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STATE OF ALASKA
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JUNEAU, ALASKA 99811
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May, 1986

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS date base CM 14. In order to save space copies of minutes have not been left in the files.

Jeanie Henry

House Judiciary 3/20/86

1:30 pm

UNFINISHED BUSINESSCSHB 28(Fin)(2d-title-am)

Representative Pettyjohn moved and asked unanimous consent that COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 28 (Finance) (2d title amended) (making a special appropriation from the undistributed income account in the Alaska permanent fund to the principal of the permanent fund; effective date) be taken up at this time.

Representative Clocksin objected.

Representative Pettyjohn moved and asked unanimous consent that he be allowed to withdraw his motion.

Representative Adams objected and withdrew his objection. There being no further objection, Representative Pettyjohn's motion was withdrawn.

SSSB 374

The Speaker waived the Transportation Committee referral on SPONSOR SUBSTITUTE FOR SENATE BILL NO. 374 (relating to state toll facilities) at the request of the Chairman.

SSSB 374 was sent to the Finance Committee.

HB 611

The Speaker waived the Judiciary Committee referral on HOUSE BILL NO. 611 (relating to air carriers) at the request of the Chairman.

HB 611 was sent to the Finance Committee.

CSHB 104(Jud)am

Representative Clocksin moved that the House concur in the Senate amendment to CSHB 104(Jud)am, thus adopting CSHB 104(Jud)amS (page 2146), and recommended that the members vote yes.

Representative Pignalberi objected.

The question being: "Shall the House concur in the Senate amendment to CSHB 104(Jud)am?" The roll was taken with the following result:

HOUSE

COMMITTEE REPORT

JUDICIARY

(7)

Date referred: 2/17/86

FURTHER REFERRALS: FINANCE

DATE: 19 MARCH 1986

The TRANSPORTATION Committee has considered HB 611

"An Act relating to air carriers."

and recommends:

- do pass
- do not pass
- do pass with attached amendment(s)
- no recommendation
- replace with CS HB 611 (TRSP) same title
- new title

and recommends _____

further referral to the _____ Committee

- and attaches:
- letter of intent
 - first fiscal note
 - new fiscal note
 - zero fiscal note

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:

Bette Cato
Mike Thier
Michael Qualben

Dick Shultz Change line 15 from
 \$50 to \$25.00

Bette Cato

Chairman

STATE OF ALASKA 1986 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill Resolution No.: HB 611
 Title: An Act relating
to Air Carriers

 Sponsor: CATO
 Requestor: n/a
 Date of Request: n/a

FISCAL DETAIL

Agency Affected: Commerce
 BRU: Div of Measurement Standards

 Components: operations

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING : (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS :

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : Attach a separate page if necessary
 The attached budget shows \$110.0 in Governor's budget which includes field investigations. Because this function is already provided in the Governor's budget request, HB 611 shouldn't have additional fiscal impact.

Prepared by: Rep. Bette Cato, Chairman Phone: 4858
 Division: House Transportation Committee Date: _____
 Approved by Commissioner: Bette Cato Date: _____
 Agency: _____

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

TITLE OF INCREMENT/DECREMENT: Air Carrier Program	AGENCY CONTACT/PHONE NUMBER: Marvin Rieger/345-7750
DESCRIBE WHY THIS INCREMENT/DECREMENT IS NEEDED AND WHAT IT PURCHASES: The air carrier financial responsibility bill as passed by the 14th legislative session mandated that the following functions be performed:	
<ol style="list-style-type: none"> 1. Maintain records on the limits of security and current status on all persons who carry passengers or freight for commercial purposes intrastate in an aircraft; 2. Verify eligibility and issue certificates of compliance upon collection of a \$50.00 annual fee; and 3. Investigate complaints and enforce the provisions of AS 42.30.200 and AS 42.30.225. 	
This bill was passed and signed into law without a fiscal note.	
The House journal dated June 17, 1985, contained a letter from Governor Sheffield to Representative Grussendorf and is partly quoted for information:	
<p style="margin-left: 40px;">"Dear Representative Grussendorf:</p> <p style="margin-left: 40px;">Today I have signed the Conference Committee Substitute for House Bill 133 relating to transportation safety and financial responsibility for Alaska's truckers and air carriers.</p> <p style="margin-left: 40px;">Although the substance of this legislation is basically sound and provides some assurance that the instate trucking and air industries operate in a safe manner and with adequate insurance, I am deeply concerned by the failure of the legislature to provide any funding."</p>	

