

LEGISLATIVE FINANCE-HOUSE / SENATE FINANCE COMM. FILES 8879

HB 37 cont. - HB 44 435 26

SECTION SIX ADDS NEW SECTIONS TO AS 14.11.

1: THE FIRST NEW SECTION (AS 14.11.011) OUTLINES THE APPLICATION PROCESS. PROJECT APPLICATIONS WOULD BE REQUIRED FOR ALL REQUESTS AS PART OF A SIX YEAR CAPITAL IMPROVEMENT PLAN. INCLUDED IN THE SIX YEAR PLAN IS A DESCRIPTION OF THE DISTRICT'S FIXED ASSET INVENTORY SYSTEM AND PREVENTIVE MAINTENANCE PROGRAM. (A FIXED ASSET WOULD BE ANYTHING OVER A FIXED AMOUNT OF MONEY WHOSE LIFE IS MORE THAN X NUMBER OF YEARS. A REQUIREMENT IS ADDED THAT ALL FACILITIES IN THE DISTRICT BE INSURED FOR REPLACEMENT COST). EVIDENCE MUST ALSO BE SUBMITTED THAT THE PROPOSED PROJECT IS A CAPITAL CONSTRUCTION PROJECT AND NOT A PREVENTIVE MAINTENANCE OR REGULAR CUSTODIAL CARE PROGRAM.

2: THE NEW SECOND SECTION AS DESCRIBED IN AS 14.11.013 ASSIGNS TO THE DEPARTMENT OF EDUCATION THE RESPONSIBILITY FOR REVIEWING, EVALUATING AND RECOMMENDING PROJECTS FOR APPROVAL TO THE STATE SCHOOL BOARD. THE DEPARTMENT WILL VERIFY THAT EACH PROJECT QUALIFIES AS A PROJECT REQUIRED TO:

- AVERT IMMINENT DANGER OR TO CORRECT LIFE THREATENING SITUATIONS;
- HOUSE STUDENTS THAT WOULD OTHERWISE NOT HAVE HOUSING;
- PROTECT THE STRUCTURE OF EXISTING SCHOOL FACILITIES;
- CORRECT BUILDING CODE DEFICIENCIES THAT REQUIRE MAJOR REPAIR OR REHABILITATION;
- ACHIEVE A MAJOR COST SAVINGS;
- MODIFY OR REHABILITATE FACILITIES TO IMPROVE INSTRUCTIONAL PROGRAMS; OR,
- MEET ANOTHER EDUCATIONAL NEED.

THE REVISED AND UPDATED SIX YEAR SCHEDULE WILL BE SUBMITTED TO THE GOVERNOR BY NOVEMBER 1 AND TO THE LEGISLATURE WITHIN THE FIRST 10 DAYS OF EACH REGULAR LEGISLATIVE SESSION WITH A PROPOSED SCHEDULE OF APPROPRIATIONS.

THE DEPARTMENT WOULD PLACE ALL PROJECTS ON ONE LIST, ELIMINATING THE TWO SEPARATE PRIORITIZED LISTS; ONE FOR R.E.A.A.'S, THE OTHER FOR MUNICIPAL SCHOOL DISTRICTS. THE DEPARTMENT IS DIRECTED TO CREATE SIX LISTS, ONE FOR EACH FISCAL YEAR AS PART OF A SIX YEAR PLANNING CYCLE FOR SCHOOL CONSTRUCTION PROJECTS. THESE LISTS WOULD CONTAIN ONLY THOSE PROJECTS WHICH HAVE MET QUALIFICATIONS ESTABLISHED BY THE NEW STATUTE AND THE DEPARTMENT. THE STATE BOARD WOULD HAVE THE DISCRETION TO SCHEDULE OR PHASE PROJECTS AS DEEMED NECESSARY. GRANTS ARE TO BE AWARDED IN THE PRIORITIES AS ESTABLISHED BY THE DEPARTMENT. AT LEAST ONE OF THE FOLLOWING FACTORS WILL BE EVALUATED BY THE DEPARTMENT WHEN ESTABLISHING PRIORITIES:

- EMERGENCY REQUIREMENTS;
- PRIORITIES ASSIGNED BY THE SCHOOL DISTRICT TO THE PROJECTS REQUESTED;
- NEW LOCAL ELEMENTARY AND SECONDARY PROGRAMS;
- EXISTING REGIONAL, COMMUNITY AND SCHOOL FACILITIES AND THEIR CONDITION;
- AND,
- ALTERNATE EDUCATION PROGRAM OPTIONS FOR ACCOMPLISHING THE PROJECT'S OBJECTIVES.

THE CRITERIA AND DETERMINATIONS THAT WERE OUTLINED ARE ESSENTIALLY THE SAME AS THOSE CURRENTLY USED BY D.O.E. THE PRIORITY SYSTEM IS NOW A PART OF STATUTE RATHER THAN REGULATIONS.

PROJECT REQUESTS MAY BE REJECTED AND OMITTED FROM THE SIX YEAR PLAN DUE TO

- INCOMPLETE INFORMATION OR DOCUMENTATION PROVIDED BY THE DISTRICT;
- EXISTING FACILITIES CAN ADEQUATELY SERVE PROGRAM REQUIREMENTS OR THAT ALTERNATIVE PROJECTS ARE IN THE BEST INTERESTS OF THE STATE; OR,
- THE PROJECT IS NOT IN THE BEST INTEREST OF THE STATE.

THIS ALLOWS D.O.E. TO PROVIDE A CREDIBLE LIST TO THE GOVERNOR AND THE LEGISLATURE. THE BOARD WILL ALSO BE IN POSITION TO ACCELERATE PROGRAMS AS DEEMED NECESSARY BASED UPON AVAILABILITY OF FUNDS AND SUPPORTIVE EVIDENCE.

PROJECT BUDGETS WOULD BE REDUCED BY THE COST OF THOSE PORTIONS OF THE PROJECT THAT THE DEPARTMENT DETERMINES ARE FOR CONSTRUCTION OF STUDENT RESIDENTIAL SPACE OR OTHER FACILITIES FOR SINGLE PURPOSE SPORTING OR RECREATION USES NOT DEEMED SUITABLE FOR OTHER ACTIVITIES.

PUBLIC NOTICE OF GRANT APPLICATIONS SHALL BE PROVIDED BY NOVEMBER 5TH. PUBLIC HEARINGS WILL THEN BE HELD BY DECEMBER 1ST REGARDING THE PRIORITIES ESTABLISHED AMONG PROJECTS FOR WHICH GRANTS ARE REQUESTED.

3: UNDER AS 14.11.015, THE DEPARTMENT CANNOT AWARD A GRANT UNLESS THE APPLICATION IS APPROVED BY THE BOARD. GRANTS WILL BE AWARDED IN THE ORDER OF THE PROJECTS' PRIORITY ON THE DATE THE APPROPRIATION BILL IS PASSED BY THE LEGISLATURE, REGARDLESS OF PENDING APPEALS. IN THE EVENT A PROJECT IS ASSIGNED A NEW PRIORITY RANKING AFTER GOING THROUGH THE APPEAL PROCESS, THE PROJECT MUST BE FUNDED IN ACCORDANCE WITH THE NEW PRIORITY RANKING AT THE NEXT TIME SCHOOL CONSTRUCTION GRANTS ARE AWARDED. THIS WILL OCCUR IF THE LEGISLATURE HAS ALREADY PASSED THE APPROPRIATION BILL FUNDING THE ACCOUNT.

4: ESTABLISHES AN ADMINISTRATIVE AND JUDICIAL REVIEW PROCESS UNDER AS 14.11.016 AND AS OUTLINED UNDER THE ADMINISTRATIVE PROCEDURES ACT (AS 44.62). AN OUTLINE FOR THE APPEALS PROCESS IS ATTACHED.

5: ADDS AS 14.11.017 WHICH PROVIDES AUTHORITY TO THE DEPARTMENT TO ESTABLISH GUIDELINES FOR SCHOOL CONSTRUCTION GRANTS. THE MUNICIPALITY OR DISTRICT IS REQUIRED TO:

- AGREE TO CONSTRUCTION OF FACILITY OF APPROPRIATE SIZE AND USE MEETING DEPARTMENTAL CRITERIA;
- PROVIDE ASSURANCE THAT THE COST OF THE PROJECT IS COMPARABLE WITH COSTS OF CURRENT CONSTRUCTION PROJECTS IN THE AREA;
- ACCOUNT FOR ALL EQUIPMENT PURCHASED FOR THE PROJECT UNDER A FIXED ASSET INVENTORY SYSTEM APPROVED BY THE DEPARTMENT. (MANY SCHOOL DISTRICTS HAVE ALREADY ADOPTED THIS SYSTEM TO CONTROL AND MAINTAIN INVENTORY PURCHASED UNDER THIS GRANT).
- SUBMIT PROJECT BUDGETS AND AGREE THAT THE GRANT AMOUNT MAY BE REDUCED OR INCREASED DUE TO CONTRACT VARIANCE FROM BUDGET AMOUNTS APPROVED BY THE DEPARTMENT;
- SUBMIT A PLAN FOR SCHOOL CONSTRUCTION WHICH INCLUDES EDUCATIONAL SPECIFICATIONS, FINAL CONSTRUCTION DRAWINGS AND CONTRACT DOCUMENTS. THIS MUST BE ACCOMPLISHED PRIOR TO THE AWARDED OF THE CONSTRUCTION CONTRACT.

THE COST OF ANY SCHOOL CONSTRUCTION ACTIVITY IS PAYABLE UNDER A GRANT WITHOUT REGARD TO COSTS INCURRED PRIOR TO AWARDED OF THE GRANT, APPROVAL OF THE GRANT APPLICATION BY THE BOARD OR EFFECTIVE DATE OF THE APPROPRIATION TO THE CONSTRUCTION GRANT ACCOUNT FOR THE YEAR IN WHICH THE GRANT IS FUNDED.

6: ADDS AS 14.11.019 WHICH REQUESTS THE GOVERNOR TO INCLUDE AN APPROPRIATION FOR SCHOOL CONSTRUCTION GRANTS IN THE GENERAL APPROPRIATION BILL SUBMITTED TO THE LEGISLATURE.

SECTION SEVEN ESTABLISHES A JULY 1, 1989, TERMINATION DATE FOR REIMBURSEMENT ELIGIBILITY OF DEBT SERVICE PROJECTS AND A NOVEMBER 1, 1989, TERMINATION DATE FOR REAUTHORIZATION BY THE VOTERS FOR BONDS THAT HAVE BEEN PREVIOUSLY APPROVED FOR DIFFERENT PROJECTS. THIS SECTION ALSO ESTABLISHES A JULY 1, 1990, TERMINATION DATE FOR THE CASH PAYMENT REIMBURSEMENT PROGRAM. THE LATTER PROVIDES A YEAR'S GRACE DURING THE PHASE IN OF THE NEW STATUTE.

SECTION EIGHT AMENDS AS 14.11.100 (C). THIS SECTION PROVIDES THAT FUNDS FOR THE SCHOOL CONSTRUCTION ACCOUNT (SCHOOL BOND DEBT REIMBURSEMENT) SHALL BE INCLUDED WITHIN THE GENERAL APPROPRIATION BILL SUBMITTED TO THE LEGISLATURE UNDER AS 37.07.020.

SECTION NINE CHANGES AS 14.11.102 TO REMOVE REFERENCE TO EVALUATION OF PROJECTS REQUESTED BY SCHOOL DISTRICTS THAT MAY BE ELIGIBLE FOR DEBT REIMBURSEMENT.

SECTION TEN EXPLAINS THAT A SCHOOL DISTRICT IS NOT PROHIBITED FROM USING OTHER REVENUES TO EXPAND OR ADD FACILITIES AS PART OF APPROVED SCHOOL CONSTRUCTION PROJECTS.

SECTION ELEVEN MODIFIES THE DEFINITION OF SCHOOL CONSTRUCTION. THE REIMBURSABLE COSTS FOR SCHOOL CONSTRUCTION PRIOR TO JULY 1, 1989, ARE OUTLINED.

A NEW PARAGRAPH TO AS 14.11.135 IS ADDED IN SECTION TWELVE. THIS ENSURES THE DEFINITION OF DISTRICT CONFORMS TO THE DEFINITION REFERENCED IN AS 14.12.010.

AS 14.14.060 IS AMENDED IN SECTION THIRTEEN BY ADDING A NEW SUBSECTION. THIS ALLOWS THE MUNICIPALITY AND THE SCHOOL DISTRICT TO DIVIDE DUTIES IMPOSED UNDER AS 14.14.060 (e) AND (f). SUBSECTION (e) DEFINES THE RESPONSIBILITY FOR THE DESIGN CRITERIA OF SCHOOL BUILDINGS. SUBSECTION (f) REFERS TO THE RESPONSIBILITY FOR CUSTODIAL SERVICES AND ROUTINE MAINTENANCE.

SECTION FOURTEEN ADDS STATUTORY REFERENCE OF AS 14.11 FOR THE SCHOOL CONSTRUCTION GRANT ACCOUNT TO THE DEFINITION OF STATE FINANCIAL ASSISTANCE IN AS 46.11.900 (8).

SIX SECTIONS ARE REPEALED IN SECTION FIFTEEN.

- AS 14.11.010 RELATING TO RECOMMENDATION AND EVALUATION OF PROJECTS IS REPLACED BY THE NEW SECTION FOUR WHICH ADDRESSES GRANT APPLICATIONS.
- AS 14.11.105, THE PUBLIC SCHOOL FACILITIES CONSTRUCTION ADVANCE ACCOUNT, IS NO LONGER NECESSARY.
- AS 14.11.110, ELIGIBILITY, IS REPEALED BECAUSE IT APPLIES TO APPROVAL OF PROJECTS PROPOSED FOR DEBT RETIREMENT.
- THE LAST THREE REPEALED SECTIONS RELATE TO STATE AID, APPLICATION FOR AID AND CONDITIONS OF STATE AID APPLY TO FUNDING THROUGH THE PUBLIC SCHOOL FACILITIES CONSTRUCTION ADVANCE ACCOUNT AND ARE NO LONGER NECESSARY.

A NEW SECTION IS ADDED IN SECTION SIXTEEN WHICH REQUIRES THE DEPARTMENT OF EDUCATION TO AWARD GRANTS TO SCHOOLS THAT WERE IN THEIR FINAL PHASE OF CONSTRUCTION PRIOR TO JANUARY 1, 1989, AND HAVE RECEIVED MORE THAN \$2.5 MILLION IN SCHOOL GRANT FUNDS. THREE SCHOOLS - GLENMALLEN, THORNE BAY AND MOUNTAIN VILLAGE - FIT THIS CRITERIA. THIS PRIORITY FOLLOWS PROJECTS REQUIRED TO AVERT IMMINENT DANGER OR CORRECT LIFE THREATENING SITUATIONS.

SECTION SEVENTEEN ESTABLISHES JULY 1, 1989 AS THE EFFECTIVE DATE.

CS for HB 37 (FIN) APPEALS PROCESS

STATUTORY TIME FRAME	APPROX. DATE	ACTION
November 5		DOE provides public notice of approved grant applications
By December 1		DOE holds public hearing on established priorities
By December 1		Request for reconsideration must be received by DOE
15 days	December 16	DOE decision due
15 days	December 31	District may appeal DOE's decision to Commissioner
10 days	January 11	Commissioner appoints a hearing officer
60 days after appt.	March 13	Hearing officer issues decision
	Board meeting	Board of Education considers hearing officer findings
10 days	*April 20	Board of Education decision due in writing
		District may appeal to Superior Court

\* April 20th date is contingent upon the date the Board meets.

