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BILL CONTACT/ACTION

DATE	CONTACT/ACTION
4/1	NOTIFIED TRANSDINATION CMTG CIVILIAN
	SON COMM (4921)
4/1/86	NOTIFIED COMMIS OFFICE OF 1/5/86 IMPROVING

Alaska State Legislature

Senate Transportation Committee



Donch V.
Juneau, Alaska 99811

Sen. John B. (Jack) Foghill, Chairman
Sen. Paul Fischer, Vice-Chairman
Sen. Mitch Abcock
Sen. Jan Fairs
Sen. Joe Josephson

March 4, 1986

TO: All Committee Members
FROM: Committee Staff
RE: SB 458

This bill adds enforcement capabilities to the legislation passed last year setting up insurance requirements and certificates of compliance for air carriers.

Sect. 1 (c) allows the Department of Commerce and Economic Development, Division of Weights and Measures to investigate possible violations of financial responsibility requirements. It also enables DCEC to issue a stop work order when it is found that the air carrier is in noncompliance.

Sect. 2 (e) defines the penalties for violating the insurance requirements. The current penalty, a Class B misdemeanor, is upgraded to a Class A. The fine is increased from a minimum of \$500 to a minimum of \$1000 with the maximum fine to be \$5000 per day of violation. The fine has been capped at \$10,000 for each violation.

Sec. 3 amends AS 42.30.225 (b) and lowers the annual fee for the certificate of compliance from \$50 to \$25.

Sec. 4 amends AS 42.30.225 (e), dealing with certificates of compliance, and allows the Department to investigate whether an air carrier has a certificate of compliance. If not in compliance, the department may issue a stop work order.

Sec. 5 adds a new subsection to AS 42.30.225. The penalty for violating the certificate of compliance requirement is a Class B misdemeanor and may be fined not less than \$500 or no more than \$1000.

Sec. AS 42.30.380(3), a definition section, is amended to add rotorcraft to the definition of aircraft.

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(a) 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 #5. 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

TITLE OF INCREMENT/DECREMENT: Air Carrier Program	AGENCY CONTACT/PHONE NUMBER: Marvin Rieger/345-7750	<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:10%;">CODE</th> <th style="width:60%;">EXPENDITURE BY OBJECT</th> <th style="width:15%;">AGENCY REQ.</th> <th style="width:15%;">GOV'S REQ.</th> </tr> </thead> <tbody> <tr><td>71000</td><td>Personal Services</td><td>149.4</td><td>78.3</td></tr> <tr><td>72000</td><td>Travel</td><td>15.0</td><td>15.0</td></tr> <tr><td>73000</td><td>Contractual Services</td><td>12.0</td><td>4.0</td></tr> <tr><td>74000</td><td>Supplies</td><td>1.5</td><td>1.5</td></tr> <tr><td>75025</td><td>Equipment</td><td>46.0</td><td>11.3</td></tr> <tr><td>75690</td><td>Lands, Buildings, Etc.</td><td></td><td></td></tr> <tr><td>77000</td><td>Grants, Claims, Etc.</td><td></td><td></td></tr> <tr><td>78000</td><td>Miscellaneous</td><td></td><td></td></tr> <tr><td colspan="2" style="text-align: center;">TOTAL</td><td>223.9</td><td>110.1</td></tr> <tr><td colspan="4" style="text-align: center;">I-A Transfer (NON-ADD)</td></tr> <tr><td>1002</td><td>Federal Receipts</td><td></td><td></td></tr> <tr><td>1003</td><td>General Fund Match</td><td></td><td></td></tr> <tr><td>1004</td><td>General Fund</td><td>161.4</td><td>47.6</td></tr> <tr><td>1005</td><td>I-A Receipts</td><td></td><td></td></tr> <tr><td>102B</td><td>Program Receipts</td><td>62.5</td><td>62.5</td></tr> <tr><td></td><td>Other</td><td></td><td></td></tr> <tr><td colspan="2" rowspan="4" style="vertical-align: top;">POSITION INFORMATION</td> <td>PFT</td> <td>4</td> <td>2</td> </tr> <tr><td>PPT</td> <td></td> <td></td> </tr> <tr><td>Non Permanent</td> <td></td> <td></td> </tr> <tr><td>Staff Months</td> <td>48</td> <td>24</td> </tr> </tbody> </table>	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			102B	Program Receipts	62.5	62.5		Other			POSITION INFORMATION		PFT	4	2	PPT			Non Permanent			Staff Months	48	24
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DESCRIBE WHY THIS INCREMENT/DECREMENT IS NEEDED AND WHAT IT PURCHASES: <i>The air carrier financial responsibility bill as passed by the 14th legislative session mandated that the following functions be performed:</i> <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. <p><i>This bill was passed and signed into law without a fiscal note.</i></p> <p><i>The House journal dated June 17, 1985, contained a letter from Governor Sheffield to Representative Grussendorf and is partly quoted for information:</i></p> <p style="padding-left: 40px;"><i>"Dear Representative Grussendorf:</i></p> <p style="padding-left: 80px;"><i>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.</i></p> <p style="padding-left: 80px;"><i>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."</i></p>		<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:60%; vertical-align: top;"> <input type="checkbox"/> Enhance Existing Service Compared to FY 86 <input checked="" type="checkbox"/> New Service Compared to FY 86 <input type="checkbox"/> Continuation of FY 86 Service Level </td> <td style="width:40%; vertical-align: top;"> <input type="checkbox"/> Formula Program </td> </tr> </table>	<input type="checkbox"/> Enhance Existing Service Compared to FY 86 <input checked="" type="checkbox"/> New Service Compared to FY 86 <input type="checkbox"/> Continuation of FY 86 Service Level	<input type="checkbox"/> Formula Program																																																																																
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IMPACT FROM CAPITAL PROJECT (NAME) 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 _____

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Revised Date _____

FY 87
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

(6/84)-ae1

AGENCY DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

BRU DIVISION OF MEASUREMENT STANDARDS

COMPONENT Operations

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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

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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 - HWCF; 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

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Revised Date

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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

28

Commerce's Proposed Changes to
AS 42.30.200, .205, 380 - (Air
Carrier Financial Responsibility)

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.