

SR

268

SENATE COMMITTEE REPORT

FURTHER:

5/5/87

DATE TURNED INTO OFFICE \_\_\_\_\_

Mr. President:

FINANCE Committee considered SB 268

enforcement of compliance with financial responsibility and certificate of compliance requirements for air carriers, penalties, issuance and display of certificates of compliance, and the definition of aircraft;efd.

and recommended:

replace with CS FOR \_\_\_\_\_ )  same title  
 or adopt \_\_\_\_\_ CS FOR \_\_\_\_\_ )  new title

attached amendment(s) and

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

letter of intent adopted \_\_\_\_\_

Committee  attached or  adopted fiscal note(s)

new  updated or  previous  
 zero  fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Chairman signature and recommendation

Committee Backup Attached

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of April 30, 1987 5-DAY NOTICE  
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER: FINANCE

\*\*FISCAL NOTE(S) ATTACHED \*\*  
IN ACCORDANCE WITH AS 24.08.035  
(see below)  
4/22/87

DATE TURNED INTO OFFICE May 5, 1987

Mr. President:

TRANSPORTATION Committee considered SB 268

enforcement of compliance with financial responsibility and certificate of compliance requirements for air carriers, penalties, issuance and display of certificates of compliance, and the definition of aircraft; efd.

and recommended:

- replace with CS \_\_\_\_\_  same title
- attached amendment(s) and  new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- further referral to \_\_\_\_\_
- letter of intent adopted and attached

\*\* Committee  attached or  adopted fiscal note(s)  
 zero  fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

*[Handwritten signatures]*

Tim Kelly - Do Not Pass

Robert Jones (Do Pass)  
Chairman signature and recommendation

Committee Backup Attached

**STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE**

**REQUEST:** \_\_\_\_\_ Bill Version: SB 268  
 \_\_\_\_\_ Publish Date: 5-5-87  
 Revision Date: \_\_\_\_\_ Agency Affected: DCED  
 Title: Act relating to air carriers BRU: Consumer Protection  
 Sponsor: Senate Transportation Components: Measurement Standards  
 Requestor: \_\_\_\_\_

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

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>
<b>CAPITAL</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>
<b>REVENUE</b>	<b>-0-</b>	<b>19,000</b>	<b>8,800</b>	<b>-3,800</b>	<b>8,800</b>	<b>8,800</b>

**FUNDING: (Thousands of Dollars)**

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>

**POSITIONS:**

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

**ANALYSIS :** (Attach a separate page if necessary) We have 107 air carriers and 436 aircraft registered in the current fiscal year. Research of last fiscal year's records indicates that approximately 14 air carriers and 122 additional aircraft will apply for certificates of compliance prior to the end of FY-87.

Revenue projections were based upon these figures and the assumption that the level of voluntary compliance will remain relatively constant.

Prepared by: Joe Swanson, Director Phone: 345-7750  
 Division: Measurement Standards Date: 4/28/87

Approved by Commissioner: J. Anthony Smith Date: 4/28/87  
 Agency: Department of Commerce and Economic Development

**Distribution (by preparer):**

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

1 IN THE SENATE

BY THE TRANSPORTATION COMMITTEE

2 SENATE BILL NO. 268

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to enforcement of compliance with  
7 financial responsibility and certificate of compli-  
8 ance requirements for air carriers, penalties, issu-  
9 ance and display of certificates of compliance, and  
10 the definition of aircraft; and providing for an  
11 effective date."

12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

13 \* Section 1. AS 42.30.200(c) is amended to read:

14 (c) The department may authorize department personnel to enforce  
15 this section and may adopt procedural regulations necessary to imple-  
16 ment this section. Upon finding a violation the department may issue  
17 a stop use order.

18 \* Sec. 2. AS 42.30.200(e) is amended to read:

19 (e) A person who violates [(a) OF] this section is guilty of a  
20 class A [B] misdemeanor and is punishable by a fine of not less than  
21 \$1,000 [\$500] or more than \$5,000 for each day of violation but not to  
22 exceed \$10,000 for each violation [\$1,000].

23 \* Sec. 3. AS 42.30.225(a) is amended to read:

24 (a) A person may not use an aircraft in air commerce before  
25 obtaining an annual certificate of compliance for that aircraft from  
26 the department. The department may issue a certificate of compliance  
27 for one aircraft or a fleet of two or more aircraft. The department  
28 shall issue or renew a certificate of compliance upon application and  
29 presentation of  
S

521900

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

3 (2) proof of compliance with Federal Aviation Adminis-  
4 tration requirements, and, where applicable, federal certification for  
5 scheduled airline service.