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**HOUSE COMMITTEE REPORT**

(11)

Date Referred: February 17, 1989

FURTHER REFERRALS:

Date of Committee Action: 4/7/89

The FINANCE Committee considered:

HB 40

HOUSE BILL NO. 40 [UNIFICATION OF MUNICIPALITIES]  
"An Act relating to unification of municipalities."

RECOMMENDS:

- replacing with CSHB40(C&R.A)  the same title
- the attached amendment(s)  a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact
- zero fiscal note
- zero with analysis

APPROVES PREVIOUS:

- fiscal note(s) published: \_\_\_\_\_
- zero fiscal notes(s) published: C&RA 2/17/89

SIGNING DO PASS:

[Signature] Hoffman  
[Signature] Barnes  
[Signature] Shultz  
[Signature] Phillips  
[Signature] Rieger  
[Signature] Wallis

SIGNING OTHER THAN DO PASS:

(Do Not Pass, No Recommendation, Amend)  
[Signature] Larson No Rec.  
[Signature] Brown No Rec  
[Signature] Koponen no rec  
[Signature] Ulmer No Rec

co- [Signature]  
 chairman's signature  
 co- [Signature]

**FISCAL NOTE**

**REQUEST:**

Revision Date: \_\_\_\_\_  
Title: "An Act relating to unification of municipalities."  
Sponsor: Miller  
Requestor: \_\_\_\_\_

Agency Affected: Community & Regional Affairs  
BRU: \_\_\_\_\_  
Components: \_\_\_\_\_

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

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
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>REVENUE</b>						

**FUNDING: (Thousands of Dollars)**

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
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)**

Prepared by: Jim Plasman, Deputy Director  
Division: Municipal & Regional Assistance  
Approved by Commissioner: [Signature]  
Agency: Community & Regional Affairs

Phone: 465-4750  
Date: 2/2/89  
Date: 2/2/89

**Distribution (by preparer):**

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

Adopted

Original sponsor: Miller

1 IN THE HOUSE

BY THE COMMUNITY AND  
REGIONAL AFFAIRS COMMITTEE

2

CS FOR HOUSE BILL NO. 40 (C&RA)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to unification of municipalities."

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

8 \* Section 1. AS 29.06.200(a) is amended to read:

9 (a) Formation of a charter commission to prepare a unification  
10 charter shall be proposed by resolution of the assembly or by peti-  
11 tion. The question of [A RESOLUTION TO PROPOSE] formation of a char-  
12 ter commission may be submitted to the voters [ADOPTED] not more often  
13 than once every 24 [12] months.

14 \* Sec. 2. AS 29.06.210(b) is amended to read:

15 (b) The petition shall be signed by at least

16 (1) the number of voters residing outside all home rule and  
17 first class cities in the borough equal to 25 percent of the votes  
18 cast in that area in the last regular borough election; and

19 (2) the number of voters residing in each home rule and  
20 [OR] first class city [CITIES] in the borough equal to 25 percent of  
21 the votes cast in each of these cities [ALL HOME RULE AND FIRST CLASSE  
22 CITIES IN THE BOROUGH] in the last regular borough election.

23 \* Sec. 3. AS 29.06.280(a) is amended to read:

24 (a) The votes on the question of formation of a charter commis-  
25 sion shall be tabulated in [TWO] separate classifications. Votes [ONE  
26 CLASSIFICATION CONSISTS OF ALL VOTES] cast in each first class and  
27 home rule city [CITIES] in the borough shall be individually tabulated  
28 into separate classifications. Votes [. THE OTHER CLASSIFICATION  
29 CONSISTS OF ALL VOTES] cast in the remaining area of the borough shall

1        be tabulated as one classification.    In order for formation of a  
2        charter commission to be approved, a majority of the votes in each  
3        classification must favor formation of the commission.

4        \* Sec. 4. AS 29.06.360(c) is amended to read:

5                (c) If a majority of the votes in the area of the borough out-  
6        side all home rule or first class cities, and a majority of the votes  
7        in each [ALL] home rule and first class city [CITIES] in the borough  
8        are cast in favor of the proposed charter, the charter is ratified.  
9        If the charter is ratified, election results shall be certified to the  
10       commission and two copies of the charter shall be filed with

- 11                (1) the lieutenant governor;
- 12                (2) the department;
- 13                (3) the district recorder for the area of the borough;
- 14                (4) the clerk of the borough;
- 15                (5) the clerk of each city in the borough.

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y - STATE CAPITOL  
JUNEAU, ALASKA 99811  
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 3, 1989

SUBJECT: Unification of municipalities (HB 40)  
TO: Representative Mike Miller  
FROM: Tamara Brandt Cook *TBC*  
Director  
Division of Legal Services

Here is a sectional analysis that you requested of HB 40.

Sec. 1. Permits the question of unification, whether it originates as a result of petition or resolution, to be submitted to the voters not more often than once every 36 months.

Sec. 2. Requires a unification petition to be signed by voters in each home rule and first class city equal to 25 percent of the votes cast in each of these cities in the last regular borough election. The existing requirement as to signatures of city residents is cumulative--that is a percentage of all the voters is used without regard to the particular city the voters reside in.

Sec. 3. Like the petition signature requirement in section 2, this requires the votes on the question of formation of a charter commission to be tabulated separately for each home rule and first class city. Votes of borough residents outside of these cities is tabulated in another, single classification. Each separately tabulated classification must approve the formation of a charter commission before one can be formed.

Sec. 4. The changes reflect the fact that approval of a unification charter must be achieved in each home rule and first class city before the charter is adopted.

TBC:gc  
WKG6/019

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MEMORANDUM

TO: Representative Mike Miller

FROM: Staff

RE: Boroughs and Cities affected by sections 2 - 4 of HB 40

DATE: 2/7/89

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The proposed statutory changes in sections two, three and four of House Bill 40 would affect any organized borough that encompasses two or more Home Rule or First Class cities. Based on information contained in the 1989 Alaska Municipal Officials Directory, four boroughs fit this description. These boroughs and their accompanying cities are as follows:

	<u>Reg.</u> <u>Voters**</u>
<b>Aleutians East Borough</b>	
Akutan.....Second Class	
Cold Bay.....Second Class	
King Cove.....First Class	235
Sand Point.....First Class	394
<b>Fairbanks North Star Borough</b>	
Fairbanks.....Home Rule	16,493
North Pole.....Home Rule	835
<b>Kenai Peninsula Borough</b>	
Homer.....First Class	2,053
Kachemak.....Second Class	
Kenai.....Home Rule	3,045
Seldovia.....First Class	373
Seward.....Home Rule	1,277
Soldotna.....First Class	1,772
<b>Matanuska-Susitna Borough</b>	
Houston.....Second Class	
Palmer.....Home Rule	1,478
Wasilla.....First Class	1,955

\*\* Registered Voter totals were secured from the Division of Elections.

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STEVE COWPER, GOVERNOR

**DEPT. OF COMMUNITY & REGIONAL AFFAIRS**

**OFFICE OF THE COMMISSIONER**

February 8, 1989

- P.O. BOX B  
JUNEAU, ALASKA 99811-2100  
PHONE: (907) 465-4700
- 949 E. 38TH AVENUE, SUITE 400  
ANCHORAGE, ALASKA 99508-4302  
PHONE: (907) 563-1073

POSITION PAPER

RE: House Bill 40

SPONSOR: Representative Miller

Program Effects

The bill makes two main changes to the unification process. First, it would limit consideration of the question to once every three years, rather than every year as at present. Second, it would provide that each home rule and first class city within the borough be treated separately, rather than together, for the purposes of required petition signatures, voting on the question of formation of a charter commission, and voting on the ratification of the home rule charter.

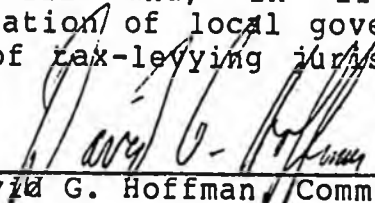
Comments

Article X, Section 1 of the Alaska State Constitution provides: "The purpose of this article is to provide for maximum self-government with a minimum of local government units, and to prevent duplication of tax-levying jurisdictions. A liberal construction shall be given to the powers of local government units." The unification process, whereby the cities within a borough are unified with the borough to form a single unified municipality governed by a home rule charter, provides a means of accomplishing the constitutional goals of minimization of local government units and prevention of duplication of tax-levying jurisdictions.

Determining the appropriate limitation on consideration of the formation of a charter commission requires striking a balance between the interest in reasonably allowing the people to consider the question and the interest in not allowing frivolous requests which will dilute interest and resources devoted to discussion of the issue. The department feels a one year limitation is appropriate.

House Bill 40  
February 8, 1989  
Page Two

Treatment of first class and home rule cities separately, rather than as a class, for the purpose of petitioning for and voting on the charter commission and charter has the effect of giving each city a veto power over the question. Such effect could result even though an area-wide total vote favors a particular course of action by a wide margin. The existing structure, treating the cities as a separate class, may be justified as a reasonable exercise of self-government. However, the department feels the proposed treatment of each first class and home rule city separately is an unreasonable inhibition of the popular will and, in light of the constitutional goals of minimization of local government units and prevention of duplication of tax-levying jurisdictions, is not warranted.

  
\_\_\_\_\_  
David G. Hoffman, Commissioner

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y - STATE CAPITOL  
JUNEAU, ALASKA 99811  
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 15, 1989

SUBJECT: Unification of municipalities (HB 40)  
TO: Representative Mike Miller  
FROM: Tamara Brandt Cook *TBC*  
Director  
Division of Legal Services

Several questions have come up in the House Community and Regional Affairs Committee hearing on HB 40. That bill requires, among other things, that unification be approved in each first class and home rule city in a borough before it can take place. Under existing law approval is required among the voters of all first class and home rule cities, tabulated as one classification.

If a unification effort fails because voters in one or more home rule or first class cities withhold approval, may the remaining cities unite with the borough through merger and consolidation?

Existing municipalities may unite through merger and consolidation under procedures set out in AS 29.06.090 - 29.06.170. A petition for merger or consolidation would have to be accepted by the Local Boundary Commission and then the merger or consolidation would have to be approved by the voters in the area to be included in the new municipality. If a city were to merge with a borough, the city would cease to exist and the area would be incorporated into the area of the borough outside of cities. The classification of the borough would not be changed by this action. Unification, on the other hand, converts a general law borough into a home rule government.

Can a city simply dissolve in order to merge with a borough in which it is located?

This can be also done. The procedure for this is set out in AS 29.06.450 - 29.06.530. A dissolution proposal is subject

Representative Mike Miller  
Page 2  
March 15, 1989

to Local Boundary Commission review and acceptance and to a vote of the people in the city. But the city cannot unilaterally dissolve and force a borough to assume governing responsibility in its territory. Under AS 29.06.470(b) the borough voters must consent to assume the rights, powers, duties, assets, and liabilities of the city. Dissolving a city in a borough will not change the classification of the borough itself in the way that unification does.

TBC:kb  
wkk3/009

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P.O. BOX 55109  
NORTH POLE, ALASKA  
99705

TOP OF THE WORLD  
PHONE: 907-488-2281  
AT YOUR SERVICE



January 16, 1989

RECEIVED JAN 19 1989

The Honorable Senator Jack Coghill  
P. O. Box V  
Juneau, Alaska 99811

Re: Proposed Title 29 Amendments

Dear Jack:

The City of North Pole is in receipt of SB105 and the corresponding house bill, HB40. The city council is in unanimous support of the legislation.

As you are aware, recent changes in Title 29 legislation failed to protect small cities from unification proceedings. It is the hope of the City of North Pole that passage of these bills as drafted will help remedy that inequity.

Your colleague, Representative Mike Miller, has introduced the house version (HB40) and also supports our endeavors. In addition, we are requesting assistance from the Alaska Municipal League through its Director, Scott Burgess.

The people in the North Pole area overwhelmingly support this legislation. The city will encourage as many of them to correspond with you as possible.

Thank you for your support. Please keep the city posted as to the progress of the bills. We stand ready to do anything within our powers to ensure passage.

Sincerely,

Carleta Lewis  
Mayor

CL/kl

cc: The Honorable Representative, Mike Miller  
Alaska Municipal League, Scott Burgess, Director

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# HOUSE COMMITTEE REPORT

*Bill  
File*

(11)

Date Referred: March 3, 1989

FURTHER REFERRALS:

Date of Committee Action: 3/23/89

The FINANCE Committee considered:

HB 43

HOUSE BILL NO. 43 [RETIREMENT CREDIT FOR UNUSED SICK LEAVE]  
 "An Act allowing retirement credit for the unused sick leave of an employee participating in the public employees' retirement system."

**RECOMMENDATIONS:**

- [ ] be replaced with \_\_\_\_\_ [ ] the same title
- [ ] have attached amendment(s) [ ] a new title
- [ ] do pass
- [ ] do not pass
- [ ] no recommendation
- individual recommendations
- [ ] additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of intent

ATTACHES NEW FISCAL NOTE(S):  
 (Dept)

APPROVES PREVIOUS:  
 (Date/Dept)

- [ ] fiscal impact \_\_\_\_\_
- [ ] zero fiscal note \_\_\_\_\_
- [ ] zero with analysis \_\_\_\_\_

- [ ] fiscal note(s) \_\_\_\_\_
- [ ] zero fiscal note(s) \_\_\_\_\_
- zero fn/analysis 3/3/89 - Admin.

**SIGNING DO PASS:**

**SIGNING:**  
 (Check approp. column)

*[Signature]* KOPONEN  
*[Signature]* ULLMER  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

	Do Not Pass	No Rec	Amend
<i>[Signature]</i>		X	
<i>[Signature]</i>		X	
<i>[Signature]</i>		X	
<i>[Signature]</i>	✓		
REC'D EC REC'D DONT PASS	✓		
<i>[Signature]</i> DO NOT PASS	✓		
<i>[Signature]</i>	HHC	HHC	
<i>[Signature]</i>			✓

Co-Chairman's signature

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: Administration  
 Title: An Act allowing retirement credit for unused sick leave BRU: Retirement and Benefits  
 Sponsor: Koponen Components: Retirement and Benefits  
 Requestor: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
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	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

See attached sheet for the fiscal implications to the Public Employees' Retirement Fund. This bill will not result in increased operational costs to the division. THIS BILL IS ESTIMATED TO COST THE STATE \$1,094,500 IN INCREASED PERSONAL SERVICES COSTS IN FY 90. THIS BILL IS ESTIMATED TO COST POLITICAL SUBDIVISIONS \$744,500 IN INCREASED PERSONAL SERVICES COSTS IN FY 90.

Please see page 2 for a detailed discussion of these costs.

Prepared By: Sally Smith Phone: 465-4470  
 Division: Retirement and Benefits Date: \_\_\_\_\_  
 Approved by Commissioner: John M. Andrews Date: 2/27/89  
 Agency: Department of Administration

Distribution (by preparer):

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

Adopted

House Bill 43  
Analysis of Fiscal Implications to the Retirement Fund  
Prepared by Division of Retirement & Benefits  
Department of Administration  
February 23, 1989

Analysis: Based upon a preliminary study of the State and several political subdivisions, we have assumed that each future Public Employees' Retirement System (PERS) retiree would be given credit for 500 hours of sick leave upon passage of this bill. This estimate is an average, recognizing that some employees accrue personal leave and some accrue sick leave.

To fund this bill, the State PERS contribution rate would increase by .21%. The State payroll is estimated to be \$463,907,093 in FY90 and remain stable each year thereafter. The University of Alaska (U of A) PERS payroll is estimated to be \$57,301,615 in FY90 and remain stable each year thereafter.

