

LEGISLATIVE FINANCE-HOUSE / SENATE FINANCE COMM. FILES 8879

HL 101 cont., HB 105 455 410

## 4. OLD HARBOR

### SUMMARY OF CHANGES FROM FY 88

Old Harbor FY 89 revenues are 30 percent less than actual revenues in FY88. Footnotes in Table 7 show that Old Harbor drastically underestimated FY 88 revenues in its FY 88 budget submitted with the Revenue Sharing application. Preliminary checks indicate FY 89 actual revenues are about the same as budgeted revenues. Total Old Harbor revenue is about the same in FY 89 as it was in FY 87. This is possible because Raw Fish Tax revenues have increased to offset declines in Municipal Assistance.

### SETTING

Old Harbor is a Second Class City located on Kodiak Island. It is within the Kodiak Island Borough and has a population of 380 people. Its' economy is mainly based on fishing, both commercial and subsistence.

### OVERVIEW OF CITY ADMINISTRATION

The mayor, who administers the City, and City clerk are the administrative staff. The City clerk has 10, and the mayor 21, years of experience. Most Council members have served over 7 years.

### REVENUES FY89

The FY89 City budget anticipates \$165,643 in new revenues; a decrease of \$73,516 (30%) from actual FY 88 revenues. Sources of revenue include State Revenue Sharing; Municipal Assistance; sales tax; boat harbor fees; Health Clinic; airport maintenance fees; rent from the regional nonprofit Native Association for preschool and senior citizen programs; crab pot storage fees; recreational fees; Raw Fish Tax; library grant; and, legislative capital improvement grants. However, the City's FY 89 revenue is 30% less than in FY 88, it is important to note that in comparing the City's FY 87 budget to the FY 88 budget that the FY 88 budget was 40% less. The City has managed to get back to the FY 87 level primarily because of Raw Fish Tax revenues and grants from the State.

In FY 88, the City budgeted \$99,998 in anticipated revenues and expenditures, excluding the anticipated carry over balance of approximately \$18,000. The expenditure for FY 88 is expected to be \$257,550 with revenues of \$239,159, excluding the revenues received from a legislative grant. Thus, there was a carry over cash balance of \$29,714 at the end of FY 88.

**TABLE 7**  
**OLD HARBOR REVENUES**

Source of Revenue	FY 87		FY 88		FY 89	
	Amount	%	Amount	%	Amount	%
Municipal Assistance	\$43,642	28.9	\$20,000.*	20.0	\$31,338.*	19.0
State Revenue Sharing	22,773	15.1	20,908.@	20.9	22,555.@	13.6
Other Government Revenues**	38,535	25.6	12,000	12.0	43,860.^	26.4
Enterprise Revenues	4,000	2.7	1,500	1.5	200	0.0
Service Fees/Licenses/Permits	30,906	20.5	36,170	36.2	30,352	18.3
Tax Revenues	5,000	3.3	3,500	3.5	3,100	0.2
Other Revenues	<u>5,900</u>	3.9	<u>5,920</u>	5.9	<u>34,238.#</u>	20.7
SUBTOTAL	\$150,756.##		\$99,998.##		\$165,643	
Carry Over From Previous FY	<u>0</u>		<u>18,000</u>		<u>29,714</u>	
<b>TOTAL REVENUE</b>	<b>\$150,756</b>		<b>\$117,998</b>		<b>\$195,357</b>	

\*FY88 Municipal Assistance was actually \$31,404 and FY 89 was \$31,404.

\*\*Includes \$12,000 (FY88) and \$24,000 (FY87) in raw tax refunds.

@Actual FY 88 and FY 89 State Revenue Sharing was \$25,898 each year.

^Anticipated Raw Fish Tax Revenue is \$43,000.

#Includes Legislative Grant \$15,000; BIA Road Grant \$5,000; and, Clinic Grant \$5,582.

##Actual FY 87 and FY 88 revenues were \$173,366 and \$239,159, respectively.

Source: Revenue Sharing Applications.

The City has a 3% sales tax. However, the tax delinquencies from local businesses are high and there has been no effort to collect the tax.

The City does not cut off services to residents who do not pay. In the last two years more residents have had the finances to pay for their services. A small number of residents are chronic late payers, more than a year behind in payments.

### SERVICES

Budgeted FY 89 expenditures are 20 percent less than actual FY 88 expenditures. However, the actual FY 89 expenditures will have to be reduced by as much as 35 percent to match FY 89 revenues.

TABLE 8

## OLD HARBOR EXPENDITURES

	FY 87	FY 88*	FY 89
ADMINISTRATION, COUNCIL AND FINANCE	\$103,695	\$46,785	\$119,116.**
POLICE	5,000	650	1,750
FIRE	2,000	400	563
STREETS AND ROADS	6,500	2,750	7,300
AIRPORT	2,800	2,750	2,750
HARBORS AND PORTS	8,800	1,500	1,000
MASS TRANSIT	500	0	0
REFUSE COLLECTION	9,000	4,500	3,575
OTHER PUBLIC WORKS	2,200	11,700	44,807.***
HEALTH	7,600	8,300	6,857
PARKS & RECREATION	3,400	2,000	0
LIBRARIES - CULTURE	4,000	3,950	6,920
PUBLIC SCHOOL SUPPORT	800	310	360
OTHER EXPENDITURES	500	8,000	10,128
TOTAL	\$156,795.*	\$93,595.*	\$204,766

\*FY 87 and FY 88 expenditures were actually \$169,233 and \$257,550, respectively.

\*\*Includes \$23,000 for an audit that will not have to be performed in FY 89.

\*\*\*Water and Sewer Service \$27,007; Electrical Maintenance \$17,800 reimbursable by AVEC.

Source: Revenue Sharing Applications

**Administration:** The administrative costs were substantially increased from last year's budget. The increase represents the City's anticipated expenditure for an audit that has now been determined to be required by the end of FY 90. The increase also represents an increase previously eliminated in the FY 88 budget for a deputy clerk; travel; per diem; and, compensation for council members.

**Fire:** The City has a volunteer fire department with an "attack cat" type fire truck. Expenditures for fire service had a slight increase in FY 89. Fire protection expenditures were reduced by \$1,600 (80%) between FY 87 and FY 88. Fire service would not be eliminated if state subsidy funding was reduced or removed, however, fire fighting supplies and equipment will not be purchased this year.

**Police:** Funding for the city's VPSO is provided by the State. The City increased its FY 89 budget for the VPSO by \$1,150 to cover operation expenses and maintenance on the City's police vehicle. In FY 88, the city had to reduce its budget by \$4,350 for hiring guards and alternate VPSO's. The local contribution would be eliminated if future state revenues are reduced.

**Clinic:** The City receives grants from the Kodiak Island Borough and Indian Health Service for the operation and maintenance costs (\$3,000) for the clinic. Health aide salaries are paid by the Kodiak Area Native Association. City support for ambulance service (\$2,000) was dropped in FY 88. A reduction of \$443 from FY 88 was made in general operation and maintenance of the City owned clinic. The City would continue to have health care services even if City funding contributions were reduced because the borough has areawide health powers.

The City received a Legislative grant to renovate the clinic for \$93,000. Upon closer inspection of the clinic building's structural condition the City determined that renovation would be cost prohibitive and decided to build a new clinic. The City has completed Phase I of the new Clinic/Multi-purpose building. Additional funds are needed to complete the facility.

**Road Maintenance:** The City received a BIA Road Maintenance grant in FY 88 in the amount of \$5,000. The City expects to receive another grant for the same amount in FY 89. This grant is the reason for the 165 percent increase in FY 89 expenditures for roads.

**Water:** Although the City provides water, there is no charge for this service to residents. Water and sewer service is sold to floating processors that tie up at the dock for a fee of \$1,000.00 per month. The City increased the FY 89 budget by \$15,000 to cover anticipated expenditures to upgrade and maintain the water and sewer systems.

**Sewer:** The system is a combination septic and outflow pipe system for all buildings in the City. Because sewer operation and maintenance costs are included with those for the water service, it is difficult to distinguish costs associated with sewer operations only.

**Electricity:** AVEC provides electrical service to the City. AVEC contracts with the City to provide the salary for the plant operator. The power plant and transmission lines are owned by the City. The City does not have any liability insurance on their electrical system. Cost per KWH without PCE to residents is \$.325 for the first 1500 KWH used, with an additional \$.0301 fuel surcharge. The cost for power over 1500 KWH is \$.248. The City received only \$3,157 in sales tax receipts from the electrical utility in FY 88.

**Garbage:** The City includes this service in their operation budget line items for water service. Garbage collection is provided to residents, school, and floating processors tied to the City dock. The water plant operator also performs the garbage services. The City did not provide regular collection service for the first six months in FY 89. Current reduction to the operator's hours have resulted in the discontinuance of garbage collection and landfill maintenance. The FY 89 budgeted expenditure for this service was reduced by \$935 from FY 88.

**Community Facilities:** In total, the City received \$43,364 in FY 88 to operate and maintain facilities that house the following programs or entities: Senior citizen program; pre-school; library; clinic; village ANCSA corporation; the city heavy equipment; and, the tribal government administration. The City budgeted \$10,595 for expected operation and maintenance costs, excluding insurance, for the above mentioned programs and entities. Examples of operation costs are: Community Center/City Hall annual operating expenses exceed \$7,500; and Public Works Garage annual operating expenses are about \$5,000.

**Insurance:** The City has liability insurance only. The City anticipates a payment of \$23,000 in premiums.

## ECONOMY

The Governor's Jobs Bill; legislative funds to construct the new clinic; and, the new school construction project the City has contracted with the Kodiak Island Borough to build have been the major contributors to the low unemployment rate during FY 89.

The economic situation is relatively good at this time. In past years, floating processors have hired local people to fill jobs and last summer's fishing season was lucrative. The major sources of income are derived from seasonal fishing activities (salmon, crab, halibut, herring, and cod); jobs from floating processors; and welfare programs.

More jobs might be created by expanding the use of the recently constructed community's subsistence freezer facility to accommodate commercial seafood products. This additional freezing capacity would allow longer duration in processing activity should floating processors continue to use the City dock.

## FUTURE FY 90 LOCAL REVENUES

The City has recently introduced ordinances to establish rates for water, sewer, and garbage collection to be effective beginning in May of 1989. However, the City did not identify revenues for these services in the FY 89 budget.

The City perceives that next year's fishing season, including the prospect of floating processor activity within City limits, will mean the community's finances should be identical to this year. The City is continuing its efforts to collect boat harbor and moorage user fees from boat owners and past sales tax owed by local business.

Most services are not charged to consumers in the community, therefore, the City experiences insufficient funds needed to cover regular O & M or major repairs, especially, to the water and sewer system. It is uncertain if residents would support or could afford substantial increases in service charges for water, sewer or garbage disposal.

The City does not expect to reduce services this year and next. However, should the City reduce a service it would eliminate garbage disposal.

## 5. SELAWIK

### SUMMARY OF CHANGES FROM FY 88

Selawik budgeted for an increase in FY89 revenues because the fees for the washeteria, cablevision, and building rent were increased. If these revenues occur as budgeted, Selawik will be in about the same situation as in FY88. However, the City has suffered two events which may reduce enterprise revenues and increase City costs. Thus the City may finish FY89 in worse shape than in FY88.

The farm project has been shut down due to lack of grant funds. This reduces employment opportunities, which may reduce enterprise revenues because people have less money to spend for things like cablevision and showers.

Selawik's water system was expanded to serve an additional 38 homes last fall. All of these lines froze during the cold spell this winter. It is not yet known how much attempts to prevent the freezing or to repair the damage will cost the City.

### SETTING

Selawik is within the Northwest Arctic Borough and is located Southwest of Kotzebue. There are 682 people in the city which shows an increase of population from last year's 589. Government funded projects and transfer payments are the main sources of income. Subsistence activities are a major part of the local economy and culture.

### OVERVIEW OF CITY ADMINISTRATION

The city has 3 positions in FY89 compared to 3.5 positions in FY88. No other cuts are planned right now.

### REVENUES FY89

Revenues are budgeted to increase 10% in FY89. Most of the increase is due to funds for ice road maintenance from the State Revenue Sharing program. The City increased the service fees for the washeteria, cablevision and building rental which are reflected under Enterprise Revenue which is expected to triple in FY89. They also had a fund balance at year end FY88 of \$18,518 which is part of Other Revenue in the FY89 budget.

TABLE 9

SELAWIK REVENUES

	FY 87		FY 88		FY 89	
	Amount	%	Amount	%	Amount	%
Municipal Assistance	\$77,000	23.7	\$61,600	16.9	\$56,500	13.9
State Revenue Sharing	33,670	10.4	27,000	7.4	86,020	21.1
Other Government Revenue	12,393	3.8	88,500	24.2	30,000	7.4
Enterprise Revenues	26,352	8.1	29,335	8.0	104,611	25.7
Service Fees/Licenses/Permits	59,338	18.3	59,800	16.4	41,400	10.2
Tax Revenues	38,121	11.7	40,672	11.1	35,800	8.8
Other Revenues	<u>77,900</u>	24.0	<u>58,340</u>	16.0	<u>52,538</u>	12.9
<b>TOTAL</b>	<b>\$324,7440</b>		<b>\$365,247</b>		<b>\$406,869</b>	

Source: Revenue Sharing Applications.

EXPENDITURES AND SERVICES

Expenditures for FY89 are budgeted at 27 percent more than last year. The major increase is under police and building maintenance. After recent fires took lives, a Chief Fireman was hired. This position was not in previous years budgets. The Chief has been laid off because of lower than expected FY89 revenues.

The City has amended its FY89 budget two times this year to account for slight reductions in revenues (less than 1%). Reductions were made in the areas of Council, Fire, and Police expenditures.

TABLE 10

SELAWIK EXPENDITURES

	FY 87	FY 88	FY 89
ADMINISTRATION, COUNCIL, AND FINANCE	\$146,479	\$152,200	\$116,166
POLICE AND OTHER PUBLIC SAFETY	25,000	34,000	82,483
FIRE	300	0	13,603
STREETS AND ROADS	7,000	19,700	13,734
REFUSE COLLECTION	600	600	3,141
OTHER PUBLIC WORKS	72,221	70,000	58,273
HEALTH	0	8,000	7,374
OTHER EXPENDITURES	<u>10,000</u>	<u>11,746</u>	<u>11,693</u>
<b>EXPENDITURES</b>	<b>\$262,600</b>	<b>\$296,246</b>	<b>\$406,467</b>

Source: Revenue Sharing Applications.

**Administration:** The City staff consists of an administrator, bookkeeper and city clerk. The City had a janitor last year but cut that position and now employees do general cleaning around their own area. The City had a staff of seven in FY87 consisting of the administrator, administrative assistant, bookkeeper, city clerk, janitor, and two project coordinators. Since the City did not receive much funding for capital projects, the two project coordinators and the administrative assistant were laid off. Other staff took a cut in their hourly wage. The City also has cut back on paid holidays; council meeting fees; expenses on supplies; phone; travel; light and fuel bills.

**Insurance:** The City no longer pays for liability insurance. About \$700,000 in City property is not insured against loss. Most of the property was bought with State grants. Liability insurance cost \$5,900 in FY87.

**Fire:** After recent fires within the City, the council decided to include wages for a Chief Fireman but due to cut backs in revenues, he has been laid off. They currently rely on volunteers. There are no fire trucks but long hoses are available to connect to watering points. However, these watering points are frozen as a result of the cold spell this winter.

**Police:** The city currently has only one part time city patrolman compared to the three full-time positions in FY87. A full-time VPSO is funded by Maniilaq Manpower and serves as the Chief of Police. Restoring police services will be a priority if more funds become available.

**Clinic:** Because of cut backs in funding, Maniilaq can no longer pay for the alternate health aides. The City last year had to increase their budget in health to cover everything other than the main health aide which is paid for by the Maniilaq Association. The City Health Board holds bingo once a week to earn money to help pay for clinic expenses but bingo revenues are down because the unemployment rate is so high.

**Road Maintenance:** The city maintains the road to the landfill. Because they have no gravel source, the City uses boardwalks which serve as paths within the community. Increased expenditures are budgeted to maintain ice roads but the increase in revenues from the State Revenue Sharing program pays for this increase.

**Water:** The City provided piped water to 11 homes in FY87 as a pilot project to see if the pipes would freeze. They did not. Therefore, the City went ahead and piped water to 38 additional homes this last fall. All lines froze during the cold spell mainly because the water was not heated with waste heat before it went out to the homes. Currently, the City is evaluating the situation. The school currently pays \$62.50 per day for water service.

No charges are made for water services to homes. Preliminary investigations indicate that water and sewer service to each house in the village would cost about \$50.00 per month per house. This fee will be difficult for many villagers to pay.

**Sewer:** Homes in Selawik do not have septic tanks or sewers. Individuals haul their honeybuckets to the dump. The school pays \$62.50 per day for city sewer service.

The City has a grant to construct sewer service to homes. A decision on what kind of sewer service to build depends on the results of the pilot project discussed under water services.

**Electricity:** AVEC provides electricity.

**Laundry:** This facility provides washers, dryers, showers and drinking water. Because there is no running water in houses, the laundry and showers are essential for maintaining community health. The City recently had to increase the costs of laundry tokens in order to cover operating costs. Although the fees received from the laundry facilities are enough for operating expenses, they do not provide a reserve to replace broken equipment.

**Cable Television:** The City has set up a cable system and is receiving enough money to put in a reserve account to earn interest after covering operating costs. It has about 80 customers. The City has strict policies for non-payment of the service fee.

**Community Facilities:** The city has constructed two facilities with State grants; a City Office building for \$300,000.00, and a Multipurpose Building at \$200,000.00.

Both buildings do not have water or sewer. The City has cut back by providing heat to the multipurpose building only when the building is to be used. The people that use the building must pay for their own fuel and must clean the building after use. The City has increased rental rates for office space it rents to others.

## LOCAL ECONOMY

Unemployment is high because there have been few capital projects to provide local jobs. The major sources of income are AFDC and food stamps. Most of the few jobs in the village are provided by the school, city and the two local stores. The Farm Project, which provided some employment, has been shut down due to lack of funding. Families leave the village for seasonal jobs but eventually move back from Kotzebue or Anchorage.

## FUTURE FY90 LOCAL REVENUES

If the City does not receive any capital funding and the State Revenue Sharing/Municipal Assistance programs are cut again; the City will barely be able to make it. Especially if unplanned problems arise such as equipment break downs or the frozen water system proves difficult to fix.

## 6. NIKOLAI

### SUMMARY OF CHANGES FROM FY 88

Nikolai revenues, which continue to decline, are down 14% from FY 88. The largest cut in expenditures is for administration \$34,890 (30%).

For several years Nikolai has been able to supplement its general fund with revenues from the enterprises it operates. However enterprise revenues are also going down because residents have less money to spend on gasoline, electricity and the recreation center pool table. Likewise revenues from the city owned lodge are down because there are fewer travelers.

Major changes in the state Power Cost Equalization program will probably wipe out most of the enterprise revenues which currently supplement Nikolai's general fund because residents would have to pay more for electricity so they would have less to spend on gasoline.

### SETTING

Nikolai is a primarily Athabascan native village, incorporated as a second class city in 1970. Nikolai has 119 residents of whom the majority are Alaska Native.

Major employers are the City government, the school, and the store. The clinic and the post office each employ one person, and there is a part-time DOT/PF employee for the airport. Other jobs are seasonal, such as fire fighting and trapping. Subsistence activities are also very important to the local economy. Nikolai's dependence on government entitlements and grants and isolation make it a typical example of a rural village in interior Alaska.

### OVERVIEW OF CITY ADMINISTRATION

The City of Nikolai does not have the manager form of government. It does have a city administrator. The City has one full-time (the administrator) and six part-time employees. This is the same level as last year, but the hours have been cut. Part-time positions include the City clerk, the janitor, a maintenance person, light and power person, streets and roads worker and a cable TV operator.

### REVENUES FY89

Revenues are projected to be down an additional 14% from FY 88 and 31% from FY 87. Government Revenues are down due to fewer grants this year, and Enterprise Revenues are also down because of less gasoline sales. Most enterprise revenues for FY 88 were from

electricity (\$138,950) and gasoline sales (\$40,500). FY 89's grants are expected to be about \$11,370 less than FY 88.

