

HPB

56

DEPARTMENT OF PUBLIC SAFETY

POSITION PAPER - HB-56

Opposed

January 28, 1985

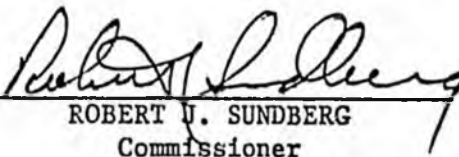
HB-56, an Act relating to motor vehicle insurance.

The mandatory insurance bill which passed the 1984 Legislature has not even been in effect a month. The new law should be given some time to determine its effectiveness before making substantial changes as outlined in this bill.

The requirement to provide proof of insurance was taken out of previous bills because of the adverse impact that it would have on the operating efficiency of the division. Placing additional requirements on the registration process will increase the time needed to process the registration and would create long lines at the busier field offices.

The cost of the extra workload could be justified if the program were extremely effective, but the experience of other states has shown that this is not the case. It is very easy for a person to obtain a binder, register a vehicle, and then immediately cancel the policy without even making one payment. States with this type of requirement estimate that between 3 and 10 percent of their registered vehicles are uninsured.

The requirement of notification placed on insurance companies will create additional work, and the cost of this work will be passed on to the public by increasing premiums. Keeping track of the notifications and revoking registrations with all the "due process" requirements will create a costly administrative burden. The cost of this will be in addition to the costs for the current program since none of those requirements have changed.

  
ROBERT J. SUNDBERG  
Commissioner

STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date: \_\_\_\_\_

**REQUEST**

Bill/Resolution No.: HB 56  
 Title: An Act relating to motor vehicle insurance  
 Sponsor: Collins  
 Requestor: House Labor and Commerce  
 Date of Request: 1-28-85

**FISCAL DETAIL**

Agency Affected: Public Safety  
 Program Category Affected: Life and Property Protection  
 BRU, Program or Subprogram(s) Affected: Division of Motor Vehicles

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<b>OPERATING</b>						
100 PERSONAL SERVICES		412.3	432.9	454.5	477.3	501.1
200 TRAVEL		7.7	8.1	8.5	8.9	9.3
300 CONTRACTUAL		166.7	138.3	145.2	152.5	160.1
400 SUPPLIES		3.9	4.1	4.3	4.5	5.7
500 EQUIPMENT		20.2	-0-	-0-	-0-	2.5
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>-0-</b>	<b>610.8</b>	<b>583.4</b>	<b>612.5</b>	<b>643.2</b>	<b>677.7</b>

<b>CAPITAL</b>						
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<b>REVENUE</b>						
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**FUNDING: (Thousands of Dollars)**

GENERAL FUND	-0-	610.8	583.4	612.5	643.2	677.7
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	<b>-0-</b>	<b>610.8</b>	<b>583.4</b>	<b>612.5</b>	<b>643.2</b>	<b>677.7</b>

**POSITIONS:**

FULL-TIME	-0-	15	15	15	15	15
PART-TIME						
TEMPORARY						

**ANALYSIS:** Attach a separate page if necessary

**ASSUMPTIONS:**

Effective July 1, 1985

5% inflation factor used for FY87 and subsequent years

See attached two pages for breakdown.

Prepared By: Charles R. Hosack Phone: 269-5551  
 Division: Motor Vehicles Date: 1-24-85

Approved by Commissioner: *Michael J. Collins* Date: 1-28-85  
 Agency: Public Safety

Distribution (by Agency preparing fiscal note):

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

7/1/84

FISCAL NOTE  
HB-56

There are approximately 450,000 motor vehicles for which proof of insurance will be required prior to registration. The checking and processing of the insurance papers will require extra time and approximately 20-30% of these vehicles will be refused registration because the owner does not have proper proof. This will require a second trip to division offices when the proper proof is obtained.

It is estimated that 10% of the owners would change insurance, miss a payment, or cancel their policy. Of that 10% (45,000 vehicles), it is estimated that 50% would fail to notify DMV of the change. Revocation notices would be sent to 22,500 owners by certified mail as required by law. The other 22,500 owners would notify DMV of the change so their vehicle records would be updated.

Approximately 2,500 hearings will be conducted annually as a result of the revocations.

100 PERSONAL SERVICES

1 Doc. Proc. Clk. III, Range 10	29.3		
2 Doc. Proc. Clk. II, Range 8	51.8		
3 Doc. Proc. Clk. I, Range 7	73.5		
2 Clk. Typist II, Range 7	49.0		
1 Dr. Impr. Spec. (Hearing Officer) Range 16	43.3		
6 MVR II, Range 9	165.4		412.3

It is felt it would take more than the above to administer the program, however it is also felt as a result of this law there will be a slight increase in the number of insured drivers. Therefore we will not have as many uninsured accidents to process and the personnel which currently handles that program could assist with the paperwork generated by this new law.