The State cost of \$1,094.5 is calculated as follows:

Estimated FY90 state PERS salaries	\$463,907,093	
times increase in contribution rate	<u>.21%</u>	\$ 974.2
Plus estimated U of A PERS salaries	\$57,301,615	
times increase in contribution rate	<u>.21%</u>	<u>120.3</u>
TOTAL FY90 STATE COSTS...		<u>\$1,094.5</u>

In addition to the State's cost's above, political subdivision costs would increase by \$744.5 in FY90 based on estimated salaries of \$ 354,521,366. The political subdivision salaries are estimated to remain constant each year thereafter.

Estimated FY90 Political Subdivision PERS salaries	\$354,521,366	
times increase in contribution rate	<u>.21%</u>	
TOTAL FY90 POLITICAL SUBDIVISION COSTS...		\$ 744.5

Passage of this bill would result in a .4% decrease in the PERS funding ratio and would increase the present value of the PERS unfunded liability by \$ 9,165,000.

Introduced: 1/9/89  
Referred: State Affairs  
and Finance

1 IN THE HOUSE

BY KOPONEN

2 HOUSE BILL NO. 43

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act allowing retirement credit for the unused  
7 sick leave of an employee participating in the public  
8 employees' retirement system."

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

10 \* Section 1. AS 39.35 is amended by adding a new section to read:

11 Sec. 39.35.375. CREDIT FOR UNUSED SICK LEAVE. (a) An employee  
12 who is employed on or after July 1, 1988, and who retires after  
13 July 1, 1989, may elect to add unused sick leave credit to the total  
14 number of years of credited service under AS 39.35.370(c). Unused  
15 sick leave shall be credited on a day-for-day basis. Employee contri-  
16 butions may not be required for credited unused sick leave.

17 (b) An employee retiring before July 1, 1989, who returns to  
18 membership service with an employer on or after July 1, 1989, and who  
19 subsequently retires is eligible for unused sick leave credit only  
20 with respect to sick leave accrued during membership service on or  
21 after July 1, 1989.

22 (c) Unused sick leave may be added to credited service under  
23 this section as of the first day of the month after which

24 (1) the employee meets the eligibility requirements of this  
25 section;

26 (2) the employee is terminated from covered employment; and

27 (3) the employee's written election regarding unused sick  
28 leave is received and verified by the administrator.

29

Alaska State Legislature  
Representative Niilo Koponen

Pouch V  
Juneau, Alaska 99811  
(907) 465-4992

House District 21

119 N. Cushman, Suite 207  
Fairbanks, Alaska 99701  
(907) 456-8172

SPONSOR STATEMENT ON HB 43

According to the 1988 State Employee Benefits Survey done by Workplace Economics, Inc., 82% of all states pay employees upon retirement in some form or another, for their unused sick leave. Alaska is not among them.

By statute (AS 14.25.115), teachers in Alaska "may elect to apply unused sick leave credit in computing the total number of years of credited service under AS 14.25.110(d)." This legislation would extend that same provision to all members of the Public Employees Retirement system.

The purpose of such a provision is to provide a positive incentive for the judicious use of sick leave. Such an incentive encourages employees to accumulate sick leave in an amount which might be needed should an employee suffer a serious illness.



# NEA-ALASKA

AFFILIATED WITH THE NATIONAL EDUCATION ASSOCIATION

## ANCHORAGE REGIONAL OFFICE

1411 W. 33RD AVENUE  
ANCHORAGE, ALASKA 99503  
(907) 274-0536

## JUNEAU OFFICE

105 MUNICIPAL WAY, SUITE 302  
JUNEAU, ALASKA 99801  
(907) 586-3090

## FAIRBANKS REGIONAL OFFICE

2118 CUSHMAN STREET  
FAIRBANKS, ALASKA 99701  
(907) 456-4435

March 13, 1989

To: Rep. Ron Larson & Rep. Lyman Hoffman, Co-Chairs  
Members, House Finance Committee

Re: House Bill No. 43; "An Act allowing retirement  
credit for the unused sick leave of an employee  
participating in the public employees'  
retirement system."

NEA-Alaska supports and encourages your favorable  
consideration of HB 43.

School district employees who participate in the PERS should  
be treated in a manner similar to the school district  
employees who participate in the TRS.

Clearly, an employer benefits when employees do not need to  
utilize the sick leave to which they are entitled.

Making unused sick leave available as credited service in  
the retirement system is an appropriate acknowledgement of  
the worth of this service to both the employer and  
employee. Also, by including it as part of the benefit  
structure of the retirement system it is included in the  
actuarial basis for funding the system.

Thank you for your consideration of our position.

Respectfully submitted,

Bob Manners  
Executive Secretary

Item 4



Alaska Public Employees Association **APEA**

State Headquarters: 340 N. Franklin, Juneau, AK 99801 (907) 588-2334

February 27, 1985

Senator Paul Fischer  
Pouch V  
Juneau, AK 99811

Re: Retirement Credit for Unused Sick Leave

Dear Senator Fischer:

Attached is a copy of the Attorney General's formal opinion which excludes retirement benefits from the collective bargaining process. The opinion clearly states that retirement benefits are not included within the "terms and conditions of employment" subject to negotiations under the Public Employment Relations Act (AS 23.40.070 et seq.).

Whereas changes to the retirement system cannot be negotiated, legislative action is required to provide service credit for unused sick leave. A similar provision is included in the Teachers' Retirement System (AS 14.25.115.). This amendment would benefit those public employees who have consistently placed their professional responsibilities above their personal comfort. As with the Teachers' Retirement System, this amendment to PERS would increase productivity and reduce absenteeism.

From time to time it has been suggested that annual leave and sick leave be combined in favor of personal leave which could be "cashed in" upon termination. Such a change would, however, be much more expensive than granting retirement credit for unused sick leave.

This legislation is of great concern to APEA members. Your support is deeply appreciated.

Yours sincerely,

Cherie Shelley  
Executive Director

CS/kb

Enclosures

# STATE OF ALASKA

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

OPINION NO. 3

JAY S. HAMMOND, GOVERNOR

POUCH K - STATE CAPITOL  
JUNEAU 99811

January 23, 1978

The Honorable B. B. Allen  
Commissioner  
Department of Administration  
Pouch C  
Juneau, Alaska 99811

Re: Health & Retirement-Bargainability;  
our file J-66-444-78

Dear Commissioner Allen:

You requested an opinion whether the Public Employment Relations Act (PERA), AS 23.40.070-23.40.260, supersedes the group life and health insurance statute, AS 39.30.090, and the statutes establishing the Public Employees Retirement System (PERS), AS 39.35. Restated, the question is whether group life and health insurance benefits and retirement benefits subject to collective bargaining.

AS 23.40.070(2) provides that the policy underlying PERA is to be effectuated by "requiring public employers to negotiate with and enter into written agreements with employee organizations on matters of wages, hours, and other terms and conditions of employment." AS 23.40.250(7) provides that "'terms and conditions of employment' means the hours of employment, the compensation and fringe benefits, and the employer's personnel policies affecting the working conditions of the employees; but does not mean the general policies describing the function and purposes of a public employer."

These provisions, standing alone, clearly would make both group life and health insurance benefits and retirement benefits subject to collective bargaining since they both are "fringe benefits." This also fits the analytic distinction between matters subject to collective bargaining and those not subject to bargaining adopted by the Alaska Supreme Court in Kenai Peninsula Borough School Dist. v. Kenai Peninsula Education Ass'n., No. 1537 (Alaska, December 9, 1977). In that case, the Alaska Supreme Court stated that, in the absence of specific legislation on the subject, "a matter is more susceptible to bargaining the more it deals with the economic interests of employees and the less it concerns" questions of fundamental policy. It expressly held that life insurance, health insurance and liability insurance are negotiable absent statutory restrictions.

AS 39.30.090, the group insurance statute, provides in part that "[t]he Department of Administration may obtain a policy or policies of group insurance covering state employees and employees of other participating governmental units subject to" certain conditions not relevant to this inquiry. Because health insurance deals with the economic interests of employees and does not deal with fundamental policy, because AS 39.30.090 authorizes the Department of Administration to obtain "a policy or policies," and because AS 39.30.090 does not specify what levels of coverage or

benefits must be included in the policy (or policies) obtained, we believe the issue of group life and health insurance benefits is negotiable under PERA. To the extent the cost of this negotiated coverage exceeds what the State would have paid under its employer-sponsored plan, the negotiated coverage is subject to legislative approval under AS 23.40.215.

The negotiability of retirement benefits is more complex. At the outset, it appears clear that retirement benefits afforded under PERS are not negotiable. Inclusion in PERS is a condition of employment for state employees, and contributions to it are mandatory. AS 39.35.120(b); AS 39.35.170. Given these statutory provisions, we believe the legislature intended the statutory provisions of PERS to apply to all state employees, and benefits under PERS may not be negotiated under PERA.

Under the Kenai Peninsula Borough School Dist. analysis, changes in public employee retirement benefits involve questions of fundamental public policy. One commentator has stated these questions to be "[t]he legislative objectives which underlie retirement plans; the relationship of these objectives to the employee's legitimate expectancies in the employment relationship; the public interest in the maintenance and financial integrity of such plans; the problems of equitable allocation of cost between the employees and their governmental employers (taxpayers); the continuing demands

for liberalization of benefits and qualifying conditions and the result and necessity to re-evaluate the standards by which benefits are measured; the need to maintain a reasonable measure of solvency; the justification, or lack thereof, of a reserved legislative power to deal with these problems; [and] the scope of that power." Cohn, Public Employee Retirement Plans--the Nature of the Employees' Rights, 1963 U. of Ill. Law Forum, 32, 46. The public policy implications of changes in retirement benefits for public employees in Alaska take on added significance when one considers Article XII, Section 7 of the Alaska Constitution, which provides

Membership in employee retirement systems of the State or its political subdivisions shall constitute a contractual relationship. Accrued benefits of these systems shall not be diminished or impaired.

While we cannot be certain, we believe that the Alaska Supreme Court would conclude, as we have, that retirement benefits are not negotiable under PERA.

In conclusion, we recommend that the legislature be requested to clarify the "terms and conditions of employment" which may be negotiated under PERA. As the Alaska Supreme Court stated, "[i]t would be helpful if the legislature, through future enactments, provided more specific guidance on a number of the items which the unions seek to negotiate." Kenai Peninsula Borough School Dist., at 19. From both policy and administrative viewpoints, we believe

The Honorable B. B. Allen  
January 23, 1978  
Page 5

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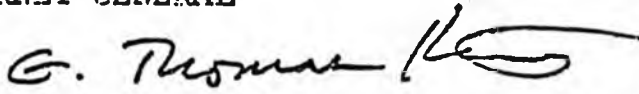
that a single, unified system of group life and health insurance benefits and retirement benefits for public employees is desirable. However, absent legislation to this effect, we believe the area of group life and health insurance benefits is a legitimate item for collective bargaining under PERA.

We hope this answers your questions.

Sincerely,

AVRUM M. GROSS  
ATTORNEY GENERAL

By:

  
G. Thomas Koester  
Assistant Attorney General

GTK:chp

Item 3

COUNCIL OF STATE GOVERNMENTS  
JAN 1 1989  
STATES INFORMATION CENTER

**1988 STATE EMPLOYEE  
BENEFITS SURVEY**

**Benefits in effect January 1, 1988**

**Prepared by:**

**WORKPLACE ECONOMICS, INC.  
1920 L Street, N.W.  
4th Floor  
Washington, D.C. 20036**

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## 2: SICK LEAVE POLICIES

Most states surveyed (forty-four) reported that state employees accrue a fixed number of sick leave days in a year.

~~Among these states, the number of days earned per year averages 12~~  
days. Sick leave accrual ranges from a low of 6 days in Indiana to 21 days in Hawaii. The states of New York and Ohio report a range for sick leave accrual based on the terms of various separate bargaining agreements. In Louisiana, Mississippi, Nebraska and Vermont, sick leave is accrued based on years of service.

In thirty-seven of the fifty states surveyed (74%), there is no limit on the amount of sick leave which can be accumulated. In those states which do place a limit on accumulation, the maximum allowed ranges from a low of 90 days in Arkansas and Georgia (and, for some workers, Michigan and New Hampshire), to a high of 200 days in Pennsylvania. Members of some bargaining units in New York State can accumulate 225 days of sick leave.

With the exception of Georgia, employees in all state governments begin to earn sick leave immediately upon employment. Generally, state employees can use their sick leave as soon as they earn it. Only Montana and New Hampshire impose waiting periods on employees to use sick leave that is accrued.

In thirty-two states (64%) employees can use their sick leave in order to attend the funeral of a family member. In those states which do not allow sick leave to be used for this purpose, a separate funeral leave policy is in effect. (See Table 3.) With

the exception of five states, state employees can use sick leave to tend to the illness of a family member.

State policies differ in their treatment of how they compensate employees for their unused sick leave upon separation from service. In forty-one states, employees are not compensated for their unused sick leave upon termination. In most of the nine states which do cash-out sick leave, there is some limitation on payment, either in terms of the qualification for compensation, the number of days which can be cashed-out, or the amount of the payment. Only nineteen of the states (38%) pay unused sick leave to an employee's beneficiary upon death. Nearly one half of the states (twenty-three) cash-out unused sick leave in the event the employee goes on permanent disability.

Upon retirement, however, most states (82%) pay employees for their unused sick leave. The form in which this payment is made varies. Some states credit unused sick leave toward service for purposes of computing retirement benefits. Others pay some percentage of unused sick leave or limit the dollar amount paid. In Idaho, West Virginia and Wisconsin, the value of unused sick leave is credited toward insurance premiums. Only the states of New Mexico and Pennsylvania did not report any restrictions on the amount of accumulated sick leave to be paid upon retirement.