TABLE 11

## NIKOLAI REVENUES

Source of Revenue	FY 87		FY 88		FY 89	
	Amount	%	Amount	%	Amount	%
Municipal Assistance	\$16,000	4	\$9,540	3	\$9,718	3
State Revenue Sharing	28,207	7	27,290	9	33,396	13
Government Revenues	29,668	8	40,680	13	22,370	8
Other Revenues	10,684	3	3,530	1	4,300	2
Enterprise Revenues	<u>293,343</u>	78	<u>222,310</u>	73	<u>192,216</u>	74
Totals	<u>\$377,902</u>		<u>\$303,350</u>		<u>\$262,000</u>	

Source: Revenue Sharing Applications and City Officials.

## SERVICES

Nikolai has continued to cut its operation budget, mainly through reduced hours and reduced wages. In FY 88, the City's operation budget was cut by 21% and in FY 89 it was cut another 14%.

Table 12

## NIKOLAI EXPENDITURES

	FY 87	FY 88	FY 89
ADMINISTRATION, COUNCIL, AND FINANCE	\$125,555	\$115,040	\$80,150
POLICE AND OTHER PUBLIC SAFETY	0	0	0
FIRE	1,700	220	0
STREETS AND ROADS	6,938	4,270	2,500
REFUSE COLLECTION	1,524	310	400
WATER AND SEWER	2,760	1,940	500
ELECTRIC POWER GENERATION	111,998	78,330	85,800
HEALTH	4,600	3,900	1,800
PARKS AND RECREATION	10,218	4,660	5,100
OTHER EXPENDITURES	<u>117,617</u>	<u>94,320</u>	<u>85,750</u>
TOTAL EXPENDITURES	<u>\$381,910</u>	<u>\$302,990</u>	<u>\$262,000</u>

Source: Revenue Sharing Applications.

**Administration and Finance:** This includes salaries for the administrator and the part-time clerk. In FY 88 this cost was \$115,040. For FY 89, \$80,150 has been budgeted.

**Insurance:** In FY 89, the City paid \$24,000 for insurance. This covers everything except hull insurance on their tugboat and collision on a couple pieces of equipment.

**Community Center:** In FY 88 this expenditure was budgeted at \$20,840, but has been reduced to about \$12,000 for FY 89. The center is not expected to pay for itself.

**Fire:** This line item was not budgeted for FY 89.

**Police:** Nikolai does not budget for this item. It has no police service other than State troopers stationed in McGrath.

**Clinic:** The space for the clinic is rented to the Indian Health Service for \$695 per year; down from \$1,200 per year. The clinic is operated by the Tanana Chief's Conference (TCC), but receives part of its funding from the City. Services include outpatient care; treatment and prevention of common illnesses; pre-natal care; well baby care; and, family planning. TCC pays for the aide; two alternates; and, one half of the substance abuse counselor. The City pays for the other 50% of the substance counselor as well as all utilities and heat for the clinic. In FY 88 the City's cost for the clinic was \$3,900, which was reduced to \$1,800 in FY 89.

**Road Maintenance:** The City provides road maintenance on 3.9 miles of gravel roads. Funding was \$4,200 in FY 88, and was reduced to \$2,500 in FY 89.

**Water and Sewer:** Water is available at the community center/laundromat at no charge. Waste disposal is by pit privies for residences and a septic system for the community center. In FY 89, this line item is \$500, down 74% from \$1,940 in FY 88. It is hoped that this will pay for well maintenance and supplies.

**Electricity:** The City of Nikolai provides power to the community from two diesel generators. The cost of power is \$0.50 per kilowatt hour (kwh) for residential and commercial customers. The State's power cost equalization subsidy reduces that cost to all customers by 21.01 cents per kwh. Budgeted expenditures for this line item were \$78,330 in the FY 88 budget, and \$85,800 in FY 89.

**Laundry:** The laundromat is part of the community center building, constructed by a State grant. It is operated in the black, due to a great reduction in operating costs for FY 88. The budget, which does not include heat and utilities as the laundromat is in the same building as the community center, was \$1,250 for FY 88, and the same for FY 89. Revenues are projected to be \$7,500 in FY 89.

**Garbage:** Residents take their own garbage to the City operated land fill. There is no charge for this service. This City has budgeted \$400 for FY 89, up from \$310 in FY 88.

**Summer Youth Employment Program:** This program was not budgeted in FY 89.

**Parks and Recreation:** A major reduction occurred in this line item from \$10,218 in FY 87 to \$4,660 in FY 88. The FY 89 budget is \$5,100, with expected revenues of \$6,500, primarily from the pool table and pop sales.

**Libraries:** No grant was received in FY 89.

### OTHER EXPENDITURES

**Cable TV Service:** The City owns and operates the cable TV service. In FY 88, the amount for cable TV was \$18,110. The service continues to lose money. Projected income: \$9,000.

**Apartment Rentals Enterprise:** The City owns and rents out apartments for additional income. Operational costs were budgeted at \$880 in FY 88. Projected income for FY 89 is anticipated to be \$7,750, including "hotel" rental.

**Lodging Enterprise:** This is a City-owned "hotel" for transients. In FY 88, \$2,330 was budgeted for this item.

**Fuel Sales Enterprise:** With a budget of \$33,500, anticipated sales will allow them to break even.

### LOCAL ECONOMY

Major sources of income to residents remain City jobs, public assistance and other government payments, as well as the permanent fund dividend.

There are no plans for further capital projects which would create jobs.

### FUTURE FY 90 LOCAL REVENUES

They don't expect further cuts in their budget, unless State Revenue Sharing and Municipal Assistance are cut. Revenue from enterprise activities are anticipated to remain about the same level as this year. There may be some added revenue, if plans to lease their tugboat work out.

## 7. KAKE

### SUMMARY OF CHANGES FROM FY 88

FY89 revenues are projected to be slightly (3.5%) higher than in FY88. Most of the projected increase is to come from the 70 percent increase in water and sewer service fees. However, the recent closing of the fish processing plant may result in fewer local jobs which means people may not be able to pay the increased user fees. If enterprise revenues do not meet projections, then Kake will end up in worse shape at the end of FY89 than it was in FY88.

### SETTING

Kake is a first class city located on Kupreanof Island in Southeast Alaska. It has a population of 665. As a first class city, Kake also has its own school district.

### OVERVIEW OF CITY ADMINISTRATION

The City of Kake does not have the manager form of government. In FY 88 the mayor received a salary and worked full time to meet his responsibilities for city administration. In FY 89, the city decided to hire a full time city administrator. As a result, Kake's administration and finance expenditures increased by 45 percent. The City currently has 11 full-time and 6 part-time permanent employees and hires temporaries as needed. This compares with a level of 19 employees last year and 22 in FY 87.

### REVENUES FY89

According to the City's FY 89 budget, revenues are projected to be up 3.5 percent from last year (Table 13). There is an increase in projected "Tax Revenue" due to a recent annexation and an increase in the sales tax rate from 3% to 5%. The increased "Enterprise Revenues" are a result of increasing utility user fees 70 percent and larger liquor store receipts. The "Other Revenues" category is down drastically because city equipment has not been rented very much.

TABLE 13

## KAKE REVENUES

	FY 87		FY 88		FY 89	
	Amount	%	Amount	%	Amount	%
Municipal Assistance	\$ 79,000	13	\$ 68,000	10	\$ 56,797	8.2
State Revenue Sharing	\$ 45,000	7	\$ 35,000	5	\$ 29,000	4.2
Other Government Revenues	\$147,700	24	\$108,666	16	\$ 108,166	15.7
Enterprise Revenues	\$180,600	29	\$175,500	27	\$ 312,000	45.1
Service Fees/Licenses/Permits	\$ 45,000	7	\$ 800	0.1	\$ 800	0.1
Tax Revenues	\$ 75,000	12	\$ 62,500	9	\$ 115,000	16.6
Other Revenues	<u>\$ 45,000</u>	7	<u>\$216,650</u>	33	<u>\$ 69,276</u>	10.1
Total	\$617,300		\$667,116		\$691,039	

Source: Revenue Sharing Applications.

## EXPENDITURES AND SERVICES

Budgeted expenditures for services increased 4 percent from FY 88 (Table 14).

TABLE 14

## KAKE EXPENDITURES

	FY 88	FY89
City Council	\$26,900	\$18,250
Administration & Finance	99,320	144,370
Land Planning	17,700	16,500
Other General Gov't	46,500	48,000
Police Dept.	97,600	91,100
Fire Dept.	4,600	3,600
Jail	25,700	19,914
Road Maintenance	38,700	38,700
Boat Harbor	16,350	12,304
Garbage Collection	25,642	24,040
Water & Sewer	79,135	79,570
Community Building	37,400	36,206
Dock & City Shop	2,000	2,340
Health Clinic	2,000	5,345
Public Schools	30,000	77,000
Debt Service	5,000	5,000
Other Expenses	<u>112,000</u>	<u>66,600</u>
TOTAL	\$666,547	\$688,839

Source: Revenue Sharing Applications

**Fire:** The City owns the building in which the small fire department is located. The Department operates with a small staff and volunteers. The FY 89 budget has been reduced 22 percent from FY 88. The city pays for the heating fuel, electricity and maintenance and operation of the fire truck. Volunteer fire fighters are on 24 hour call. Staff are trained in emergency medical services and participate in search and rescue operations.

**Police:** Kake has a VPSO position, a police chief and two patrol officers. Police officers are required to patrol daily. There are three cells located in the police department building and staff is responsible for the safety of prisoners. The City has a contract with the State for \$15,000 to provide jail services. The City provides funding for all miscellaneous items including meals, lights, water, etc. Even though the City made severe cuts to the police department in FY 88 (elimination of a patrol office, reduction in vehicle maintenance, salaries reduced, etc.), the FY 89 police department was reduced by nearly 7 percent.

**Clinic:** The city owns and operates the health clinic and spends approximately \$5,300.00 for fuel, electricity, and phone bills. The city also provides funding for the operation and maintenance of the ambulance. No reductions were made in FY 89 and there are no plans to reduce the level of service or funding. The Indian Health Service provides funding for clinic operations.

**Road Maintenance:** There has been no reduction in road maintenance. The city receives \$46,700 from a State contract to maintain State roads. The city owns a grader, but it is in poor condition and needs constant repair and maintenance. The city provides fuel for road maintenance.

**Water/Sewer/Garbage Collection:** The City provides residents with piped water and sewer service and garbage collection. Due to the increased costs of providing these services, in FY 89 the City raised its monthly rates from \$14.00 to \$24.00 for residential users and up to \$41.00 for commercial users. Additionally, the City charges the School District and Cold Storage \$500.00 a month for these services. The City hopes to extend and upgrade the sewer system and is currently seeking grant funds for that purpose.

**Public Schools:** Spending in FY 89 is 157 percent greater than in FY 88. As a first class city located outside a borough, the City operates and maintains a public school system. As a result of recent legislation regarding local support for public schools, the City anticipates having to spend a substantial amount more on its school system in the future.

**Community Facilities:** The city owns and operates the community building. Space is rented to Kake Tribal Corporation which also pays one half of the insurance.

## LOCAL ECONOMY

The local economy is based on the fishing and timber industries. Unfortunately for the City, the fish processing cold storage plant recently closed down with no foreseeable start-up date. The logging industry is projected to be stable for next year.

## **FUTURE FY90 LOCAL REVENUES**

Due to the fish processing plant closure, the financial outlook is not very optimistic. Even with the significant increases in user fees, the City has recently been forced to cut all overtime for City employees, and has made one full time position into part time. The City anticipates having to use fewer employees.

## **8. UPPER KALSKAG**

### **SUMMARY OF CHANGES FROM FY 88**

Compared to FY88, Upper Kalskag had a banner year. Revenues were up 25% thanks mostly to receipt of \$9,241 from the sale of a truck and an IRS refund. This one-time source of revenue made it possible for the City to carry insurance this year at a cost of \$13,000, while continuing to operate at the same level as in FY88.

In most years over 70% of Kalskag's revenue is from Revenue Sharing or Municipal Assistance. This community is a good illustration of a small community that offers few services beyond a minimal level of public safety. In FY'90, Kalskag faces the challenge of paying to operate and maintain its new multi-purpose fire hall. Any decline in State Revenue Sharing and Municipal Assistance funds may make it difficult for the council to operate this new facility.

### **SETTING**

Upper Kalskag is primarily a Yup'ik Native village located approximately 80 air miles northeast of Bethel. It was incorporated February 13, 1975 as a second class city. Approximately 165 residents live year round, of whom 90% are Alaskan Native.

Major employers in the community are the Kuspuk School District, Bush Telephone, State Airport (DOT), Yukon Kuskokwim Health Corporation, and the City government. Although cash is essential, subsistence is more important to the residents and local economy. Upper Kalskag is a typical rural small native village located in the Calista region.

### **OVERVIEW OF CITY ADMINISTRATION**

Upper Kalskag has a seven member council with the mayor included. Each member, except the mayor, has an average of four years of local government experience. Presently the council members are comfortable with what they have accomplished in the village as a 2nd class city. It is the mayor's goal to make improvements in the delivery of governmental services every year. The clerk has been with the City for 3 years and is very competent in her position. The council has proven it can perform and take actions to remedy problems it faces.

Presently the City employs 3 full time positions, which includes the City clerk, janitor, and health aide. Half-time employees include two health aides and a village police officer. The City had the same number of positions last year.

**REVENUES FY 89**

The City's FY 87 budget was 25 percent less than in FY 86. A further reduction of 20 percent was made in the FY 88 budget. FY 89 revenues increased 19 percent thanks to an IRS refund and sale of a city truck. State revenue sharing and municipal assistance account for 76 percent of revenues in FY 89 (Table 15).

Presently the City is not generating any sort of local revenues. In the past the general sales tax has been proposed with poor results. The council is looking into how it could generate funds with other means.

**TABLE 15**

**UPPER KALSKAG REVENUES**

Source of Revenue	FY 87		FY 88		FY 89	
	Amount	%	Amount	%	Amount	%
Municipal Assistance	\$16,630	21.4	\$13,600	22.7	\$14,244	20.0
State Revenue Sharing	41,604	53.4	32,000	53.3	34,480	48.0
Other Government Revenue	781	1.0	0	0.0	0	0.0
Service Fees/Licenses/Permits	18,244	23.4	13,716	22.9	13,656.**	19.0
Other Revenues	650	0.8	670	1.1	9,241.*	13.0
<b>TOTAL</b>	<b>\$77,909</b>		<b>\$59,986</b>		<b>\$71,621</b>	

\*\* Health Clinic Lease

\* Sale of Truck \$1,500; IRS refund \$7,741

Source: Revenue Sharing Applications.

**EXPENDITURES AND SERVICES**

In FY 87 and FY 88, the City's budgets were cut by 20% across the board. Table 16 shows a comparison of expenditure budgets in FY 87, FY 88, and FY 89. As of the date of this writing Upper Kalskag was adjusting its FY 89 budget to reduce expenditures to match revenues. The city has more to spend in FY 89 because of the IRS refund.

TABLE 16

## UPPER KALSKAG EXPENDITURES

	FY 87	FY 88	FY 89
ADMINISTRATION, COUNCIL AND FINANCE	\$37,165	\$28,981	\$44,782
PLANNING AND ZONING	4,600	0	0
POLICE AND OTHER PUBLIC SAFETY	3,000	11,080	6,680
FIRE	300	255	0
STREETS AND ROADS (Includes Ice Road)	8,200	5,364	3,800
REFUSE COLLECTION	5,350	154	610
OTHER PUBLIC WORKS	0	0	1,000
HEALTH	10,815	11,246	14,401
PARKS AND RECREATION	350	500	1,500
OTHER EXPENDITURES (FICA, ESC & taxes)	<u>4,900</u>	<u>1,500</u>	<u>5,203</u>
TOTAL EXPENDITURES	<u>\$74,680</u>	<u>\$61,037</u>	<u>\$77,976</u>

Source: Revenue Sharing Applications and City officials.

**Administration & Finance:** The major increase in this line item results from \$13,000 for insurance which the city did not have in FY 88.

**Fire:** Presently there is no fire department but in FY 87, the City had \$300.00 to provide fire extinguishers to private homes. In FY 88 this item was budgeted at \$255.00. In June 1, 1987, the City received a Rural Development Assistance Grant for \$64,800.00 to purchase a fire fighting truck. Estimated costs in FY89 are \$1105.00 for parts and fuel.

Upper Kalskag and Lower Kalskag are jointly building a fire station multipurpose building. They are hoping to complete this project this fiscal year. The multipurpose building needs about \$605,000 more to be completed. Funds have been requested from the Legislature. The Mayor produced a video tape of the building and showed it to Representative Wallis' and Senator Binkley's office staff. Estimated O & M costs for the building are \$70,000.00 (including administration). Upper and Lower Kalskag are working together on how to pay the costs. They are anticipating leases from the health clinic, postal services, and VPSO. User fees are being planned for fire protection and teen center.

**Police:** The City has one half time police officer plus a full time Village Public Safety Officer (VPSO) which is funded by AVCP. In FY 87 the police officer was full time and funded at \$8,974.00. Initially the police officer was funded as full time in the FY88 budget at \$11,080. Since the City had a full time VPSO funded by AVCP, the police officer was reduced to a half-time position at \$5080 in FY 88 and is also half time in FY 89.

**Clinic:** In FY 87 this was funded at \$19,365.00. In FY 88 it was cut back to \$11,246 but has increased to \$13,656 in FY 89. Services are mostly outpatient care and prevention of common illnesses. These funds are from leasing the clinic to the Indian Health Services.

**Road Maintenance:** The City has 1.5 miles of gravel roads that it maintains. In FY 87 this was budgeted at \$950.00. In FY 88 it was budgeted at \$759.00. There is a state highway between Upper and Lower Kalskag which the state maintains.

**Ice Roads:** The City has 16.5 miles of ice roads that it budgeted at \$6,000.00 in FY 87. In FY 88, \$4,605.00 was appropriated. In FY 87 the City spent \$7,151.00 on this item. In FY 89, there is an agreement with the City of Aniak to do the ice roads. Aniak will get the funds because they have the necessary equipment and Kalskag does not.

**Water and Sewer:** This is not provided. Everyone takes care of their own. There are one or two septic tanks in the village.

**Garbage:** A garbage disposal site is being constructed in cooperation with Lower Kalskag. When complete this will create three new full time positions. User fees at the rate of \$5 to \$10 per household are being considered to help fund the positions. The councils are still working on what the user fees and salaries will be.

**Electricity:** Provided by AVEC.

**Laundry:** No facilities.

## LOCAL ECONOMY

Major source of income to residents include public assistance and other government payments such as food stamps, Aid to Families with Dependent Children, and longevity bonus as well as state permanent fund checks. Employment opportunities are few and low paying. The mayor works 4 hours per day without compensation. This is due to the City not being able to afford an administrator.

## FUTURE FY90 LOCAL REVENUES

Upper Kalskag in the beginning of FY 89 was in stable financial status. The City was following its budget guidelines and was keeping up with tax payments due IRS and the State. This City will face a reduced budget in FY90 because there will be no IRS refund or truck sale. These extra, one-time revenues made it possible for the City to buy insurance in FY89. Any major cuts in Revenue Sharing or Municipal Assistance could shut the city down in FY90.



**FISCAL NOTE**

**REQUEST:**

Revision Date: \_\_\_\_\_  
Title: "An Act relating to entitlements for municipalities..."  
Sponsor: Reps. MacLean, Foster & Jacko  
Requestor: \_\_\_\_\_

Agency Affected: Community & Regional Affairs  
BRU: Municipal Revenue Sharing  
Components: State Revenue Sharing

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

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	-0-	-0-	-0-	-0-	-0-	-0-
MISCELLANEOUS						
TOTAL OPERATING	-0-*	-0-*	-0-*	-0-*	-0-*	-0-*

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

**FUNDING: (Thousands of Dollars)**

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL	-0-*	-0-*	-0-*	-0-*	-0-*	-0-*

**POSITIONS:**

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

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

3,510 in FY 90 in grants & claims.

\*It is assumed that the amount of funds identified in Section 3 of this bill would become the new base amount for the State Revenue Sharing Program for subsequent fiscal years. SEE ATTACHMENT.

