTIETH LEGISLATURE

240

FISCAL NOTE

Expenditure Type  
 Revenue Type

I. REQUEST  
Bill/Resolution No. SB 35  
Title An Act relating to transportation  
Requested by Senate Labor & Commerce Date 1-24-83

II. FISCAL DETAIL  
Agency Affected Department of Public Safety  
Program Category Affected Life and Property Protection  
BRU, Program, Or Subprogram(s) Affected Driver/Vehicle Services - Field Services  
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		4.0	-0-	-0-		

FUNDING (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
GENERAL FUND		4.0	-0-	-0-		
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

Impact to Division of Motor Vehicles will be requirement to revise some forms, and computer program changes.

See also fiscal note concerning increased revenues

RECEIVED

FEB 7 1983

LEGISLATIVE FINANCE

IV. DATE January 26, 1983 PREPARED BY Donald Walte: Phone 269-5551

Original: Legislative Finance DIVISION Motor Vehicles Initials RTK/LABE  
cc: Budget and Management DEPARTMENT OF PUBLIC SAFETY Initials JLM

Prime Sponsor (First Legislator Named) R

33-001 (Rev. 12/82) CMB Reviewed by: Eric Laschever ESL

LEGISLATURE OF THE STATE OF ALASKA  
THIRTEENTH LEGISLATURE

FISCAL NOTE

Expenditure Type  
 Revenue Type

I. REQUEST

Bill/Resolution No. SB 35  
Title "An Act Relating to Transportation..."  
Requested by Senate Labor & Commerce Date 01/24/83

II. FISCAL DETAIL

Agency Affected Department of Public Safety  
Program Category Affected Life & Property Protection  
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EXPENDITURES (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>		320.2	333.0	346.3		

FUNDING (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
GENERAL FUND		320.2	333.0	346.3		
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

See also fiscal note concerning increased costs.

**RECEIVED**  
FEB 7 1983  
LEGISLATIVE FINANCE

IV. DATE January 21, 1983 PREPARED BY Marcia L. McKenzie Phone 465-4349

Original: Legislative Finance DIVISION Admin. Services Initials [Signature]  
cc: Budget and Management DEPARTMENT OF PUBLIC SAFETY Initials [Signature]

Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/82) OMB Reviewed by: Eric Laschever

SB 35  
FISCAL NOTE DETAIL

EXPENDITURES

	FY84	FY85	FY86
300 Contractual	4.0	-0-	-0-

Fiscal note based on the replacement costs of forms, trip permit books, etc., that are currently used from existing department facilities and computer programming time required to change and update the computer system.

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FEB 7 1983  
LEGISLATIVE FINANCE

FISCAL NOTE DETAIL  
 BILL NO. SB 35

EXPENDITURES		FY 83	FY 84	FY 85	FY 86
100	Personal Services				
200	Travel				
300	Contractual				
400	Commodities				
500	Equipment				
600	Land & Structures				
700	Grants, Claims, etc.				
800	Miscellaneous				
	TOTAL				
FUNDING					
	General Fund		320.2	333.0	346.3
	Federal Funds				
	Program Receipts				
	Inter-Agency Receipts				
	Other				
POSITIONS					
	Full Time				
	Part Time/Seasonal				
	Non-Perm				
	Months				

ANALYSIS:

Unrestricted Revenue Collected for "ATC" will increase by approximately fifty percent, which is deposited into the State General Fund.

FY 84 Budget \$640.4 x 50% = \$960.6 (increase of 320.2).

The FY 85 and FY 86 figures are based on a four percent continual growth for private, commerce, and contract carrier vehicles.

RECEIVED  
 FEB 7 1983  
 LEGISLATIVE FINANCE

Bill Sheffield, Governor

**DEPARTMENT OF LAW**

OFFICE OF THE ATTORNEY GENERAL

POUCH K - STATE CAPITOL  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-3600

January 24, 1983

Honorable Vic Fischer  
Senator  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99811

Dear Senator Fischer:

We are concerned with a particular provision of Senate Bill 35, merging the Alaska Transportation Commission with the Public Utilities Commission. While we take no stand on the merits of the bill itself, we note that section 7 of this bill adds "staff legal counsel" to the commission positions designated as partially exempt under AS 39.25.120(c).