TABLE 2

SICK LEAVE

State	per year accrual rate	number of days accumulated	ELIGIBILITY to use	OTHER USES		PAYMENT FOR UNUSED LEAVE			determination of disability
				family death	family illness	at termination	at retirement	to clarify at death	
Alabama	13	150	limited	yes	yes	no	50%	no	yes
Alaska	15	no limit	limited	yes	yes	no	no	yes	no
Arizona	12	no limit	limited	no(1)	yes(2)	no	yes(3)	no	yes
Arkansas	12	96	limited	yes	yes	no	no	no	no
California	12(4)	no limit	limited	no(1)	yes	no	yes(5)	no	no
Colorado	15	no limit	limited	no(1)	yes	no	25%	25%	yes
Connecticut	15	no limit	limited	yes	yes	no	25%	25%	yes
Delaware	15	no limit	limited	no(1)	yes	no	50%(6)	yes	yes
Florida	6.5	no limit	limited	no(1)	yes	yes(7)	25%	yes	no
Georgia	15	99	limited 10 days	yes	yes	no	yes(8)	no	no
Hawaii	21	no limit	limited	no(1)	no	no	yes(5)	no	no
Idaho	12	no limit	limited	yes	yes	no	yes(9)	no	yes
Illinois	12	no limit	limited	yes	yes	yes	yes(10)	yes	yes
Indiana	6	no limit	limited	no(1)	no	no	no	no	no
Iowa	18	no limit	limited	yes	yes	no	yes(11)	no	no
Kansas	12	no limit	limited	no(1)	yes	no	yes(12)	no	no
Kentucky	12	no limit	limited	yes	yes	no	yes(5)	no	no
Louisiana	---(13)	no limit	limited	no(1)	no	no	no	no	no
Maine	12	120	limited	no(1)	yes	no	yes(5)	no	no
Maryland	15	no limit	limited	yes	no	no	yes(5)	no	no
Massachusetts	15	no limit	limited	no(1)	yes	no	20%	no	no
Michigan	13	98-120(14)	limited	yes	yes	yes(15)	yes(15)	yes	no
Minnesota	13	112.5(16)	limited	yes	yes	no	40%	yes	yes
Mississippi	7.5-12(17)	no limit	limited	yes	no	no	no	no	no
Missouri	15	no limit	limited	no(1)	yes	no	yes(5)	no	no

TABLE 2 -- Continued

SICK LEAVE

State	per year accrual rate	number of days maximum accumulation	ELIGIBILITY to use to accrue	OTHER USES		PAYMENT FOR UNUSED LEAVE			
				family death	family illness	at termination	at retirement	to beneficiary at death	determination of disability
Montana	12	no limit	3 mos	yes	yes	25%	25%	25%	yes
Nebraska	12(18)	100	limited	no(1)	yes	no	25%	25%	yes
Nevada	15	no limit	limited	yes	yes	yes(11)	yes(19)	no	no
New Hampshire	12	90-120(28)	6 mos	yes	yes	no(21)	33%(22)	yes(22)	no
New Jersey	15	no limit	limited	yes	yes	no	50%(23)	no	yes
New Mexico	12	no limit(24)	limited	yes	yes	no	yes	no	yes
New York	8-13(25)	190-225(26)	limited	yes(27)	yes(27)	no	yes(28)	no	no
North Carolina	12	no limit	limited	yes	yes	no	yes(5)	no	no
North Dakota	12	no limit	limited	no(1)	yes	no	no	no	no
Ohio	8-18(26)	no limit	limited	yes	yes	50%	50%	yes	yes
Oklahoma	18	130	limited	yes	yes	no	yes(5)	no	no
Oregon	12	no limit	limited	yes	yes	no	50%(5)	no	yes
Pennsylvania	13	200	limited	yes	yes	no	yes	no	yes
Rhode Island	15	125	limited	no(1)	yes	no	yes(29)	yes(29)	yes
South Carolina	15	180	limited	no(1)	yes(2)	no	no	no	no
South Dakota	14	no limit	limited	yes	yes	25%(30)	25%(30)	yes	yes
Tennessee	12	no limit	limited	yes	yes	no	yes(5)	yes	yes
Texas	12	no limit	limited	no(1)	yes	no	no	50%(31)	no
Utah	13	no limit	limited	no(1)	yes	no	25%	no	no
Vermont	---(32)	no limit	limited	yes	yes	no	no	no	yes
Virginia	15	no limit	limited	yes	yes	25%(33)	25%(33)	no	25%(33)
Washington	12	no limit	limited	yes	yes	no	25%	yes	no
West Virginia	18	no limit	limited	yes	yes	no	yes(36)	no	yes
Wisconsin	13	no limit	limited	yes	yes	no	yes(35)	yes(35)	yes
Wyoming	12	no limit	limited	yes	yes	50%(36)	50%	50%	yes

NOTES FOR TABLE 2:  
SICK LEAVE

- \* "Immediate" response means sick leave can be used as soon as it is accrued -- usually after one month.
1. Arizona, California, Colorado, Delaware, Florida, Hawaii, Indiana, Kansas, Louisiana, Maine, Massachusetts, Missouri, Nebraska, North Dakota, Rhode Island, South Carolina, Texas, Utah: Funeral leave separate from sick leave is provided.
  2. Arizona, South Carolina: Spouse or child only. Not to exceed 5 days (40 hrs)/year.
  3. Arizona: \$750 paid if employee has accrued 1,000 hrs.
  4. California: Four bargaining units are guaranteed 10.5 sick leave days but can use 12 if annual use is below a certain level.
  5. California, Hawaii, Kentucky, Maine, Maryland, Missouri, North Carolina, Oklahoma, Oregon, Tennessee: No cash payment for unused sick leave at retirement. Rather, payment is in the form of additional service credit in determination of retirement benefits.
  6. Delaware: Up to 45 days.
  7. Florida: Only after 10 yrs of service.
  8. Georgia: No cash payment for unused sick leave at retirement. Rather, payment is in the form of additional service credit in determination of retirement benefits for employees hired prior to 7/1/82. No additional service credited unless 120 days accumulated.
  9. Idaho: Sum equal to half of monetary value of unused sick leave earned since 7/1/76 shall be used to pay retiree's premiums for group health, accident and life insurance programs as may be maintained by the state.
  10. Illinois: 50% earned since 1/1/84.
  11. Iowa: Payment for accrued sick leave, minimum of 240 hours, amount not to exceed \$2,000.
  12. Kansas: Payment as follows: 8 yrs service and 100 days accumulated: 30 days pay; 15 yrs service and 125 days, accumulated: 45 days pay; 25 yrs service and 150 days, accumulated: 60 days pay.
  13. Louisiana: Per year accrual rate same as for annual leave.

14. Michigan: Maximum number of days accumulation ranges up to 120 days; 1-8 yrs service: 90 days; 9-17 yrs service: 105 days; 18 or more yrs: 120 days.
15. Michigan: For employees hired before 10/1/80, payment for unused sick leave at separation ranges up to 50% maximum: 0-104 hrs: 0%; 105-208 hrs: 10%; 209-416 hrs: 20%; 417-624 hrs: 30%; 625-832 hrs: 40%; 833 or more hrs: 50%.
16. Minnesota: After 112.5 days have been accumulated, employees can accrue at the rate of 6.5 days per year to be used for catastrophic/extended illness.
17. Mississippi: 1 mo. to 3 yrs service: 12 days/yr; 37 mos to 8 yrs: 10.5 days/yr; 97 mos to 15 yrs: 9 days/yr; over 15 yrs: 7.5 days/yr.
18. Nebraska: Accrual rates apply to first five years of employment. Rate increases each year thereafter until 30/yr.
19. Nevada: Payment for excess over 30 days to maximum of \$3,500. Must have 10 yrs service to qualify.
20. New Hampshire: Maximum accumulation ranges depending on years of service. 0-8 yrs: 90 days; 9-15 yrs: 105 days; 16 or more yrs: 120 days.
21. New Hampshire: Unless termination is due to a mandated reduction in force.
22. New Hampshire: Up to 30 days.
23. New Jersey: Maximum of \$15,000.
24. New Mexico: May cash in up to 120 hours of sick leave per year provided that hours being cashed in are over and above 600 accumulated sick leave hours.
25. New York: Depending on bargaining unit and date of hire.
26. New York, Ohio: Depending on the bargaining unit.
27. New York: Not to exceed a maximum of 15 days in any one year.
28. New York: No cash payment. Rather, a maximum of 165 days unused sick leave may be used for retirement service credit and the value of a maximum of 165 days unused sick leave may be used to pay for health insurance during retirement.
29. Rhode Island: 50% of total accumulated from 390 hrs to 630 hrs; 75% of total over 630 to maximum.
30. South Dakota: 7 yrs service requirement to maximum 480 hrs.

31. Texas: Maximum of 336 hrs.
32. Vermont: Accrual rate varies depending on years of service:  
1st 6 mos: 6 days advanced; 6 mos-5 yrs: 12 days/yr; 5-10  
years: 15 days/yr; 10-20 yrs: 18 days/yr; after 20 yrs: 20  
days/yr.
33. Virginia: 5 yrs service required with maximum payment of  
\$2,500.
34. West Virginia: No cash payment. Rather, unused sick leave is  
converted to credit for health insurance.
35. Wisconsin: No cash payment. Rather, unused sick leave is  
converted to credits to pay group health insurance and, in the  
case of death, to pay premiums for survivors.
36. Wyoming: To a maximum of 480 hours.

	GENERAL GOV'T UNIT (GCU)	SUPERVISORY UNIT (SU)	CONFIDENTIAL UNIT (CEA)	PUBLIC SAFETY UNIT (PSEA)	CORRESPONDENCE TEACHERS (CCSEA)	INLAND- BOATMEN'S (IBU)	MASTERS, MATES & PILOTS (MM&P)	MARINE ENGINEERS' (MEBA)	MT. EDCECUMBE TEACHERS' (TEANE)	LABOR, TRADES & CRAFTS (LTC)
<b>HEALTH BENEFITS</b>										
STANDARD HEALTH COVERAGE	X \$439.92/mo/ee	X \$450.38/mo/ee	X \$450.38/mo/ee	X \$433.32/mo/ee	X \$433.32/mo/ee	X \$433.32/mo/ee	X \$450.38/mo/ee	X \$486.57/mo/ee	X \$433.32/mo/ee	X \$444.44/mo/ee
<b>ADDITIONAL BENEFITS</b>		Cosmetic Contract (\$400 max.)  Orthodontia Coverage (\$1,500 max.)  *LOA He Too GCU		*No Individual Case Management (ICH)  *LOA He Too GCU	*No LOA			Coverage Extends 2 Mos. Beyond Termination  Cosmetic Contracts (\$400 max.)  Orthodontia Coverage (\$500 max.)  *LOA He Too GCU		Cosmetic Contracts (\$400.00 max.)  Orthodontia Coverage (1,500 max.)  *No LOA
<b>LEAVE</b>										
ANNUAL	X				X	X	X	X		X
SICK	X				X	X	X	X		X
PERSONAL		X	X	X		(Has A-Days in S.W.)**	Also has A-Days on M/V Tuste- mena in S.W. only.	X S.W. System-Only	X--Plus any contractually negotiated days.	
<b>HOLIDAYS</b>										
NEW YEARS DAY	X	X	X	X	X	X	X	X	X	X
LINCOLNS B-Day 2/21	F/H	F/H	F/H	F/H	F/H	X	X	X		F/H
PRESIDENT'S DAY (3rd Monday)	X	F/H	X	X	X	X	X	X		X
SEWARD'S DAY	X	X	X	X	X	X	X	X	X	X
MEMORIAL DAY	X	X	X	X	X	X	X	X	X	X
FOURTH OF JULY	X	X	X	X	X	X	X	X	X	X
LABOR DAY	X	X	X	X	X	X	X	X	X	X
ALASKA DAY	X	F/H	X	X	X	X	X	X	X	X
VETERANS DAY	X	X	X	X	X	X	X	X	X	X
THANKSGIVING DAY	X	X	X	X	X	X	X	X	X + following Friday	X
CHRISTMAS DAY	X	X	X	X	X	X	X	X	X	X
EE's BIRTHDAY	F/H				F/H				X	X
# of FLOATING HOLIDAYS (F/H)	2	4	1	ASO's only F/H 1 (2ASO's)	2	0	0	0		1
<b>SBS</b>	X	X	X	X		X	X	X		X
<b>RETIREMENT</b>	PERS	PERS	PERS	PERS (Police Ret.)	TRS	PERS	PERS	HEBA Pension Plan	TRS	PERS

\* A-days = Accumulated Day

7/8K2/021701-9

HB 43 INFORMATION

Excluding the three marine unions and the three teacher units (Central Correspondence Studies, Mt. Edgecumbe, and AVTECH) the other executive branch, State of Alaska PERS participants (mostly bargaining units are:

	<u>NAME</u>	<u># MEMBERS</u>	<u>HRS SICK LEAVE</u>	<u>SURPLUS SICK</u>	<u>TOTAL</u>	<u>AVERAGE</u>
A	Public Safety Unit	437	3865.528	41525.832	45291.3	103.641556
	Employees are allowed to use up to 15 days of "surplus sick" as regular sick leave. Only people entering unit with sick leave get some sick leave. Unit is on personal leave by contract.					
E	Excluded	12	20.012	672.333	692.345	57.69541666
	"Excluded" means excluded from current bargaining units. Includes some Div. of Labor Relation people. On statutory personal leave. One employee with sick leave is recipient of leave donations.					
G	General Government	8061	1896594.0	173.250	1896767.25	235.3017305
	On annual/sick leave by contract.					
K	Confidential Bargaining	174	2143.237	3583.851	5727.088	32.91429885
	The Confidential Bargaining Unit has the same conditions as the Public Safety Unit. On personal leave by contract.					
L	Labor, Trades, & Craft	1662	373117.250	56.954	373174.204	224.5332154
	On annual/sick leave by contract.					
S	Supervisory	1043	1526.533	381975.875	383502.408	367.6916663
	This unit just converted from annual/sick leave to personal leave by contract.					
X	Partially Exempt & Exempt	978	27.50	43717.688	43745.188	44.72923108
	On statutory personal leave.					

Total average hours 1066.07114 / No. of units 7 = 152.3581591

The small balances for surplus sick leave for General Government and Labor, Trades & Craft, and the sick leave from the Partially Exempt and Exempt are from people recently changing units. The Supervisory sick leave is from recent promotees.

HB

B

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# HOUSE COMMITTEE REPORT

(11)

Date Referred: January 11, 1989

FURTHER REFERRALS:

Date of Committee Action: 1/11/89

The FINANCE Committee recommends that:

HOUSE BILL NO. 44 [MANDATORY AUTOMOBILE INSURANCE]  
"An Act relating to motor vehicle liability insurance and vehicle registration; and providing for an effective date."

be replaced with CS HB 44 (LEC)  the same title  
 a new title

have attached amendment(s)

- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact
- zero fiscal note
- zero with analysis

APPROVES PREVIOUS:

- fiscal note(s) published:  
1/11/89 by LEC
- zero fiscal notes(s) published:  
1/11/89

SIGNING DO PASS:

SIGNING OTHER THAN DO PASS:

(Do Not Pass, No Recommendation, Amend)

Ronald J. Larson LARSON  
David Swackhammer SWACKHAMMER  
Robert Barnes BARNES  
Robert Brown BROWN  
Walter Koponen KOPENEN  
Phillips PHILLIPS

Key Wallis WALLIS  
John Hoffman HOFFMAN  
Thomas Rieger RIEGER  
Dick Shultz SHULTZ

Co-Chair John Hoffman  
 Co-Chair Ronald J. Larson  
 Chairman's signature

FISCAL NOTE

REQUEST: \_\_\_\_\_

Revision Date: \_\_\_\_\_  
Title: An Act relating to motor vehicle liability insurance  
Sponsor: Rep. Donley  
Requestor: Rep. Donley

Agency Affected: Public Safety  
BRU: Motor Vehicles  
Component: Field Services

EXPENDITURES/REVENUES: (Thousands of Dollars) (Inflation not included)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	-0-	16.3	32.6	32.6	-0-	-0-
TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
CONTRACTUAL	-0-	1.2	2.5	2.5	-0-	-0-
SUPPLIES	-0-	.2	.4	.4	-0-	-0-
EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
LAND & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
GRANTS, CLAIMS	-0-	-0-	-0-	-0-	-0-	-0-
MISCELLANEOUS	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL OPERATING	-0-	17.7	35.5	35.5	-0-	-0-

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE	-0-	21.6	43.2	43.2	43.2	43.2
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FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	17.7	35.5	35.5	-0-	-0-
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-	-0-
OTHER	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	17.7	35.5	35.5	-0-	-0-

POSITIONS:

FULL-TIME	-0-	1	1	1	-0-	-0-
PART-TIME	-0-	-0-	-0-	-0-	-0-	-0-
TEMPORARY	-0-	-0-	-0-	-0-	-0-	-0-

ANALYSIS:

\_\_\_\_\_

*Dave Donley*

Prepared by: Rep. Dave Donley, Chair  
Division: House Labor and Commerce Committee

Phone: 465-4954  
Date: 1/11/89

Approved by Commissioner: Rep. Dave Donley, Chair  
Agency: House Labor and Commerce Committee

Date: 1/11/89

**Adopted**

**FISCAL NOTE**

**REQUEST:**

Revision Date: \_\_\_\_\_  
Title: Mandatory Motor Vehicle Insurance

Agency Affected: Commerce & Econ. Dev.  
BRU: Div. of Insurance

Sponsor: Rep. Donley  
Requestor: House Labor & Commerce

Components: \_\_\_\_\_

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

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
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>
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<b>REVENUE</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>
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**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)

Prepared by: Paul Roller, Director  
Division: Division of Insurance

Phone: 465-2515  
Date: 1/9/1989

Approved by Commissioner: Larry Mercurieff, Commissioner  
Agency: Dept. of Commerce & Economic Development

Date: 1/9/1989

Distribution (by preparer):

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

mm0553t

Adopted

Original Sponsors: Donley, Boucher,  
Gruenberg, et al.

