

**SB**

**158**

# FISCAL NOTE

**STATE OF ALASKA**  
**1998 LEGISLATIVE SESSION**

NO. 2  
 BILL NO: Bill Version: CS SB 158 (L+C)  
 (S) Publish Date: 2/20/98

Revision Date: \_\_\_\_\_ Dept. Affected: Administration  
 Title: "An Act relating to motor vehicle liability  
Insurance..." BRU: Motor Vehicles  
 Component: Driver Services  
 Sponsor: Senate Judiciary  
 Requestor: (S) L&C COMPONENT SERIAL NO. 2150

**EXPENDITURES/REVENUES: (Thousands of Dollars) (inflation not included)**

OPERATING	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0	0	0	0	0	0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ( )						
Revenue Code						

**FUNDING: (Thousands of Dollars)**

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
<b>TOTAL</b>	0	0	0	0	0	0

Estimate of current year (FY 98) impact: \$ 0.0

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS: (Attach a separate page if necessary.)**

This bill will not fiscally impact the Division of Motor Vehicles

Prepared By: Juanita M. Hensley Phone: 465-5648  
 Division: Motor Vehicles Date: 2/4/98  
 Approved by Commissioner: Mark Boyer Date: 2/4/98  
 Agency: Department of Administration

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# FISCAL NOTE

STATE OF ALASKA  
1998 LEGISLATIVE SESSION

BILL NO. SB 158

Revision Date (Note if correction) \_\_\_\_\_ Dept. Affected Commerce & Economic Development  
 Title Insurance Changes For Driver's License BRU Insurance  
 Revocation \_\_\_\_\_ Component Insurance  
 Sponsor Senate Judiciary Committee  
 Requester Senate Labor & Commerce Component Serial No. 354

Expenditures/Revenues		(Thousands of Dollars)				
OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ( )						
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FUND SOURCE		(Thousands of Dollars)				
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
<b>TOTAL</b>	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY98) cost: 0.0

**POSITIONS**

Full-time						
Part-time						
Temporary						

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

Section 1 amends the existing statute to prohibit canceling a personal automobile insurance policy when a minor's license is revoked for possession of alcohol.

Section 2 adds a new section that prohibits an insurer from canceling, nonrenewing, denying a claim, or increasing the premium on a motor vehicle liability insurance policy when a minor's license has been revoked for possession or consumption of alcohol.

Prepared by Marianne K. Burka, Director *[Signature]* Phone 465-2515  
 Division Insurance Date 2/2/98  
 Approved by Commissioner Deborah B. Sedwick *[Signature]* Date 2.2.98  
 Agency Commerce and Economic Development

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# ALASKA STATE LEGISLATURE



Sen. Robin Taylor, Chair  
Sen. Drue Pearce, Vice Chair  
Sen. Mike Miller  
Sen. Sean Parnell  
Sen. Johnny Ellis

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## Senate Judiciary Committee

### SPONSOR STATEMENT FOR

CS FOR SENATE BILL 158 ( ) "An Act relating to motor vehicle liability insurance covering a person who has had the person's driver's license revoked."

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The "use it or lose it" provisions of current statute have had an unintended consequence. Minors who lose their drivers licenses for minor consuming offenses often find themselves and their families with increased insurance premiums and occasionally a policy cancellation.

Senate Bill 158 would correct this situation by prohibiting an insurer from raising rates and/or cancelling existing policies solely for suspension of a minor's drivers license as a result of minor consuming (where not involving driving).

This narrowly focused version of SB 158 does not address other offenses such as DWI, using false ID, or possession of controlled substances.

## Sectional Analysis

### CSSB 158

Section 1 adds language to the existing statute stating that AS 21.36.210 (a) (2) does not apply to an administrative revocation as described in AS 21.89.027, the new section which begins on page 2 of the bill.

AS 21.36.210 (a) specifies why an insurer may cancel a policy: nonpayment of premium or suspension or revocation of a drivers license.

Section 2 is the operative section of the bill and adds a new provision to state law. (a) says an insurer may not refuse to issue or renew motor vehicle liability insurance, cancel an existing policy, deny a covered claim, or increase the premium only because of an administrative or court ordered suspension for minor consuming. (b) says that (a) does not prevent an insurer from underwriting or rating a loss in the same manner as it would have had the suspension not occurred.

Section 3 says the bill would apply to policies issued or renewed on or after the effective date. This would mean that policies currently being charged a higher rate would have to be adjusted at the next renewal

prepared 1/29/98 by Joe Ambrose

## Burden of drinking law for minors falls on parents

By TERRIL L. SMITH

The "Use it, lose it" law on its face sounds like a good law to get a message across to minors not to drink. You drink, you are fined and lose your driver's license for 90 days (first offense). But until you as a parent are in a situation that involves this issue, you cannot imagine the real repercussions of this law.

**Criminal** — minors are fined \$100 (first offense). They have a juvenile record until 18. This is a fair consequence for minors consuming alcohol.

**Civil** — DMV, minors lose their permits, driver's license or upon the age of obtaining a license, have it suspended for a period of 90 days. Sounds like a fair consequence. But the reality of this side of the law has run



stitutional issues. The minor's possession/consuming citation is on their driving record, even if no vehicle was involved. This citation stays on their record for five years. If caught at 16, they are punished until age 21. The insurance companies rate these citations as DWI offenses and the minors have to obtain SR 22 insurance, again, no motor vehicle has to be involved. For males, insurance can be as much as \$4,000 per year for five years. That is two years' college tuition. Even if the criminal charge is dismissed, the DMV suspension still stands. This is like being found not guilty, but ordered to pay

restitution. For a first offense, the punishment does not fit the crime, especially if no vehicle was involved. If an adult was in a park and cited for public drunkenness, his license is not affected.

Tell me what minor/college student can afford SR 22. The punishment ends up on the shoulders of the parents. This is more like a \$20,000 fine for drinking and not driving.

Minors are not supposed to drink, but it is a fact of life that they do. If alcohol and a vehicle are involved, by all means, the punishment fits. The message that is being sent to minors is "it makes no difference if you get behind the wheel of a car or not, the consequence is the same." Teens do not want adults to know that they have consumed alcohol. If they must

*Teens do not want adults to know that they have consumed alcohol. If they must walk a mile to get home and have to make the choice to drive or walk, what decision do you think they will choose? If they walk and a police officer sees them, all the officer has to have is "probable cause" to cite them. We all know what decision the minor will make when the consequence is the same.*

walk a mile to get home and have to make the choice to drive or walk, what decision do you think they will choose? If they walk and a police officer sees them, all the officer has to have is "probable cause" to cite them. We all know what decision the minor will make when the consequence is the same. This is a very bad message to send.

There should definitely be consequences for underage drinking, but the burden should be put on the minors, not the parents. There are parents, teachers, students and members of the public with positive ideas to develop fair consequences for the first offense, ideas that do not make the consequence the same for making the right decision not to get be-

hind the wheel or get in a car with someone else who has been drinking.

This law needs to be amended. Please write to your senators and representatives and maybe the life you save will be your own child's.

*Terril L. Smith is founder of Parents Against Use It-Lose It.*