This department has historically opposed attempts to establish staff counsel positions in state departments and agencies. AS 44.23.020 makes the attorney general the legal advisor to the governor and state officers and directs the attorney general to provide a wide range of legal services to state departments and agencies. The legislative intent of this section is not met when staff counsel positions are established outside the Department of Law in individual departments, agencies, and commissions. In my view, this kind of decentralization allows the development of inconsistent legal positions among agencies, and thwarts the purpose of Article III, section 22 of the Alaska Constitution, which mandates the allocation of governmental powers and duties according to purpose in principal departments, not to exceed twenty in number.

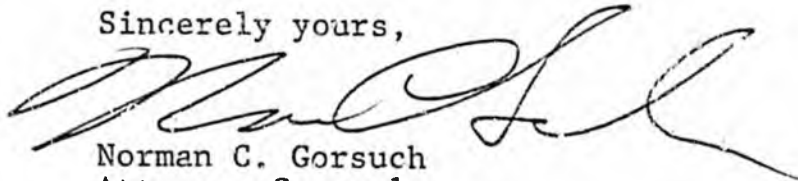
We recommend that section 7 of Senate Bill No. 35 be deleted. In conjunction with this amendment, a section should be added to the bill repealing AS 39.25.120(c)(7), relating to partially exempt employees of the Transportation Commission, which would be merged with the Public Utilities Commission if the bill becomes law.

Honorable Vic Fischer  
Senator

January 24, 1983  
Page 2

Thank you for your consideration of this matter. If  
you have any questions, please do not hesitate to contact us.

Sincerely yours,

A handwritten signature in dark ink, appearing to read 'Norman C. Gorsuch', written in a cursive style.

Norman C. Gorsuch  
Attorney General

NCG:DTC:eja

cc: Honorable Richard I. Eliason, Chair  
Senate Labor and Commerce Committee

## Summary - Ak. Trans. Comm Audit

Purpose - Should ATC be allowed to be "sunset" - June 30, 1983?

Method of Review - Concentrated on problem areas. Did not review areas where no problem existed.

Alaska Transportation Commission -

- 1) ensures all transportation activities are safe, at reasonable rates.
- 2) ensures sound economic conditions prevail in industry
- 3) act as quasi-judicial body on contested applications, complaints, + rate matters

Audit Conclusion

ATC should be allowed to be terminate on June 30, 1983, + regulation of transportation should be administered through Alaska Public Utilities Commission

Time is right for the merger as there are many problem areas which need addressing. While the major overhaul is being done way not under the heading of "transition between agencies".

# Findings + Recommendations

## Audit Response

## ATC Response

1) ATC should become a section within APUC:

- policies by ATC do not ensure public served in effective + economical manner
- workload decreased from 1978 (reason - deregulation)
- present statutes + regulations need to be revised
- survey showed 80% of other states have one regulatory commission
- study should be conducted prior to merger - determine correct staffing, reshape + reorganize policies, procedures, etc.

1) ATC should not merge within APUC

- recommendations do not support that public interest is not being served by Comm.
- no reason to assume that combination would be better - reason based on other states is simplistic
- no comparison of Alaska to other states - only 6 states regulate air carriers but not air taxi operations - states have other forms travel - makes Alaska different
- regulatory functions of both vastly different

2) ATC awarding Temporary Authority too loosely

- Out of 32 test applications, 22 did not meet statute - emergency defined too loosely. 4 exceeded 90 day limit
- processing time too slow - therefore temporary used (ave. processing time - 5 mths for permanent authority)
- pay single fee for temporary + permanent - against statute - unfair advantage
- temp authority granted via telegram - Superior Court ruled violates provisions of statute

2) ATC disagrees temp authority issued without considering statutory constraints

- discontinued practice of sending telegrams
- since May 28-82 - statute change which requires more info to grant relief
- ATC feels petitioner can be notified before written order is published
- ATC feels AS 02.05.060 - not restricted. Emergency need not be defined before issuing an order.
- ATC takes exception to using example of Superior Court - shows "due process" + not order - must be written before issuing temporary.
- If application longer than 120 days it's because incomplete application.