IN THE HOUSE

BY THE LABOR AND  
COMMERCE COMMITTEE

CS FOR HOUSE BILL NO. 44 (L&C)  
IN THE LEGISLATURE OF THE STATE OF ALASKA  
SIXTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to motor vehicle liability insurance  
and vehicle registration; and providing for an effective  
date."

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

\* Section 1. AS 28 is amended by adding a new chapter to read:

CHAPTER 22. MANDATORY MOTOR VEHICLE INSURANCE.

ARTICLE 1. INSURANCE REQUIRED.

Sec. 28.22.011. MOTOR VEHICLE LIABILITY INSURANCE REQUIRED:  
EXEMPTIONS. (a) The operator or owner of a motor vehicle subject to  
registration under AS 28.10.011 when driven on a highway, vehicular  
way or area, or on other public property in the state, shall be in-  
sured under a motor vehicle liability policy that complies with this  
chapter or a certificate of self-insurance that complies with AS 28.-  
20.400 unless

(1) the motor vehicle is being driven or moved on a high-  
way, vehicular way, or a public parking place in the state that is not  
connected by a land highway or vehicular way to

(A) the land-connected state highway system, or

(B) a highway or vehicular way with an average daily  
traffic volume greater than 499; and

(2) the operator has not been cited within the preceding  
five years for a traffic law violation with a demerit point value of  
six or more on the point schedule determined under regulations adopted  
by the department under AS 28.15.221.

1 (b) The department shall annually publish a list of areas that  
2 meet the requirements of (a)(1) of this section. This list shall be  
3 available for public inspection at each office of the department.

4 (c) In this section, "operator" does not include an employee who  
5 operates, during the course and within the scope of employment,  
6 motor vehicle that is owned or leased by the operator's employer.

7 Sec. 28.22.021. REQUIREMENT OF PROOF OF MOTOR VEHICLE LIABILITY  
8 INSURANCE. The owner or operator of a motor vehicle required to have  
9 motor vehicle liability insurance that complies with this chapter or  
10 certificate of self-insurance that complies with AS 28.20.400, shall  
11 show proof of this insurance when that

12 (1) person is involved in an accident that results in  
13 bodily injury to or death of a person, or damage to the property of a  
14 person exceeding \$500; or

15 (2) is charged with a traffic law violation with a demerit  
16 point of six or more on the point schedule determined under regula-  
17 tions adopted by the department under AS 28.15.221.

18 Sec. 28.22.031. METHOD OF PROOF FOLLOWING AN ACCIDENT. (a) A  
19 person involved in an accident who is required under AS 28.22.021 to  
20 prove that a motor vehicle liability policy or a certificate of self-  
21 insurance was in effect shall, within 15 days after the accident,

22 (1) present a copy of the insurance policy, certificate,  
23 bond, or insurance binder that was in effect at the time of the acci-  
24 dent to the department for inspection;

25 (2) provide the department with written certification from  
26 an insurance company, insurance agent, insurance broker or surplus  
27 lines broker confirming that a valid motor vehicle liability policy  
28 issued in conformity with this chapter was in effect at the time of  
29 the accident; or

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(3) advise the department in writing that a certificate of self-insurance was in effect at the time of the accident.

(b) The department shall develop and implement a program to check the veracity of the documents filed for proof under this section.

Sec. 28.22.041. METHOD OF PROOF FOLLOWING A CHARGE OF A MOVING TRAFFIC VIOLATION. (a) A person charged with a traffic law violation who is required to prove that a motor vehicle liability insurance policy or a certificate of self-insurance was in effect under AS 28.22.021 shall, at the time of that person's initial appearance in court or within 15 days of the date of the charge of a traffic law violation, whichever is later,

(1) present a copy of the insurance policy, certificate, bond, or insurance binder that was in effect at the time of the violation to the court for inspection;

(2) provide the court with written certification from an insurance company, insurance agent, insurance broker, or surplus lines broker confirming that motor vehicle liability insurance issued in conformity with this chapter was in effect at the time of the violation; or

(3) advise the court in writing that a certificate of self-insurance was in effect at the time the violation was charged.

(b) The court shall immediately report to the department a failure to present proof of insurance as provided in this section.

Sec. 28.22.051. ADMINISTRATIVE SUSPENSION OF DRIVERS' LICENSES.

(a) If a person fails to provide proof required under AS 28.22.021 - 28.22.041, the department shall suspend the driver's license of that person for the following periods:

(1) not less than 90 days if, within the preceding 10

1 years, the person has not had a driver's license suspended for vio  
2 lation of AS 28.22.011 or former AS 28.22.200;

3 (2) not less than one year if, within the preceding 1  
4 years, the person has had a driver's license suspended one or mor  
5 times for violation of AS 28.22.011 or former AS 28.22.200.

6 (b) The suspension shall be consecutive to any other suspensio  
7 required by law or imposed by a court.

8 (c) The department may grant limited license privileges for worl  
9 purposes only to a person whose license has been suspended under thi  
10 section if

11 (1) the person has filed proof of financial responsibility  
12 for the future as required by AS 28.22.071;

13 (2) the person's license has not been suspended two or more  
14 times under this section or former AS 28.22.240 in the preceding 10  
15 years;

16 (3) the department determines that the person's ability to  
17 earn a livelihood would be severely impaired if a limited license  
18 privilege is not granted; and

19 (4) the department determines that a limitation can be  
20 placed on the license that will enable the person to earn a livelihood  
21 without excessive danger to the public.

22 (d) When imposing a limitation under this section the department  
23 shall

24 (1) require the surrender of the driver's license; and

25 (2) issue to the licensee a certificate valid for the  
26 duration of the limitation.

27 (e) After the termination of a limitation as shown on the cer-  
28 tificate issued under (d) of this section, the license of a person on  
29 whom a limitation was imposed is suspended until the person receives a

new license under AS 28.15.211(c).

(f) The department shall notify the licensee that the suspension becomes effective 30 days from the date of the notice and that the licensee has the right, within the 30-day period, to make an oral or written answer controverting any point or issue, or to present evidence and arguments for the consideration of the department.

(g) Upon receipt of an oral or written answer from the licensee the department shall make findings on the matter under consideration within 15 days and shall notify the person involved of its decision in writing by certified or registered mail. If the department's decision is to sustain an action against the licensee's driver's license, the department shall notify the licensee of the opportunity for a hearing under AS 28.05.121 - 28.05.141. Suspension of a person's license is stayed until final disposition of the hearing under this section.

Sec. 28.22.061. FALSIFICATION OF INFORMATION. A person who provides information required under AS 28.22.021 - 28.22.051 with criminal negligence and with the intent to mislead a public servant in the performance of a duty is guilty of a class A misdemeanor.

Sec. 28.22.071. PROOF FOR THE FUTURE. (a) A person whose license is suspended under AS 28.22.051 shall file proof of financial responsibility for the future under AS 28.20 before full driving privileges may be restored or limited license privileges are granted under AS 28.22.051(c).

(b) A filing of proof of financial responsibility under AS 28.20 shall be required for a period of three years following expiration of the suspension of license under AS 28.22.051.

## ARTICLE 2. GENERAL POLICY PROVISIONS.

Sec. 28.22.101. GENERAL COVERAGE REQUIREMENTS; POLICY LIMITS.

(a) An owner's motor vehicle liability policy must designate by

description or appropriate reference the motor vehicles that it covers and insure the person named against loss from the liability imposed by law for damages that arise from the ownership, maintenance, or use of a designated motor vehicle.

(b) An operator's motor vehicle liability policy must insure the person named as insured against loss from the liability imposed by law for damages that arise from the use by the operator of a motor vehicle not owned by the operator.

(c) A personal motor vehicle liability policy must insure the person named as insured against loss from liability imposed by law for damages that arise from the ownership, maintenance, or use by the named person of a motor vehicle whether owned or not owned by the person.

(d) A motor vehicle liability policy must provide coverage in the United States or Canada, subject to limits exclusive of interest and costs, with respect to each vehicle, as follows:

(1) \$50,000 because of bodily injury to or death of one person in one accident, and, subject to the same limit for one person, \$100,000 because of bodily injury to or death of two or more persons in one accident; and

(2) \$25,000 because of injury to or destruction of property of others in one accident.

(e) A motor vehicle liability policy must provide coverage under AS 28.22.201 - 28.22.231 in the amounts set out in (d) of this section for the protection of the persons insured under the policy who are legally entitled to recover damages from the owner or operator of an uninsured or underinsured motor vehicle because of bodily injury or death, or damage to or destruction of property arising out of the ownership, maintenance, or use of the uninsured or underinsured motor

vehicle.

(f) A motor vehicle liability policy must state the name and address of the named insured and meet the requirements of AS 21.42.-160 - 21.42.170. In the absence of specific contract language or endorsement, the motor vehicle liability policy issued for a person in this state is presumed to meet the minimum requirements of (d) of this section.

Sec. 28.22.111. POLICY PROVISIONS THAT ARE IMPLIED. A motor vehicle liability policy is subject to the following provisions which do not need to be set out in the policy:

(1) satisfaction by the insured of a judgment for injury or damages is not a condition precedent to the right or duty of the insurance carrier to make payment on account of injury or damage;

(2) the insurance carrier may settle a claim covered by the policy, and if settlement is made in good faith, the amount of settlement is deductible from the limits of liability specified in AS 28.-22.101;

(3) the policy, the written application for the policy, if any, and every rider or endorsement that does not conflict with the provisions of this chapter constitute the entire contract between the parties.

Sec. 28.22.121. EXCESS OR ADDITIONAL COVERAGE. (a) A policy that grants the coverage required for a motor vehicle liability policy may also grant lawful coverage in excess of or in addition to the coverage specified for a policy and the excess or additional coverage is not subject to the provisions of this chapter. With respect to a policy that grants excess or additional coverage, the term "motor vehicle liability policy" applies only to that part of the coverage that is required by this chapter.

1 (b) A policy is excluded from the application of this chapter if  
2 the automobile or motor vehicle liability coverage is provided only on  
3 an excess or umbrella basis.

4 Sec. 28.22.131. PRORATION. A motor vehicle liability policy may  
5 provide for proration of the insurance with other valid and collect-  
6 ible insurance.

7 Sec. 28.22.141. OTHER REQUIREMENTS OF POLICY. (a) A policy is  
8 not effective under AS 28.22.101 unless it is issued by an insurance  
9 company or surety company authorized to do business in this state,  
10 except as provided in (b) of this section.

11 (b) A policy is not effective under AS 28.22.101 with respect to  
12 a vehicle not registered in the state or a vehicle that was registered  
13 in another jurisdiction on the effective date of the policy or the  
14 most recent renewal of it, unless the insurance or surety company  
15 issuing the policy is authorized to do business in the state, or if  
16 the company is not authorized to do business in the state, unless it  
17 executes a power of attorney authorizing the director of the division  
18 of insurance to accept service of process on its behalf in an action  
19 upon the policy arising out of the accident.

20 (c) The requirements for a motor vehicle liability policy may be  
21 fulfilled by the policies of one or more insurance carriers that to-  
22 gether meet the requirements.

23 (d) A binder issued pending the issuance of a motor vehicle  
24 liability policy fulfills the requirements for a policy.

25 ARTICLE 3. UNINSURED AND UNDERINSURED MOTORISTS COVERAGE.

26 Sec. 28.22.201. GENERAL POLICY PROVISIONS. (a) The uninsured  
27 and underinsured motorists coverage required under this chapter

28 (1) does not apply to bodily injury, sickness, disease, or  
29 death of an insured or damage to or destruction of property of an

insured until the limits of liability bonds and policies that apply  
have been used up by payments or judgments or settlements;

(2) must be a single combined coverage; and

(3) may be rejected by the insured in writing; if the insured has rejected uninsured or underinsured coverage, the coverage may not be included in a supplemental, renewal or replacement policy unless the insured subsequently requests uninsured or underinsured coverage in writing.

(b) If both the owner and operator of a vehicle are unknown, payment under the uninsured and underinsured motorists coverage may be made only where direct contact between the motor vehicles has occurred. A vehicle and operator that have left the scene of an accident with another vehicle are presumed to be uninsured if the insured person reports the accident to the appropriate authorities within 24 hours.

(c) The uninsured and underinsured motorists coverage for damage to or destruction of property is subject to a deductible of \$250 in any one accident, but the insurer may offer a deductible other than \$250. This coverage shall be limited to damage to or destruction of the covered motor vehicle. It may not include loss of use of such vehicle.

Sec. 28.22.211. MAXIMUM LIABILITY OF CARRIER. (a) The maximum liability of the insurance carrier under the uninsured and underinsured motorists coverage required under this chapter is the difference between the coverage limit of liability and the amount paid to the insured by or on behalf of the uninsured and underinsured motorist.

(b) Amounts payable under the uninsured motorists and underinsured motorists coverage required under this chapter shall be reduced by

1 (1) amounts paid or to be paid under any workers' compensa-  
2 tion law;

3 (2) amounts paid or payable under any valid and collectible  
4 automobile medical payments insurance or bodily injury or death lia-  
5 bility insurance; and

6 (3) amounts paid by or on behalf of the uninsured or under-  
7 insured motorist.

8 Sec. 28.22.221. POLICY COVERAGE AND PRIORITIES. If an insured  
9 is entitled to uninsured or underinsured motorists coverage under more  
10 than one motor vehicle liability insurance policy, or under more than  
11 one coverage if two or more vehicles are insured under one policy, the  
12 maximum amount an insured may recover may not exceed the highest limit  
13 of any one policy or coverage. Where multiple policies or coverages  
14 apply, payment shall be made in the following order of priority,  
15 subject to the limit of liability for each applicable policy or cover-  
16 age:

17 (1) a policy or coverage covering a motor vehicle occupied  
18 by the injured person at the time of the accident;

19 (2) a policy or coverage covering a motor vehicle that came  
20 into contact with the insured while a pedestrian; and

21 (3) a policy or coverage covering a motor vehicle not  
22 involved in the accident with respect to which the injured person is  
23 an insured or a named insured.

24 Sec. 28.22.231. POLICY COVERAGE EXCLUSIONS. The uninsured and  
25 underinsured motorists coverage required under this chapter does not  
26 apply to bodily injury or death or damage to or destruction of pro-  
27 perty of an insured

28 (1) while occupying a motor vehicle owned by, but not  
29 insured by, the named insured or the insured's spouse or relative

residing in the same household; or

(2) through being struck by a vehicle owned by the named insured or the insured's spouse or relative residing in the same household.

#### ARTICLE 4. MISCELLANEOUS PROVISIONS.

Sec. 28.22.301. POLICY INTERPRETATION. A provision in this chapter may not be interpreted to prohibit a motor vehicle liability policy from including limitations, conditions, exceptions, exclusions, or other provisions that do not violate the requirements of this chapter or other applicable laws.