CODE	EXPENDITURE BY OBJECT	AGENCY REQ.	GOV'S REQ.
71000	Personal Services	149.4	78.3
72000	Travel	15.0	15.0
73000	Contractual Services	12.0	4.0
74000	Supplies	1.5	1.5
75025	Equipment	46.0	11.3
75690	Lands, Buildings, Etc.		
77000	Grants, Claims, Etc.		
78000	Miscellaneous		
TOTAL		223.9	110.1
I-A Transfer (NON-ADD)			
1002	Federal Receipts		
1003	General Fund Match		
1004	General Fund	161.4	47.6
1005	I-A Receipts		
1028	Program Receipts	62.5	62.5
	Other		
POSITION INFORMATION	PFT	4	2
	PPT		
	Non Permanent		
	Staff Months	48	24
<input type="checkbox"/> Enhance Existing Service <input type="checkbox"/> Compared to FY 86		<input type="checkbox"/> Formula Program	
<input checked="" type="checkbox"/> New Service Compared to FY 86			
<input type="checkbox"/> Continuation of FY 86 Service Level			
IMPACT FROM CAPITAL PROJECT (NAME) <hr/>			
Chapter _____ SLA _____ Page/Line _____			

C5	INCREMENT/ DECREMENT REQUEST
Agency Priority <u>24</u> of <u>101</u>	

AGENCY DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

BRU DIVISION OF MEASUREMENT STANDARDS

COMPONENT Operations

PROJECT _____

FY 87

Page <u>1</u> of <u>7</u>
Revised Date _____

000050

This increment requests the funds required to perform the administrative and field investigation/enforcement functions.

The administrative function entails the verification of aircraft operating intrastate under Federal Aviation regulations part 121 and 135. Estimates provided by the Alaska Air Carriers Association place the total number of eligible aircraft at approximately 5,000. Verification of compliance with AS 42.30.200 requires that a data base be established that lists aircraft by type, owner, Federal Aviation Administration identification, and verification of insurance. A certificate of compliance is issued for each aircraft. This certificate of compliance must be renewed annually for a \$50.00 fee. Revenue processing and accounts receivable programs will have to be established to monitor all fees collected. Additionally, a policy of insurance may not be cancelled on less than 30 days written notice to the Division of Measurement Standards. Each of these cancellation notices will have to be placed in a suspense file so that if notification of renewal is not received prior to the expiration date, the aircraft will have to be added to a list of non compliance carriers.

In discussions with the insurance industry and the air carriers association, it was stated that each aircraft may involve a change in status up to six times per year. Tracking of these changes to assure statutory compliance places a continual monitoring requirement upon the Division and the generation of a weekly status report.

Notification of non compliance will be mailed to each carrier upon expiration of the insurance.

The administrative portion of the program will provide the records keeping services and the information base but the assurance that the public receives the protection intended by the statute can only be provided through field investigation. Because of the geographic dispersion of the operating carriers, it is essential to place field investigative personnel in locations so that they will be capable of responding in a timely manner.

The field investigations will consist of:

1. Investigation of complaints;
2. Field investigation of operating aircraft to assure compliance; and
3. Field investigation of aircraft identified as not being in compliance to ensure that they are not being used commercially.

C5

ADDITIONAL
EXPLANATION
FORM

AGENCY DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

BHU DIVISION OF MEASUREMENT STANDARDS

COMPONENT Operations

Page 2 of 7

Revised Date

FY 87

000051

We anticipate using an existing classification so that dual utilization will be possible. This will ensure productive service regardless of workload variation.