3) Economic regulatory procedure should include financial analysis of data

- 44 out of 70 application showed staff did not

3) Agree - ATC needs to improve method for financial analysis

- But current staffing makes it impossible to do a full rate review

# Audit Findings + Recommendations con't.

Audit Response	ATC Response
<ul style="list-style-type: none"> <li>- supporting documentation of tariff changes is not required + should be - No written documentation of any review</li> <li>- The required annual reports from motor carriers are not being analyzed.</li> </ul>	<ul style="list-style-type: none"> <li>- Steps taken since audit -</li> <li>- applications reviewed by an accounting technician during initial process (Revised form - 10/1/82)</li> <li>- check list for tariff in operation by 8/15/82</li> <li>- all quarterly air carriers are on computer - analyzed by state agencies</li> <li>- want more staff</li> </ul>
<p>1) <u>Complaints + accusations should be investigated in timely manner</u></p> <ul style="list-style-type: none"> <li>- average time - 9 months - involving hearings</li> <li>4 mths if no hearing</li> <li>- poor record keeping</li> </ul>	<p>4) <u>ATC concurs enforcement might be streamlined</u></p> <ul style="list-style-type: none"> <li>- Change - end of calendar yr, every agent will have a specific assigned cases + will be held accountable</li> </ul>
<p>5) <u># of field surveys should be increased</u></p> <ul style="list-style-type: none"> <li>- Out of 630 regulated carriers, 38 surveyed in 1981 - all surveys were performed on air carriers - none on motor carriers</li> <li>- ATC should perform field surveys on motor carrier as well as air carriers</li> </ul>	<p>5) <u>ATC agrees more field surveys should be conducted</u></p> <ul style="list-style-type: none"> <li>- 4 motor + 8 air surveys conducted since 5/82</li> <li>- to verify annual reports against accounting records would take 3 additional staff members</li> </ul>
<p>6) <u>Commissioners + hearing officers should write all formal orders on docketed matters</u></p> <ul style="list-style-type: none"> <li>- requiring staff to write orders creates potential for violation of ATC's ethical regulations</li> <li>- delay of average 53 days for written reply</li> <li>- Commissioners presided over only 27 hrs of 198 hrs</li> </ul>	<p>6) <u>ATC does not agree that Commissioners should write order</u></p> <ul style="list-style-type: none"> <li>- practice in almost every state regulatory agency for prevailing party to write final order</li> </ul>

Findings + Recommendations con't

Audit Response	ATC Response
<p>7) <u>ATC should establish procedures for the accountability + collection of civil penalties</u>                      - 45% of assessed penalties has not collected</p>	<p>7) <u>ATC agrees accounts receivable system is needed</u>                      - new system on line 8/3/82                      - greater effort in collecting assessed penalties during last 6 months</p>
<p>8) <u>Statutes should be amended to exempt dump trucks from certification</u>                      - applications for authority is routinely granted                      - regulate only for safety</p>	<p>8) <u>ATC agrees dump trucks should be exempted</u>                      - worked towards legislations which would exempt trucks</p>
<p>9) <u>Regulations should be promulgated in a timely manner.</u>                      - Regulations drafted 1978, approved in 1981, still not filed                      - Regulations - construction - public hearing in 1981 - no action taken                      - Insurance regulations - hearings 1980 - approved 81, not filed                      - Re: freight forwarder regulations - beginning 1978 - still not settled</p>	<p>9) <u>ATC - regulations should be promulgated quickly BUT</u>                      - ATC cannot unilaterally issue regulations                      - problems cited - 2 on file by 8/82 - 2 revised</p>
<p>10) <u>Seek legislation to increase fees</u>                      - air carrier fees have not been increased since 1968                      - motor carrier - 1972                      - ATC's expenditures exceeded its revenues by 20%</p>	<p>10) <u>ATC would support legislation to increase fees</u>                      - Possibly entire fee structure for commercial vehicles should be reviewed.</p>

7) ATC should establish procedures for the accountability + collection of civil penalties  
 - 45% of assessed penalties has not collected

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 - regulate only for safety

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 - worked towards legislations which would exempt trucks

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 - Regulations drafted 1978, approved in 1981, still not filed  
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 - Insurance regulations - hearings 1980 - approved 81, not filed  
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9) ATC - regulations should be promulgated quickly BUT  
 - ATC cannot unilaterally issue regulations  
 - problems cited - 2 on file by 8/82 - 2 revised

10) Seek legislation to increase fees  
 - air carrier fees have not been increased since 1968  
 - motor carrier - 1972  
 - ATC's expenditures exceeded its revenues by 20%

10) ATC would support legislation to increase fees  
 - Possibly entire fee structure for commercial vehicles should be reviewed.

# Summary

## Criteria for Sunset

I. The extent operated in the public interest -

- Review of policies + procedure indicated that the public's interest was not served in an effective, economical manner.

II. The extent to which the operation of the Commission has been impeded or enhanced by existing statutes, etc.

- Slow promulgation of regulations has impeded Commission's operations.

III. The extent to which the Commission has recommended statutory changes

- Legislation has been introduced to correct some problem areas.

IV. The extent to which Commission has encouraged public participation.

- Commission publishes a bi-weekly journal. Public participation is encouraged through hearing process.