Sec. 28.22.311. DEFINITION. In this chapter, "motor vehicle liability policy" means an owner's policy, an operator's policy, or a personal policy that

(1) meets the requirements of AS 28.22.101; and

(2) is issued by an insurance carrier authorized to transact business in the state to or for the benefit of the person named as insured.

Sec. 28.22.321. SHORT TITLE. This chapter may be cited as the Alaska Mandatory Automobile Insurance Act.

\* Sec. 2. AS 21.36 is amended by adding a new section to read:

Sec. 21.36.045. NOTICE OF LIMITED MOTOR VEHICLE INSURANCE. (a) An insurance policy that provides coverage only against property damage to a motor vehicle and that does not provide liability coverage required under AS 28.22.101(d) must contain the following statement printed in bold face type: "This policy provides insurance only against damage to the motor vehicle. This policy does not insure against bodily injury, death, or property damage liability and does not satisfy the mandatory motor vehicle liability insurance requirements of AS 28.22.011."

(b) If the insured under a policy described in (a) of this section is not the owner of the motor vehicle, the insurer shall provide a copy of the policy to the owner.

\* Sec. 3. AS 21.89.020(a) is amended to read:

(a) An automobile liability policy that insures an owner or operator of a motor vehicle against loss resulting from liability for bodily injury or death, or for property injury or destruction, or both, that is sold in the state, must [SHALL] contain limits in at least the amount prescribed for a motor vehicle liability policy in AS 28.20.440 or AS 28.22.101.

\* Sec. 4. AS 21.89.020(c) is amended to read:

(c) An insurance company offering automobile liability insurance in this state for bodily injury or death shall offer coverage prescribed in AS 28.20.440 and 28.20.445, or AS 28.22, with limits equal to at least the limit purchased voluntarily to cover the insured person's liability for bodily injury or death, for the protection of the persons insured under the policy who are legally entitled to recover damages for bodily injury or death from owners or operators of uninsured or underinsured motor vehicles. The limit written may not be less than the limit in AS 28.20.440 or AS 28.22.101.

\* Sec. 5. AS 21.89.020(d) is amended to read:

(d) An insurance company offering automobile liability insurance in this state for injury to or destruction of property shall offer coverage prescribed in AS 28.20.440 and 28.20.445, or AS 28.22, with limits not less than those prescribed in AS 28.20.440 or AS 28.22.101. to cover the insured person's liability for injury to or destruction of property, for the protection of the persons insured under the policy who are legally entitled to recover damages for injury to or destruction of the covered motor vehicle from owners or operators of

uninsured or underinsured motor vehicles.

\* Sec. 6. AS 21.89.020 is amended by adding new subsections to read:

(f) An automobile liability insurance policy must provide

(1) that all expenses and fees, not including counsel fees, incurred because of arbitration or mediation shall be paid as determined by the arbitrator;

(2) liability coverage in the amount set out in AS 28.22.-101(d) for motor vehicles rented in the United States or Canada by a person insured under the policy;

(3) physical damage coverage for motor vehicles rented in the United States or Canada, if the policy provides physical damage coverage; if the insured declines physical damage coverage the insurer shall offer physical damage coverage for rented vehicles.

(g) An insurance company offering automobile liability insurance in this state shall offer a short term policy valid for no more than seven days. The coverage available for the short term policy must be comparable to coverage available for longer term policies.

\* Sec. 7. AS 28.10.021 is repealed and reenacted to read:

Sec. 28.10.021. APPLICATION FOR REGISTRATION. (a) The owner of a vehicle subject to registration shall apply for registration under this chapter by properly completing the form prescribed by the commissioner under AS 28.05.041. Before the issuance of a certificate of registration by the department, the owner shall

(1) pay all registration fees and taxes required under this chapter and federal heavy vehicle use taxes required under 26 U.S.C. 4481 (Internal Revenue Code of 1954);

(2) unless the owner qualifies as a self-insurer under AS 28.20.400 or is exempted from obtaining liability insurance under AS 28.22.011, certify to the department the existence of a motor

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vehicle liability policy that complies with AS 28.22.011 for the vehicle being registered; in this paragraph, "certify" means to indicate by check-off on the vehicle registration form prescribed by the department the existence of a policy of insurance, if a policy is required at that time, and the intention to continue the policy or obtain a policy as required by this subsection; and

(3) comply with other applicable statutes and regulations.

(b) At the time of application for registration or renewal of registration, the department shall provide the applicant written information explaining the state's financial responsibility and mandatory motor vehicle insurance laws and applicable penalties for failure to comply with those laws.

(c) An employee of the department who processes an application for registration or renewal of registration, other than an application received by mail, shall ask the applicant orally whether the applicant wishes to execute an anatomical gift. The department shall make known to all applicants the procedure for executing a gift under AS 13.50 (Uniform Anatomical Gifts Act) by displaying posters in the offices in which applications are taken, by providing a brochure or other written information to each person who applies in person or by mail, and, if requested, by providing oral advice.

\* Sec. 8. AS 28.10.041(a) is amended to read:

(a) The department may refuse to register a vehicle if

(1) the application contains a false or fraudulent statement;

(2) the applicant fails to furnish information required by the department;

(3) the applicant is not entitled to the issuance of a certificate of title or registration under this chapter;

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(4) the vehicle is determined to be mechanically unsafe to be driven or moved on a highway, vehicular way or area, or other public property in the [THIS] state;

(5) the department has reasonable grounds to believe that the vehicle was stolen or fraudulently acquired or that the granting of registration would be a fraud against the rightful owner or other person having a valid lien upon the vehicle;

(6) the registration of the vehicle has been suspended or revoked for any reason under the laws of the [THIS] state;

(7) the required fees or taxes have not been paid;

(8) the vehicle or applicant fails to comply with this chapter or regulations implementing [AUTHORIZED BY] this section;

(9) the vehicle is without a certificate of inspection required under AS 28.32.010;

(10) the vehicle is subject to a state-approved local emission inspection program adopted by municipal ordinance under AS 46.-03.210; and the vehicle does not meet the standards of that program, unless the vehicle uses a fuel source that does not primarily emit carbon monoxide;

(11) the applicant fails to certify to the department the existence of a motor vehicle liability policy that complies with AS 28.22.101 for the vehicle being registered unless the owner of the vehicle qualifies as a self-insurer under AS 28.20.400 or is exempted from obtaining liability insurance under AS 28.22.011.

\* Sec. 9. AS 28.10.051 is amended by adding a new subsection to read:

(b) Unless the owner qualifies as a self-insurer under AS 28.-20.400, or is exempted from obtaining liability insurance under AS 28.22.011, the department may suspend or revoke the registration of a vehicle that is not insured by a motor vehicle liability policy that

complies with AS 28.22.101.

\* Sec. 10. AS 28.10.421(c) is amended to read:

(c) The annual registration fees under this subsection are imposed and are based upon the actual unladen weight as established by the manufacturer's advertised weight or upon the actual weight which the owner shall furnish, subject to the approval of the commissioner or the commissioner's representative, for a vehicle, including a motor vehicle pulling a trailer or semi-trailer, used or maintained for the transportation of passengers for hire, excepting taxicabs and buses under (b) of this section, or for the transportation of property for hire or for other commercial use, including a commercial vehicle such as a trailer, semi-trailer, truck, wrecker, tow car, hearse, ambulance, and tractor, as follows:

(1) up to and including 5,000 pounds . . . . . \$51 [\$50];

(2) more than 5,000 pounds to and including 12,000 pounds  
. . . . . \$36 [\$85];

(3) more than 12,000 pounds to and including 18,000 pounds  
. . . . . \$156 [\$155];

(4) more than 18,000 pounds . . . . . \$221 [\$220].

\* Sec. 11. AS 28.10.421 is amended by adding a new subsection to read:

(g) The fees collected by the department under this section shall be deposited in the general fund. The Department of Administration shall separately account for three percent of the fees collected under this section and deposited in the general fund. The annual estimated balance in the account may be used by the legislature to make appropriations for administration of AS 28.10.021(a) and AS 28.22 (Alaska Mandatory Automobile Insurance Act).

\* Sec. 12. AS 28.15.061 is amended by adding a new subsection to read:

(f) At the time of application for a driver's license or an

instruction permit, or renewal of a driver's license or an instruction permit, the department shall provide the applicant written information explaining the state's financial responsibility and mandatory motor vehicle insurance laws and potential penalties for failure to comply with those laws.

\* Sec. 13. AS 28.15.081(a) is repealed and reenacted to read:

(a) The department shall examine every applicant for a driver's license. The examination must include a test of the applicant's (1) eyesight, (2) ability to read and understand official traffic control devices, (3) knowledge of safe driving practices, (4) knowledge of the effects of alcohol and drugs on drivers and the dangers of driving under the influence of alcohol or drugs, (5) knowledge of the laws on driving while intoxicated, (6) knowledge of the laws on financial responsibility and mandatory motor vehicle liability insurance, and (7) knowledge of the traffic laws and regulations of the state. The examination may include a demonstration of ability to exercise ordinary and reasonable control in the driving of a motor vehicle of the type and general class of vehicles for which the applicant seeks a license. However, an applicant who has not been previously issued a driver's license by this or another jurisdiction shall demonstrate ability and shall present medical information that the department reasonably requires to determine fitness to safely drive a motor vehicle of the type and general class of vehicles for which the applicant seeks a license.

\* Sec. 14. AS 28.15.255(c) is amended to read:

(c) In this section, the term "proof of financial responsibility [FOR THE FUTURE]" has the meaning given in AS 28.20.630 [AS 28.20.-230(b)] and may be established as provided in AS 28.20.

\* Sec. 15. AS 28.20.400(a) is amended to read:

1 (a) A person in whose name more than 25 vehicles are registered  
2 in this state may qualify as a self-insurer by obtaining a certificate  
3 of self-insurance issued by the department as provided in (b) of this  
4 section. A person in whose name fewer than 25 vehicles are registered  
5 qualifies as a self-insurer and shall be issued a certificate of  
6 self-insurance, if the person provides proof satisfactory to the  
7 department that the person has and will continue to have the ability  
8 to pay a judgment for property damage, bodily injury, or both, in the  
9 amount of at least \$125,000.

10 \* Sec. 16. AS 28.20.630 is amended to read:

11 Sec. 28.20.630. DEFINITIONS [DEFINITION]. In this chapter,  
12 unless the context otherwise requires,

13 (1) "judgment" ["JUDGMENT"] means a judgment that [WHICH]  
14 is final by expiration without appeal of the time within which an  
15 appeal may be taken, or final by affirmation on appeal, given by a  
16 court of a [ANY] state or of the United States, upon a cause of action  
17 arising out of the ownership, maintenance, or use of a vehicle of a  
18 type subject to registration under the laws of this state, for dam-  
19 ages, including damages for care and loss of services, because of  
20 bodily injury to or death of a person, or for damages because of  
21 injury to or destruction of property, including the loss of use of  
22 property, or upon a cause of action on an agreement of settlement for  
23 such damages;

24 (2) "proof of financial responsibility" means an owner's  
25 motor vehicle liability policy that covers all vehicles owned by the  
26 person that are subject to registration in this state, or if the  
27 person does not own a vehicle, proof required under AS 28.20.390.

28 \* Sec. 17. Sections 2 and 6 of this Act apply to automobile liability  
29 insurance policies entered into or renewed on or after January 1, 1990.

\* Sec. 18. AS 28.20.230(b) is repealed.

\* Sec. 19. Sections 7, 8, and 10 of this Act take effect January 1, 1990.

\* Sec. 20. Except for secs. 7, 8, and 10 of this Act, this Act takes effect immediately under AS 01.10.070(c).

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# HOUSE LABOR AND COMMERCE COMMITTEE

ALASKA STATE LEGISLATURE

P.O. BOX Y, JUNEAU 99811

(907) 465-3892



January 11, 1989

## M E M O R A N D U M

To: Representative Ron Larson, Co-Chair  
Representative Lyman Hoffman, Co-Chair  
Members, House Finance Committee

From: Representative Dave Donley, Chair  
House Labor and Commerce Committee

Re: Fiscal implications of HB 44 - Mandatory Automobile Insurance

The House Labor and Commerce Committee has asked that I communicate to the House Finance Committee our request that you consider amending HB 44 so that vehicle registration fees are raised for all vehicles, thereby making the measure a revenue generating bill.

Our Committee is particularly concerned, should the Finance Committee chose to amend the bill in this way, that a more concrete method be explored to insure that the additional revenue generated by such action be directed to pay for the costs of administering and enforcing Alaska's mandatory automobile insurance law.

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y STATE CAPITOL  
JUNEAU ALASKA 99801  
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

January 11, 1989

SUBJECT: Motor vehicle liability insurance  
CSHB 44(L&C)

TO: Representative Dave Donley

FROM: Michael F. Ford *M.F.*  
Legislative Counsel

The following is a sectional analysis of CSHB 44(L&C), establishing mandatory motor vehicle liability insurance.

Section 1 -

sec. 28.22.011 - Establishes that mandatory liability insurance is required for certain drivers, and establishes an exception from the insurance requirements for certain rural areas.

sec. 28.22.021 - Provides that certain persons involved in an accident or who violate a traffic law are required to show proof of liability insurance.

sec. 28.22.031 - Establishes the method of proof following an accident that a person is required to follow, if required under sec. 28.22.021(1) to show proof of insurance.

sec. 28.22.041 - Establishes the method of proof following a citation for a moving traffic violation, if proof of insurance is required under sec. 28.22.021(2).

sec. 28.22.051 - Requires the department to suspend the driver's license of a person who fails to provide proof of insurance as required under sec. 28.22.021 - 28.22.041, and establishes periods of suspension.

sec. 28.22.061 - Provides that a person who provides false information concerning required insurance coverage, is guilty of a class A misdemeanor.

sec. 28.22.071 - Establishes a requirement that certain persons file proof of financial responsibility for the future before having their driving privileges restored.

sec. 28.22.101 - Establishes minimum general liability insurance policy coverage and limits for owners and operators of motor vehicles.

sec. 28.22.111 - Establishes implied policy provisions that are not required to be set out in the policy.

sec. 28.22.121 - Provides that a liability insurance policy may grant coverage in excess of coverage required for the insurance.

sec. 28.22.131 - Allows a liability insurance policy to be prorated with other valid insurance.

sec. 28.22.141 - Imposes additional requirements before an insurance policy is considered to meet the mandatory insurance requirements imposed under AS 28.22.

sec. 28.22.201 - Establishes general policy provisions for uninsured and underinsured coverage.

sec. 28.22.211 - Establishes the maximum liability of the insurer for required uninsured and underinsured coverage.

sec. 28.22.221 - Provides for policy coverage when an insured is entitled to coverage under more than one policy and establishes priority for payment.

sec. 28.22.231 - Establishes exceptions to uninsured and underinsured coverage.

sec. 28.22.301 - Provides that an insurance policy may contain limitations or conditions that do not violate state law.

sec. 28.22.311 - Definition.

sec. 28.22.321 - Short title of the chapter.

Section 2 - Requires that an insurance policy that provides coverage only against property damage, contain a notice that the coverage does not satisfy the mandatory insurance requirements of state law.

Section 3 - Requires that automobile insurance must contain coverage limits as required in AS 28.20.440 and AS 28.22.-101.

Section 4 - Technical amendment concerning bodily injury or death coverage.

Section 5 - Technical amendment concerning property damage coverage.

Section 6 - Imposes additional requirements concerning arbitration or mediation, rental care insurance and short term coverage, for automobile liability insurance policies.