6 \* Sec. 4. AS 42.30.225(b) is amended to read:

7 (b) The annual fee for a certificate of compliance is \$50 per  
8 calendar year for one aircraft and \$100 per calendar year for a fleet  
9 of two or more aircraft. [THE CERTIFICATE IS VALID FOR A PERIOD OF 12  
10 MONTHS FOLLOWING THE DATE OF CERTIFICATION.] The certificate shall be  
11 [DISPLAYED ON THE AIRCRAFT SO THAT IT IS] visible to boarding passen-  
12 gers.

13 \* Sec. 5. AS 42.30.225(b) is repealed and reenacted to read:

14 (b) The annual fee for a certificate of compliance for one  
15 aircraft and for a fleet of two or more aircraft shall be set by the  
16 department by regulation. The certificate is valid for a calendar  
17 year. The certificate shall be visible to boarding passengers.

18 \* Sec. 6. AS 42.30.225(e) is amended to read:

19 (e) The department may authorize department personnel to enforce  
20 this section and may adopt procedural regulations necessary to imple-  
21 ment this section. Upon finding a violation the department may issue  
22 a stop use order.

23 \* Sec. 7. AS 42.30.225 is amended by adding a new subsection to read:

24 (g) A person who violates this section is guilty of a class B  
25 misdemeanor and is punishable by a fine of not less than \$500 or more  
26 than \$1,000.

27 \* Sec. 8. AS 42.30.380(3) is amended to read:

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

1       \* Sec. 9. Notwithstanding AS 42.30.225(b), as amended by sec. 4 of this  
2 Act, a certificate of compliance issued by the Department of Commerce and  
3 Economic Development and in effect on the day before the effective date of  
4 sec. 4 of this Act is valid for the period issued.

5       \* Sec. 10. AS 42.30.225(c) and 42.30.225(d) are repealed.

6       \* Sec. 11. Section 5 of this Act takes effect January 1, 1989.

7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29

**ALASKA STATE LEGISLATURE**

. 15th . Legislature . . 1st . Session

SENATE..... **BILL**..... NO. **258**..

By **TRANSPORTATION COMMITTEE**.....

"An Act relating to enforcement of compliance with financial responsibility and certificate of compliance requirements for air carriers, penalties, issuance and display of certificates of compliance, and the definition of aircraft; and providing for an effective date."

Introduced in the Senate **4/22**....., 19 **87**..

**HISTORY IN THE SENATE**

1987	Read first time and referred to Committee on <b>Transportation &amp; Finance</b>										
4 22 5 5	Reported back with <i>frump</i> recommendation that <i>3 do pass</i> <i>I do not pass, find impact, to Finance.</i> <i>W.R.</i>										
	Read second time and										
	Read third time and										
	<table border="0"> <tr><td>PASSED</td><td>Effective Date</td></tr> <tr><td>Yeas</td><td>Yeas</td></tr> <tr><td>Nays</td><td>Nays</td></tr> <tr><td>Excused</td><td>Excused</td></tr> <tr><td>Absent</td><td>Absent</td></tr> </table>	PASSED	Effective Date	Yeas	Yeas	Nays	Nays	Excused	Excused	Absent	Absent
PASSED	Effective Date										
Yeas	Yeas										
Nays	Nays										
Excused	Excused										
Absent	Absent										
	Reconsideration Reconsideration not taken up										
	<table border="0"> <tr><td>PASSED</td><td>Effective Date</td></tr> <tr><td>Yeas</td><td>Yeas</td></tr> <tr><td>Nays</td><td>Nays</td></tr> <tr><td>Excused</td><td>Excused</td></tr> <tr><td>Absent</td><td>Absent</td></tr> </table>	PASSED	Effective Date	Yeas	Yeas	Nays	Nays	Excused	Excused	Absent	Absent
PASSED	Effective Date										
Yeas	Yeas										
Nays	Nays										
Excused	Excused										
Absent	Absent										
	Reported correctly engrossed Signed by President Sent to House										
SECRETARY OF THE SENATE											