200 TRAVEL

To conduct hearings and training of new hearing officer:	Travel	4.5		
	Per Diem	3.2	7.7	7.7

300 CONTRACTUAL			
310 Postage			
22,500 Certified Suspension Letters @ \$1.75	39.4		
2,500 Certified Letters (hearings) @ \$1.75	4.4		
General Correspondence	2.2		
Telephones & Tolls	2.8	48.8	
320 Forms			
Suspensions and Hearing Notices	5.0	5.0	
330 Space (1,000 sq. ft. @ \$24/ft.)	24.0	24.0	
340 Office Equipment	1.5	1.5	
360 1 Copy Machine @ \$270/month	3.2		
9 CRT Terminals @ \$206/month ea.	22.2	25.4	
380 Contractual Services - DP Program	35.0*		
Installation of CRTs	.9	35.9	
382a			
DP Line Charges - 9 terminals @ \$2,000/year each	18.0		
CRT Maintenance - 9 terminals @ \$900/year each	8.1	26.1	166.7
400 COMMODITIES			
480 Normal Office Supplies	2.8		
Microfilm Supplies	1.1	3.9	3.9
500 EQUIPMENT			
4 Desks @ \$576.09	2.3		
5 Desks @ \$468.71	2.3		
6 Typewriters @ \$1,369.36	8.2		
8 Chairs @ \$272.21	2.2		
2 CRT Tables @ \$225.00	.5		
4 File Cabinets @ \$308.66	1.2		
1 Storage Cabinet	.2		
6 Acoustical Panels @ \$408.75	2.4		
Recording Equipment	.9	20.2	20.2

\* Initial Programming Change - First year only.

# STATE OF ALASKA 1986 LEGISLATIVE SESSION FISCAL NOTE

Revision Date : \_\_\_\_\_

**REQUEST**

Bill/Resolution No. : HB 56  
 Title : An Act relating to motor vehicle insurance  
 Sponsor : Collins  
 Requestor : House Labor & Commerce  
 Date of Request : \_\_\_\_\_

**FISCAL DETAIL**

Agency Affected : Public Safety  
 BRU : Motor Vehicles  
 Components : Field Services and Vehicle Services

**EXPENDITURES/REVENUES : (Thousands of Dollars)**

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES		464.9	488.1	512.5	538.3	562.2
TRAVEL		8.5	8.9	9.3	9.8	10.3
CONTRACTUAL SUPPLIES		174.3	148.0	155.4	163.2	171.4
EQUIPMENT		4.1	4.3	4.5	4.7	4.9
LAND & STRUCTURES		21.2	-0-	-0-	-0-	2.5
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>		<b>673.0</b>	<b>649.3</b>	<b>681.7</b>	<b>716.0</b>	<b>754.3</b>

CAPITAL						
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REVENUE						
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**FUNDING : (Thousands of Dollars)**

GENERAL FUND		673.0	649.3	681.7	716.0	754.3
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>		<b>673.0</b>	<b>649.3</b>	<b>681.7</b>	<b>716.0</b>	<b>754.3</b>

**POSITIONS :**

FULL-TIME		15	15	15	15	15
PART-TIME						
TEMPORARY						

**ANALYSIS :** Attach a separate page if necessary

Assumptions: Effective July 1, 1986.

Prepared by : Charles R. Hosack Phone : 269-5551  
 Division : Motor Vehicles Date : 2-14-86

Approved by Commissioner : [Signature] Date : 2/14/86  
 Agency : Public Safety

Distribution (by Agency preparing fiscal note):

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

# CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. HB 56

There are approximately 450,000 motor vehicles for which proof of insurance will be required prior to registration. The checking and processing of the insurance papers will require extra time and approximately 20-30% of these vehicles will be refused registration because the owner does not have proper proof. This will require a second trip to division offices when the proof is obtained.

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Approximately 2,500 hearings will be conducted annually as a result of the revocations.

## 100 PERSONAL SERVICES

### Anchorage

1 Doc. Proc. Clk. III, Range 10	32.5	
2 Doc. Proc. Clk II, Range 8	58.4	
3 Doc. Proc. Clk I, Range 7	83.1	
2 Clk. Typist II, Range 7	55.4	

### Anchorage

1 Dr. Impr. Spec (Hearing Officer Range 16)	45.3	
4 MVR II, Range 9	123.2	

### Fairbanks

2 MVR II, Range 9	67.0	464.9.
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## 200 TRAVEL

To conduct hearings and training of  
new hearing officer

Travel	4.9	
Per Diem	3.6	8.5

FISCAL NOTE  
HB-56

300 CONTRACTUAL			
310	Postage		
	22,500 Certified Suspension Letters @ \$1.75	39.7	
	2,500 Certified Letters (hearings) @ \$1.75	4.7	
	General Correspondence	2.5	
	Telephones & Tolls	3.1	50.0
320	Forms		
	Suspensions and Hearing Notices	6.2	6.2
330	Space (1,000 sq. ft. @ \$24/ft.)	25.2	25.2
340	Office Equipment	2.7	2.7
360	1 Copy Machine @ \$270/month	3.8	
	9 CRT Terminals @ \$206/month ea.	22.8	26.6
380	Contractual Services - DP Program	36.2*	
	Installation of CRTs	.2	36.4
382a			
	DP Line Charges - 9 terminals @ \$2,000/year each	18.6	
	CRT Maintenance - 9 terminals @ \$900/year each	8.6	27.2
	Total Contractual		174.3
400 COMMODITIES			
480	Normal Office Supplies	2.9	
	Microfilm Supplies	1.2	4.1
	Total Commodities		4.1
500 EQUIPMENT			
	4 Desks @ \$576.09	2.4	
	5 Desks @ \$468.71	2.4	
	6 Typewriters @ \$1,369.36	8.4	
	8 Chairs @ \$272.21	2.3	
	2 CRT Tables @ \$225.00	.6	
	4 File Cabinets @ \$308.66	1.3	
	1 Storage Cabinet	.3	
	6 Acoustical Panels @ \$408.75	2.5	
	Recording Equipment	1.0	21.2
	Total Equipment		21.2
TOTAL FY-86 REQUEST			

\*First year cost only.

A 5% annual inflation factor has been calculated for FY 87 and beyond.





# RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

  
Signature of Camera Operator

  
Date