Section 7 - Establishes procedures for motor vehicle registration. Requires the vehicle owner to certify the existence of valid liability insurance.

Section 8 - Allows the department to refuse to register a vehicle if the applicant fails to certify the existence of motor vehicle insurance that complies with state law.

Section 9 - Gives the department the authority to suspend or revoke the registration of a vehicle if the owner fails to obtain insurance required by law.

Section 10 - Increases the annual motor vehicle registration fees.

Section 11 - Requires separate accounting for certain fees collected by the department.

Section 12 - Requires the department to provide financial responsibility and insurance information to an applicant for a driver's license.

Section 13 - Establishes requirements for obtaining a driver's license.

Section 14 - Definition.

Section 15 - Establishes requirements for qualifying as a self-insurer.

Section 16 - Definitions.

Section 17 - Applicability section.

Representative Dave Donley  
Page 4  
January 11, 1989

Section 18 - Repealer.

Section 19 - Effective date.

Section 20 - Effective date.

MFF:gc  
WKG5/067

Enclosure

# HOUSE LABOR AND COMMERCE COMMITTEE

ALASKA STATE LEGISLATURE

P.O. BOX Y, JUNEAU 99811

(907) 465-3892

January 11, 1989

## M E M O R A N D U M

To: Members, House Finance Committee

From: Representative Dave Donley, Chair  
House Labor and Commerce Committee

Re: HB 44 - Mandatory Automobile Insurance

There is a House Labor and Commerce Committee CS for HB 44 in your file. The CS addresses issues raised in the attached letter from Governor Cowper, clarifies provisions dealing with rental cars in the original HB 44, and amends language regarding falsification of information as it concerns automobile insurance requirements.

The changes in the CS:

1. Inserts a January 1, 1990 effective date for Section 7 (requiring a driver to certify that they have insurance when registering a vehicle) and Section 8 (allowing the Department to deny registration unless the driver certifies that they have insurance) to give the Department enough time to prepare new vehicle registration forms. This change was requested by the Governor.
2. Inserts a January 1, 1990 effective date for Section 10 (raising the registration fee by one dollar for commercial vehicles that do not carry passengers), again to allow the Department time to prepare the necessary forms and to change the fee schedule. This change was requested by the Department.
3. Clarifies the rental car provisions to include all automobile insurance. HB 44, as filed, extends any automobile insurance required by law when a policyholder rents a car. The problem is that Alaska law only requires liability insurance and physical damage insurance for the other vehicle/s. Without the amended language in the CS, an insurance policy would not cover physical damage to a rental car even if the policy contained such coverage in Alaska. The CS corrects this problem and further requires an insurer to offer physical damage coverage for rental cars when an insured declines physical damage coverage for their own car. This language was requested by the Division of Insurance.
4. Amends the falsification of information section (Sec. 28.22.051) so that: "A person who provides information required under As 28.22.021 - 28.22.041 (THAT THE PERSON DOES NOT BELIEVE TO BE TRUE) with criminal negligence and

with the intention to deceive a public servant in the performance of a duty is guilty of a class A misdemeanor."

The Governor and the Department also requested that the House Labor and Commerce CS delete language in the existing law requiring a person to show proof of insurance when they have committed a violation or combination of violations that result in six or more points against their license. The reasoning behind this deletion is explained in the Governor's letter. The House Labor and Commerce Committee chose not to delete this language.

# REPRESENTATIVE DAVE DONLEY

ALASKA STATE LEGISLATURE  
DISTRICT ELEVEN • SPENARD  
SEAT A

HEATHER MEADOWS • NORTHWOOD • SPENARD • THOMPSON • TURNAGAIN • UPPER MIDTOWN • WINDEMERE

3111 "C" STREET, SUITE 450  
ANCHORAGE, ALASKA 99503  
(907) 561-7629



January 11, 1989

CHAIRMAN  
LABOR AND COMMERCE COMMITTEE

## MEMORANDUM

To: Members, House Finance Committee

From: Representative Dave Donley

Re: HB 44 (1989) - Alaska's Mandatory Automobile Insurance Program

MEMBER  
STATE AFFAIRS COMMITTEE  
HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE  
HOUSING AND BANKING SUBCOMMITTEE  
FINANCE BUDGET SUBCOMMITTEE  
DEPT. OF COMMERCE AND  
ECONOMIC DEVELOPMENT

HB 44 reinstates Alaska's Mandatory Automobile Insurance Program, which sunsetted on January 1, 1989. In addition to reinstating the program, HB 44 contains the same changes to current law that were included in the Senate Finance Committee Substitute for HB 44 (1988 version):

1. Proof of insurance "up front" - Requires persons to certify by a check-off on the annual vehicle registration form that they have insurance or will purchase insurance when required by law. (Section 7 - AS 28.10.021(a)(2)).
2. Amends arbitration policy - Requires that arbitration clauses allow the arbitrator to award all or part of costs to either side as opposed to current policies that require arbitration costs to be shared equally by both parties, regardless of the outcome of the arbitration decision. (Section 6 - AS 21.89.020(f)).
3. Generates revenue to pay for administration - Raises the registration fee for commercial vehicles that do not carry passengers by one dollar, thereby generating about \$50,000 a year which the Department estimates is enough to fund the position required to handle any problems with mail-in registrations caused by the new insurance check-off requirement. (Section 10 - AS 28.10.421(c)).
4. Program receipts - Requires the Department to separately account for program receipts so that they may be appropriated by the Legislature from the General Fund. (Section 11 - AS 28.10.421(g)).
5. Clarifies financial responsibility law - Corrects a loophole in the existing financial responsibility law identified by recent court cases. Clarifies that insurance must cover all vehicles owned and/or operated by a person required to satisfy the financial responsibility restrictions. (Section 16 - AS 28.20.630(2)).
6. Consumer notification - Requires insurance policies to state in bold face type if a policy does not satisfy requirements of Alaska's Mandatory Automobile Insurance Law. (Section 2 - AS 21.36.045(a)).

7. Protects employees - Places responsibility for obtaining and maintaining automobile insurance on an employer/vehicle owner as opposed to an employee/driver. (Section 1 - AS 28.22.011(c)).
8. Repeals redundant language - Repeals language defining "proof of financial responsibility for the future". This definition is now contained in AS 28.20.630(2). (Section 18 - AS 28.20.230(b)).
9. Self-Insurers - Expands the conditions under which an individual or small company can become a self-insurer and still meet the minimum liability requirements under the law. (Section 15 - AS 28.20.400(a)).
10. Rental cars - Requires insurers to extend policy coverage to their customers for rental cars in the United States and Canada. (This language is new to the 1989 version of HB 44). (Section 1 - AS 28.22.101(g)).
11. Minimum policy times - Requires insurers to offer a minimum seven day policy for customers who want to purchase short-term coverage. (This language is new to the 1989 version of HB 44 - Current limit is 30 days). (Section 6 - AS 21.89.020(g)).
12. Short Title - Creates a short title of "Alaska Mandatory Automobile Insurance Law". (Section 1 - AS 28.22.321).
13. Effective dates - Section 2 (Notice when policy fails to provide required coverage) and Section 6 (Changes in arbitration clause and establishing a 7 day minimum policy) are effective for policies renewed or entered into on or after January 1, 1990. (Section 17) The rest of the act is effective immediately. (Section 19).

# REPRESENTATIVE DAVE DONLEY

ALASKA STATE LEGISLATURE  
DISTRICT ELEVEN • SPENARD  
SEAT A

HEATHER MEADOWS • NORTHWOOD • SPENARD • THOMPSON • TURNAGAIN • UPPER MIDTOWN • WINDEMERE

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CHAIRMAN

LABOR AND COMMERCE COMMITTEE

MEMBER

STATE AFFAIRS COMMITTEE

HEALTH, EDUCATION AND  
SOCIAL SERVICES COMMITTEE

HOUSING AND BANKING SUBCOMMITTEE

FINANCE BUDGET SUBCOMMITTEE  
DEPT. OF COMMERCE AND  
ECONOMIC DEVELOPMENT

January 11, 1989

## MEMORANDUM

To: Members, House Finance Committee

From: Representative Dave Donley

Re: HB 44 - Alaska's Automobile Insurance Program

HB 44, an act reinstating Alaska's mandatory automobile insurance program, is before the House Finance Committee today.

Alaska law has required motorists to have liability insurance since the program was first adopted in 1984. Prior to the adoption of the law, it was estimated that between twenty and forty percent of the drivers on the road were uninsured. Since passage, the Department of Public Safety estimates that less than ten percent of our drivers are uninsured - one of the best rates in the nation.

HB 44 was the first bill to pass the House in 1988 and it went on to pass the Senate State Affairs, Judiciary and Finance Committee and was finally referred to Senate Rules in the last weeks of the session. The law sunsetted on January 1, 1989 because the Senate failed to take up HB 44 prior to adjournment. Alaska is the only state to take this step backwards.

Our automobile insurance program is enormously popular with recent polls indicating that over eighty percent of Alaskan support the law and most want it strengthened by requiring some proof of insurance in order to register a vehicle. HB 44 does that. It also makes several other changes to the law to protect consumers, streamline enforcement, and to reduce the paperwork burden on the Department. These changes are explained in the attached memorandum.

It is critical that HB 44 pass into law as early as possible in order to minimize the problems caused by the sunset. I ask for your positive consideration today.

STEVE COWPER  
GOVERNOR

STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

January 5, 1989

The Honorable Dave Donley  
Alaska State Representative  
P.O. Box V  
Juneau, AK 99811

Dear Dave,

The Mandatory Insurance Law that sunsets January 1, 1989 was effective in reducing the number of uninsured vehicles on Alaska's roads. The law was also a cost effective way to administer the compulsory insurance law. I would support re-enactment of legislation similar to the current Mandatory Insurance Law with an immediate effective date.

When re-enacting the current Mandatory Insurance Law, I would like to recommend that the section of the law requiring the Department of Public Safety to suspend the licenses of individuals with a violation of six or more points, who do not show proof of insurance, be deleted. Due to a reduction in personnel, the Division of Motor Vehicles (DMV) discontinued administering this section of the law on July 1, 1987. This had a tremendous impact on the reduction of paperwork; however, it did not appear to have a detrimental effect on the number of uninsured drivers. In fact, the number of uninsured drivers in accidents continued to decline from 9.7 percent in 1987 to 8.3 percent in 1988. By deleting this section of the existing law, the DMV would essentially be requiring proof of insurance after an accident.

My recommendation that the section of the law concerning a six or more point violation be deleted is due to the fact that experience has reflected that the majority of individuals suspended under this provision of the Mandatory Insurance Law were also having their license suspended or revoked under a different section of law (i.e., Driving While Intoxicated, Driving While Suspended, Point Accumulation, etc.). Additionally, it is important to note that following any driver license suspension or revocation, an individual is required to file proof of future insurance (SR-22) before they can be relicensed. This proof of insurance is required for the three years after an individual is eligible to be re-licensed.

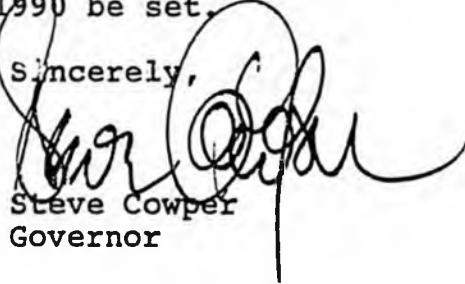
The Honorable Dave Donley - 2 -

January 5, 1989

I would support compulsory insurance at the time of registration as outlined in the final version of House Bill 44 last year.

However, if certification of insurance at the time of registration is enacted, the Department of Public Safety would need some lead time to order new forms and prepare for the new law. I would suggest that for any sections requiring a change in procedure or new forms that an effective date of January 1, 1990 be set.

Sincerely,



Steve Cowper  
Governor

FISCAL NOTE

REQUEST:

Revision Date: 1/31/89 Agency Affected: Public Safety  
 Title: An Act relating to motor vehicle liability insurance BRU: Motor Vehicles  
 Sponsor: Rep. Donley Component: Driver & Field Services  
 Requestor: Senate L&C

EXPENDITURES/REVENUES: (Thousands of Dollars) (Inflation not included)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	31.0	109.1	125.4	125.4	92.8	92.8
TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
CONTRACTUAL	3.9	9.4	10.7	10.7	8.2	8.2
SUPPLIES	.2	.7	.8	.8	.5	.5
EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
LAND & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
GRANTS, CLAIMS	-0-	-0-	-0-	-0-	-0-	-0-
MISCELLANEOUS	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL OPERATING	35.1	119.2	136.9	136.9	101.5	101.5

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE	-0-	21.6	43.2	43.2	43.2	43.2
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FUNDING: (Thousands of Dollars)

GENERAL FUND	35.1	119.2	136.9	136.9	101.5	101.5
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-	-0-
OTHER	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	35.1	119.2	136.9	136.9	101.5	101.5

POSITIONS:

FULL-TIME	3	4	4	4	3	3
PART-TIME	-0-	-0-	-0-	-0-	-0-	-0-
TEMPORARY	-0-	-0-	-0-	-0-	-0-	-0-

ANALYSIS: (Attach a separate page if necessary)

ASSUMPTION: Effective date of March 1, 1989, with exception of sections 7, 8, & 10.

PROGRAM SUMMARY: HB 44 reinstates mandatory motor vehicle liability insurance requirements, which were repealed effective January 1, 1989. HB 44 requires that a person certify, at the time of application for registration of a motor vehicle, that he or she has motor vehicle liability insurance. This is a new requirement, not present under the prior law. One Motor Vehicle Representative II position (range 9B) will be needed to screen and process registration applications submitted by mail. This position is

Prepared by: Bill Brown Phone: 465-4335  
 Division: Motor Vehicles Date: 1/31/89  
 Approved by Commissioner: A. H. English Date: 1-31-89  
 Agency: Department of Public Safety FEB 2 1989

requested for the renewal by mail program in Anchorage for the first three fiscal years after the effective date of sections 7, 8, & 10 concerning registration of motor vehicles. It is anticipated that, after the program is in effect for a couple of years, there will be less rejected applications, and the position will no longer be required. As a result of experience gained in the Emission Inspection Program, we know that the renewal by mail form will not always be adequately completed in regard to certifying insurance is in existence. Thus, some forms will need to be returned to the applicant. Of the 431,049 registrations in 1987, 99,614 were renewals by mail. It is estimated 10% of the renewals by mail will be incomplete in regard to certification of insurance.

HB 44 requires that a motorist involved in an accident or cited for a moving violation carrying a point assessment of six points or more must prove that he or she had the required insurance coverage on the date of the accident or violation. These requirements were contained in existing law, but the division has not administered the requirement in connection with six-point violations since July, 1987 due to budget limitations. To enforce this aspect of the new law three Document Processing Clerk II positions (Range 8B) are being requested to process certifications of insurance, court documents for six or more point violations, and other related documents in Juneau. The three positions will not be sufficient to totally enforce the mandatory insurance provisions, and some existing personnel will be used to assist. With these three additional staff the mandatory insurance program can be fully administered.

Two current positions devote all their time to administering the Mandatory Insurance Law, since we are still processing 1988 accident reports. If the law is reenacted the employees in these two positions will continue to perform their present duties. If the law remains repealed, one of the positions will continue to handle paperwork generated as a result of the Mandatory Insurance Law (reinstatements following suspension, SR22 insurance filings, etc.) for at least one year. The other position will be assigned to handle DWI administrative revocations, which is currently handled by a federally-funded position. The federal funding is due to expire June 30, 1989.