The new employees will be housed within existing office space in Anchorage, Fairbanks, and Juneau.

The requested travel funds will provide the capability of investigating complaints and assuring compliance in remote locations throughout the state.

Contractual services funds are required for telephone services, vehicle fixed and operating costs, and printing of forms and certificates of compliance.

Requested supplies are for standard office operating supplies.

The requested equipment consists of a vehicle for each operating location, a micro computer for data base and information management, and standard office furniture and equipment.

Recommend that this increment be funded as follows:

161.4 - General Funds

62.5 - Program Receipts from certificate of compliance fees

<u>Number of Positions</u>	<u>Class Description</u>	<u>Range</u>	<u>Location</u>	<u>Cost</u>
1	Weights and Measures Inspector III	17A	Anchorage	44.9
1	Weights and Measures Inspector I	12B	Fairbanks	37.7
1	Weights and Measures Inspector I	12B	Juneau	33.4
1	Administrative Assistant I	12B	Anchorage	33.4

C5

ADDITIONAL
EXPLANATION
FORM

AGENCY DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

BRU DIVISION OF MEASUREMENT STANDARDS

COMPONENT Operations

Page 3 of 7

Revised Date

FY 87

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Increment Cost Recap:

Personal Services: 149.4 - Salaries with 3% underfunding

Travel: 5.2 - Field transportation
6.8 - Field per diem
1.8 - Administrative transportation
1.2 - Administrative per diem

Contractual: 2.1 - Communications
5.1 - IWCF; Vehicle replacement costs
2.7 - Vehicle fuel
1.0 - Printing
1.1 - Minor vehicle repair

Commodities: 1.5 - Standard office supplies

Equipment: 3.2 - Office furniture
1.6 - Typewriter
.2 - Calculators
33.0 - 3 vehicles
8.0 - Micro computers and software

223.9

C5

ADDITIONAL
EXPLANATION
FORM

AGENCY DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

BRU DIVISION OF MEASUREMENT STANDARDS

COMPONENT Operations

Page 4 of 7

Revised Date

FY 87

000053

TESTIMONY TO HOUSE TRANSPORTATION COMMITTEE

HOUSE BILL 611

MARCH 19, 1986

Chairman Cato and members of the House Transportation Committee, my name is Bob Jacobsen and I am here today as President of the Alaska Air Carriers Association. I would like to thank you for your willingness to deal with these small but important technical amendments to House Bill 133 enacted last year.

Very simply, the bill before you today (HB 611) is deemed necessary by the Division of Weights and Measurement Standards to adequately enforce the law which requires commercial air carriers to maintain at least \$150,000 per seat in liability insurance (\$300,000 for scheduled carriers). Statistics provided to you by the Division early this session indicate a less than satisfactory level of compliance based on the initial letters of notice to commercial carriers.

We have submitted as part of your committee packet a sectional rationale for each provision, and if you wish, I will go through each of the proposed changes with you.

As you are aware, the fiscal note for HB 133 last session was not funded, accounting, in part, for low compliance to date.

The Governor has requested about \$100,000 in his FY 87 operating budget for this program, and we urge you to support the request.

I would also like to take this opportunity to briefly mention our industry's serious problem with insurance rates. While we maintain our strong support for the minimum insurance requirements as a condition of business, we are having the same problems with dramatic escalation of rates as most other industries. We have lost several members during the last year due to bankruptcies or failure to obtain insurance at rates which would permit an operating profit. Others are on the verge of collapse.

If you want to help maintain viable air transportation in the future, we strongly urge your support of HB 611 this session.

Thank you for the opportunity to testify, and for your attention to our concerns.

Amendment 1 (Sec. 42.30.200(c)) specifically authorizes the Department of Commerce to stop aircraft from carrying passengers for hire until they secure the minimum required liability insurance. It also authorizes the Department to conduct investigations if necessary to find violators.