Prepared by: Jim Blasman, Deputy Director  
Division: Municipal & Regional Assistance

Phone: 465-4750  
Date: \_\_\_\_\_

Approved by Commissioner: Howard G. Hoffman  
Agency: Community & Regional Affairs

Date: 2-23-90

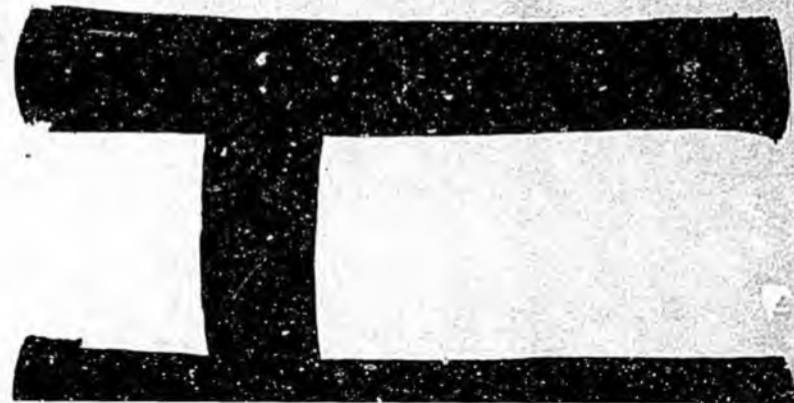
**Distribution (by preparer):**

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

FISCAL NOTE ATTACHMENT  
HB 101

This bill would increase the amount of funds issued to recipients under the State Revenue Sharing Program by increasing minimum entitlements for unincorporated communities and municipalities from \$25,000 to \$50,000. Since this would affect the allocation of funds under the revenue sharing formula, the reallocation of funds would result in a decrease in entitlements to other revenue sharing recipients in the absence of additional funds for the program. This bill would take effect only if additional funds are made available to "hold harmless" those other recipients.

This fiscal note is based upon the difference between the FY 89 State Revenue Sharing appropriation and the amount in Section 3 of the bill. That amount (\$3,510,000) represents the amount necessary to "hold harmless" other recipients.



BB

7

# SENATE FINANCE COMMITTEE REPORT

DATE: 5/8/90

FURTHER:

DATE TURNED INTO OFFICE: 5/8/90

The Finance Committee considered

CSHB 101 (Finance)

Entitlements for municipalities and unincorporated communities; efd

and recommended:

replace with \_\_\_\_\_ CS  
 or adopt \_\_\_\_\_ JCS CSHB 101 (CLRA)

same title  
 new title  
 technical  
title change  
(HB only)

attached amendment(s)

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

do pass

do not pass

no recommendation

individual recommendations

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

SFC/DCRA  
G  
Coming

ATTACHES NEW FISCAL NOTE(S):

fiscal note(s) \_\_\_\_\_ Dept/Date: \_\_\_\_\_

zero fiscal note(s) \_\_\_\_\_  
SFC/DCRA

appropriation-no fiscal note

APPROVES PREVIOUS:

fiscal note(s) \_\_\_\_\_ Dept/Date: \_\_\_\_\_

zero fiscal note(s) \_\_\_\_\_

SIGNING DO PASS:

OTHER RECOMMENDATIONS:

[Signature]  
[Signature]  
[Signature]  
[Signature]  
[Signature]

[Signature]  
[Signature]  
[Signature]  
[Signature]

1 [Signature] 2: [Signature]  
Co-Chairs, Signatures and Recommendations

## FISCAL NOTE

**REQUEST:**

Revision Date: \_\_\_\_\_  
 Title: Entitlements for municipalities & unincorporated communities  
 Agency Affected: Dept of Community & Regional Affairs  
 BRU: Municipal Revenue Sharing  
 Sponsor: Reps Maclean, Foster & Jacko  
 Requestor: Senate Finance Committee  
 Components: State Revenue Sharing

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

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0	0	0	0	0	0
<b>CAPITAL</b>	0	0	0	0	0	0
<b>REVENUE</b>	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
<b>TOTAL</b>	0	0	0	0	0	0

**POSITIONS:**

FULL-TIME	0	0	0	0	0	0
FART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

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

Prepared by: Senator Rick Uehling, Co-chairman  
 Division: Senate Finance Committee

Phone: 465-4821  
 Date: May 7, 1990

Approved by Commissioner: \_\_\_\_\_  
 Agency: \_\_\_\_\_

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

**Distribution (by preparer):**

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

Adopted

Original sponsor(s): REP. MacLean, Foster, Jacko, Kubina

1 IN THE HOUSE BY THE C&RA COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 101 (C&RA)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to entitlements for municipalities  
7 and unincorporated communities."

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

9 \* Section 1. AS 29.60.110(a) is amended to read:

10 (a) The department shall pay to a municipality that has power to  
11 provide for road maintenance and exercises that power, an entitlement  
12 based on [\$2,500 A MILE FOR] each mile of road, street, or highway  
13 maintained by the municipality, excluding (1) the official state  
14 highway system, (2) roads, streets, or highways not dedicated to  
15 public use, (3) roads, streets, or highways maintained under the local  
16 service road program (AS 19.30.111 - 19.30.251), and (4) alleyways, in  
17 accordance with regulations adopted by the Department of Transporta-  
18 tion and Public Facilities. A payment may not be made under this  
19 subsection for maintenance of a road that is not used by automotive  
20 equipment. If at least \$41,472,000 is appropriated for all entitle-  
21 ments under AS 29.60.010 - 29.60.310 for a fiscal year, the entitle-  
22 ment for each municipality under this subsection for that year equals  
23 \$3,000 per mile. Otherwise, the entitlement equals \$2,500 per mile.

24 \* Sec. 2. AS 29.60.140(a) is amended to read:

25 (a) The department shall pay to each unincorporated community an  
26 entitlement [OF \$25,000] each fiscal year to be used for a public  
27 purpose. The department with advice from the Department of Law shall  
28 determine whether there is in each unincorporated community an incor-  
29 porated nonprofit entity or a Native village council that will agree

1 to receive and spend the entitlement. If there is more than one qual-  
2 ified entity in an unincorporated community, the department shall pay  
3 the money under the entitlement to the entity that the department  
4 finds most qualified to receive and spend the money. The department  
5 may not pay money under an entitlement to a Native village council  
6 unless the council waives immunity from suit for claims arising out of  
7 activities of the council related to the entitlement. A waiver of  
8 immunity from suit under this subsection must be on a form provided by  
9 the Department of Law. If there is no qualified incorporated nonprofit  
10 entity or Native village council in an unincorporated community that  
11 is willing to receive money under an entitlement, the entitlement for  
12 that unincorporated community may not be paid. Neither this subsection  
13 nor any action taken under it enlarges or diminishes the governmental  
14 authority or jurisdiction of a Native village council. If at least  
15 \$41,472,000 is appropriated for all entitlements under AS 29.60.010 -  
16 29.60.310 for a fiscal year, the entitlement for each unincorporated  
17 community under this subsection for that year equals \$40,000. Other-  
18 wise, the entitlement equals \$25,000.

19 \* Sec. 3. AS 29.60.290(a) is amended to read:

20 (a) A municipality qualifying for an entitlement under AS 29.-  
21 60.010 - 29.60.080 or 29.60.100 - 29.60.180 shall receive a minimum  
22 payment [OF \$25,000] plus an area cost-of-living differential for each  
23 fiscal year if

24 (1) the municipality has conducted a regular election  
25 during the state fiscal year preceding the year in which the depart-  
26 ment's determination of the municipality's millage rate equivalent is  
27 made under AS 29.60.030 and has reported the results of the election  
28 to the commissioner;

29 (2) regular meetings of the governing body are held in the

1 municipality during the state fiscal year preceding the year in which  
2 the department's determination of the municipality's millage rate  
3 equivalent is made under AS 29.60.030 and a record of the proceedings  
4 is maintained;

5 (3) a municipal budget has been adopted for the fiscal year  
6 during which payment of an entitlement is authorized by AS 29.60.010 -  
7 29.60.080 or 29.60.100 - 29.60.180 and an audit or financial statement  
8 for the fiscal year preceding the year in which the department's  
9 determination of the municipality's millage rate equivalent is made  
10 under AS 29.60.030 has been prepared and furnished to the department  
11 in accordance with AS 29.20.640(a); and

12 (4) local ordinances adopted by the municipality have been  
13 codified in accordance with AS 29.25.050.

14 \* Sec. 4. AS 29.60.290(d) is amended to read:

15 (d) If at least \$41,472,000 is appropriated for all entitlements  
16 under AS 29.60.010 - 29.60.310 for a fiscal year, the minimum payment  
17 for a municipality under this section for that year equals \$40,000.  
18 Otherwise, the minimum payment equals \$25,000. A payment under this  
19 section may be prorated and reduced under AS 29.60.300.

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: "An Act relating to entitlements  
for municipalities..."  
Sponsor: Reps MacLean, Foster & Jacko  
Requestor: \_\_\_\_\_

Agency Affected: Community & Regional Affairs  
BRU: Municipal Revenue Sharing  
Components: State Revenue Sharing

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS	3,400.0	-0-	-0-	-0-	-0-	-0-
MISCELLANEOUS						
TOTAL OPERATING	3,400.0	-0-*	-0-*	-0-*	-0-*	-0-*
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	3,400.	-0-*	-0-*	-0-*	-0-*	-0-*
FEDERAL FUNDS						
OTHER						
TOTAL	3,400.	-0-*	-0-*	-0-*	-0-*	-0-*

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

There is no fiscal effect for FY 90.

\*It is assumed that the amount of funds identified in Section 3 of this bill would become the new base amount for the State Revenue Sharing Program for subsequent fiscal years.

Prepared by: Jim Plasman, Deputy Director  
Division: Municipal & Regional Assistance

Phone: 465-4750

Date: 3/7/90

Approved by Commissioner: David C. Hoffmann  
Agency: Community & Regional Affairs

Date: 3/7/90

Distribution (by preparer):

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

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**FISCAL NOTE**

**REQUEST:**

Revision Date: \_\_\_\_\_ Agency Affected: DCED  
 Title: An Act Relating to Mandatory Safety BRU: Insurance  
Devices in Vehicles; Motor Vehicle Liab. Ins. Rates  
 Sponsor: Cotten Components: Operations  
 Requestor: Senate Transportation

**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						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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**FUNDING: (Thousands of Dollars)**

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

**POSITIONS:**

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

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

No fiscal impact on the division.

Prepared by: Bob Sims Phone: 465-2517  
 Division: Insurance Date: 3-15-89

Approved by Commissioner: Larry Mercurieff Date: 3-15-89  
 Agency: Dept. of Commerce & Economic Dev.

Distribution (by preparer):  
 Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 Impacted Agency(ies)

Changes in SCS CSHB 105 (Fin) have no fiscal impact. This fiscal note is appropriate. 5/2/89 *JS*

Adopted

STATE OF ALASKA  
1989 LEGISLATIVE SESSION

BILL VERSION: SCS CSHB 105 (Fin) (b)  
PUBLISH DATE: 3/16/89

FISCAL NOTE

REQUEST:

Revision Date: 3/15/89  
Title: Mandatory use of safety devices  
in motor vehicles  
Sponsor: Representative Cotten  
Requestor: Senate Transportation

Agency Affected: Public Safety  
BRU: Highway Safety Planning Agency  
Component: \_\_\_\_\_

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

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

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
---------	-----	-----	-----	-----	-----	-----

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
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)

No fiscal impact is anticipated. Section 4 of the bill allows the judge to waive the \$15.00 fine if a donation is made to the Emergency Medical Services entity serving the locale where the violation occurred. Revenue generated for the State is therefore expected to be negligible.

Changes in SCS CSHB 105 (Fin) have no fiscal impact. This fiscal note is appropriate. 5/2/89 *ll*

Prepared by: Ellen Moore, Program Coordinator  
Division: Highway Safety Planning Agency

Phone: 465-4375  
Date: 3/15/89

Approved by Commissioner: A. H. English  
Agency: Department of Public Safety

Date: 3/15/89

Adopted

6-0602D  
Ford  
5/2/89

Original sponsors: Cotten, Ulmer,  
Zawacki, et al.

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 105 (Finance)

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 mandatory use of safety devices  
7 in motor vehicles; and motor vehicle bodily injury  
8 liability insurance rates."

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

10 \* Section 1. AS 21.39 is amended by adding a new section to read:

11 Sec. 21.39.035. AUTOMOBILE PREMIUM RATE REDUCTION. Notwith-  
12 standing AS 21.39.030, beginning one year after the effective date of  
13 this Act, an insurer providing motor vehicle liability insurance in  
14 the state shall reduce the premium rate charged within the state for  
15 motor vehicle bodily injury liability insurance by at least five  
16 percent to reflect the required use of safety belts and child safety  
17 devices under AS 28.05.095. The director may make adjustments to the  
18 premium rate reduction required under this section, if requested by an  
19 insurer and the insurer justifies the adjustments based on the use of  
20 safety belts or child safety devices under AS 28.05.095.

21 \* Sec. 2. AS 28.05.095 is repealed and reenacted to read:

22 Sec. 28.05.095. USE OF SAFETY DEVICES REQUIRED. (a) Except as  
23 provided in (c) of this section a person

24 (1) 16 years of age or older may not occupy a motor vehicle  
25 while being driven unless restrained by a safety belt; and

26 (2) may not operate a motor vehicle unless restrained by a  
27 safety belt.

28 (b) Except as provided in (c) of this section, a driver may not  
29 transport a child under the age of 16 in a motor vehicle unless the

1 driver has properly secured each child as described in this subsec-  
2 tion. If the child is less than four years of age, the child shall be  
3 properly secured in a child safety device meeting the standards of the  
4 United States Department of Transportation for a child safety device  
5 for infants. If the child is four but not yet 16 years of age, the  
6 child shall be properly secured in a child safety device approved for  
7 a child of that age and size by the United States Department of Trans-  
8 portation or in a safety belt, whichever is appropriate for the par-  
9 ticular child.

10 (c) Subsections (a) and (b) do not apply to

11 (1) passengers in a school bus, unless the school bus is  
12 required to be equipped with seat belts by the United States Depart-  
13 ment of Transportation;

14 (2) passengers in an emergency vehicle;

15 (3) a vehicle operator acting in the course of employment  
16 delivering mail or newspapers from inside the vehicle to roadside mail  
17 or newspaper boxes;

18 (4) a person or class of persons exempted by regulation  
19 under AS 28.05.096;

20 (5) a person required to be restrained by safety belts  
21 under (a) or (b) of this section if the motor vehicle is not equipped  
22 with safety belts; or

23 (6) a person driving a vehicle on a highway or vehicular  
24 way not connected by land highway to

25 (A) the land-connected state highway system estab-  
26 lished under AS 19.10.020, or

27 (B) a highway or vehicular way with an average daily  
28 traffic volume greater than 499.

29 (d) A person may not remove a safety belt from a vehicle solely

1 to be exempted under (c)(5) of this section.

2 (e) Notwithstanding any other provision of law, a peace officer  
3 may not stop or detain a motor vehicle to determine compliance with  
4 (a) of this section, or issue a citation for a violation of (a) of  
5 this section, unless the peace officer has probable cause to stop or  
6 detain the motor vehicle other than for a violation of (a) of this  
7 section.

8 \* Sec. 3. AS 28.05.096(a) is amended to read:

9 (a) The commissioner of public safety may adopt regulations to  
10 exempt a person [CHILD] or a class of persons [CHILDREN] from the  
11 requirements of AS 28.05.095 if the commissioner determines that the  
12 use of a safety belt or child safety device is impractical because of  
13 physical or medical conditions of the person or class of persons  
14 [CHILD].

15 \* Sec. 4. AS 28.05.099 is amended to read:

16 Sec. 28.05.099. PENALTY. (a) A person convicted of a violation  
17 of AS 28.05.095(a) or (d) [(c)] is guilty of an infraction and may be  
18 fined up to \$15 or the court may waive the fine if the person convict-  
19 ed donates \$15 to the Emergency Medical Services entity providing  
20 services in the area in which the violation occurred [ASSESSED DEMERIT  
21 POINTS AS DETERMINED BY REGULATIONS OF THE DEPARTMENT, NOTWITHSTANDING  
22 THE PROVISIONS OF AS 28.15.231(b)].

23 (b) A person convicted of a violation of AS 28.05.095(b) is  
24 guilty of an infraction and may be assessed demerit points as deter-  
25 mined by regulations of the department, notwithstanding the provisions  
26 of AS 28.15.231(b). A person who violates AS 28.05.095(b) [AS 28.05.-  
27 095(a)] by failing to provide a child safety device or safety belt  
28 [SEATBELT] may provide a peace officer, including a village safety  
29 officer, proof of purchase or acquisition, and installation, of an

1 approved child safety device or safety belt [SEATBELT]. If the proof  
2 is provided within 30 days after the issuance of a citation for the  
3 infraction, the court shall dismiss the citation and no points shall  
4 be assessed under this subsection [(a) OF THIS SECTION] unless the  
5 person has

6 (1) been convicted previously for violating AS 28.05.095  
7 [THAT SECTION] by failing to provide a child safety device or safety  
8 belt [SEATBELT];

9 (2) been cited for failure to provide a child safety device  
10 or safety belt [SEATBELT] and has forfeited the bail required by the  
11 citation; or

12 (3) provided [THE] proof under [REQUIRED BY] this sub-  
13 section on a prior occasion.

14 \* Sec. 5. AS 28.05.151 is amended by adding a new subsection to read:

15 (b) The supreme court shall establish a scheduled amount of  
16 bail, not to exceed fines prescribed by law, allowing disposition of a  
17 citation for a violation of AS 28.05.095 without a court appearance.  
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Amended: 2/23/89

6-0602E

Offered: 2/17/89  
Referred: Rules

Am #3

Greenberg  
3/21/89

Original sponsors: Cotten, Ulmer,  
Zawacki, et al.

1 IN THE HOUSE BY THE JUDICIARY COMMITTEE

2 CS FOR HOUSE BILL NO. 105 (Judiciary) am

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 mandatory use of safety devices  
7 in motor vehicles; and motor vehicle bodily injury  
8 liability insurance rates."

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

add  
this

10 \* Section 1. AS 21.39 is amended by adding a new section to read:

11 ~~Sec. 21.39.035. AUTOMOBILE PREMIUM RATE REDUCTION.~~ [Notwith-

12 standing AS 21.39.030, ~~beginning one year after the effective date of~~

13 ~~this Act, an insurer providing motor vehicle liability insurance in~~

14 ~~the state shall reduce the premium rate charged within the state for~~

15 ~~motor vehicle bodily injury liability insurance by at least five~~

16 ~~percent to reflect the required use of safety belts and child safety~~

17 ~~devices under AS 28.05.095. The director may make adjustments to the~~

18 ~~premium rate reduction required under this section, if requested by an~~

19 ~~insurer and the insurer justifies the adjustments based on the use of~~

20 ~~safety belts or child safety devices under AS 28.05.095.]~~

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25 while being driven unless restrained by a safety belt; and

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27 safety belt.

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29 transport a child under the age of 16 in a motor vehicle unless the

1 driver has properly secured each child as described in this subsec-  
2 tion. If the child is less than four years of age, the child shall be  
3 properly secured in a child safety device meeting the standards of the  
4 United States Department of Transportation for a child safety device  
5 for infants. If the child is four but not yet 16 years of age, the  
6 child shall be properly secured in a child safety device approved for  
7 a child of that age and size by the United States Department of Trans-  
8 portation or in a safety belt, whichever is appropriate for the par-  
9 ticular child.

10 (c) Subsections (a) and (b) do not apply to

11 (1) passengers in a school bus or an emergency vehicle;

12 (2) a vehicle operator acting in the course of employment  
13 delivering mail or newspapers from inside the vehicle to roadside mail  
14 or newspaper boxes;

15 (3) a person or class of persons exempted by regulation  
16 under AS 28.05.096; or

17 (4) a person required to be restrained by safety belts  
18 under (a) or (b) of this section if the motor vehicle is not equipped  
19 with safety belts.

20 (d) A person may not remove a safety belt from a vehicle solely  
21 to be exempted under (c)(4) of this section.