All suspension notices must be sent via certified mail, return receipt requested, which costs \$2.00 per notice. This is the reason for the contractual service cost. Only suspension notices for six or more point violations are included, since those for accident reports are included in the present operating budget.

The estimates of increased revenues are based on the change in fees contained in section 10 of the bill. In 1987, 43,163 vehicles were registered under AS 28.10.421(c). With section 10 being effective January 1, 1990, an estimated 21,581 would be registered in FY90.

EXPENDITURES: (FY89)

Personal Services	
3 Doc Proc Clk II, Jno, 8B	31.0
Contractual	
Postage, 1,143x2.00	2.3
Printing 4,000 suspension notices	
@ \$325 per 1,000	1.3
other forms	.3
	<u>3.9</u>

Department of Public Safety  
Fiscal Note/Analysis for:  
CSHB44(L&C)am, An Act relating to motor vehicle liability insurance...  
Page 3 of 5

Commodities

office supplies/microfilm

.2  
35.1

Three positions are budgeted for four months in FY89, and 12 months in FY90, assuming mandatory insurance effective date of March 1, 1989. One position is budgeted for six months in FY90, and 12 months in FY91 because of January 1, 1990 effective date for certifying existence of insurance at the time of registration.

Position Title Motor Vehicle Representative II		No. of Positions	Range/Step 98	Barg. Unit GGO
Time Status PFI	Staff Months 6	Location Anchorage		Election District 7-15
		Justification		
Type of Expenditure		Amount		
1	2	3		
Salary*	10,710	////////////////////		
Benefits*	5,581	////////////////////		
Premium Pay (Included in Above)	////////////////////	////////////////////		
Other	////////////////////	////////////////////		
Total Personal Services	////////////////////	16,291		
Travel				
Contractual		1,250		
Commodities		200		
Equipment				
Other				
Total Cost		17,741		
Funding Source for Total Cost				
Federal Receipts	1002			
G.F. Match	1003			
General Fund	1004	17,741		
Program Receipts/GF	1005			
I-A Receipts	1007			
CIP Receipts	1061			
Other				
* Personal Services Salary and Benefits Costs are from PACS Scenario #2.				

Process registration applications received under the mail-out renewal program. Inspect applications returned for completeness. Return applications that are incomplete with instructions on how to correct. Perform data entry for properly completed applications and send renewal registration and tabs to applicant.

Figures are for six months, because of effective date of January 1, 1990, for the sections of the bill dealing with certifying at the time of registration.

REQUEST FOR  
NEW POSITION

AGENCY Department of Public Safety  
BRU Motor Vehicles  
COMPONENT Field Services

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Revised Date

FY 90

Position Title Dococument Processing Clerk II		No. of Positions 3	Range/Step 8B	Barg. Unit GGU	
Time Status PFT	Staff Months 4	Location Juneau		Election District 4	
Type of Expenditure		Justification			
Amount		<p>These positions will process notifications from the court reflecting whether or not a person who received a 6 or more point violation submitted the proper proof of insurance. If proper proof was not shown, process file for suspension after searching Certifications of Insurance submitted directly to DMV by the defendants.</p> <p>Will also process proof of insurance filed by drivers involved in accidents. If proper proof was not submitted, process file for suspension of the driver.</p> <p>Prior to suspension, must research person's record to determine length of suspension, and calculate beginning and ending dates of the suspension.</p> <p>For accidents and six or more point violations, verify coverage submitted with insurance company on random basis.</p> <p>Maintain records on individuals who are required to file proof of financial responsibility for the future following a suspension. Generate non-comply letter when insurance cancellation is received.</p> <p>Handle correspondence generated under new self-insurance section of the law.</p> <p>Figures are for four months (March through June).</p>			
1	2				3
Salary*	20,136				////////////////////
Benefits*	10,815				////////////////////
Premium Pay (Included in Above)	////////////////////				////////////////////
Other	////////////////////				////////////////////
Total Personal Services	////////////////////				30,951
Travel					
Contractual					3,900
Commodities					200
Equipment					
Other					
Total Cost					35,051
Funding Source for Total Cost					
Federal Receipts	1002				
G.F. Match	1003				
General Fund	1004	35,051			
Program Receipts/GF	1005				
I-A Receipts	1007				
CIP Receipts	1061				
Other					
* Personal Services Salary and Benefits Costs are from PACS Scenario #2.					

REQUEST FOR  
NEW POSITION

AGENCY Department of Public Safety  
 BRU Motor Vehicles  
 COMPONENT Field Services

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 Revised Date

FY 89

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: An Act relating to motor vehicle liability insurance  
Sponsor: Rep. Donley  
Requestor: Rep. Donley

Agency Affected: Public Safety  
BRU: Motor Vehicles  
Component: Field Services

EXPENDITURES/REVENUES: (Thousands of Dollars) (Inflation not included)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	-0-	16.3	32.6	32.6	-0-	-0-
TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
CONTRACTUAL	-0-	1.2	2.5	2.5	-0-	-0-
SUPPLIES	-0-	.2	.4	.4	-0-	-0-
EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
LAND & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
GRANTS, CLAIMS	-0-	-0-	-0-	-0-	-0-	-0-
MISCELLANEOUS	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL OPERATING	-0-	17.7	35.5	35.5	-0-	-0-

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE	-0-	21.6	43.2	43.2	43.2	43.2
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FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	17.7	35.5	35.5	-0-	-0-
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-	-0-
OTHER	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	17.7	35.5	35.5	-0-	-0-

POSITIONS:

FULL-TIME	-0-	1	1	1	-0-	-0-
PART-TIME	-0-	-0-	-0-	-0-	-0-	-0-
TEMPORARY	-0-	-0-	-0-	-0-	-0-	-0-

ANALYSIS: (Attach a separate page if necessary)

PROGRAM SUMMARY: HB 44 reinstates mandatory motor vehicle liability insurance requirements, which were repealed effective January 1, 1989. HB 44 requires that a person certify, at the time of application for registration of a motor vehicle, that he or she has motor vehicle liability insurance. This is a new requirement, not present under the prior law. One Motor Vehicle Representative II position (range 9B) will be needed to screen and process registration applications submitted by mail. This position is

Prepared by: Bill Brown  
Division: Motor Vehicles

Phone: 465-4335  
Date: 1/10/89

Approved by Commissioner: Arthur English  
Agency: Department of Public Safety

Date: 1-10-89

received  
1-11-89

Department of Public Safety

Fiscal Note/Analysis for:

CSHB44(L&C), An Act relating to motor vehicle liability insurance...

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requested for the renewal by mail program in Anchorage for the first three fiscal years. It is anticipated that, after the program is in effect for a couple of years, there will be less rejected applications, and the position will no longer be required. As a result of experience gained in the Emission Inspection Program, we know that the renewal by mail form will not always be adequately completed in regard to certifying insurance is in existence. Thus, some forms will need to be returned to the applicant. Of the 431,049 registrations in 1987, 99,614 were renewals by mail. It is estimated 10% of the renewals by mail will be incomplete in regard to certification of insurance.

The estimates of increased revenues are based on the change in fees contained in section 10 of the bill. In 1987, 43,163 vehicles were registered under AS 28.10.421(c). With section 10 being effective January 1, 1990, an estimated 21,581 would be registered in FY90.

EXPENDITURES:

Personal Services	
1 Motor Veh Rep II, Anc, 9B	16.3
Contractual	
Postage, Anc, 4,980x.25	1.2
Commodities	
envelopes/office supplies	<u>.2</u>
	17.7

Expenditures for FY90 based on one-half fiscal year because of bill reflecting certifying insurance at time of registration to be effective January 1, 1990.

Position Title Motor Vehicle Representative II			No. of Positions 1	Range/Step 9B	Barg. Unit GGU
Time Status PFT	Staff Months 6		Location Anchorage		Election District 7-15
			Justification		
Type of Expenditure			Amount		
1		2	3		
Salary*		10,710	////////////////////		
Benefits*		5,581	////////////////////		
Premium Pay (Included in Above)		////////////////////	////////////////////		
Other		////////////////////	////////////////////		
Total Personal Services		////////////////////	16,291		
Travel					
Contractual			1,250		
Commodities			200		
Equipment					
Other					
Total Cost			17,741		
Funding Source for Total Cost					
Federal Receipts 1002					
G.F. Match 1003					
General Fund 1004			17,741		
Program Receipts/GF 1005					
I-A Receipts 1007					
CIP Receipts 1061					
Other					
* Personal Services Salary and Benefits Costs are from PACS Scenario #2.					

Process registration applications received under the mail-out renewal program. Inspect applications returned for completeness. Return applications that are incomplete with instructions on how to correct. Perform data entry for properly completed applications and send renewal registration and tabs to applicant.

Figures are for six months, because of effective date of January 1, 1990, for the sections of the bill dealing with certifying at time of registration.

REQUEST FOR  
NEW POSITION

AGENCY Department of Public Safety  
 BRU Motor Vehicles  
 COMPONENT Field Services

Page 3 of 3  
 Revised Date

FY 89

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: An Act relating to motor vehicle liability insurance  
Sponsor: Rep. Donley  
Requestor: Rep. Donley

Agency Affected: Public Safety  
BRU: DMV  
Component: Driver & Field Services

EXPENDITURES/REVENUES: (Thousands of Dollars) (Inflation not included)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	41.9	125.4	125.4	92.8	92.8	92.8
TRAVEL	--0--	--0--	--0--	--0--	--0--	--0--
CONTRACTUAL	4.7	10.7	10.7	8.2	8.2	8.2
SUPPLIES	.4	.8	.8	.5	.5	.5
EQUIPMENT	--0--	--0--	--0--	--0--	--0--	--0--
LAND & STRUCTURES	--0--	--0--	--0--	--0--	--0--	--0--
GRANTS, CLAIMS	--0--	--0--	--0--	--0--	--0--	--0--
MISCELLANEOUS	--0--	--0--	--0--	--0--	--0--	--0--
TOTAL OPERATING	47.0	136.9	136.9	101.5	101.5	101.5

CAPITAL	--0--	--0--	--0--	--0--	--0--	--0--
---------	-------	-------	-------	-------	-------	-------

REVENUE	14.4	43.2	43.2	43.2	43.2	43.2
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FUNDING: (Thousands of Dollars)

GENERAL FUND	46.9	136.9	136.9	101.5	101.5	101.5
FEDERAL FUNDS	--0--	--0--	--0--	--0--	--0--	--0--
OTHER	--0--	--0--	--0--	--0--	--0--	--0--
TOTAL	46.9	136.9	136.9	101.5	101.5	101.5

POSITIONS:

FULL-TIME	4	4	4	3	3	3
PART-TIME	--0--	--0--	--0--	--0--	--0--	--0--
TEMPORARY	--0--	--0--	--0--	--0--	--0--	--0--

ANALYSIS: (Attach a separate page if necessary)

ASSUMPTION: Effective date of March 1, 1989

**received**  
1-10-89

PROGRAM SUMMARY: HB 44 reinstates mandatory motor vehicle liability insurance requirements, which were repealed effective January 1, 1989. HB 44 requires that a person certify, at the time of application for registration of a motor vehicle, that he or she has motor vehicle liability insurance. This is a new requirement, not present under the prior law. One Motor Vehicle Representative II position (range 9B) will be needed to screen and process registration applications submitted by mail. This position is

JMR  
1/11/89  
Prepared by: Bill Brown  
Division: Motor Vehicles

Phone: 465-4335  
Date: 1/09/89

Approved by Commissioner: Arthur English  
Agency: Department of Public Safety

Date: 1-9-89

Department of Public Safety

Fiscal Note/Analysis for:

HB 44, An Act relating to motor vehicle liability insurance...

Page 2 of 2

requested for the renewal by mail program in Anchorage for the first three fiscal years. It is anticipated that, after the program is in effect for a couple of years, there will be less rejected applications, and the position will no longer be required. As a result of experience gained in the Emission Inspection Program, we know that the renewal by mail form will not always be adequately completed in regard to certifying insurance is in existence. Thus, some forms will need to be returned to the applicant. Of the 431,049 registrations in 1987, 99,614 were renewals by mail. It is estimated 10% of the renewals by mail will be incomplete in regard to certification of insurance.

HB 44 requires that a motorist involved in an accident or cited for a moving violation carrying a point assessment of six points or more must prove that he or she had the required insurance coverage on the date of the accident or violation. These requirements were contained in existing law, but the division has not administered the requirement in connection with six-point violations since July, 1987 due to budget limitations. To enforce this aspect of the new law three Document Processing Clerk II positions (Range 8B) are being requested to process certifications of insurance, court documents for six or more point violations, and other related documents in Juneau. The three positions will not be sufficient to totally enforce the mandatory insurance provisions, and some existing personnel will be used to assist. With these three additional staff the mandatory insurance program can be fully administered.

All the positions are budgeted for four months in FY89, and 12 months in FY90.

All suspension notices must be sent via certified mail, return receipt requested, which costs \$2.00 per notice. This is the reason for the contractual service cost. Only suspension notices for six or more point violations are included, since those for accident reports are included in the present operating budget.

The estimates of increased revenues are based on the change in fee contained in section 10 of the bill. In 1987, 43,163 vehicles were registered under AS 28.10.421(c). Assuming a March 1, 1989, effective date, an estimated 14,388 would be registered by FY89.

EXPENDITURES:

Personal Services

1 Motor Veh Rep II, Anc, 9B	10.9
3 Doc Proc Clk II, Jno, 8B	<u>31.0</u>
	41.9

Contractual

Postage, Anc, 3,320x.25	.8
Jno, 1,143x2.00	2.3
Printing Jno 4,000 suspension notices @ \$325 per 1,000 other forms	1.3
	<u>.3</u>
	4.7

Commodities

Anc envelopes/office supplies	.2
Jno office supplies/microfilm	<u>.2</u>
	.4

TOTAL:	<u>47.0</u>
--------	-------------

Position Title Document Processing Clerk II		No. of Positions 3	Range/Step S1	Barg. Unit CNU
Time Status PFT	Staff Months 4	Location Juneau		Election District 4
Type of Expenditure		Amount		
1	2	3		
Salary*	20,136	////////////////////		
Benefits*	10,815	////////////////////		
Premium Pay (Included in Above)		////////////////////		
Other		////////////////////		
Total Personal Services		//////////////////// 30,951		
Travel				
Contractual		3,900		
Commodities		200		
Equipment				
Other				
Total Cost		35,051		
Funding Source for Total Cost				
Federal Receipts	1002			
G.F. Match	1003			
General Fund	1004	35,051		
Program Receipts/GF	1005			
I-A Receipts	1007			
CIP Receipts	1061			
Other				
* Personal Services Salary and Benefits Costs are from PACS Scenario #2.				

**Justification**

These positions will process notifications from the court reflecting whether or not a person who received a 6 or more point violation submitted the proper proof of insurance. If proper proof was not shown, process file for suspension, after searching Certifications of Insurance submitted directly to DMV by the defendants.

Will also process proof of insurance filed by drivers involved in accidents. If proper proof was not submitted, process file for suspension of the driver.

Prior to suspension, must research person's record to determine length of suspension, and calculate beginning and ending dates of the suspension.

For accidents and six or more point violations, verify coverage submitted with insurance company on random basis.

Maintain records on individuals who are required to file proof of financial responsibility for the future following a suspension. Generate non-comply letter when insurance cancellation is received.

Handle correspondence generated under new self-insurance section of the law.

Figures are for four months (March thru June)

REQUEST FOR  
NEW POSITION

AGENCY Department of Public Safety  
 BRU Motor Vehicles  
 COMPONENT Driver Services

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 Revised Date

FY 89