Amendment 2 (Sec. 42.30.200(e)) increases the size and severity of a fine to an air carrier who flies passengers for hire without first securing the minimum insurance levels required by HB 133 (\$10,000 per seat). Without a more strict penalty, carriers may find it cheaper to ignore the law than to comply.

Amendment 3 (Sec. 42.30.225(b)) allows the insurance "certificate of compliance" to be posted in a visible location other than in the aircraft. This would be particularly helpful to the jet carriers which often interchange planes, thus making it difficult to post certificates in the aircraft. It would also reduce the cost of a certificate from \$50 to \$25.

Amendment 4 (Sec. 42.30.225(e)) provides specific authority to issue stop use orders if a carrier is operating without a state certificate of insurance.

Amendment 5 (Sec. 42.30.225(d)) provides for a specific penalty for a carrier who fails to obtain a certificate of insurance from the State.

Amendment 6 (Sec. 42.30.380(3)) clarifies the definition of aircraft to include rotor devices (helicopters).

1 Sec. 42.30.200. AIR CARRIER FINANCIAL RESPONSIBILITY. (a) A person
2 who carries passengers or freight for commercial purposes intrastate in an
3 aircraft shall procure and maintain security in the following minimum
4 amounts:

5 (1) Liability for bodily injury or death of persons:

6 A limit of at least \$150,000 for any one person in any one
7 occurrence and a limit for each occurrence in any one aircraft of at least
8 an amount equal to the sum produced by multiplying one hundred fifty
9 thousand dollars (\$150,000) by seventy five percent (75 percent) of the
10 total rated seating capacity of the aircraft. [\$150,000 PER SEAT FOR
11 BODILY INJURY OR DEATH IN A SINGLE OCCURRENCE; AND]

12 (2) Liability for loss of or damage to property:

13 A limit of at least one hundred thousand dollars (\$100,000)
14 for each occurrence. [\$100,000 FOR PROPERTY DAMAGE IN A SINGLE OCCURRENCE]

15 (b) Evidence of security required under (a) of this section shall be
16 filed with the department and must be

17 (1) a policy or certificate of insurance issued by an insurer
18 acceptable to the department; or

19 (2) a bond of a surety company licensed to write surety bonds in
20 the state; or

21 (3) evidence accepted by the department, showing ability to
22 self-insure; or

23 (4) other security approved by the department.

24 (c) The department may authorize department personnel to enforce this
25 section and may adopt procedural regulations necessary to implement this
26 section.

27 DEPARTMENT OF COMMERCE'S PROPOSED CHANGES TO
28 AS 42.30.200; 42.30.225; 42.30.380
AIR CARRIERS FINANCIAL RESPONSIBILITIES

1 (d) A policy of insurance, surety bond, or other form of security may
2 not be cancelled on less than 30 days written notice to the department.
3 This requirement must be clearly stated in the policy or endorsement for an
4 insurance policy submitted as proof of financial responsibility under AS
5 42.30.225(a)(1). The 30 day notice period is measured from the date on
6 which the department receives notice.

7 (e) A person who violates [(a) OF] this section is guilty of a class
8 [B] A misdemeanor and is punishable by a fine of not less than [\$500]
9 \$1,000 or more than [\$1,000] \$5,000.

10
11 Sec. 42.30.225. CERTIFICATION OF COMPLIANCE OF AIR CARRIERS. (a) A
12 person may not use an aircraft in air commerce before obtaining an annual
13 certificate of compliance for that aircraft from the department. The
14 department shall issue or renew a certificate of compliance upon
15 application and presentation of

16 (1) proof of financial responsibility required under AS
17 42.30.200;

18 (2) proof of compliance with Federal Aviation Administration
19 requirements, and, where applicable, federal certification for scheduled
20 airline service.

21 (b) The annual fee for a certificate of compliance is \$50. The
22 certificate is valid for a period of 12 months following the date of
23 certification. The certificate shall be displayed [ON THE AIRCRAFT] so
24 that it [IS] is visible to boarding passengers.