22 (e) Notwithstanding any other provision of law, a peace officer  
23 may not stop or detain a motor vehicle to determine compliance with  
24 (a) of this section, or issue a citation for a violation of (a) of  
25 this section, unless the peace officer has probable cause to stop or  
26 detain the motor vehicle other than for a violation of (a) of this  
27 section.

28 \* Sec. 3. AS 28.05.096(a) is amended to read:

29 (a) The commissioner of public safety may adopt regulations to

1        exempt a person [CHILD] or a class of persons [CHILDREN] from the  
2        requirements of AS 28.05.095 if the commissioner determines that the  
3        use of a safety belt or child safety device is impractical because of  
4        physical or medical conditions of the person or class of persons  
5        [CHILD].

6        \* Sec. 4. AS 28.05.099 is amended to read:

7        . . . Sec. 28.05.099. PENALTY. (a) A person convicted of a violation  
8        of AS 28.05.095(a) or (d) [(c)] is guilty of an infraction and may be  
9        fined up to \$15 or the court may waive the fine if the person convict-  
10       ed donates \$15 to the Emergency Medical Services entity providing  
11       services in the area in which the violation occurred [ASSESSED DEMERIT  
12       POINTS AS DETERMINED BY REGULATIONS OF THE DEPARTMENT, NOTWITHSTANDING  
13       THE PROVISIONS OF AS 28.15.231(b)].

14        (b) A person convicted of a violation of AS 28.05.095(b) is  
15       guilty of an infraction and may be assessed demerit points as deter-  
16       mined by regulations of the department, notwithstanding the provisions  
17       of AS 28.15.231(b). A person who violates AS 28.05.095(b) [AS 28.05.-  
18       095(a)] by failing to provide a child safety device or safety belt  
19       [SEATBELT] may provide a peace officer, including a village safety  
20       officer, proof of purchase or acquisition, and installation, of an  
21       approved child safety device or safety belt [SEATBELT]. If the proof  
22       is provided within 30 days after the issuance of a citation for the  
23       infraction, the court shall dismiss the citation and no points shall  
24       be assessed under this subsection [(a) OF THIS SECTION] unless the  
25       person has

26        (1) been convicted previously for violating AS 28.05.095  
27       [THAT SECTION] by failing to provide a child safety device or safety  
28       belt [SEATBELT];

29        (2) been cited for failure to provide a child safety device

1 or safety belt [SEATBELT] and has forfeited the bail required by the  
2 citation; or

3 (3) provided [THE] proof under [REQUIRED BY] this sub-  
4 section on a prior occasion.

5 \* Sec. 5. AS 28.05.151 is amended by adding a new subsection to read:

6 (b) The supreme court shall establish a scheduled amount of  
7 bail, not to exceed fines prescribed by law, allowing disposition of a  
8 citation for a violation of AS 28.05.095 without a court appearance.  
9

3/21/89

Am. #1

By: [REDACTED]

Amendment to HB 105:

add under section 2, subsection (c)

(3) a motor vehicle exempt under AS 28.10.011 (11).

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<p><b>Section</b> 151. Vehicles transported under special permits 165. Souvenir winter olympics plate</p>	<p><b>Section</b> 181. Registration of unique and special vehicles and vehicles used for special purposes</p>
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**Sec. 28.10.011. Vehicles subject to registration.** Every vehicle driven, moved, or parked upon a highway or other public parking place in the state shall be registered under this chapter except when the vehicle is

- (1) driven or moved on a highway only for the purpose of crossing the highway from one private property to another, including an implement of husbandry as defined by regulation;
- (2) driven or moved on a highway under a dealer's plate or temporary permit as provided for in AS 28.10.031 and 28.10.181(j);
- (3) special mobile equipment as defined by regulation;
- (4) owned by the United States;
- (5) moved by human or animal power;
- (6) exempt under 50 U.S.C. App. 501-591 (Soldiers' and Sailors' Civil Relief Act);
- (7) driven or parked only on private property;
- (8) the vehicle of a nonresident as provided under AS 28.10.121;
- (9) a commercial interstate vehicle under AS 28.10.141;
- (10) transported under a special permit under AS 28.10.151;
- (11) being driven or moved on a highway, 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;
- (12) a mobile home as defined by regulation;
- (13) an implement of husbandry operated in accordance with the provisions of AS 19.10.065. (§ 7 ch 178 SLA 1978; am § 1 ch 54 SLA 1979; am § 1 ch 99 SLA 1983; am § 3 ch 60 SLA 1986; am § 3 ch 26 SLA 1987)

*Effect of amendments. — The 1987 amendment added paragraph (13).*

**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 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) and shall comply with any other applicable statutes and regulations.

(b) At the time of registration, the department shall explain the requirements for automobile insurance and how to comply with them.

(c) An employer who requires registration of a vehicle received by mail shall pay the fee known to all employees. AS 13.50 (Uniformed Services of America) offices in which other written instructions by mail, and, if revised, AS 1978; am §§ 4, 5 ch 58 SLA 1987.

*Effect of amendments. — The 1985 amendment deleted the words "for freight carrier fees required under this chapter" in subsection (a).*

*The second 1985 amendment changed the sentence of subsection (a).*

**Sec. 28.10.041. Department may**

(1) the application fee;  
(2) the application fee;  
department;

(3) the application fee or registration fee;

(4) the vehicle or moved on a highway or property in this state;

(5) the department if the vehicle was stolen or if the registration would be void having a valid title;

(6) the registration fee for any reason under this chapter;

(7) the requirements for registration;

(8) the vehicle or moved on a highway or property in this state;

(9) the vehicle or moved on a highway or property in this state;

AS 28.32.010;

5/2/89

June 10, 1986

As required by AS 28.22.200(b), following is a list of areas that are exempt from the mandatory insurance law. As of 9/01/86 these areas are also exempt from vehicle registration per AS 28.10.011(11) amended in 1986 legislature. Also exempt from child safety device law (AS 28.05.095)

Adak	Chignik Lake	Kaktovik	Napaiskak	St. George
Afognak	Chisana	Kalskag	Napakiak	St. Mary's
Akhiok	Christian	Kaltag	Nelson Lagoon	St. Michael
Akiachak	Chuathbaluk	Kanatak	New Stuyahok	St. Paul
Akiak	Clark's Point	Karluk	Newhalen	Sanak
Akolmiut	Cold Bay	Kasaan	Newtok	Sand Point
Akulurak	Crooked Creek	Kashegelo	Nightmute	Savoonga
Akutan		Kasigluk	Nikolai	Scammon Bay
Alakanuk	Deering	Katalla	Nikolski	Selawik
Alatna	Diomede	Kiana	Noatak	Shageluk
Allakaket		King Cove	Nolan	Shaktoolik
Amakdedori	Edna Bay	King Island	Nondalton	Sheldon Point
Ambler	Eek	Kipnuk	Noorvik	Shemya
Amchitka	Egavik	Kivalina	Nuiqsut	Shismaref
Angoon	Egegik	Kiwalik	Nulato	Shungnak
Aniak	Ekuk	Kobuk	Nunachuak	Shungnak Village
Annette	Ekwok	Kokhanok	Nunapitchuk	Skwentna
Anvik	Elfin Cove	Kokrines	Nushagak	Sleetmute
Arctic Village	Elim	Koliganek	Nyac	Snettisham
Atka	Emanguk	Kongiganak	Old Harbor	South Naknek
Atkasuk	Emmonak	Kotlik	Ophir	Squaw Harbor
Attu	English Bay	Kotzebue	Oscarville	Stebbins
	Excursion Inlet	Koyuk	Ouzinkie	Stevens Village
		Koyukuk	Owl Village	Stony River
Baranof		Kvichak		Stuyahok
Barrow	False Pass	Kwethluk	Pavlof Harbor	Takotna
Beaver	Flat	Kwigillingok	Pedro Bay	Taku Harbor
Bell Is. Hot Spgs.	Fort Yukon	Kwiguk	Pelican	Tanana
Belkofski	Fortuna Ledge	Kwinhagak	Pennock Island	Tanana
Belmezok			Perryville	Tatitlek
Bettles	Galena		Pikmiktalik	Tenakee Springs
Bettles Field	Gambell	Lake Minchumina	Pile Bay	Tetlin
Biorka	Golovin	Larsen Bay	Pilot Point	Tin City
Birch Creek	Goodnews Bay	Latouche	Pilot Station	Todd
Brevig Mission	Grayling	Levelock	Pitka's Point	Togiak
Buckland	Gustavus	Lime Village	Platinum	Tokeen
		Little Diomede	Pt. Baker	Toksook Bay
Candle	Hawk Inlet	Long	Pt. Hope	Tuluksak
Canyon	Haycock	Lower Kalskag	Pt. Lay	Tuntutuliak
Cape Pole	Holy Cross		Poorman	Tununak
Cape Yakataga	Hooper Bay	Manokatak	Port Alexander	Twin Hills
Chalkyitsik	Hughes	Marshall	Port Alsworth	Tyonek
Chandalar	Huslia	Mary's Igloo	Port Ashton	
Chaniliut	Hyder	McGrath	Port Graham	Ugashik
Chakaktolik		Medfra	Port Heiden	Umiat
Chase	Iditarod	Mekoryuk	Port Lions	Unalakleet
Chatham	Iguigig	Meshik	Port Moller	Unga
Cheching	Igushil	Metlakatla	Port Wakefield	
Chenik	Iliamna	Meyoryuk		Venetie
Chefornak	Ivanoff Bay	Meyers Chuck	Quinhagak	
Chernofski		Moses Point		Wainwright
Chevak	Kachemak	Mountain Village	Rampart	Wales
Chichagof	Kaguyak	Mumtrak	Red Devil	White Mountain
Chignik	Kake		Ruby	Whittier
Chignik Lagoon	Kakhonak	Napaimiut	Russian Mission	Wiseman
				Woody Island

3/21/89  
Senator Adams

Am #2

§ 28.37.180 ALASKA STATUTES SUPPLEMENT § 28.40.050

(b) The administrator of each party state shall furnish to the administrator of each other party state the information or documents reasonably necessary to facilitate the administration of the compact. (§ 18 ch 60 SLA 1986)

Sec. 28.37.180. Compact as law; withdrawal procedure. (a) The compact shall become effective as to any state in which the compact becomes effective as the law of that state.

(b) A party state may withdraw from the compact by enacting a statute repealing the compact as the law of the state, but a withdrawal may not take effect until six months after the executive head of the withdrawing state has given notice of the withdrawal to the executive heads of all other party states. Withdrawal does not affect the validity or applicability by the licensing authorities of states remaining party to the compact of any report of conviction occurring before the withdrawal. (§ 13 ch 60 SLA 1986)

Sec. 28.37.180. Construction and validity; severability. The compact shall be liberally construed so as to effectuate its purposes. The provisions of the compact are severable and if any phrase, clause, sentence, or provision of the compact is declared to be contrary to the constitution of any party state or of the United States or the applicability of it to a government, agency, person or circumstance is held invalid, the validity of the remainder of the compact and the applicability of it to any government, agency, person or circumstance shall not be affected by it. If the compact is held contrary to the constitution of any party state, the compact shall remain in full force and effect as to the remaining states and in full force and effect as to the state affected as to all severable matters. (§ 18 ch 60 SLA 1986)

Chapter 40. General Provisions.

Section	Section
50. Penalty for violations of law, regulations, and municipal ordinances	100. Definitions for title

Sec. 28.40.050. Penalty for violations of law, regulations, and municipal ordinances. (a) It is a misdemeanor for a person to violate a provision of this title unless the violation is by this title or other law declared to be a felony or an infraction.

(b) A person convicted of a misdemeanor for a violation of a provision of this title for which another penalty is not specifically provided is punishable by a fine of not more than \$500, or by imprisonment for not more than 90 days, or by both. In addition, the privilege to drive or the registration of vehicles may be suspended or revoked.

§ 28.40.100 MOTOR VEHICLES § 28.40.100

(c) Unless otherwise specified by law, a person convicted of an infraction of a regulation adopted under this title, or a municipal ordinance providing for a penalty, is not guilty of an infraction and is punishable by a fine not to exceed \$300.

(d) An infraction, as provided for in (c) of this section, is not considered a criminal offense and may not result in imprisonment, nor is a fine imposed for the commission of an infraction considered a penal or criminal punishment; nor may the commission of a single infraction result in the loss of a driver's license or privilege to drive in this state except as may result from the accumulation of points under AS 28.15.221 — 28.15.261, or the registration of vehicles; nor does a person cited with an infraction have a right to trial by jury or to court-appointed counsel.

(e) [Repealed, § 5 ch 85 SLA 1987.] (§ 50-1-8 ACLA 1949; am § 12 ch 241 SLA 1976; am §§ 22, 23 ch 144 SLA 1977; am § 5 ch 85 SLA 1987)

Effect of amendments. — The 1987 amendment repealed subsection (e), concerning overweight penalties.

NOTES TO DECISIONS

Prerequisite to suspension of license or privilege to drive. — A driver's license or privilege to drive cannot properly be suspended unless the driver was in fact licensed or otherwise actually privileged to drive a motor vehicle within the state. Roberts v. State, Ct. App. Op. No. 478 (File No. A-342), 700 P.2d 815 (1985).  
Generic penalty provision. — Subsec-

tion (b) is not a penalty provision dealing specifically with the offense of driving while license suspended; rather it is a generic penalty provision, broadly applicable to violations of all Title 28 provisions for which the specific penalties are given. Roberts v. State, Ct. App. Op. No. 478 (File No. A-342), 700 P.2d 815 (1985).

Sec. 28.40.100. Definitions for title. (a) Unless otherwise specifically defined or unless the context otherwise requires, in this title and in regulations adopted under this title

- (1) "cancel" means the annulment or termination by formal action of the department of a certification, registration, license, permit or privilege issued or allowed under this title or regulations adopted under this title, because of an error or defect in the document issued or the application for issuance or because the person holding the document is no longer entitled to it;
- (2) "commissioner" means the commissioner of public safety;
- (3) "department" means the Department of Public Safety;
- (4) "driver" means a person who drives or is in actual physical control of a vehicle;
- (5) "driver's license", or "license" when used in relation to driver licensing, means a license, permit, or privilege to obtain a driver's

6-0602Jb  
Ford

3/30/89

Gruenberg

Replaces Amend. #3

A M E N D M E N T

OFFERED IN THE SENATE

TO: SCS CSHB 105 (Trsp)

Page 2, after line 22:

Insert a new bill section to read:

"\* Sec. 2. AS 21.39 is amended by adding a new section to read:

Sec. 21.39.035. AUTOMOBILE PREMIUM RATE REDUCTION. Beginning one year after the effective date of this Act, an insurer providing motor vehicle liability insurance in the state shall reduce the premium rate charged within the state for motor vehicle bodily injury liability insurance by at least five percent to reflect the required use of safety belts and child safety devices under AS 28.05.095. The director may make adjustments to the premium rate reduction required under this section, if requested by an insurer and the insurer justifies the adjustments under AS 21.39.030."

Renumber the following bill sections accordingly.

3/21/89  
Stuzgulewski

DRAFT  
LETTER OF INTENT

It is the intent of the Legislature that Senate Bill 59 exempt schoolbuses from the provisions of AS 28.05.095 until such time as the United States Department of Transportation, National Transportation Safety Board issues its report on the crash performance of small schoolbuses.

At that time, AS 28.05.095 will be reviewed to determine what, if any, changes must be made to conform Alaska law to recommendations of the National Transportation Safety Board.

Adopted by Senate Transportation  
SB59

STATE OF ALASKA  
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

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

MEMORANDUM

March 16, 1989

SUBJECT: Mandatory safety devices - SCS CSHB 105(Trsp)  
TO: Representative Sam Cotten  
FROM: Michael Ford *M.F.*  
Legislative Counsel

The following is a sectional analysis of SCS CSHB 105(Trsp):

Section 1 - Requires insurers providing motor vehicle liability insurance to reflect the required use of safety belts and child safety devices under AS 28.05.095 in their insurance rates.

Section 2 - Prohibits certain persons from occupying or operating a motor vehicle unless restrained by a safety belt. Requires a driver transporting children to secure the child in an appropriate safety device or seat belt. Provides certain exemptions from mandatory use of safety belts or child safety devices. Provides that a peace officer may not stop or detain a motor vehicle solely to determine compliance with the mandatory safety device requirements.

Section 3 - Allows the commissioner of public safety to exempt a person or class of persons from the mandatory safety belt or child safety device requirements of AS 28.05.095.

Section 4 - Establishes that the penalty for violating AS 28.05.095 is an infraction and provides specific penalties.

Section 5 - Requires the supreme court to establish a scheduled amount of bail for a violation of AS 28.05.095, allowing disposition of a citation without court appearance.

MFF:gc  
WKG8/033

- SECTIONAL ANALYSIS - SCS (TRSP.)

*AL*

BILL NO: HB 105

DATE: January 26, 1989

TITLE: "An Act relating to mandatory use of safety devices in motor vehicles."

CONTACT: Ellen Moore  
Highway Safety Planning Agency  
465-4375

DEPARTMENT OF  
PUBLIC SAFETY  
/

The intent of this legislation is to reduce deaths and serious injuries to occupants of motor vehicles by promoting the great use of safety belts by the motoring public.

Thirty-one states have enacted bills requiring the use of safety belts. Jurisdictions that have had the longest experience with their laws have found that the greater the level of increase in seatbelt use, the greater reduction in fatalities and serious injuries.

House Bill 105 has the potential to save as many as 35 lives in Alaska each year. This figure assumes a 70% compliance rate and a 50% effectiveness rate. Because the bill allows only "secondary" enforcement, it may be difficult to achieve this level of use; however, surveys conducted since 1985 by Hellenthal and Associates indicate that approximately 80% of the Alaskans surveyed will wear safety belts simply because such a law exists.

We recommend passage of HB 105 as written.

*Arthur English*

Arthur English  
Commissioner

*Dept. Public Safety - Position Paper For Original Bill*

ALASKA STATE LEGISLATURE

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**SAM COTTEN**  
**SPEAKER OF THE HOUSE**

March 16, 1989

To: Senator Rick Uehling, Co-Chairman  
Senate Finance Committee

From: Representative Sam Cotten *SC*  
Speaker of the House

Subject: House Bill 105

Thank you for scheduling Senate CS for CS for HB 105 (Transportation), requiring the use of safety constraint devices in most motor vehicles.

There is compelling evidence that the use of seat belts significantly reduces the number of traffic fatalities. States that have required their use have seen a corresponding decrease in traffic related deaths. If legislation is enacted into law, Alaska would be the 33rd state to require the use of seat belts.

This bill makes failure to use seat belts a secondary offense which would carry a \$15 fine. The offender could donate the fine to emergency medical services.

The legislation requires that automobile bodily injury insurance rates reflect the mandatory use of safety constraints in motor vehicles. Insurance rates were not addressed the original version of the bill. An amendment requiring a mandatory five percent reduction in motor vehicle liability insurance was added to the bill on the House floor. ~~Senate CS for CS for HB 105 softened that provision by eliminating the mandatory five percent rate reduction.~~

Please contact my office if you need any further information.

Robert B. Atwood  
President and Publisher

Elaine Atwood  
Assistant Publisher

William J. Tobin  
Vice-President, Editor-in-Chief

# Editorials

The Anchorage Times

May 3, 1988

## Buckle up, and do it now

IN THESE closing days of the lawmaking session, it would be good if the ladies and gentlemen of the legislature would quit fiddling around with lives and buckle up — and make the rest of us do it, too.

None of us complain about wearing seat belts when in airplanes. We're required to do it there.

So what's the big deal about requiring us to do the same when we drive around town or on the highway?

More people are killed on the roads than in airplane crashes. And a lot of those who are weren't wearing safety belts.

For three years now the legislature has had before it bills to make it illegal for drivers and passengers to ride without safety belts fashioned. Each year the effort has died on the sword of individual rights and argu-

ments that the state shouldn't legislate against the risks a person is willing to take with his or her own life.

Baloney.

SEAT BELTS save lives when properly used. It's as simple as that.

And no big felony charge would be involved for those who don't, under this proposed legislation.

All that would be involved is a \$15 fine for offenders.

And even that can be donated to a good cause. At the option of the guilty driver, the fine would go to emergency medical service units — the ambulance drivers and crews who speed to the scene and try to keep alive those injured in accidents.

Enough talk is enough. Pass it and let's get on with adopting a simple new habit.