V. The extent to which Commission has encouraged interested persons to report concerning regulations, etc

— Commission receives feedback through hearing process

VI. The efficiencies with which public inquiries regarding the activities of the board.

— Commission processes complaints in an untimely manner

VII. The extent to which Commission has presented qualified applicants to serve public.

Commission's ability to select qualify applicants is impeded by lack of analysis of information submitted

VIII. Are affirmative action requirements observed?

Yes

IX - The extent which change are necessary to better serve the public.

The Commission should merge with Alaska Public Utilities Commission. Decision based on Findings + Recommendations.

INTRODUCTION OF BILLS (Senate)(cont'd)

SB 34 (cont'd)

Anchorage are placed in the same time zone. Does not provide for an effective date (effective 90 days after Governor's signature).

Introduced January 18 and referred to State Affairs and Judiciary.

Transportation  
(merging ATC &  
APUC/increas.  
certain fees)

SENATE BILL NO. 35, by Senator V. Fischer. Would merge the Alaska Transportation Commission with the Alaska Public Utilities Commission, assigning all current duties of the ATC to the AFUC. Also increases the following fees:

--fees for certificates to engage in air commerce as a scheduled carrier, contract carrier, or air taxi operator (from \$100 to \$200 for aircraft of 12,500 pounds or less and from \$200 to \$300 for aircraft of 12,501 pounds or over)(amends AS 02.05.075(a));

--fees for registration of aircraft in AS 02.05.090(f), from a minimum of \$37.50 for aircraft weighing 4,000 lbs. or less (increased from \$25) to a maximum of \$900 for aircraft weight 75,000 lbs. or more (increased from \$600);

--filing fees for permits requesting authority to transport property for compensation by motor vehicle moving in intrastate commerce in Alaska (increased from \$50 to \$75); filing fees for filing an initial registration of authority authorizing a motor carrier to engage in the transportation of property for compensation by motor vehicle in interstate or foreign commerce in Alaska (increased from \$25 to \$37.50); filing fee for renewal application for the registration of authority to engage in interstate transport (increased from \$10 to \$15); (Contained in AS 42.10.160)

--yearly weight fees levied on all motor carriers in Alaska and contained in AS 42.10.240--from a minimum of \$37.50 for private and exempt carriers (increased from \$25) to a maximum of \$112.50 for common and contract carriers with vehicles over 18,000 pounds (increased from \$75).

Repeals laws relating to the Alaska Transportation Commission: AS 39.25.120(c)(7)--ATC staff in partially exempt class of state service; AS 39.50.200(b)(30)--brings ATC officers under Conflict of Interest laws; AS 42.07.011 - 42.07.111, Establishment of Transportation Commission; and AS 44.66.010(a)(2)--Sunsets the ATC on June 30, 1983.

Provides for transition procedures. Effective July 1, 1983.

Introduced January 18 and referred to Labor & Commerce and Finance.

Legislative  
Per Diem  
(Limiting)

SENATE BILL NO. 36 by Senator Paul Fischer, Halford and Pettyjohn. Would cut off payment of per diem to legislators after 120 days, or for any day of a special session within 30 days after adjournment of a regular session. Amends AS 24.15.010 (Legislative Per Diem). Effective immediately and retroactive to January 1, 1983.

The Alaska Trucking Association, Inc., is a non-profit trade organization representing approximately 375 trucking firms and allied industry firms throughout the State of Alaska. Additionally, our membership consists of all water carriers (steamships and barges) involved in the shipment of freight by water to and from Alaska. Our purpose is to foster and promote an economically sound transportation system in Alaska. Trucking firms within our membership consists generally of two major groups, the For-Hire Carriers and the Private Carriers.

For-Hire Carriers transport freight which belong to others. They may be classified by jurisdiction served, such as interstate, intrastate and local. Interstate commerce carriers are regulated under Federal regulation by the Interstate Commerce Commission (ICC). Intrastate and local carriers are regulated by the State of Alaska under the Alaska Transportation Commission (ATC). As Alaska is not a manufacturing or goods producing state, approximately 80% of all movement of freight to, from and within Alaska is interstate commerce, thereby regulated by the ICC. For-Hire Carriers are also classified by type --- common carriers, contract carriers and exempt carriers.

Private Carriers transport goods and supplies belonging to them and do not generally charge for their transportation services, they are exempt from both Federal and State economic regulation, although they are subject to all applicable safety, insurance and taxation regulations and statutes. With the passage of the Motor Carrier Act of 1980 private carriers are permitted to conduct compensated inter-corporate hauling so long as it is within the corporate family structure.