25 (c) The department may investigate complaints or violations of this
26 section and conduct other investigations that the department considers
27 appropriate and advisable to develop information on possible violations of
28 AS 42.30.200 or AS 42.30.225 and may, upon completion of this investigation

1 where a violation of AS 42.30.200(a) exists, issue a stop use order. [USE
2 OF AN AIRCRAFT IN AIR COMMERCE BEFORE OBTAINING A CERTIFICATE OF COMPLIANCE
3 REQUIRED UNDER (a) OF THIS SECTION MAY BE CAUSE FOR DENIAL OF THE
4 CERTIFICATE]

5 (d) A person who violates this section is guilty of a class B
6 misdemeanor and is punishable by a fine of not less than \$500 or more than
7 \$1,000. [A PERSON WHO HAS OBTAINED A CERTIFICATE TO USE AN AIRCRAFT IN AIR
8 COMMERCE FROM THE ALASKA TRANSPORTATION COMMISSION BEFORE THE EFFECTIVE
9 DATE OF THIS ACT IS NOT REQUIRED TO OBTAIN A CERTIFICATE OF COMPLIANCE
10 UNDER (a) OF THIS SECTION UNTIL THE DATE THE INSURANCE POLICY FOR THE
11 AIRCRAFT IS RENEWED]

12 (e) The department may authorize department personnel to enforce this
13 section and may adopt procedural regulations necessary to implement this
14 section.

15

16 Sec. 42.30.380. DEFINITIONS. (a) In AS 42.30.200 - 42.30.380,

17 (1) "air carrier" means a person undertaking to engage in air
18 commerce, whether directly or indirectly, or by lease, contract, or any
19 other arrangement, and whether over regular or irregular routes;

20 (2) "air commerce" means carriage by aircraft of persons or
21 freight for commercial purposes or hire in intrastate commerce, including
22 the carriage by aircraft of persons or freight that move partly by aircraft
23 and partly by other forms of transportation;

24 (3) "aircraft" means a propeller, rotor or jet powered device
25 used or designed for flight in the air;

26 (4) "commercial purposes" means activities for which the persons
27 receives direct monetary compensation and does not include activities
28 incidental to and done in furtherance of the person's primary business;

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(5) "department" means the Department of Commerce and Economic Development;

(6) "freight" means commodities, articles, and cargo, of whatever nature or value, excluding garbage and trash.

CERTIFICATION OF COMPLIANCE OF AIR CARRIERS

- PURPOSE
- WHO DOES IT APPLY TO
- REQUIREMENTS
- PROCEDURES

PURPOSE

The purpose of the certification of compliance of air carriers is to provide the assurance that all persons who carry passengers or freight for commercial purposes intrastate in an aircraft, comply with the provisions in AS 42.30.200 and AS 42.30.225.

These provisions specify that the identified persons procure and maintain minimum amounts of insurance security and that the aircraft used for these purposes must be in compliance with federal safety regulations.

WHO DOES IT APPLY TO

AS 42.30.200 states that a person who carries passengers or freight for commercial purposes intrastate in an aircraft shall procure and maintain security as specified. For purposes of filing with the Department of Commerce and Economic Development, this paragraph is interpreted to mean those aircraft operating intrastate under Federal Aviation Administration regulations part 121 and 135.

AS 42.30.225 further requires that an annual certificate of compliance be obtained before a person uses an aircraft in air commerce.

In defining the applicability of the provisions of AS 42.30.200 - 42.30.380:

1. "air carrier" means a person undertaking to engage in air commerce, whether directly or indirectly, or by lease, contract, or any other arrangement and whether over regular or irregular routes;
2. "air commerce" means carriage by aircraft of persons or freight for commercial purposes or hire in intrastate commerce, including the carriage by aircraft of persons or freight that move partly by aircraft and partly by other forms of transportation;
3. "aircraft" means a propeller or jet powered device used or designed for flight in the air;
4. "commercial purposes" means activities for which the person receives direct monetary compensation and does not include activities incidental to and done in furtherance of the persons primary business.
5. "freight" means commodities, articles, and cargo of whatever nature or value excluding garbage and trash.