- PRESS ARTICLES/EDITORIALS -

Tuesday, January 17, 1989

## ***Make it mandatory***

The Legislature could do a simple thing that would save lives, reduce injuries and save money. It could pass a law making the use of safety belts in vehicles mandatory.

Many people don't like the idea of mandatory safety belt laws. The use of safety belts should be a personal choice, they say. The government has no business dictating personal choices.

It's a compelling argument, but not so compelling as the harm that is done by not wearing safety belts. According to a 1987 study, mandatory use of safety belts in Alaska would save 35 lives a year, reduce injuries to more than 600 persons, save \$5 million worth of lost labor and decrease other economic losses associated with highway death and injury by \$13 million. Not just the victims, but everyone pays the cost of not wearing safety belts in terms of increased taxes, insurance premiums and health care costs.

Thirty-one states and the District of Columbia have passed mandatory safety belt laws. In every state, use of safety belts has increased substantially.

Educational programs promoting safety belt use fail to provide the incentive to buckle up that a law requiring it does. We reluctantly move from a position of advocating voluntary compliances to urging the Legislature to make safety belts mandatory. They should, however, avoid some of the problems that Washington state encountered when they initially failed to provide for exemptions for certain types of delivery vehicles.

FAIRBANKS

**Daily News - Miner**

# JUNEAU EMPIRE

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5-4-88

## Seatbelt bill should be passed

**L**odged within the bowels of the Alaska Legislature is a bill that, plain and simple, would save lives. It is the seatbelt bill.

Opponents say any law requiring Alaskans to buckle their seatbelt is an infringement on their "civil liberties." They say that if they want to increase the likelihood of being injured or killed in an automobile accident by 15 to 25 percent, then that's their business.

Wrong. In fact, all of us pay the price of those individuals who cherish their "civil liberties" more than their lives. According to U.S. Secretary of Transportation Jim Burnley, seatbelt laws save more than the human suffering a serious traffic accident leaves in its wake.

"Belt laws are helping to reduce the staggering societal costs of motor vehicle crashes, currently estimated to be \$74 billion a year," he wrote in USA Today. That includes medical, municipal and state services, increased insurance expenses and other public expenditures.

The cost of not having a seatbelt law can be estimated in blood, too. If all 50 states had seatbelt laws, Secretary Burnley estimates 3,100 lives would have been saved last year alone. That is more than the population of Wrangell killed because of the lack of seatbelt laws.

What is this "threat" to our "civil liberties" that the Alaska Senate is protecting us from? The bill now bottled up in the Senate State Affairs Committee would make driving without wearing a seatbelt a secondary offense. That means you could not be stopped by a police officer solely for not wearing a seatbelt. But if you were stopped for another traffic offense and didn't have your seatbelt fastened, you would have to pay a \$15 fine or donate that amount to emergency medical services.

Pardon us, but that is hardly an infringement on anyone's civil liberties. All it would do is heighten public awareness of the need to wear seatbelts.

Thirty-two states and Washington, D.C., have seatbelt laws. Obviously, those lawmakers know that any law that saves so many lives makes good sense.

Hopefully, Alaska's lawmakers would agree - if they ever got a chance to vote on the bill.

What happens if Alaska's legislators don't pass a seatbelt law this year? More people will die, more people will be injured, and the next legislature will have to do what this one refused to.

Pass a seatbelt law.  
Please.

**ISSUE:** Should  
Alaska have a seat-  
belt use law?

**Anchorage Daily News** 

Winner, 1976 Pulitzer Prize Gold Medal for Public Service  
**Gerald E. Griffin** Publisher  
**Howard Weaver** Managing Editor  
**Michael Carey** Editorial Page Editor  
Katherine Fanning, Editor and Publisher 1971 to 1983  
Lawrence Fanning, Editor and Publisher 1967 to 1971  
Founded in 1946 by Norman C. Brown

## A way to prevent needless deaths

This year, the legislature has a chance to help fight one of the most serious health problems in the state — and it can do so with very little money or effort.

The health problem is accidental injuries: They are the second leading cause of death for all Alaskans — and the leading cause among young Alaskans. Too many of these deaths come in motor vehicle accidents — some 231 over the past three years.

There's a simple way to cut this carnage on the state's highways: Require people to wear seat belts. Of those 231 victims, 201 were not belted in.

A bill to mandate seat belt use passed the state House last year but never made it to the Senate floor for a vote. This year, with new legislative leadership, prospects for a seat belt law look much better.

In the past, some people have resisted a seat belt law because they see it as an infringement on their personal freedom. Why they object is a mystery. The resulting "intrusion" into people's lives is on a par with a parking ticket — and has considerably more justification. When a parked car overstays its welcome, there's just one less parking space available. When car passengers fail to buckle up, they invite serious injury and death, and increase the costs we all pay for emergency services, insurance and health care.

Alaska's proposed seat belt law offers us all a gentle reminder to do what's good for everyone. The violation would be a secondary offense, meaning that drivers cannot be cited unless they are stopped for some other violation. The fine would be a mere \$15. If violators don't want to send their checks to the government, they can donate the \$15 to emergency medical services.

Seat belts save lives — but only if people wear them. A mandatory seat belt law is a reasonable way to get more people to buckle up.



## FORUM

## Alaskans can live with proposed safety belt law

By FRANK BICKFORD

One thing alone can save 35 Alaskan lives a year, reduce the hardship and costs of over 600 injuries, save \$5 million worth of lost labor, and decrease economic losses associated with highway death and injury alone by

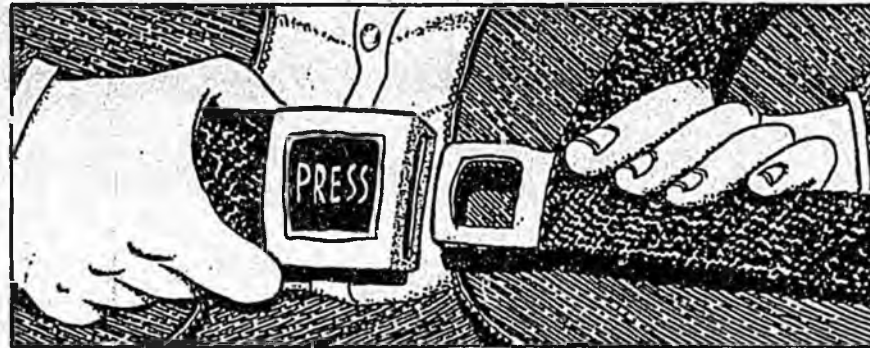


as much as \$13 million, according to estimates from The Alaska Highway Users Study. That one thing is wearing the safety belts already in our cars.

These facts are just four of the reasons Alaska needs a law requiring safety belt use. Although a major purpose of the Alaska Safety Belt Use Law would be to promote the safety of drivers and passengers using their safety belts, such a law would also promote the safety of other street and highway travelers, and promote the public welfare by reducing public expenditures.

In other words, if Alaska requires safety belts to be worn — everyone can benefit! Belt-use laws that have been passed in 31 states and D.C. motivate people to buckle up. Those states found that voluntary use is low. Legislating the use of safety belts saved significant numbers of lives and reduced costs.

Educational campaigns promoting safety belt use have been launched here and across the country. Use of safety belts increases temporarily during the campaign and then returns to a low percentage. The amount of



money spent is great and the residual impact slight.

Safety belt use laws and an aggressive educational campaign must be combined to achieve maximum use. In the absence of a law even with an educational campaign, less than 32 percent of the population will buckle up. However, a Hellenenthal statewide poll last year showed that 81 percent of Alaskans would wear safety belts if required by law.

A safety belt use law is the incentive to establish the safety habit in those who otherwise wouldn't buckle up.

If a person is killed or injured, it affects more people than the victim. Persons are not allowed a "freedom to choose" to pay the health care costs of those who "choose" not to wear their safety belts.

The cost of needless fatalities and serious injuries are paid by all persons — not simply the victim. Taxes, insurance premi-

ums and health care costs increase for us all. Unbelted occupants cause injuries to other occupants by becoming "unguided missiles." Thus, the "freedom to choose" to wear the belt does affect others directly.

The costs to society for medical care, rehabilitation, unemployment and welfare services supercede the "right" of people to seriously or fatally injure themselves or others by not buckling up. As a citizen and taxpayer, your rights are infringed upon by those who aren't responsible enough to buckle-up voluntarily; they leave you to pick up the tab for increased costs.

Other similar traffic-safety laws protect motorists and others, such as speed limits, drinking and driving and driver licensing. Safety belt use laws are consistent with these and other laws.

Ninety percent of those persons killed in motor vehicle accidents in Alaska during 1985, 1986, and 1987 were not wearing safety belts.

The proposed safety belt use law in Alaska is a secondary offense requiring a motorist be stopped for another offense before a \$15 ticket (which may be donated to emergency medical services) can be levied for not using safety belts.

Secondary enforcement will not impose additional burdens on law enforcement officers responsible for citing motorists under this act. Safety belts reduce traffic fatalities, which are eight times as expensive to investigate as non-injury accidents. In the past three years Hellenenthal Associates has conducted extensive statewide and local polls that show more than 80 percent of Alaskans supporting a safety belt use law.

In the past three years more than 80 percent of Alaskans have signed letters of support for the proposed safety belt use law and over 100 businesses have passed supportive resolutions.

The Alaska State House in 1987 passed the safety belt use law with bipartisan support. The Senate in 1988 failed to pass the legislation but 1989 looks more favorable for passage. Supporters of the bill include Speaker of the House, Sam Cook, Senate President Tim Kelly, and Governor Steve Cowper.

The statistics, the public support, editorial support of many newspapers and legislative support show that the proposed safety belt use law is one that Alaska can live with.

□ Frank Bickford is executive director of Alaska Safety Belt Use Coalition.

# Buckle-up bill passes House vote

By LARRY PERZLY  
The Associated Press

JUNEAU — The House Tuesday passed mandatory seatbelt legislation, despite protests from rural lawmakers who said the measure is not practical in small communities with few roads or cars.

"The rural areas of the state of Alaska are under much different conditions than urban centers with highways and high-speed traffic," said Rep. Lyman Hoffman, D-Bethel.

The legislation would require drivers and passengers of most vehicles to buckle up, if the vehicles have seatbelts installed.



Martin

Hoffman

Failure to use a seatbelt would result in a maximum \$15 fine, although the courts could waive the fine if the person makes a donation of the same amount to the emergency medical services agency in their area.

School bus and emergency vehicle passengers would be exempt from the new law, as would drivers of mail and newspaper curbside delivery vehicles.

House Bill 103 passed 23-14 and goes next to the Senate for its consideration. It is sponsored by House Speaker Sam Cotten, D-Eagle River.

Police could not stop a driver just to determine compliance with the seatbelt law, Cotten said. Tickets for failure to use seatbelts could be issued only if the driver were stopped for another violation.

"We look forward to the state Senate passing this im-

portant safety legislation and making Alaska the 32nd state to have a safety belt use law," said Frank Bickford, executive director of the Alaska Safety Belt Use Coalition.

Similar legislation passed the House last session, but died in the Senate.

"I'm against passage of this legislation," Rep. Kay Wallis, D-Fort Yukon, told her colleagues during Tuesday's two-hour debate on the bill. "We have no business to dictate through legislation what the citizens of this state do in the privacy of their cars."

Please see Page C-3, BUCKLE

## BUCKLE UP: Bill passes

Continued from Page C-1

Education is the best way to promote the use of seatbelts, she said.

"Here again we have a situation where rural Alaska wants to separate itself from urban Alaska," said Rep. Terry Martin, R-Anchorage.

"Rural Alaskans in the past have voted for bills they were absolutely opposed to, as long as they were exempt," Martin said.

Most traffic accidents occur close to home, whether that home is urban or rural, said Rep. Virginia Collins, R-Anchorage, who supported the bill.

Mandatory seatbelt legislation "has the potential to save as many as 35 lives in Alaska each year," the Department of Public Safety reported in its testimony on the measure.

Opposition came from Rep. Dick Shultz, R-Tok. "I'm just concerned about people concerned about me. ... It really does bother me," he said of government interference with how people choose to run their lives.

Shultz and other House members offered a dozen amendments and amend-

*"We have no business to dictate . . . what the citizens of this state do in the privacy of their cars."*

— Rep. Kay Wallis

ments to amendments in an attempt to exempt rural communities from the law, but all failed.

An amendment offered by Rep. Fran Ulmer, D-Juneau, did pass. It would allow the Alaska Supreme Court to permit payment of a seatbelt fine by mail, without a court appearance. The amendment was offered to save people a trip to court to pay their fine.

Writing against the bill were Reps. Ramona Barnes, Mark Boyer, Cliff Davidson, Richard Foster, Peter Goll, Lyman Hoffman, Ros Larson, Ellen MacLean, Mike Miller, Fritz Pettyjohn, Bert Sharp, Dick Shultz, Robin Taylor and Kay Wallis.

## High court rules on seat belt use 'Comparative negligence' could affect money awards in civil suits

By Rosemary Pagan  
Dana Weber

Alaska's highest court has given motorists one more reason to buckle up: Not wearing seat belts could cost you money.

The Supreme Court ruled that failing to wear seat belts in vehicles equipped with them can be used to prove a motorist's own negligence for traffic accident injuries.

In a personal injury lawsuit, juries may adjust a monetary award according to each party's responsibility.

The court's decision was issued Friday. It stemmed from the Anchorage case of Charles Hutchins, who had sued Robert Schwartz for injuries suffered in a two-car crash.

At Hutchins' trial, Anchorage Superior Court Judge Milton M. Souther allowed jurors to hear testimony that Hutchins had not been wearing a seat belt. Later, the judge told jurors to disregard that evidence.

In deciding on a money award, the jury found that Hutchins was comparatively negligent for his injuries, which included bruises, cuts and a broken toe. Jurors awarded him \$1,537.09 in damages. Hutchins had asked for \$250,000.

He appealed by asking the Supreme Court to find, among other things, that Souther had made mistakes by initially admitting the seat belt testimony and then by denying Hutchins' request for a new trial at a verdict other than the one the jury had reached.

In an opinion by Justice Allen T. Compton, the Supreme Court upheld the jury's decision. Since the court decided comparative negligence can be shown when a motorist fails to wear seat belts, the Supreme Court also found Souther had made no error by allowing jurors to hear the seat belt testimony.

Alaska is among 24 states that have no law requiring adults to wear seat belts. Lobbyists like Frank Bickford, of the Alaska Safety Belt Use Coalition, said Friday's ruling could be aschial in making the coalition's point that buckling not only saves lives but makes economic sense.

A-2—Daily News-Miner, Fairbanks, Alaska

Sunday, September 14, 1968.



Court ties seat belt use to negligence

# Metro Sunday

Anchorage Daily News Sunday, September 14, 1968

## No seat belt means smaller injury claim

### Court says unbelted motorist partly responsible for injuries

By Associated Press

The Alaska Supreme Court ruled Friday that a motorist involved in a traffic accident is partially responsible for his injuries if he fails to wear a seat belt.

The decision came in an Anchorage case in which Charles Hutchins sued Robert Schwartz for \$275,000 for injuries Hutchins sustained when his car and Schwartz's collided.

Hutchins suffered cuts on his head, bruising on his chest, knee and wrist, and a broken toe. In personal injury lawsuits, juries may adjust a monetary award according to each party's responsibility.

The jury decided Schwartz was 60 percent negligent in causing the accident, and Hutchins was 40 percent negligent. It awarded Hutchins \$1,537 in damages.

During the trial, Superior Court Judge Milton Souther allowed testimony that Hutchins was not wearing a seat belt. However, before the jurors began their deliberations, Souther ordered them to disregard the seat belt evidence.

Hutchins appealed the verdict, arguing that the seat belt testimony never should have been allowed.

Citing cases in Florida and Wisconsin, the Alaska Supreme Court said there is a demonstrable link between wearing seat belts and minimizing injuries.

"Automobile accidents are foreseeable," wrote Justice Allen Compton. "Therefore, if under the facts and circumstances of the case, a reasonably prudent person would have used a seat belt and if plaintiff suffered more severe injuries as a result of not wearing a seat belt, then the jury should be permitted to consider this factor in assessing damages."

The Supreme Court ruled that Souther's actions involving the seat belt evidence were appropriate.

2 JUNEAU EMPLOYEES MONDAY, SEPTEMBER 15, 1968

## Alaska Supreme Court says not wearing seat belts is negligent

# Prospective Study of the Effect of Safety Belts on Morbidity and Health Care Costs in Motor-Vehicle Accidents

Elizabeth Mueller Orsay, MD; Timothy L. Turnbull, MD; Mary Dunne, MD;  
John A. Barrett, MD; Patricia Langenberg, PhD; Charles P. Orsay, MD

To assess the impact of safety belt use on the extent of injuries sustained in motor-vehicle accidents and the incurred health care costs, 1364 patients were prospectively evaluated at four Chicago-area hospitals. Of these, 791 (58%) were wearing a safety belt whereas 573 (42%) were not. The mean injury severity score for safety belt wearers was  $1.8 \pm 0.07$  vs  $4.51 \pm 0.31$  in those not wearing a safety belt. Only 6.8% of safety belt wearers required admission vs 19.2% of those not wearing a safety belt. Restrained occupants incurred mean charges of  $\$534 \pm \$67$  compared with  $\$1583 \pm \$201$  in unrestrained occupants. Thus, safety belt wearers had a 60.1% reduction in severity of injury, a 64.6% decrease in hospital admissions, and a 66.3% decline in hospital charges. Our findings demonstrate the significant societal burden of nonuse of safety belts in terms of morbidity and the costs of medical care.

(JAMA 1988;260:3598-3603)

## MATERIALS AND METHODS

During the period of Jan 1 to July 1, 1986, data were collected on patients who presented after an MVA to the emergency department or trauma unit of four Chicago-area hospitals. Two of these hospitals (Mercy Hospital and Medical Center and Illinois Masonic Medical Center, Chicago) were urban community hospitals, one was a public inner-city hospital (Cook County Hospital, Chicago), and the fourth was a large suburban community hospital (Lutheran General Hospital, Park Ridge, Ill). These four hospitals were selected because they cover a wide geographic area within Cook County and a wide range of socioeconomic groups. In addition, the selected hospitals receive patients from a large assortment of urban crash settings, including expressways (high speeds) and city streets (lower speeds). Patients involved in MVAs that occurred in rural areas were not included.

All patients who presented with complaints referable to an MVA that had taken place within the previous 24 hours were eligible for inclusion. Pedestrians, bicyclists, motorcyclists, bus passengers, and those in trucks with more than two axles were excluded. Each weekday, the logs of each emergency department or trauma unit were reviewed in an attempt to identify any missed motor-vehicle injury cases. Cases thus identified were resubmitted to the examining physician with the medical record for completion and inclusion in the study.

Initial data were collected prospectively for all study subjects by the examining physician. The physician administered a structured questionnaire that included the following data: (1) de-

TRAUMA resulting from motor-vehicle accidents (MVAs) represents a major challenge to our health care delivery system and a significant societal burden. Motor-vehicle accidents are the leading cause of death in Americans aged 5 to 34 years and the seventh leading cause of death overall.<sup>1</sup> In 1982, an estimated 3.2 million people were injured in MVAs, of whom approximately 1.4 million were treated in emergency departments and 350 000 required hospitalization.<sup>2</sup> As a result of MVA-associ-

ated injuries, 1.3 million years of potential life before age 65 years were lost in 1984.<sup>3</sup> The overall economic loss to the United States attributable to MVAs in 1980 has been estimated to be \$57.2 billion.<sup>4</sup>

The Department of Transportation postulates that universal use of safety belts would reduce MVA-related fatali-

See also pp 3593 and 3651.

ties by 50% and injuries by 65%.<sup>5</sup> Previous studies, based on police reports<sup>6</sup> or National Highway Traffic Safety Administration records,<sup>7</sup> report a reduction of serious injury of belted front-seat occupants of 43% to 52%<sup>6</sup> and a decline in fatalities of 43%.<sup>7</sup> To our knowledge, no prospective studies based on medical data have specifically attempted to assess the efficacy with which safety belt use may prevent injury from motor-vehicular trauma. We undertook the following prospective study to assess the effect of safety belt use on the extent of injuries sustained during MVAs as well as the economic impact of their use.