**HISTORY IN THE HOUSE**

19	Read first time and referred to Committee on										
	Reported back with recommendation that										
	Read second time and										
	Read third time and										
	<table border="0"> <tr><td>PASSED</td><td>Effective Date</td></tr> <tr><td>Yeas</td><td>Yeas</td></tr> <tr><td>Nays</td><td>Nays</td></tr> <tr><td>Excused</td><td>Excused</td></tr> <tr><td>Absent</td><td>Absent</td></tr> </table>	PASSED	Effective Date	Yeas	Yeas	Nays	Nays	Excused	Excused	Absent	Absent
PASSED	Effective Date										
Yeas	Yeas										
Nays	Nays										
Excused	Excused										
Absent	Absent										
	Reconsideration Reconsideration not taken up										
	<table border="0"> <tr><td>PASSED</td><td>Effective Date</td></tr> <tr><td>Yeas</td><td>Yeas</td></tr> <tr><td>Nays</td><td>Nays</td></tr> <tr><td>Excused</td><td>Excused</td></tr> <tr><td>Absent</td><td>Absent</td></tr> </table>	PASSED	Effective Date	Yeas	Yeas	Nays	Nays	Excused	Excused	Absent	Absent
PASSED	Effective Date										
Yeas	Yeas										
Nays	Nays										
Excused	Excused										
Absent	Absent										
	Reported correctly engrossed Signed by Speaker Returned to Senate										
CHIEF CLERK OF THE HOUSE											

**HISTORY IN THE SENATE**

19	Received from House
	To enrolling
	Reported correctly enrolled
	Sent to Governor
	..... by Governor
	Chapter No. ....
	Filed with Lt. Governor

# ALASKA STATE LEGISLATURE

Sen. Lloyd Jones, Chairman  
Sen. John B. "Jack" Coghill, Vice Chairman  
Sen. Mitch Abood  
Sen. Bettye Fahrenkemp  
Sen. Tim Kelly



P.O. Box V  
Juneau, AK 99811

907-465-4921

## Senate Transportation Committee

### MEMORANDUM

TO: Senate Transportation Committee

FROM: Senator Lloyd Jones, Chairman *LJ*

DATE: April 28, 1987

SUBJECT: Senate Bill 268 - Regulation of Air Carriers

This legislation would:

1. Provide for "stop use orders" to prohibit aircraft from operating commercially without the minimum liability insurance.
2. Increase maximum penalties from \$1,000 to \$10,000 per violation.
3. Allow for a fleet certificate for two or more aircraft, instead of separate certificates for each aircraft. A fleet certificate would be \$100, regardless of the number of aircraft.
4. Allow certificates of insurance to be posted in locations other than on board the aircraft.

SECTIONAL ANALYSIS - SENATE BILL 268

Section 1: This section clarifies existing law by specifically authorizing the department (Commerce) to prevent a commercial carrier from flying passengers for hire on a plane which has not been insured for liability at the State minimum level.

Section 2: This section increases the existing penalties for flying passengers for hire without first obtaining the minimum required level of liability insurance.

Section 3: This allows the department (Commerce) to issue a single certificate of insurance for a fleet of aircraft instead of for each individual aircraft. Many air carriers obtain a fleet insurance policy rather than individual plane policies. This would simplify the existing administrative procedure.

Section 4: Maintains the existing fee for a single certificate of insurance and establishes the fee for a fleet certificate. It also allows carriers to display certificates of insurance at the counter, gate, or other location rather than on the aircraft itself.

Section 5: Allows Department of Commerce to set fees by regulation beginning January 1, 1989 (See Section 11 for effective date).

Section 6: This specifically authorizes the department (Commerce) to issue a stop use order for plane carrying passengers for hire when the carrier has not obtained a certificate of insurance from the State.

Section 7: This section establishes a penalty for the violation described in Section 6. It is a lesser penalty than for violations under Section 2, as flying without a State certificate of insurance is not as serious a violation as flying without liability insurance at the established minimum level.

Section 8: Adds helicopters to the aircraft covered under this bill. This was an oversight in 1985 when this statute was passed.

Section 9: Assures Certificates of Compliance already in effect for a one year period, remain in effect until they expire.

Section 10: Repeals existing 42.30.225(c) which is superseded by Sections 2 and 7 in this bill.

Repeals existing 42.30.225(d) which was a transitional provision of the 1985 statute, and is no longer meaningful.

sd/11.33

**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 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 certifica-

AS  
42.30.200-225-

tion. 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) 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.

(f) The commissioner of administration shall separately account for certificate of compliance fees collected under this section that the department deposits in the general fund. The annual estimated balance in the account may be used by the legislature to make appropriations to the department to carry out the purposes of this section. (§ 7 ch 104 SLA 1985; am § 65 ch 138 SLA 1986)

**Effect of amendments.** — The 1986 amendment, effective July 1, 1986, added subsection (f).

**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)