REQUIREMENTS

A person who carries passengers or freight for commercial purposes intrastate in an aircraft must maintain the following minimum security:

1. \$150,000 per seat for bodily injury or death in a single occurrence; and
2. \$100,000 for property damage in a single occurrence.

Evidence of insurance must be filed with the Department of Commerce and Economic Development, Division of Measurement Standards, and may not be cancelled on less than 30 days written notice to the Division of Measurement Standards. This notification of cancellation must be clearly stated in the policy or endorsement for an insurance policy submitted as proof of financial responsibility. This 30 day notice period is measured from the date on which the Division of Measurement Standards receives notice.

A person may not use an aircraft in air commerce before obtaining an annual certificate of compliance for that aircraft from the Department of Commerce and Economic Development, Division of Measurement Standards. The application for the certificate of compliance must include:

1. proof of financial responsibility in the amounts previously identified;
2. a copy of the Federal Aviation Administration's air carrier operating certificate, for each aircraft;
3. a Federal Aviation Administration certificate to operate if you are a scheduled air carrier; and
4. a \$50.00 annual fee for each aircraft being certified.

PROCEDURES

1. Complete an application for a certificate of compliance.
2. Attach copies of all required documents as outlined on the application.
3. Include the \$50.00 annual fee for each aircraft.
4. Mail complete application package to:

Division of Measurement Standards
P.O. Box 111686
Anchorage, Alaska 99511

INSTRUCTIONS
APPLICATION FOR
ALASKA AIR CARRIERS CERTIFICATE OF COMPLIANCE

1. Name of the individual making application.
2. Name of business.
3. Mailing address. If the operating location is different, please specify.
4. Date of application.
5. Business telephone number.
6. List those aircraft that are used intrastate in Federal Aviation Regulations part 121 and 135 operation. Do not list those aircraft that are used in parts 61, 91, and 141 operations.

Aircraft Description:

Type of aircraft; make and model.

Passenger Configuration:

Number of passengers the aircraft is configured to carry. If aircraft is used for freight only, so designate. (AS 42.30.200(c) requires \$150,000 per seat for bodily injury or death and \$100,000 for property damage.)

FAA Registration Number:

Federal Aviation aircraft registration number.

7. The total number of aircraft listed in #6. If an addendum sheet is used, include total from #6 plus total from addendum sheet in this section.
8. AS 42.30.225(a). A person may not use an aircraft in air commerce before obtaining an annual certificate of compliance for that aircraft from the Department of Commerce and Economic Development, Division of Measurement Standards.

AS 42.30.225(b). The annual fee for a certificate of compliance is \$50.00.

Multiply the number of aircraft listed in #7 times \$50.00. Place that result in section #8. Enclose that amount with the application.

9. Attach a copy of the Federal Aviation Administration's, Air Carrier Operating Certificate, form number 8430-18.
10. Attach a certificate of insurance or have the insurance company mail the certificate direct. A telex message can be used for temporary verification while waiting for the original certificate. A certificate of compliance cannot be issued without proof of insurance per AS 42.30.225(1).

11. For State Use Only - Do Not Fill In. This form will be returned to you with this section filled in and all required certificates attached.

ORIGINAL AND ONE COPY OF ALL FORMS TO BE RETURNED TO THE DIVISION OF MEASUREMENT STANDARDS

§ 42.06.630

§ 42.20.030

PUBLIC UTILITIES AND CARRIERS

§ 42.30.200

Effect of amendments. — The 1985 repealed paragraph (6), which defined amendment, effective January 1, 1986. "municipality."

Chapter 07. Alaska Transportation Commission Act.

[Repealed, 1983 Initiative Proposal No. 2, § 6.]

Chapter 10. Alaska Motor Freight Carrier Act.

[Repealed, 1983 Initiative Proposal No. 2, § 6.]

Chapter 20. Telegraph and Telephone Systems and Cable Lines.

Article 2. Offenses.

Sec. 42.20.030. Civil liability for taking utility service and for damages to or interference with a utility line.