Common (for-hire) Carriers must offer their services to any shipper to transport goods between designated points at published rates under authority granted them by the ICC for interstate and ATC for intrastate freight. This authority is known as the "certificate of public convenience and necessity", this authority spells out both the types of commodities which may be carried and the service routes, whether irregular route service between areas on a non-scheduled basis or regular route service over designated roads on a scheduled basis. The ICC and/or ATC must also approve the tariffs established for various classes of freight. In general, any service which is not specified by the terms of an operating certificate is forbidden. This public convenience and necessity certificate provision, with its strict requirements for published rates; guarantee of delivery; protection of cargo; and commitment from the Common Carrier, protects the shipper and/or consumer (the general public) rather than the common carrier.

Contract (for-hire) Carriers as the name applies, are restricted to serving a shipper or a limited number of shippers under specific contractual arrangements, and may not, like the common carriers, offer their services to the public at large. Owing to the non-public nature of these carriers, the rates which they may charge differ from the tariff structure governing common carriers. Operating Authorities which specify areas to be served and commodities to be carried must be obtained from the ICC or ATC.

**IF YOU'VE GOT IT, IT CAME BY TRUCK**



The term "owner-operator" and "independent trucker" are used somewhat interchangeably although there is a distinction between the two. An independent trucker is one who does not hold a certificate or permit -- operating right -- from either the ICC or ATC. He may own one truck which he drives himself, in which case he is an owner-operator or he may own several trucks and employ drivers to operate them. He may also

drive one himself, and in this way he may be either an independent trucker or a lease operator. In either case, he may haul "exempt" commodities or he may lease his truck (s) with drivers to a regulated carrier. While his vehicle (s) is (are) leased to a regulated carrier on a long term basis, he is subject to the lessors complete direction. Under these circumstances, he is not an independent trucker, he is an owner-operator.

The regulated motor carrier industry is composed overwhelmingly of numerous small firms with the vast majority grossing less than \$500,000 a year. At the other end of the spectrum are the large well established carriers and included in this group are some of the industry's publicly held firms.

The importance of a regulated motor carriage system, and the trucking industry as a whole, to our State's vital transportation system cannot be overstated. Our motto, "If You Got It, It Came By Truck", is not an attempt to overrate our industry. It is a simply fact that the clothes we wear, the food we eat, the auto we drive, the house we live in, and all our goods, supplies and materials are shipped to us from outside markets, and that shipment always begins and ends with truck movement.

The Department of Motor Vehicles estimates that during the calendar year 1981, there were 13,281 commercial trucks registered with the State and 9,178 commercial trailers. During 1981, \$220,000 was paid by trucks for the issuance of special permits to operate on the State Highway System. This is in addition to the following:

Road User Taxes paid by a Contract Carrier for a diesel-powered, five-axle truck and full trailer combination, 80,000 pounds gross vehicle weight include:

Registration Fee	\$ 230.00
Other Taxes and Fees*	320.00
Carrier Taxes and Fees	75.00
Diesel Fuel Tax	<u>1,362.00</u>
Total	\$1,986.00

\*In Alaska, a local tax is collected on weight and age of the vehicle to take place of the property tax. This amount is shown under Other Taxes and Fees.

Taxes paid by a heavyweight passenger car are as follows:

Registration Fee	\$ 30.00
Other Taxes and Fees	50.00
Gasoline Tax	<u>66.64</u>
Total	\$ 146.64

As pointed out above, the trucking industry does pay their fair share of road users taxes.



As one of the largest private industry trade associations in Alaska, we are very concerned with and interested in, the person selected to be our Senator, on a statewide basis, in the State Senate for the next Legislative Session. Our membership stretches from the northern most tip of Alaska (Barrow), to the extreme south and west (Dutch Harbor and Ketchikan), the Nome/Kotzebue Area and to the Canadian Border on the west. With the largest concentration of membership in the Southcentral, Southeast and Interior Regions.

In an effort to acquaint our statewide membership with the candidate seeking election to our State Senate, we would appreciate your response to the enclosed questionnaire. Please be assured that, although, we have presented these questions in a yes/no/comment type format, we understand that the issues involved deserve a much broader answer than a simple yes-no answer. Be assured also, that this is not an attempt on our part to "grade" you according to your yes-no answer. It is an honest attempt to:

1. Present a few brief facts about our industry
2. Assist you in understanding our concept of a regulated sound industry
3. Attempt to get to know you better.