From the Departments of Clinical Emergency Medicine (Drs E. Orsay, Turnbull, and Dunne), and Surgery (Drs Barrett and C. Orsay), and the Department of Biometry, School of Public Health (Dr Langenberg), University of Illinois, Chicago; the Division of Emergency Medicine, Lutheran General Hospital, Park Ridge, Ill (Dr E. Orsay); the Department of Emergency Medicine, Mercy Hospital and Medical Center, Chicago (Dr Turnbull); the Department of Emergency Medicine, Illinois Masonic Medical Center, Chicago (Dr Dunne); and the Trauma Unit (Dr Barrett) and the Department of Surgery (Dr C. Orsay), Cook County Hospital, Chicago. Dr Dunne is now with the Department of Emergency Medicine, St Francis Hospital, Poughkeepsie, NY.

Read before the 17th Annual Meeting of the University Association for Emergency Medicine, Philadelphia, May 20, 1987.

Reprint requests to Lutheran General Hospital, 1775 Dempster St, Park Ridge, IL 60068 (Dr E. Orsay).

termination of safety belt usage, (2) position of subject in vehicle, (3) mechanism of injury (front-end, rear-end, or broadside collision), (4) posted speed limit at location of MVA, (5) mode of transport to hospital, and (6) final disposition (discharge, transfer to another facility, admission to hospital, or death in emergency department). The examining physician also noted on the questionnaire if there was evidence of alcohol use, ie, clinical intoxication, a smell of alcohol on the breath, or an alcohol level. The data were then analyzed as yes/no variables. Alcohol levels obtained for legal use were sent to state laboratories; the results were not made available for the purposes of this study and therefore are not included. For all subjective data collected, independent confirmation was sought from paramedics, police, or others whenever possible.

The medical records (emergency and inpatient, if applicable) of all subjects were subsequently reviewed by a member of the research team. Additional collected data included the time of registration, nature of injuries, and payment status. An injury severity score (ISS) was then calculated based on the *Abbreviated Injury Scale Manual* (1985 edition).<sup>4</sup> A numerical score (1 to 5) is assigned to the severity of injury in each region; the squares of the three highest scores are then summated to obtain the ISS. Financial records were analyzed to determine the total hospital (excluding physician fees) and emergency department charges generated as a direct result of the MVA for each subject. The costs of consultants, admitting physicians, rehospitalizations, and rehabilitation were not included.

Study subjects were divided into two groups (restrained and unrestrained by safety belts) for the purposes of data analysis. Preliminary power calculations were made for an alpha of 0.05 and a power of 0.90 to detect a difference in ISS score of at least 0.5. The principal statistical tests used were *t* tests for comparisons of means of continuous variables and  $\chi^2$  tests for drawing inferences concerning proportions. Analyses of covariance and logistic regression analyses were performed to compare safety belt users with nonusers, controlling for possible confounding variables. The SAS statistical package on an IBM mainframe at the University of Illinois at Chicago was used to perform the analyses.

## RESULTS

A total of 1364 patients were entered into the study. The mean age of the patients was  $33.03 \pm 0.42$  years (mean

Table 1.—Characteristics of Safety Belt Wearers vs Nonwearers

Characteristic	Safety Belts		P*
	Yes (n=791)	No (n=573)	
Mean $\pm$ SEM age, y	35 $\pm$ 0.5	31.9 $\pm$ 0.7	.004
Male, %	49.7	55.8	.028
Reported mechanism of injury, %			
Rear-end collision	40.8	26.2	.001
Front-end collision	24.1	37.8	
Struck broadside (passenger)	20.0	20.5	
Struck broadside (driver)	12.8	9.4	
Other	1.2	1.9	
Unknown	1.2	4.4	
Alcohol use, %	5.6	19.5	.0001
Ambulance transport, %	38.4	57.6	.0001
Posted speed limit (mph), %			
<30	40.5	39.6	NS
30-45	39.6	35.1	
>55	8.5	8.6	
Unknown	11.5	16.8	

\*Percentages were compared by the Pearson  $\chi^2$  test. Means were compared by the two-tailed *t* test. NS indicates not significant.

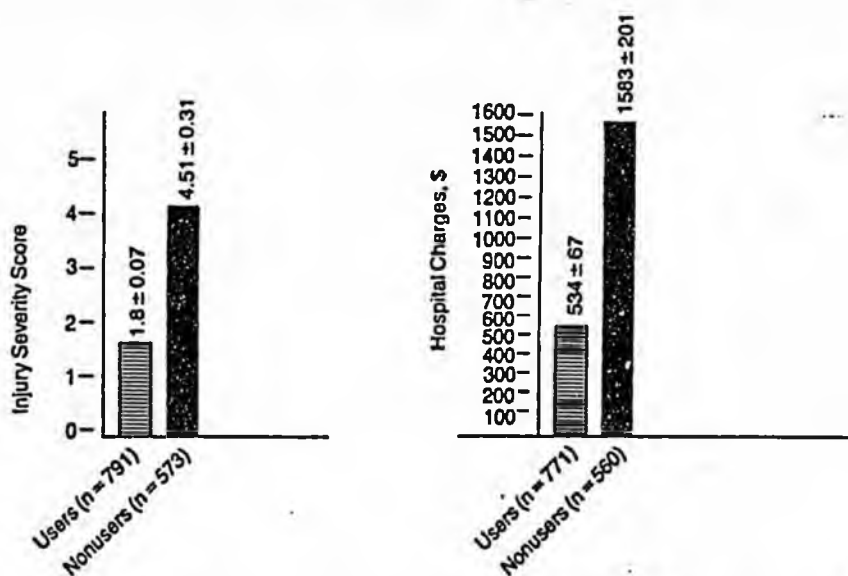


Fig 1.—Mean injury severity scores and hospital charges for safety belt users and nonusers. Patients who had worn safety belts had significantly lower injury severity scores ( $P < .001$ ) and hospital charges ( $P < .001$ ).

$\pm$  SEM); 52.5% were men, 63.6% were drivers, 24.6% were front-seat passengers, and 11.3% were back-seat passengers. There was no significant difference noted in the month patients were seen (January through June), but there was a difference noted in the time they were registered; 37.1% were registered from 7 AM to 3 PM, 42.1% from 3 to 11 PM, and 20.8% from 11 PM to 7 AM ( $P > .001$ ).

Seven hundred ninety-one patients (58%) claimed to be wearing safety belts, and 573 (42%) did not. Of those wearing safety belts, 603 (76.2%) were

wearing a shoulder harness and lap belt, 121 (15.3%) were wearing a lap belt only, and in 67 (8.5%) the safety belt type was not known. Differences were noted between the two groups with respect to age, sex, and reported mechanism of injury. Safety belt wearers were slightly older, more often female, and more likely to be involved in a rear-end collision. In addition, safety belt users were less likely to have used alcohol and less likely to require transport by ambulance. The groups were similar with respect to the posted speed limit where the accident occurred (Table 1).

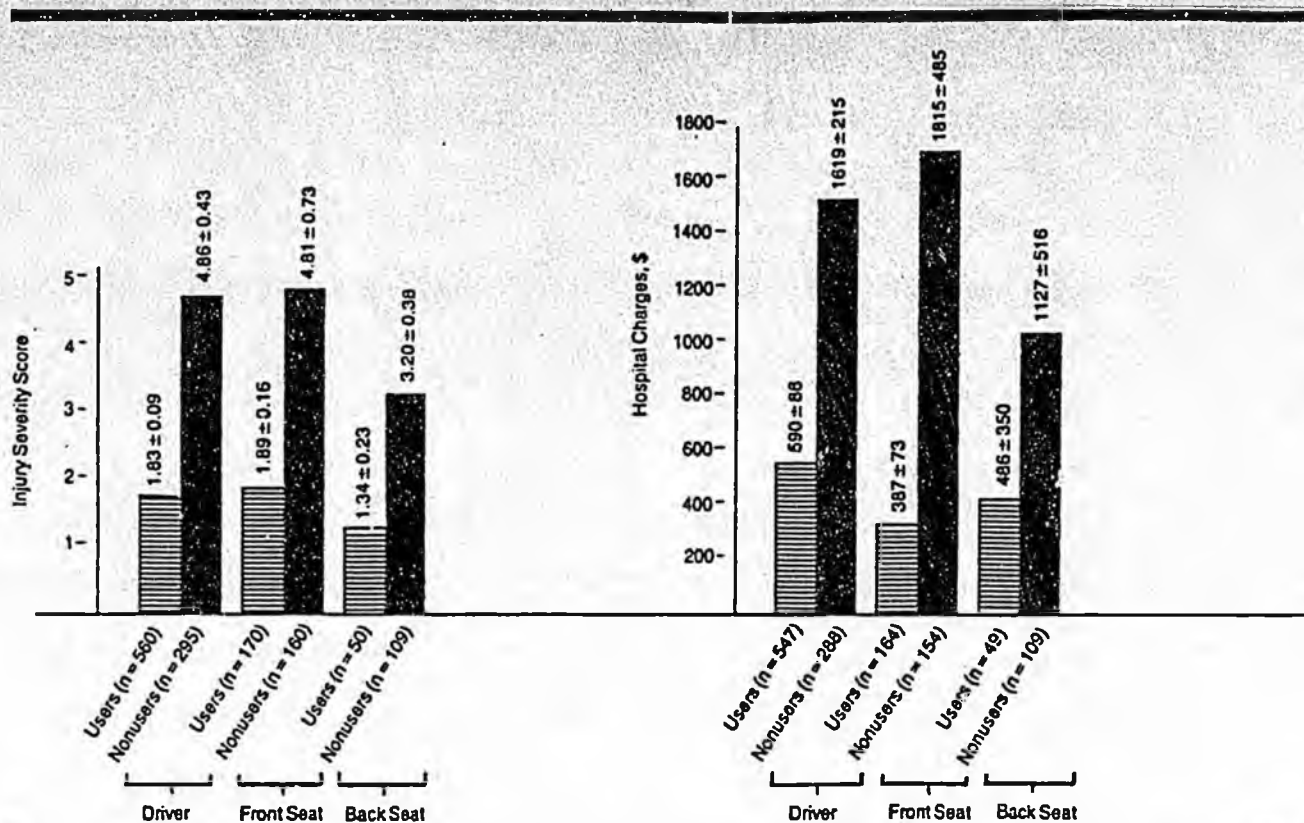


Fig 2.—Mean injury severity scores and hospital charges for safety belt users and nonusers by position in vehicle. Drivers, front-seat passengers, and back-seat passengers who had worn safety belts had significantly lower injury severity scores ( $P < .001$ ,  $P < .001$ , and  $P < .002$ , respectively) and hospital charges ( $P < .001$ ,  $P < .004$ , and  $P < .031$ , respectively).

### Severity of Injury

The mean ISS for safety belt wearers was  $1.8 \pm 0.07$  as opposed to  $4.51 \pm 0.31$  for those not wearing safety belts ( $P < .001$ , Fig 1, left). Patients who had worn safety belts, whether they were drivers, front-seat passengers, or back-seat passengers, fared significantly better than their unrestrained counterparts (Fig 2, left).

When the reported mechanism of injury was evaluated, striking differences in ISS were noted between safety belt users and nonusers in front-end collisions ( $2.15 \pm 0.18$  vs  $6.12 \pm 0.64$ ,  $P < .001$ ). Benefit was also provided by safety belts in broadside collisions, where restrained occupants had an average ISS of  $2.01 \pm 0.14$  as opposed to  $3.6 \pm 0.34$  for unrestrained occupants ( $P < .001$ ). Smaller but significant differences in ISS were noted between the groups in rear-end collisions. Safety belt wearers had a mean ISS of  $1.38 \pm 0.06$  vs  $2.47 \pm 0.14$  for nonusers ( $P < .001$ ).

Admission to the hospital may be another indication of severity of injury. A significantly greater number of unrestrained subjects required admission (including those who died in the emergency department). Only 54 (6.8%)

of the total 791 safety belt wearers required admission. However, 110 (19.2%) of the 573 patients who did not wear safety belts required admission ( $P < .001$ ). Thus, two thirds of patients who required hospital admission were not wearing safety belts at the time of injury. Significant differences in ISS between the restrained and unrestrained groups remained in both the admitted and discharged groups (Fig 3, left). Regardless of admission status, unrestrained occupants utilized significantly more hospital days than restrained occupants ( $1.2 \pm 0.2$  days vs  $0.4 \pm 0.08$  days,  $P < .001$ ).

When only the most severely injured patients are considered, ie, those with an ISS of 12 or greater, again, the overwhelming majority were unrestrained. Thirty-six (81.8%) were not wearing safety belts; eight (18.2%) were ( $P < .001$ ). There were five deaths during this study, all among patients who did not wear safety belts.

Multivariate methods, including analysis of covariance and logistic regression, were used to assess the independent effect of safety belt usage on ISS scores, controlling for other variables. Since age, alcohol use, and type of accident were observed to be associated with safety belt use and also may be

associated with the severity and cost of injury, they were assumed to be possible confounding variables. The posted speed limit was also included. Although there were sex differences in safety belt usage, there is no reason to believe that ISSs or costs should differ by sex, other factors being equal. Therefore, analyses of covariance were carried out comparing the ISSs of safety belt users and nonusers, with age in years, alcohol usage (yes or no), and type of accident (entered as dummy variables; front-end collision, rear-end collision, or other) as covariates. Results (Table 2) indicate that unrestrained patients had an ISS that was two points higher on average, even when all the confounding variables were controlled for. Alcohol users scored one point higher on average, as did patients who were involved in a front-end collision. Those in a rear-end collision had somewhat lower scores on average. Scores averaged higher with increasing age and slightly higher for a posted speed limit of 30 to 45 mph. Mean ISSs for restrained and unrestrained subjects were adjusted for differing values of the covariates in the two groups; safety belt wearers were observed to have a significantly lower adjusted mean ISS than nonwearers ( $P = .0001$ ).

Logistic regression analysis was used

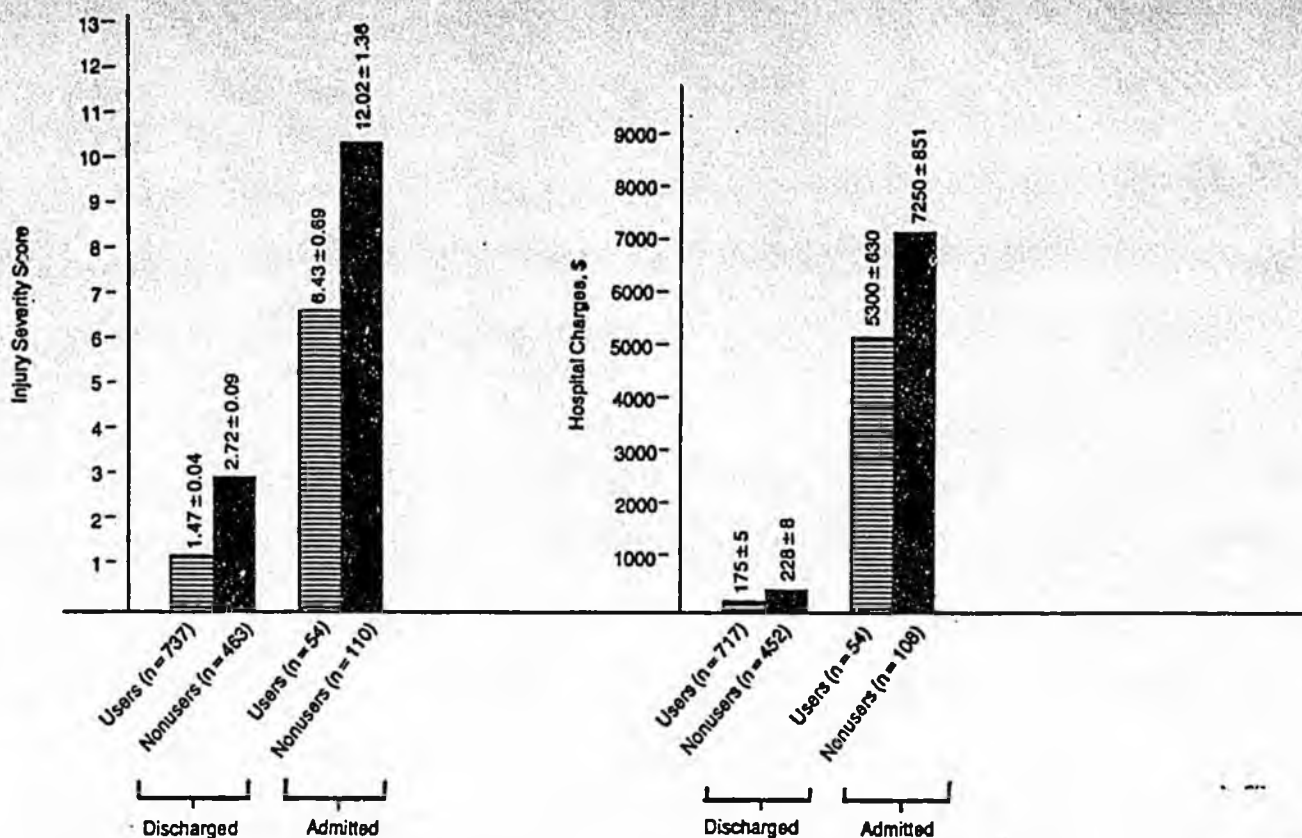


Fig 3.—Mean injury severity scores and hospital charges for safety belt users and nonusers by whether or not patients were admitted. Significantly fewer patients who had worn safety belts required admission ( $P < .001$ ). Patients who did not require admission (includes patients transferred to other facilities) who had worn safety belts had significantly lower injury severity scores ( $P < .001$ ) and hospital charges ( $P < .001$ ). Patients who were admitted (includes patients who died in the emergency department) who had worn safety belts had significantly lower injury severity scores ( $P < .001$ ) and demonstrated a trend toward lower hospital charges ( $P = .076$ ).

to assess the association of safety belt use with severe injury, defined as an ISS of 12 or greater. Proportions of restrained and unrestrained subjects with severe injury were compared, using alcohol use and type of collision as covariates. Results (Table 3) indicate that the odds of severe injury were 4.8 times greater for nonusers of safety belts when other significant variables were controlled for. The odds ratio for front-end collisions was similarly large, while alcohol usage was not independently associated with severe injury. Since age was entered as a continuous variable, an odds ratio is not available. However, the proportion of patients with severe injury increased significantly with increasing age.

#### Health Care Costs

Significant differences were also found in the health care costs of safety belt users and nonusers. Unrestrained occupants incurred mean charges of  $\$1583 \pm \$201$ , nearly three times the charges for restrained occupants ( $\$534 \pm \$67$ ,  $P < .001$ ; Fig 1, right).

When the patient's position in the vehicle was evaluated, nonwearers consi-

Table 2.—Comparison of Safety Belt Users and Nonusers on Injury Severity Score and Cost\*

Variable	Injury Severity Score†		Cost‡	
	Coefficient	P	Coefficient	P
Safety belt nonuse	1.88	.0005	596.2	.0005
Alcohol use	1.13	.0016	730.1	.007
Front-end collision	0.79	.0039	583.0	.005
Rear-end collision	-0.71	.0048	-381.7	.047
Posted speed limit, mph				
30-45	0.74	.001	470.2	.0006
$\geq 55$	0.51	.81	394.8	.17
Age, y	0.032	.0001	22.7	.0001

\*Analysis of covariance.

†Adjusted mean  $\pm$  SD injury severity score was  $2.42 \pm 0.23$  for safety belt users and  $4.30 \pm 0.22$  for nonusers ( $P = .0001$ ).

‡Adjusted mean  $\pm$  SD cost was  $\$912.80 \pm \$172.90$  for safety belt users and  $\$1508.90 \pm \$170.60$  for nonusers ( $P = .0005$ ).

tently incurred higher charges than safety belt wearers (Fig 2, right). This difference reached statistical significance in drivers and front-seat passengers only. However, the number of back-seat passengers for statistical comparison was small ( $N = 158$ ).

Patients who did not wear safety belts who required hospital admission demonstrated a trend toward higher charges (Fig 3, right;  $\$7250 \pm \$851$  vs

$\$5300 \pm \$630$ ,  $P = .076$ ), though the sample size was small ( $N = 162$ ). However, in patients who were discharged or transferred from the emergency department, a significant difference was demonstrated, with restrained occupants incurring average charges of  $\$175 \pm \$5$  vs  $\$228 \pm \$8$  for unrestrained occupants ( $P < .001$ ). This represents a 23.3% reduction in charges for safety belt wearers (Fig 3, right).