NOTES TO DECISIONS

Conviction under paragraph (7) as basis for dismissal of tenured teacher. — See Kenai Peninsula Borough Bd. of Educ. v. Brown, Sup. Ct. Op. No. 2886 (File No. 7763), 691 P.2d 1034 (1984).

Chapter 30. Miscellaneous Regulations Governing Public Utilities and Carriers.

Article

5. Responsibilities of Motor and Air Carriers (§§ 42.30.200, 42.30.225, 42.30.380)

Article 5. Responsibilities of Motor and Air Carriers.

Section

200. Air carrier financial responsibility
225. Certification of compliance of air carriers

Section

380. Definitions

Sec. 42.30.200. Air carrier financial responsibility. (a) A person who carries passengers or freight for commercial purposes intrastate in an aircraft shall procure and maintain security in the following minimum amounts:

(1) \$150,000 per seat for bodily injury or death in a single occurrence; and

(2) \$100,000 for property damage in a single occurrence.

(b) Evidence of security required under (a) of this section shall be filed with the department and must be

- (1) a policy or certificate of insurance issued by an insurer acceptable to the department; or
- (2) a bond of a surety company licensed to write surety bonds in the state; or
- (3) evidence accepted by the department, showing ability to self-insure; or
- (4) other security approved by the department.

(c) The department may authorize department personnel to enforce this section and may adopt procedural regulations necessary to implement this section.

(d) A policy of insurance, surety bond, or other form of security may not be cancelled on less than 30 days' written notice to the department. This requirement must be clearly stated in the policy or endorsement for an insurance policy submitted as proof of financial responsibility under AS 42.30.225(a)(1). The 30-day notice period is measured from the date on which the department receives notice.

(e) A person who violates (a) of this section is guilty of a class B misdemeanor and is punishable by a fine of not less than \$500 or more than \$1,000. (1983 Initiative Proposal No. 2, § 3; am §§ 5, 6 ch 104 SLA 1985)

Effect of amendments. — The 1985 amendment, effective June 13, 1985, rewrote subsection (a), in subsection (c) substituted "department personnel" for "enforcement officers" and added "and may adopt procedural regulations necessary to implement this section" at the end of the subsection, and added subsections (d) and (e).

Sec. 42.30.225. Certification of compliance of air carriers.

(a) A person may not use an aircraft in air commerce before obtaining an annual certificate of compliance for that aircraft from the department. The department shall issue or renew a certificate of compliance upon application and presentation of

- (1) proof of financial responsibility required under AS 42.30.200;
- (2) proof of compliance with Federal Aviation Administration requirements, and, where applicable, federal certification for scheduled airline service.

(b) The annual fee for a certificate of compliance is \$50. The certificate is valid for a period of 12 months following the date of certification. The certificate shall be displayed on the aircraft so that it is visible to boarding passengers.

(c) Use of an aircraft in air commerce before obtaining a certificate of compliance required under (a) of this section may be cause for denial of the certificate.

(d) A person who has obtained a certificate to use an aircraft in air commerce from the Alaska Transportation Commission before June 13, 1985 is not required to obtain a certificate of compliance under (a)

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PUBLIC UTILITIES AND CARRIERS

§ 42.30.380

of this section until the date the insurance policy for the aircraft is renewed.

(e) The department may authorize department personnel to enforce this section and may adopt procedural regulations necessary to implement this section. (§ 7 ch 104 SLA 1985)

Effective dates. — Section 9, ch. 104, June 13, 1985, in accordance with AS SLA 1985, makes this section effective 01.10.070(c).