We deeply appreciate your effort to serve your state at the highest level of the legislative process. Please feel free to contact us regarding this questionnaire or any fact stated within this letter. Our mailing address is 3443 Minnesota Drive, Anchorage, Alaska 99503. Telephone 276-1149.

Sincerely,

T. J. Thrasher  
Managing Director

For your information the ATA members serving on the Legislative Committee are;

~~Nina Anderson Davis, Big-State-Motor-Freight.~~  
John Longmire, Bulk Energy Transport  
Bob Lerman, Consolidated Freightways  
Richard Gregory, Sourdough Express Inc.  
William Meehan, Alaska Rapid Transport  
James Davis, SeaLand Freight Services

# Florida's Deregulation: Unanswered Questions

BY REP. C. FRED JONES\*

Florida's intrastate motor carrier industry became totally deregulated on July 1, 1980. This was the result of the inability of the two legislative bodies to agree on a regulatory reform bill, thereby allowing the "sunset" of intrastate motor carrier regulations. Since that time, several studies and articles have been written concerning the effects deregulation has had on Florida shippers and motor carriers.

## Primaries

(Continued from page 4)

defeated by Wheelock Whitney. Wangberg had the support of Gov. Albert H. Quie, who had decided against seeking another term, as well as the party convention. Spannaus had also been endorsed by his party's convention.

The battle for the Wisconsin gubernatorial seat being vacated by Republican Gov. Lee Sherman Dreyfus will be between Democrat Anthony Earl and Republican Terry Kohler. Earl, former majority leader in the house, beat Martin Schreiber, who was acting governor in 1977 and 1978.

Wisconsin also voted in favor of a measure urging the administration to seek a nuclear weapons freeze. Similar measures will be on the ballot in eight other states in November.

In Nevada, GOP Gov. Robert F. List was renominated. The Democratic challenge will be from Attorney General Richard H. Bryan, who beat Lt. Gov. Myron E. Leavitt.

Maryland Gov. Harry Hughes handily won the Democratic primary over State Sen. Harry J. McGuirk. His Republican opponent is Robert Pascal, Anne Arundel County executive.

Wyoming Gov. Ed Herschler easily won the Democratic endorsement in his bid for a third term. The Republican challenger is House Speaker Warren A. Morton.

Incumbents faced no primary opposition in the other races. Vermont Gov. Richard Snelling (R) faces Lt. Gov. Madeleine Kunin (D) in November. New Hampshire Gov. Hugh Gallen (D) is opposed by former state Rep. John H. Sununu (R). Former GOP Gov. Meldrim Thomson Jr., supports Sununu, and is trying to get his own name as an independent candidate removed. The Colorado contest is between Gov. Richard Lamm (D) and former Speaker John D. Fuhr (R). In Rhode Island, Gov. J. Joseph Garrahy (D), who has served three two-year terms, is opposed by his former manpower chief, Vincent Marzallo (R).

In the District of Columbia, Mayor Marion Barry Jr. defeated Patricia Roberts Harris, who was secretary of health and human services under President Carter, in the Democratic primary. Primaries were also held in Utah and Washington Sept. 14.

In response to some of the conclusions made in these early studies, I would like to raise questions on specific issues that could alter the Florida deregulation experience in future months.

## Buyer's Market

The nation's economy has been a major influence during these first two years of total deregulation. The decrease in demand for industrial and consumer goods and the resulting slowdown in production has obviously affected the motor carrier industry. With the decline in freight shipments, motor carriers have increased their efforts to provide service to all shippers at the lowest possible rates. The shippers are experiencing a "buyer's market."

What will happen when the economy goes into an upswing? When shipments are plentiful, will the small shipper continue to receive efficient motor carrier service at reasonable rates? Or, will the motor carrier industry cater to large shippers with volume discounts and preferred service? Will the shippers in rural localities away from the interstates be able to obtain the same level of service and rates that have existed during this first period of deregulation? What will be the results when the shippers experience a "seller's market" in motor carrier services?

## Interstate vs. Intrastate

An important segment of Florida's motor carrier industry that has been greatly affected by deregulation is the 100 percent intrastate carrier. These are Florida businesses which must now face competition from any carrier in the nation who decides to seek intrastate shipments in Florida. It has been reported that carriers delivering shipments to the southern part of the state are willing to take a backhaul to northern Florida for the price of the fuel costs rather than travel empty. One carrier's backhaul is another carrier's initial load. How can the Florida intrastate carrier stay in business with this type of competition?