Table 3.—Logistic Regression Results Comparing Safety Belt Users and Nonusers by Injury Severity Score

Variable	Injury Severity Score $\geq 12$		
	Odds Ratio	95% Confidence Interval	P
Safety belt nonuse	4.94	2.03-12.02	.0004
Front-end collision	4.74	2.10-10.66	.0002
Alcohol use	1.59	0.88-3.74	.29
Posted speed limit, mph			
30-45	1.94	0.91-4.15	.09
$\geq 55$	1.43	0.37-5.58	.60
Age (20-year difference)	2.01	1.35-2.99	.006

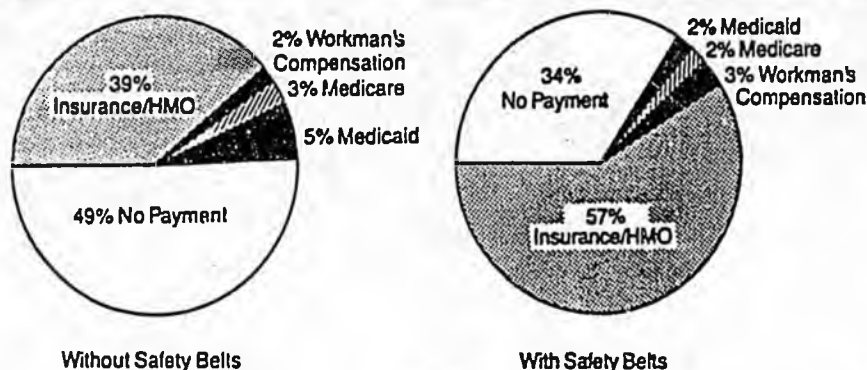


Fig 4.—Payment status for patients with and without safety belts. HMO indicates health maintenance organization.

Evaluation of payment status showed that the majority of unrestrained passengers either had no payment (49.2%) or were receiving governmental assistance (5% public aid, 3% Medicare). Of safety belt wearers, 57% had private insurance or were enrolled in a health maintenance organization, and 3% were covered by workman's compensation ( $P < .001$ , Fig 4).

Multivariate analyses were also conducted to assess the independent effect of safety belt use on health care costs, controlling for the covariates age, type of collision, posted speed limit, and alcohol usage (Table 2). The adjusted mean costs differed by about \$600 ( $P = .0008$ ); alcohol users incurred charges approximately \$700 higher on average. Costs were higher in front-end collisions, lower in rear-end collisions, higher at 30 to 45 mph, and increased with the age of the patient.

#### COMMENT

This study suggests that safety belts provide a significant benefit in reducing injury and health care costs. We demonstrated a 60.1% reduction in severity of injury (51% after adjusting for other variables), a 64.6% decrease in hospital admissions, and a 66.3% decline in hospital charges (49% for adjusted means)

in safety belt wearers. To our knowledge, this is the first study evaluating the efficacy of safety belt use in the United States based on medical data. By utilizing the ISS system, an objective assessment can be made of the number and severity of injuries in relation to safety belt use. Previous studies<sup>6</sup> and government reports<sup>7</sup> used police reports in assessment of injury. In this system, the police officer assigns the accident victim an injury score of A, B, C, or K (severe, moderate, minor, or fatal injury). Obviously, data obtained by this system are of questionable reliability. In addition, this study is unique in that it also assessed the hospital charges associated with the care of the injured motorist.

Actual hospital and emergency department charges were used to estimate health care costs in this analysis. These are conservative estimates, in that direct charges generated by pre-hospital emergency services, rehospitalizations, and rehabilitation were not included. Furthermore, indirect costs resulting from time lost from work, increased insurance premiums, and lost productivity of those who die or are permanently disabled by MVAs were not measured. Inclusion of these costs may have resulted in even greater differ-

ences in cost estimates. The cost to care for patients who required hospitalization was higher for those who did not wear safety belts, though statistical significance was not reached (Fig 3, right). However, the sample size in this subgroup was small, suggesting a beta error. Larger sample sizes may demonstrate a statistically significant difference.

The four hospitals participating in the study were geographically scattered throughout Cook County to include a variety of roadways (highways and urban and suburban roads). Only rural roads were not represented. Baker et al,<sup>10</sup> however, stated that mortality from MVAs may be highest in areas of low population density; this suggests that we omitted from our sample roads responsible for high mortality from MVAs. The months of January through June were chosen to cover a variety of road conditions in winter, spring, and summer in Chicago. In addition, the four hospitals admit patients from a wide variety of socioeconomic groups, with an assortment of vehicles and driving habits.

Throughout this study, we relied on patient reporting and/or paramedic reporting of safety belt use. The actual safety belt use rate in Illinois at the time of the study was 36%.<sup>1</sup> Actual safety belt use may be appreciably different than reported, as it may be impossible to obtain physical evidence of safety belt use. Paramedics were asked to verify the presence or absence of restraint use at the scene. However, the accident victims were often out of their vehicles when the ambulance arrived. In only 23 of the 618 cases with patients transported to the hospital by ambulance was there disagreement on safety belt usage between paramedics and patients. If we assume, however, that restraint use is only overreported, ie, unrestrained patients stated that they were wearing a safety belt and not vice versa, then there would be an even greater benefit in reducing injury and cost if the true incidence were known.

It should be noted that only those patients who presented to the hospital following an MVA were included. Patients who did not present to the hospital, who presented over 24 hours following injury, or who went directly to the morgue were not included. In Cook County, paramedics must transport all seriously (or fatally) injured MVA victims to a hospital unless the patient has dependent lividity, rigor mortis, or decapitation, all unlikely events in traffic accidents. It is therefore unlikely that any fatalities were not included in the study due to direct transport to a

morgue. The number of uninjured motorists who did not present to a hospital is unknown and is not available through the Department of Transportation.

Studies conducted in other countries, many of which assessed the effects of safety belt legislation, also demonstrate the benefit of safety belt use.<sup>11,22</sup> Henderson and Wood<sup>11</sup> reported a 25% decrease in predicted deaths in the year following safety belt legislation in New South Wales, Australia. In an evaluation of the Swedish experience, Mellbring et al<sup>22</sup> reported a reduction in the number of MVA victims admitted to hospitals following legislation despite a 40% increase in reported MVAs. In England, a retrospective study comparing the 12 months preceding and following the enactment of safety belt use legislation revealed a mean ISS of 4.94 before and 2.8 after the law. A 42% reduction in the number of front-seat occupants who required hospital admission and a 27% decline in the number of deaths following introduction of the law was reported.

In the United States, New York was the first state to pass a mandatory-use safety belt law. In the first nine months after the law was enforced, MVA fatalities decreased by 17%, resulting in the lowest highway fatality rate (per 100 million miles driven) in several decades.<sup>3</sup> In Illinois, where safety belt legislation took effect in July 1985, an estimated 55 to 60 lives were saved and 8000 serious injuries were prevented in the first year following enactment.<sup>3</sup> Nationwide, the National Highway Traffic Safety Administration reported that safety belt usage of fatally injured MVA victims was about half the usage of those whose injuries were less incapacitating.<sup>23</sup> Unrestrained occupants were 40% more likely to be injured in an MVA and twice as likely to require hospitalization as restrained occupants.<sup>24</sup>

Compulsory safety belt use legislation appears to be the most effective agent in increasing safety belt usage. Usage rates increased from just under 40% to 95% in England,<sup>14</sup> from 20% to 80% in Sweden,<sup>14</sup> from 15% to 90% in Australia,<sup>14</sup> and from 21% to 47% in New York state<sup>25</sup> after such legislation. Insurance incentives<sup>26</sup> and mass-media campaigns<sup>27</sup> have been ineffective in altering the rate of safety belt usage. Other efforts to promote safety belt usage, including safety belt pledge cards, incentive plans, and "awareness" programs have met with variable success.<sup>28</sup>

Mandatory safety belt use legislation has been a controversial topic in the United States. To date, 33 states and the District of Columbia have enacted such legislation, while two additional

states had safety belt use laws and later repealed them (Massachusetts and Nebraska). Worldwide, over 30 countries have passed mandatory-use laws. The United States is virtually the only developed nation that has not passed national safety belt legislation.<sup>29</sup>

The Department of Transportation estimated the cost to society of injuries sustained in MVAs at about \$15.3 billion in 1980.<sup>4</sup> Our results indicate a 66.3% decreased cost attributed to safety belt use. If this reduction is applied to the estimated \$15.3 billion, universal safety belt usage would save \$10.1 billion each year. In our era of rising health care costs, the safety belt may be a very efficient mechanism for saving lives and reducing costs.

Society bears the burden of MVAs, not only in direct health costs but also in lost productivity of workers (indirect costs). There were over 11 million lost workdays for survivors of MVAs in 1985.<sup>4</sup> The administrative and overhead cost of motor-vehicle and health insurance premiums totaled nearly \$13.8 billion in 1980.<sup>4</sup> Furthermore, in 1980, the federal government spent an estimated \$7.5 billion and state and local governments spent an estimated \$3.4 billion for MVA-associated expenses.<sup>4</sup>

This study analyzed automobile safety belt use and subsequent severity of injury and health care costs. Our data suggest that, in an urban setting, safety belt utilization was associated with decreased severity of injury from motor-vehicle trauma and reduced the medical care costs of injured motorists. This analysis in combination with existing evidence supports a more aggressive national posture toward safety belt usage for the benefit of both the individual and the American people.

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Compilation Of

# State Safety Belt Use Laws

## FOREWORD

This booklet includes copies of state laws which require the mandatory use of safety belts. A chart is also included which briefly summarizes the main provisions of each state's law. This chart also includes the effective date of each law.

This booklet is not intended to evaluate the provisions of each state's law or make value judgments regarding the law itself. The purpose of the publication is merely to serve as a reference guide to state safety belt use laws.

Prepared by:  
State Relations Department



Motor Vehicle Manufacturers Association  
of the United States, Inc.

December, 1988

- COMPILATION OF STATE SAFETY BELT USE LAWS -

State Safety Belt Use Laws\*\*



State/ Effective Date	Coverage	Waivers	Penalties	Damages/Evidence	Public Education Campaign	Other Provisions
Calif- ornia 1/1/86 As Amended 9/24/88	Driver and all passengers.	Vehicles over 6,001 lbs; passengers in back seat of a taxi; persons with medical reasons; news- paper deliveries; rural letter carriers; peace officers; and vehicles not required to be equipped with safety belts.	Maximum fine of \$22.00 for a first offense or \$55.00 for each subsequent offense. The court may order driving school in lieu of fine for first offense. Fines include court costs. Enforcement as a secondary action only.	Non-compliance shall not establish negli- gence per se, but negligence may be proven as a fact without regard to the violation.	No provision.	Inoperative if US DOT rescinds automatic restraint require- ments because of state belt law enactment. Requires, after 9/1/89, new vehicles to comply with automatic restraint provisions of FMVSS 208.
Colorado 7/1/87	Driver and front seat passengers.	Police officers; persons with medical excuses; delivery vehicles; and vehicles not required to be equipped with safety belts.	\$10.00 fine. Enforcement as a secondary action only.	Evidence regarding non-compliance shall be admissible to miti- gate damages. However, such mitigation shall be limited to awards for pain and suffering and shall not be used to limit recovery for economic loss and medical payments.	Yes.	Law is automatically repealed on 7/1/89, unless statistics show reduction in highway deaths. Allows insurance companies to reduce rates of claims if experience so warrants.
Connect- cut /1/86	Driver and front seat passengers.	Persons with medical ex- cuses; emergency vehi- cles; rural letter car- riers; persons engaged in the delivery of news- papers; and vehicles equipped with air bags.	\$15.00 fine. No points.	Non-compliance shall not be considered con- tributory negligence nor shall such failure to use belt be admis- sible evidence.	Yes.	Non-compliance shall not con- stitute probable cause to conduct a vehicle search. Requires study of effect of law on insurance premiums. Office of Highway Safety shall evaluate the effectiveness of this act and report its findings not later than 1/1/89.

State Safety Belt Use Laws\*\*

State/ Effective Date	Coverage	Waivers	Penalties	Damages/Evidence	Public Education Campaign	Other Provisions
Florida 7/1/86	Driver and front seat passengers.	School buses; bus used to transport persons for compensation; farm tractors or implements of husbandry; trucks over 5,000 lbs; persons with medical reasons; and employees of newspaper home delivery service.	\$20.00 fine, including court costs. Enforcement as secondary action only.	Non-compliance shall not constitute negligence per se nor shall each violation be used as prima facie evidence of negligence.	Yes.	Law provides that number of front seat passengers of a pickup truck required to wear safety belt shall not exceed number of safety belts which were installed in front seat of pickup truck. Requires insurance rates to reflect savings associated with increased belt use.
Georgia 9/1/88	Driver and front seat passengers.	Persons who make frequent stops; persons with medical excuses; vehicles operated in reverse; passenger vehicles with MY prior to 1985; vehicles not required to be equipped with safety belts; rural letter carriers; emergency vehicles; vehicles mounted on a truck chassis; and off-road vehicles.	Secondary enforcement only. No points. Maximum fine of \$15.00.	Non-compliance shall be evidence of negligence or diminish recovery for damages.	No provision.	Failure to wear safety belts shall not be a basis for cancellation of coverage or increase in insurance rates.
Hawaii (T) 2/16/85 as amended 1/8/88	Driver and front seat passengers.	Persons with medical excuses; emergency, commercial and mass transit vehicles; Type 1 school buses; vehicles for hire; and vehicles not required to be equipped with safety belts.	\$20.00 fine. No points.	Law will not change existing rules pertaining to civil actions for personal injuries/deaths in motor vehicle accidents.	Yes.	Law must not be used to rescind automatic occupant restraint requirements. Provides for 10% reduction on insurance premiums.

State Safety Belt Use Laws\*\*

State/ Effective Date	Coverage	Waivers	Penalties	Damages/Evidence	Public Education Campaign	Other Provisions
Idaho 7/1/86 As Amended 3/29/88	Driver and front seat passengers.	Vehicles over 8,000 lbs.; vehicles not required to be equipped with safety belts; persons with medical excuses; implements of husbandry; emergency vehicles; occupants of front seat of vehicle in which all safety belts are in use; and mail carriers.	\$5.00 fine. No points. Enforcement as secondary action only.	No provision.	Yes.	The state transportation department shall evaluate the effectiveness of the law and report its findings in its annual Highway Safety Plan to NHTSA and FHWA.
Illinois (IT) 7/1/85 As Amended 3/8/87	Driver and front seat passengers.	Persons frequently leaving vehicle for deliveries; persons with medical excuses; rural letter carriers; vehicles operated in reverse; vehicles not required to be equipped with belts; and vehicles manufactured prior to 1965.	Maximum fine of \$25.00. No warning period. No points. Enforcement as secondary action only.	Non-compliance shall not be considered evidence of negligence, limit liability of insurer, or diminish recovery for damages arising out of the ownership, maintenance or operation of a vehicle.	No provision.	None.
Indiana 7/1/87	Driver and front seat passengers.	Trucks, tractors and recreational vehicles; persons with medical excuses; rural letter carriers; vehicles operated in reverse; vehicles not required to be equipped with safety belts; vehicles manufactured prior to 1965; and bus passengers.	Maximum fine of \$25.00. No warning period. Enforcement only as a secondary action. No points.	Non-compliance does not limit liability of insurer and may not be admitted as evidence in civil action.	Yes.	Division of Traffic Safety shall evaluate the effectiveness of the law and report its findings in its annual report to NHTSA and FHWA.

State Safety Belt Use Laws\*\*

Date/ Effective Date	Coverage	Waivers	Penalties	Damages/Evidence	Public Education Campaign	Other Provisions
Iowa (I) 1/1/86	Driver and front seat passengers.	Vehicles manufactured prior to 1966 model year; persons making fre- quent stops; bus pas- sengers; rural letter carriers; and persons with medical certificates.	\$10.00 fine and \$11.50 court costs.	Non-compliance is not admissible as evidence in any civil action. However, evidence of failure to wear a safety belt may be admitted to mitigate damages.	Yes.	None.
Kansas 1/1/86	Driver and front seat passengers.	Vehicles with a GVW over 12,000 lbs.; persons with medical excuses; postal carriers; and news- paper delivery persons.	\$10.00 fine, including court costs. Enforcement as secondary action only.	Non-compliance shall not be admissible in any action for deter- mining negligence or mitigation of damages.	Yes.	Law shall not be interpreted to obviate requirement of occupant crash protection as contained in 49 CFR 571.208. Provides for 10 year manufacturer's warranty on safety belts. The Secretary of Transportation shall evaluate the effectiveness of this act and report its findings in the annual Highway Safety Plan.
Louisiana 1/1/86 As Amended 1/1/88	Driver and front seat passengers.	Persons with medical excuses; rural letter carriers; and cars, vans, or pickups manufac- tured before 1/1/81.	\$25.00 fine, including court costs. Enforce- ment only as a secondary action.	Non-compliance shall not be considered evidence of comparative negligence or be admis- sible in any action to mitigate damages.	Yes.	None.

State Safety Belt Use Laws\*

State/ Effective Date	Coverage	Waivers	Penalties	Damages/Evidence	Public Education Campaign	Other Provisions
Maryland 7/1/86  As Amended 7/1/87	Driver and front seat outboard passengers.	Vehicles not required to be equipped with safety belts; persons with medical excuses; vehicles not defined as passenger vehicle or multi-purpose vehicle; and letter carriers.	Maximum fine of \$25.00, including court costs. Enforcement as secondary action only.	Non-compliance may not be considered negligence, or limit liability, or diminish recovery for damages. This law may not be construed to limit right of person to institute a civil action for damages. Requires separate trials under certain circumstances.	Yes.	Administration shall include infor- mation on the state's experience with the law, and report its findings in the annual Highway Safety Plan to NHTSA and FHWA. Enactment of this law is intended to be compatible with support for federal safety standards requiring automatic crash protection and should not be used to rescind federal requirements for automatic restraints.
Michigan (T) 7/1/85	Driver and front seat passengers.	Vehicles manufactured before 1/1/65; buses, motorcycles, mopeds; persons with medical excuses; vehicles not required to be equipped with safety belts; rural letter carriers; commercial vehicles; and postal vehicles that make frequent stops.	\$25.00 fine, including court costs. Enforcement as a secondary action. No points.	Non-compliance may be considered as evidence of negligence and may be introduced to mitigate damages; providing damages are not reduced by more than 5 percent.	Yes.	Law will not apply after 4/1/89, if federal govern- ment requires passive restraints.
Minne- sota 8/1/86  As Amended 5/1/88	Driver, front seat passengers and rear seat passen- gers under age 11.	School bus; bus; vehi- cles designed to oper- ate on railroad tracks; vehicles operated in reverse; persons with medical excuses; persons making frequent stops at less than 25 mph; rural postal carriers; vehicles manufactured prior to 1/1/65; and persons driving pickup trucks used in farm work.	\$10.00 fine. Enforcement as a secondary action only. No points.	No provision.	No provision.	Provides that law should not be used to rescind federal 8/1/86 automatic crash protection system requirements. Proceeds from the fines will be used for emergency medical services.