Sec. 42.30.380. Definitions. In AS 42.30.200 — 42.30.380,

(1) "air carrier" means a person undertaking to engage in air commerce, whether directly or indirectly, or by lease, contract, or any other arrangement, and whether over regular or irregular routes;

(2) "air commerce" means carriage by aircraft of persons or freight for commercial purposes or hire in intrastate commerce, including the carriage by aircraft of persons or freight that move partly by aircraft and partly by other forms of transportation;

(3) "aircraft" means a propeller or jet-powered device used or designed for flight in the air;

(4) "commercial purposes" means activities for which the person receives direct monetary compensation and does not include activities incidental to and done in furtherance of the person's primary business;

(5) "department" means the Department of Commerce and Economic Development;

(6) "freight" means commodities, articles, and cargo, of whatever nature or value, excluding garbage and trash. (§ 7 ch 104 SLA 1985)

Effective dates. — Section 9, ch. 104, June 13, 1985, in accordance with AS SLA 1985, makes this section effective 01.10.070(c).

Chapter 40. Alaska Railroad Corporation.

Article

1. Establishment and Organization (§§ 42.40.010 — 42.40.060)
2. Management (§§ 42.40.100 — 42.40.120)
3. Administrative Provisions (§§ 42.40.150 — 42.40.230)
4. Powers and Duties (§§ 42.40.250 — 42.40.310)
5. Corporation Property (§§ 42.40.350 — 42.40.450)
6. Financial Provisions (§§ 42.40.500 — 42.40.540)
7. Bonds (§§ 42.40.600 — 42.40.700)
8. Personnel and Labor Relations (§§ 42.40.705 — 42.40.890)
9. General Provisions (§§ 42.40.900 — 42.40.990)

Cross references. — For legislative findings and purpose in enacting this chapter, see § 1, ch. 153, SLA 1984 in the Temporary and Special Acts; for special reports required, see § 3, ch. 153, SLA 1984 in the Temporary and Special Acts. Legislative history reports. — For legislative letter of intent relating to ch.

Talkeetna Air Taxi, Inc.

CERTIFIED AIR CARRIER

FULLY INSURED AND INSTRUMENT RATED

MAR 18 1986

3/13/86

Honorable Betty Cato
House of Representatives
Juneau, AK.

Dear Rep. Cato:

I am writing in support of your House Bill #611, "An Act Relating to Air Carriers" and as owner/operator of Talkeetna Air Taxi. Its enactment would put meaning into the existing law which strikes me as being a sham.

I know of one air taxi operator who is flying passengers without any liability insurance at all. If caught and fined even the present maximum of \$1,000, he still will be ahead financially for not buying the insurance. In this particular case, and there are many others similar, should there be a claim against him, he has no resources other than an airplane (a bank would have first call on that) and the clothes on his back. The public is left without protection. And the operator has a considerable competitive advantage as regards fares over those operators who are abiding by the law.

I have been told by the Commerce Dept's Section on Weights & Measures that there is neither the staff nor funding to enforce this insurance law. I have suggested to them, and to the Commissioner, that a simple letter to all air carriers reminding them of the requirement, the penalty for non compliance, and the possibility of being shut down, would probably bring most offenders into line.

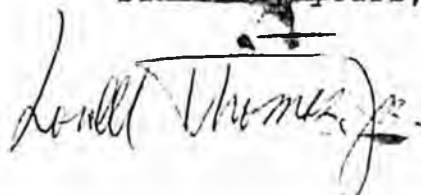
But your bill would put the needed teeth into the law; particularly provision for a fine of from \$1,000 to 5,000 for each day of violation. That and the provision for issuance of a stop use order is what is needed to make this law meaningful.

I have personally been in the air carrier business as owner and pilot for six years. While I am unhappy over the escalating costs of liability insurance and hope that you and your colleagues will do something about that this year, I am even more distressed to see operators defying the law, leaving the flying public holding the bag should there be an accident, and at the same time gaining a price advantage over those of us in legal compliance. The amendments offered in your HB 611 are a must.

Best wishes--

EXPEDITION AIR SUPPORT
FLIGHT SEEING
AERIAL PHOTOGRAPHY
CUSTOM SKI TRIPS
HIGH ALTITUDE GLACIER LANDINGS
FISHING & HUNTING
AIRCRAFT ON WHEEL/SKIS & FLOATS

Sincerely yours,



Talkeetna Air Taxi, Inc.

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