Under total deregulation, out-of-state carriers have an unfair competitive advantage in that they come into the state and seek intrastate shipments with no requirements for Florida licenses other than an \$8 fuel use decal. Though deregulation has opened the intrastate market in Florida to any interested out-of-state competitor, Florida carriers do not have this same opportunity in surrounding states. In seeking a more competitive market through deregulation, has Florida inadvertently turned its back on established intrastate firms who have served the state's needs in past years?

The same situations apply to the charter and tour bus industry. It is cheaper for passenger buses to come to



Transportation deregulation has not yet fully tested in Florida.

Florida during the winter months rather than be winterized for northern climates. With this influx of out-of-state buses into Florida, competition for the charter tourist business is keen. As with freight carriers, the established Florida charter passenger carriers are faced with a large increase in competition, but do not have reciprocal opportunities in other states. Should Florida ignore the disadvantage deregulation has placed on this sector of its business community?

## Fly-By-Nighters

The Florida consumer has been directly affected by deregulation in the intrastate shipment of household goods. Though the well-established firms have continued to provide good service, the entry of fly-by-night operators has been a source of complaints and concern. Anyone with a truck can go into business as a household mover and can operate with unskilled movers, no insurance on the household goods, and no guarantee of competitive rates. A recent report from the South Florida Better Business Bureau cites one moving van operator in Dade County who works out of telephone booths, periodically changes his name and the company's, and regularly cheats customers out of their household goods. Doesn't Florida owe its citizens better consumer protection?

As most of the studies, articles, and persons interviewed have acknowledged, deregulation in Florida has not been in existence long enough for any final conclusions to be made. I raise the above question in an effort to present a clearer view of what future results Florida may expect from its total deregulation.

\*Rep. Jones is chairman of the Florida House Transportation Committee. Florida's deregulation experiment was the subject of a CSG innovation's report, *Intrastate Motor Carrier Deregulation: The Florida Experience (RM 704)* and an article in the *March State Government News*.



# Alaska State Legislature

## Senate Committee on State Affairs

Vic Fischer, Chairman • Pouch V • Juneau, Alaska 99811 • (907) 465-4954

Official Business

March 29, 1982

To: Senator Bill Ray, Chair  
Senate Transportation Committee

From: Senator Vic Fischer *Vic*

Re: Backup information on SB 862 - Regulating Common Carriers.

SB 862 changes statutes governing the regulation of dump trucks and requirements for obtaining common carrier permits for some small businesses.

Provisions re-regulating carriers of commodities in bulk in open dump-type equipment were introduced by request from Walter Kubley, of the Alaska Transportation Commission.

According to Kubley, requests for common carrier permits to operate dump trucks are routinely granted without exception. Thus, present restrictions merely create regulatory roadblocks while serving no real public purpose. Under SB 862, current health and safety standards would remain, but the application process would be streamlined both in time and paperwork.

SB 862 also exempts carriers awarded contracts as minority owned businesses through the Small Business Administration from having to show "public convenience and necessity".

A portion of SBA contracts are set aside for minority owned business under Section 8A. These contractors are sometimes required to transport items between federal sites that require traveling over state roads, bringing them under the jurisdiction of the ATC. ATC regulations require every contractor to show public convenience and necessity. If the route is already covered by an existing common carrier, ATC cannot grant a permit to the minority contractor without extensive hearings and arguments. Since these contractors are, by their nature, very small business, the cost of fighting ATC requirements is prohibitive.

State law is presently making implementation of a federal program for minority owned small businesses difficult, if not impossible. Since this problem has affected only two applicants, as far as ATC records indicate, granting exemption should present no significant problem for current carriers.

Since the Senate State Affairs Committee is meeting at the same time as your committee, I will be unable to testify regarding this bill. I hope this memo will assist.

April 2, 1982

To: Jennie Noah

From: Ginger Baim *GB*

Re: Sponsor substitute - SB 862

As per request of Senator Fischer, I would like a sponsor substitute drafted for Senate Bill 862.

The new version of SB 862 will concern itself solely with minority small business common carriers. Any reference to regulations dealing with dump or open type carriers will be deleted.

Under the new bill, businesses meeting the following criteria shall be exempted from the "public need and convenience" provisions in gaining a common carrier permit from the ATC:

1. The business is a "small" business making less than \$1 million gross per year.
2. The business is owned by a minority or female and;
3. Has received or is about to receive a contract through a government agency set aside for minority or female owned business requiring a common carrier permit to fulfill the provisions of the contract.