State Safety Belt Use Laws\*\*

State/ Effective Date	Coverage	Waivers	Penalties	Damages/Evidence	Public Education Campaign	Other Provisions
Indiana 1/28/85  As Amended 6/8/88	Driver and front seat passengers.	Letter carriers; persons with medical excuses; vehicles manufactured before 1/1/68; and persons making frequent stops.	\$10.00 fine. No court costs. Enforcement as a secondary action only. No points.	Non-compliance shall be considered evidence of comparative negligence, but may be introduced to mitigate damages under certain circumstances.	Yes.	The Department of Public Safety shall evaluate the effectiveness of this law and report its findings in its Highway Safety Plan to NHTSA and FHWA.
Montana 1/1/88	Driver and all passengers.	Persons with medical excuses and vehicles that make frequent stops.	\$20.00 fine beginning 1/1/88. No points. Enforcement as a secondary action only.	Non-compliance shall not be admissible in any actions for damages, nor does failure to comply constitute negligence.	Yes.	Law prohibits increasing insurance premiums due to violation of safety belt law.
Nevada 7/1/87	Driver and all passengers.	Vehicles not required to be equipped with safety belts; rural letter carriers; persons that make frequent stops; persons riding in public transportation, including bus, school bus, or emergency vehicle; persons with medical exemptions; and vehicles with unladen weight over 6,000 lbs.	Maximum fine of \$25.00, or community service work. No points. Enforcement as secondary action only.	Non-use of belts shall not constitute negligence or be considered as misuse of a product in any action brought to recover damages.	No provision.	Law will expire if US DOT rescinds the automatic restraint requirements of FMVSS 208, unless such decision is not based on enactment or operation of this law. Superintendent of public instruction shall conduct a study to determine merits and feasibility of seat belts, additional padding or other safety restraints in school buses and report findings to 65th legislature.

State Safety Belt Use Laws\*\*

State/ Effective Date	Coverage	Waivers	Penalties	Damages/Evidence	Public Education Campaign	Other Provisions
North Carolina 10/1/85  As Amended 7/16/87	Driver and front seat passengers.	Persons with medical ex- cuses; rural letter carriers; persons mak- ing frequent stops; vehicles not required to be equipped with safety belts; and any vehicle registered and licensed while being used for agricultural or commer- c purposes.	\$25.00 fine. No court costs. No points.	Non-compliance shall not constitute negligence or contributory negli- gence in any action to recover damages.	Yes.	The law will cease to exist if a final determination by lawful authority is made that the law does not meet the minimum criteria established by the US DOT for state mandatory safety belt usage laws necessary to rescind the federal rule requiring automatic restraints. The DOT, through the Governor's Highway Safety Program, shall evaluate the effectiveness of the law and report its findings no later than 10/1/88.
Ohio(O) 5/4/86  As Amended 1/5/88	Driver and front seat passengers.	Vehicles not required to be equipped with safety belts: employees of post- al service or newspaper delivery services; per- sons with medical exemp- tions; and vehicles equipped with air bags.	\$20.00 fine to driver for failure to wear own belt, plus \$10.00 for each passenger violation to total of \$30.00; \$10.00 to each front seat passen- ger for failure to wear belt. Fines waived if violator views safety belt educational film prior to court appear- ance. Enforcement as secondary action only.	Non-compliance shall not constitute negligence, limit recovery for damages, be used as ba- sis for criminal prose- cution or be admissible as evidence in any court proceeding, unless a claim is brought for <u>all</u> the following reasons: to recover damages for injury or death; defect in car; and, defendant is manu- facturer.	Yes.	None.

State Safety Belt Use Laws\*\*

State/ Effective Date	Coverage	Waivers	Penalties	Damages/Evidence	Public Education Campaign	Other Provisions
Oklahoma 2/1/87  As Amended 3/1/89 <sup>1</sup>	Driver and front seat passengers.	Persons with medical excuses; postal carriers; trucks; truck-tractors; and recreational vehicles <sup>1</sup> .	\$10.00 fine and \$15.00 court costs. Enforcement as secondary action only. No points.	Non-use of belts may not be submitted into evidence in civil suit or may not be used in any civil proceeding.	Yes.	Department of Public Safety shall evaluate the effectiveness of this law and provide a report in its Highway Safety Plan to NHTSA and FHWA.
Pennsylvania 11/13/87	Driver and front seat passengers.	Vehicles manufactured before 7/1/66; persons with medical excuses; letter carriers; persons who make frequent stops; and vehicles over 7,000 lbs., and classified as Class 3-25 vehicles.	\$10.00 fine. No points. Enforcement as a secondary action only.	Non-compliance shall not be admissible as evidence in any civil action.	Yes.	Law cannot be used in any manner to rescind federal automatic crash protection system requirements. Law is inoperative if US DOT rescinds FMVSS 208, under certain circumstances. Prohibits insurer from charging a policyholder who has been convicted of violating safety belt use law a higher premium. The Department shall submit a report to the General Assembly on the effects of the law.

<sup>1</sup> Amendment providing that vans and pickup trucks are covered under safety belt use law is effective 3/1/89.

State Safety Belt Use Laws<sup>10</sup>

State/ Effective Date	Coverage	Waivers	Penalties	Damages/Evidence	Public Education Campaign	Other Provisions
Tennes- see 4/21/86	Driver and front seat passengers.	Vehicles over 8,500 lbs.; persons with medical excuses; rural letter carriers; certain dealerships involved in test drives; ve- hicles manufactured before 1969 MY; vehicles operated in reverse; utility meter readers; persons engaged in news- paper delivery; and vehicles not required to be equipped with safety belts.	\$25.00 fine. Fines only levied on second or later violation; first offense, warning ticket only. No points. Enforcement as secondary action only.	Non-compliance shall not be considered contribu- tory negligence or be admissible as evidence in any civil trial. Shall not be construed to relieve the manu- facturer from any product liability.	Yes.	Passage of this law provides that the population of this state will be included towards the required percentage of persons necessary to avoid federal regulations mandating the imposition of safety devices or regulations. Law will be null and void if US DOT does not include Tennessee within the popula- tion required to prevent federal air bag rule. On or before 7/1/89, division of state audit will review and evaluate the implementation, impact and efficacy of this law and report its findings to Senate and House govern- ment operations committees. On or before 1/31/89, the Senate and House government operations committees will jointly conduct at least one public hearing on these findings, and make recom- mendations as to whether the law should be repealed 6/30/90. Law is automatically repealed effective 6/30/90.
Texas 1/1/85	Driver and front seat passengers.	Persons with medical ex- cuses; postal carriers; and trucks with manufac- turer's rated carrying capacity over 1,500 lbs.	Fines between \$25.00 and \$50.00. No points.	Non-compliance shall not be admissible as evidence in a civil trial.	Yes.	None.

State Safety Belt Use Laws\*\*

State/ Effective Date	Coverage	Waivers	Penalties	Damages/Evidence	Public Education Campaign	Other Provisions
Utah (T) 4/28/86	Driver and front seat passengers.	Persons with medical excuses; vehicles not required to be equipped with safety belts; vehicles manufactured prior to 7/1/66; rural letter carriers; and persons making frequent stops.	\$10.00 fine. No points. Enforcement as secondary action only.	Non-compliance shall not constitute contributory or comparative negligence, and may not be introduced as evidence in any civil action in the issue of damages.	No provision.	None.
Virginia (T) 1/1/88	Driver and front seat passengers.	Persons with medical excuses; police officers; rural letter carriers; delivery drivers; and taxicab drivers.	\$25.00 fine. No court costs. Secondary enforcement only. No points.	Non-compliance shall not constitute negligence, be considered in mitigation of damages, or be admissible as evidence.	Yes.	None.
Washington (T) 6/11/86	Driver and all passengers.	Persons with medical excuses and vehicles not required to be equipped with safety belts. Commission on Equipment may adopt rules exempting from the law occupants of farm and construction equipment, or persons who make frequent stops.	Minimum fine of \$25.00. No points. Enforcement as secondary action only.	Non-compliance does not constitute negligence or is admissible as evidence in any civil action.	No provision.	Traffic Safety Commission will undertake a study of the law's effectiveness and report its findings to the legislative transportation committee by 1/1/89.

State Safety Belt Use Laws\*\*

State/ Effective Date	Coverage	Waivers	Penalties	Damages/Evidence	Public Education Campaign	Other Provisions
Wisconsin (IT) 12/1/87	Driver and all passengers.	Persons with medical emergency vehicles; taxicabs; farm trucks; rural letter carriers; and vehicles operated by delivery persons.	\$10.00 fine. No points.	Evidence regarding non-compliance shall be admissible in a civil action, but does not by itself constitute negligence.	Yes.	Law is automatically repealed effective 6/10/89. Law is not intended to be counted by US DOT to affect the applicability of federal automatic occupant restraint requirements.
D.C. (IT) 12/12/85	Driver and front seat outboard passenger.	Vehicles with seating capacity over 8; farm vehicles; vehicles manufactured prior to 7/1/66; and persons with medical excuses.	Maximum \$15.00 fine. Enforcement as secondary action only. No points.	Non-compliance shall not constitute evidence of contributory negligence, be a basis for a civil action for damages, or be used as a basis for mitigating damages in a civil liability suit.	Yes.	Law expires immediately if US DOT rescinds the federal automatic restraint requirements of FMVSS 208 unless such decision is not based on enactment or operation of this law.

SOURCE: MVMA  
State Relations Department  
December, 1988

(IT) Pertains to driver and front seat passengers of heavy duty trucks and automobiles.

\*-Pertains to trucks under 18,000 pounds only.

\*\*-Note: For final reliance, check the actual law copy.

SHD/D

STATE SAFETY BELT USE LAWS - PROGRAM EVALUATION AND SUNSET PROVISIONS

<u>STATE</u>	<u>EVALUATION PERIOD</u>	<u>RESPONSIBILITY</u>	<u>SUNSET</u>
California	None	Not applicable	Yes <sup>1</sup>
Colorado	None	Not applicable	Yes <sup>4</sup>
Connecticut	None	Not applicable	No
Florida	None	Not applicable	No
Georgia	None	Not applicable	No
Hawaii	Annually 1987-91	State Dept. of Transportation & Insurance Commissioner	No
Idaho	Annually	Dept. of Transportation	No
Illinois	None	Not applicable	No
Indiana	Annually until 1/1/90	Division of Traffic Safety	No
Iowa	None	Not applicable	No
Kansas	Annually	Secretary of Transportation	No
Louisiana	None	Not applicable	No
Maryland	Annually	State Dept. of Transportation & Insurance Commissioner	No
Michigan	None	Not applicable	Yes <sup>5</sup>
Minnesota	None	Not applicable	No
Missouri	Annually	Dept. of Public Safety	No
Montana	None	Not applicable	No
Nevada	None	Not applicable	Yes <sup>1</sup>
N. Jersey	None	Not applicable	No
N. Mexico	Annually	Dept. of Transportation	No
N. York	None	Not applicable	No
N. Carolina	Before 10/1/88	Governor's Highway Safety Office	Yes <sup>6</sup>
Ohio	None	Not applicable	No
Oklahoma	Annually	Dept. of Public Safety	No
Pennsylvania	Before 8/3/89	Dept. of Transportation	Yes <sup>1</sup>
Tennessee	Before 1/1/89	Div. of State Audit - Office of Comptroller	Yes <sup>1,2</sup>
Texas	None	Not applicable	No
Utah	None	Not applicable	No
Virginia	None	Not applicable	No
Washington	Before 1/1/89	Traffic Safety Commission	No
Wisconsin	Before 1/1/89	Legislative Council	Yes <sup>1</sup>
D.C.	None	Not applicable	Yes <sup>1</sup>

1 If FMVSS 208 is rescinded.

2 June 30, 1990.

3 June 30, 1989

4 Law is repealed on 7/1/89 unless statistics show reduction in highway deaths.

5 Law is repealed on 4/1/89 if federal government requires passive restraints.

6 Law is repealed if a final determination by lawful authority is made that the law does not meet minimum criteria established by US DOT necessary to rescind federal rule requiring automatic restraints.

STATE SAFETY BELT USE LAWS - COVERED VEHICLES

<u>STATE</u>	<u>CARS</u> <sup>1</sup>	<u>VANS</u> <sup>2</sup>	<u>PICKUP TRUCKS</u> <sup>2</sup>	<u>MEDIUM/HEAVY DUTY TRUCKS</u> <sup>3</sup>	<u>MPVs</u>
California	Yes	Yes-under 6,000 lbs	Yes-under 6,000 lbs	No	Yes-under 6,000 lbs
Colorado	Yes	Yes	Yes	No	Yes
Connecticut	Yes	Yes <sup>4</sup>	Yes <sup>4</sup>	No	Yes <sup>4</sup>
Florida	Yes	Yes-under 5,000 lbs	Yes-under 5,000 lbs	No	Yes-under 5,000 lbs
Georgia	Yes	No	No	No	No
Hawaii	Yes	Yes	Yes	Yes	Yes
Ideho	Yes	Yes-under 5,000 lbs	Yes-under 8,000 lbs	No	Yes-under 8,000 lbs
Illinois	Yes	Yes	Yes	Yes	Yes
Indiana	Yes	Yes	No	No	Yes
Iowa	Yes	Yes	Yes	Yes	Yes
Kansas	Yes	Yes-under 12,000 lbs	Yes-under 12,000 lbs	No	Yes-under 12,000 lbs
Louisiana	Yes	Yes	Yes	No	No
Maryland	Yes	Yes	Yes	No	Yes
Michigan	Yes	Yes	Yes	Yes	Yes
Minnesota	Yes	Yes	Yes	No	Yes
Missouri	Yes	Yes	Yes	No	Yes
Montane	Yes	Yes	Yes	Yes	Yes
Nevada	Yes	Yes-under 6,000 lbs	Yes-under 6,000 lbs	No	Yes-under 6,000 lbs
N. Jersey	Yes	No	No	No	No
N. Mexico	Yes	No	No	No	No
N. York	Yes	Yes	Yes	Yes-under 18,000 lbs	Yes
N. Carolina	Yes	Yes	Yes	No	Yes
Ohio	Yes	Yes	Yes	Yes	Yes
Oklahoma	Yes	Yes	Yes <sup>5</sup>	No	No
Pennsylvania	Yes	Yes-under 7,000 lbs	Yes-under 7,000 lbs	No	Yes-under 7,000 lbs
Tennessee	Yes	Yes-under 8,500 lbs	Yes-under 8,500 lbs	No	Yes-under 8,500 lbs
Texas	Yes	Yes <sup>4</sup>	Yes <sup>4</sup>	No	Yes <sup>4</sup>
Utah	Yes	Yes	Yes	Yes	Yes
Virginia	Yes	Yes	Yes	Yes	Yes
Washington	Yes	Yes	Yes	Yes	Yes
Wisconsin	Yes	Yes	Yes	Yes	Yes
D.C.	Yes	Yes	Yes	Yes	Yes

1 Manufactured after 1/1/67 and designated as a 1968 model.

2 Manufactured after 7/1/71 and designated as a 1972 model

3 Manufactured after 1972 and required to be equipped with safety belts.

4 Van, pickup truck and MPVs are covered if the vehicle has a manufacturer's rated carrying capacity of not more than 1,500 lbs.

5 Pickup trucks with commercial license tags are excluded.

# FACT SHEET:

UNIVERSITY OF MICHIGAN

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## "Effects Of Mandatory Safety Belt Use On Hospital Admissions"

August 1988

This study assessed the effects of Michigan's safety-belt-use law on more than 8,000 motor-vehicle injuries which resulted in hospitalizations at 14 area hospitals.

It was conducted by the University of Michigan School of Public Health from data collected through the Michigan Inpatient Database from January 1980 through October 1986. Major findings of this study include:

- The Michigan safety-belt-use law passed in July 1985 has resulted in a 19-percent reduction in hospitalizations due to automobile accidents.
- There were 20 percent fewer injuries to body extremities following the passage of Michigan's belt-use law.
- Hospitalizations lasting more than one week decreased nearly 25 percent after the law went into effect.
- After the state safety-belt-use law went into effect, minorities experienced 22 percent fewer injuries.
- A 32-percent decline in injuries occurred among patients using public-health insurance after passage of the state law.
- With regard to the contention that safety belts may cause injuries, researchers concluded "the benefits of restraints far exceed the risks associated with them."

\* \* \*

MAR 30 1989

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IN ALASKA

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Co-Chairman  
Senate Finance Committee  
Pouch V  
Juneau, AK 99811

The Honorable Rick Uehling  
Co-Chairman  
Senate Finance Committee  
Pouch V  
Juneau, AK 99811

RE: Senate CS for CSHB 105 (Transportation -  
Mandatory Use of Safety Devices in Motor Vehicles)

Dear Senators Binkley and Uehling:

The American Insurance Association, a trade organization representing over 190 property/casualty insurance companies, supports legislation to improve the safety of vehicles, highways, and drivers. To this end, the AIA generally endorses seat belt legislation. I will be unable to attend the committee hearings on March 30 concerning HB 105 and I request that this correspondence be part of the record before the committee.

House Bill 105 was significantly amended on the House floor to include a section which mandates at least a 5% mandatory premium reduction, effective one year after enactment of the bill. There was no significant public discussion on this amendment through the committee process on the House side.

There is no objective evidence to correlate the 5% mandated premium reduction with the House bill. It is the AIA's position that the cost of the insurance product is better left to the competitive market process rather than through mandate. The

The Hon. John Binkley and  
The Hon. Rick Uehling

-2-

March 27, 1989

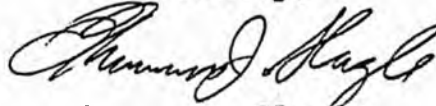
Division of Insurance continually monitors the premium rates to ensure that they are neither excessive nor inadequate. Ultimately, the Division of Insurance will ensure that any legislative changes are appropriately reflected in the premium rates.

During the Senate Transportation Committee hearings, several members of the insurance industry testified against the 5% mandatory rate decrease. The Senate Transportation Committee introduced a committee substitute deleting the 5% mandatory premium reduction and adding Section 7 which states:

Consideration shall be given to the effects of the required use of safety belts and child safety devices under AS 28.05.095, and the resulting experience must be reflected in motor vehicle bodily injury liability insurance rates.

The American Insurance Association, supports the Senate Transportation Committee substitute for CSHB 105.

Sincerely,



Thomas J. Slagle  
Alaska Counsel  
American Insurance Association

TJS:blh:033

MAR 31 1989

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Reply to: JUNEAU

March 30, 1989

Senator Uehling  
Co-Chairman of Finance  
Alaska State Legislature  
Box V  
Juneau, Alaska 99811

Re: CSHB 105

Dear Senator Uehling:

I am writing this letter to you and other members of the Finance Committee in order to respond to some of the questions which were raised during my testimony today. Senator Frank and Senator Zharoff had a number of questions about rating. I have been in touch with State Farm and with respect to State Farm, each State stands on its own and the rate filings are based totally on Alaska experience. There is no cost subsidy to Alaska from other states or from Alaska to other states. The only time rate filings might be based on data from other states would occur if there is not a creditable data base from Alaska. The only possible exception to each state standing on its own would occur in a catastrophic loss type situation where company surplus would be required to satisfy the claims. Company surplus is not allocated on a state-by-state basis, and again, this would occur only in the very rare catastrophic loss situation.

Senator Uehling  
March 30, 1989  
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0148L/220-92

HUGHES THORSNESS GANTZ POWELL & BRUNDIN  
ATTORNEYS AT LAW

State Farm tries to conduct rating reviews annually, and conducts those reviews on the various different types of coverage, i.e., bodily injury, property damage, medical payment coverage, etc. Basically what occurs is the actuaries examine the premium dollars coming in, evaluate the trend of losses which have occurred in the past, and make a projection as to the frequency and severity of claims which they expect to occur in the future, and then determine if the premium is adequate. As I indicated to your committee, the overall premiums for State Farm Mutual in Alaska have declined approximately 13% over the last ten years. State Farm Mutual also gave a 20% dividend during the last year.

I also enclose herewith a copy of the December, 1988 Hawaii report which I referred to in my testimony. As you will see the last page of that report states:

On the basis of fatal accident data, the MUL appears to be an effective means of saving lives and money. The post-law two year average fatal accident rate per 100 million vehicle miles of travel was 29% lower than the three year pre-law average (sic). We estimate that 52 front seat occupant lives have been saved during the first two years of the law. The estimated savings in total front seat occupant injury cost to society is \$31,304,676.00. On the basis of ten quarters of loss experience, which does not represent a fully creditable database for rate making purposes, the personal injury protection claim and severity data do not indicate that PIP insurance rates should be reduced.

(Emphasis Added).

As you can see from the report, the \$31,304,676 figure was based on an estimated "theoretical savings of \$602,103.00" for every fatality that is saved. Since the policy limits are much lower than the theoretical fatality cost, and the theoretical fatality cost assumes the survivor is uninjured, the \$31,000,000 estimate contained in this report does not translate into a like reduction in claims paid, nor was it represented to be an accurate reduction of claims savings in this report. I think Representative Gruenberg simply glanced at this very quickly before the hearing and did not understand what this figure represented.