As usual, we need this sponsor substitute yesterday, but would be pleased to receive it in time for the Senate Transportation committee meeting on Tuesday, April 6. Please call me if there are any questions.

April 9, 1982

To: Jim Lear  
Legislative Drafting

From: Ginger Baim, Staff <sup>GP</sup>  
Senator Fischer

Re: Senate Transportation CS for SSSB 862

As per request of members of the Senate Transportation committee and Senator Fischer, I need a draft committee substitute for SSSB 862 incorporating the following changes:

1. Remove requirement that the small businesses exempted in this legislation be owned by a woman or minority. The committee intends that the exemption from proving public convenience and necessity be applied to all small businesses as defined in this bill.
2. Make this exemption apply only to federal contracts instead of a general reference to "government agencies". All federal contracts are covered here, not just "set aside" ones as the woman or minority owned provisions are removed.

The committee wants all federal contracts awarded or about to be awarded to businesses earning under \$1,000,000.00 gross a year, to be exempted from having to prove "public convenience and necessity."

I have included a marked up copy of SSSB 862 for your information. This bill is scheduled for hearing before the Transportation Committee on Tuesday, April 13. Please call if you have any questions.

April 6, 1982

To: Senator Bill Ray, Chair  
Senate Transportation Committee

From: Senator Vic Fischer

Re: SS SB 862 - Common Carrier Permits for minority owned businesses.

The sponsor substitute for Senate Bill 862 is designed to exempt certain small businesses from the requirement of proving "public need and convenience" to obtain a common carrier permit.

To operate as a common carrier in Alaska a person or business must obtain a common carrier permit from the Alaska Transportation Commission. There are two basic requirements for a permit: (1) that the applicant be "fit, willing and able" and, (2) that a "public convenience and necessity" exists that is not being adequately met. It is the second provision that creates a disincentive to minority and women owned small businesses.

In order to prove "public convenience and necessity" an applicant must establish (1) there is a legitimate public need for the services of a common carrier, (2) there are no currently licensed carriers servicing the area, or, (3) the current carrier delivers inadequate service to the public. The applicant would have to prove each point during a hearing before the ATC. Obviously this creates a tremendous burden on small businesses applying for permits.

Under current statutes, the chances of a minority or woman owned small business obtaining the necessary state authority for carrying out contracts awarded through federal, state or local government "set aside" programs are nil.

The ATC feels their hands are "tied" by current statute. SSSB 862 would allow the ATC to award carrier permits without being bound by a provision having a disproportionate impact on woman and minorities.

Vic - Lou Corely hired an attorney, PAID OVER \$3,200.00 and still lost his case before the A.T.C. He is now on appeal and expects to pay an additional 2 or 3 thousand in attorney fees.

3 p.m.  
4-7-82  
G.B.

14 January 1981

TO: Senator Fischer  
FROM: V.R. Baim, Aide *B*  
RE: Constituent problem/ Alaska Transportation Commission

Louis Corely, a constituent and owner of a minority small business called Pye-per Transport, called yesterday requesting your help with problems he is having with the Alaska Transportation Commission in obtaining a carriers permit.

Mr. Corely has been awarded a contract on Elmendorf for moving items from the base to off base sites. He obtained this contract through a special provision in the Small Business Administration for minority owned business which requires that a certain percentage of contracts be let to minority owned business. In order to fulfill the contract, however, he must satisfy all the "appropriate authority" from the state.

The state, through the Alaska Transportation Commission, issues common carrier permits on a kind of "limited entry" basis. In order to get a permit you must show that a "public need and convenience" requires it and that you are "fit, willing and able" to perform the service. The problem is that "public need and convenience" can only be satisfied, under current interpretation of the statutes, when no other carrier is available to perform the service. Obviously this means that only big time, large scale trucking companies can qualify for the limited number of permits available and once they are established, there is virtually no chance for another carrier get a permit.

Mr. Corely has applied for a temporary permit and has been denied based on failure to prove "public need and convenience". He is scheduled for hearing before the ATC the second week in February for a permanent permit.

I spoke with Mr. Cary Parker (274-1695) at the ATC. Off the record, he said that case law he has investigated convinced him that someone like Mr. Corely probably could qualify for a permit because of special provision regarding federal or military base contractors but he would probably have to hire a lawyer or some like person to do the investigation and legal backup necessary to fight the statute and the established trucking companies that would fight him.

*Corely?*

1726 KARLUK

EAFB contract ~~is~~ *is* awaiting ATC permit.

*TC*  
*WHY* ORDER 82-1 deny emergency temp authority