

ALASKA LEGISLATURE COMMITTEE FILES 1901-1902 00/2

1749 HLC 3/4/82 HB 726 - 3/16/82 HB 757

1 IN THE HOUSE

BY BARNES, HAYES AND CLOCKSIN

2 HOUSE BILL NO. 726

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act providing an exemption from the Alaska Employ-  
7 ment Security Act for certain employees of certain  
8 corporations."

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

10 \* Section 1. AS 23.20.526 is amended by adding a new paragraph to read:

11 (21) service performed for a corporation by an employee of the  
12 corporation if

13 (A) the corporation is incorporated under AS 10.05;

14 (B) the corporation is not a government corporation;

15 (C) the employee <sup>is</sup> owns directly or indirectly, <sup>or</sup> has the  
16 power to vote, <sup>the</sup> 25 percent or more of ~~of~~ <sup>the</sup> ~~the~~ voting securities  
17 ~~of~~ the corporation; and

18 (D) the employee agrees that the services not be "employ-  
19 ment" under this paragraph.

20  
21  
22 (c) the employee is an ~~employee~~  
23 executive officer of the corporation  
24 and owns directly or indirectly  
25 25 percent or more of the  
26 voting securities of the corporation; and  
27  
28  
29

ALASKA  
STATE LEGISLATURE  
**MEMORANDUM**

3/4/82

To Legal Services  
Fm Labor & Commerce  
SJ HB 726

*Pls prepare a CS for HB 726 (L+C) incorporating  
Changes shown.*

*Thanks -*

*Joan*

*--3657*

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12 corporation if

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14 (B) the corporation is not a government corporation;

15 *delete section (c) - replace with new section (c), below.*

16 ~~(C) the employee owns directly or indirectly, or has the  
17 power to vote, 25 percent or more of any class of voting securities  
of the corporation; and~~

18 (D) the employee agrees that the services not be "employ-  
19 ment" under this paragraph.

20  
21 *(c) the employee is an executive officer of the  
22 corporation and owns directly or indirectly 25 percent  
23 or more of the voting securities of the corporation; and*

Testimony of Charles Northrip On HB 831  
Before the House Labor and Commerce Committee  
March 4, 1982

Mr. Chairman, and members of the Committee, my name is Charles Northrip. I am the Executive Director of the Alaska Public Broadcasting Commission. I appreciate the opportunity to testify on this bill today. I also appreciate the prompt and courteous notice that the Committee staff provided me of the introduction of the Bill. Unfortunately my testimony will be negative with regard to the Bill. I feel its impact on public broadcasting would set back its progress several years.

Executive Order No. 50, now incorporated in Alaska Statute 44.21.256 - 290 recognized the need to centralize planning, coordination and operation of State telecommunications activities, and created a Deputy Commissioner and two divisions within the Department of Administration to do just that. The Order also transferred the Alaska Public Broadcasting Commission from the Department of Education to the Department of Administration so it would operate out of the same administrative home as the two new telecommunications divisions. The Order did not, however, abolish the APBC nor place public broadcasting in the chain of command linked directly to the State executive hierarchy. I do not believe those portions of the order were adopted without due deliberation, primarily in consideration of the dangers of government control or influence over programming. By leaving the APBC within the Department of Administration, but outside the direct line organization of the telecommunications divisions, the Order puts as much

distance as possible between the State hierarchy and programming, since the Commission is an independent agency governed by nine citizens who are not State employees. In further support of this concept, the APBC leaves program judgements to independent local licensees, who are in turn governed by local citizen boards.

Before Executive Order 50, the APBC was involved with the State satellite TV project, the video tape delay center, and the provision of commercial programming. Those activities detracted from the main purpose of the Commission, which is the encouragement and support of public broadcasting in Alaska. Those activities, however, also put the Commission in the posture of "meddling" in areas best left to the private sector. The Executive Order divested the APBC of all such activity, and gave the agency its single primary focus in the support of public broadcasting throughout the State. The Commission, thanks to the Executive Order, now has a clear focus for its activities.

There are many areas touched on by HB 831 that require additional comment, not the least of which is the proposed new Commission serving as a watchdog over Department of Administration telecommunications activities. I'll leave that topic to Dr. Hills and others from the Department. I can say, however, that the current Alaska Public Broadcasting Commission has no desire to undertake that role. In fact, the full Commission unanimously approved the Executive Order No. 50 approach last spring.

My major criticism of the Bill is that it is too much, too soon. Executive Order No. 50 has been in effect less than a year. The staffs of the new Divisions have had even less time to come to grips with the state's telecommunications priorities. The APBC has had its new, more pointed, focus for that same period of time. The APBC's first edition of its long-range plan is only now at the printers. Similar efforts in other areas of telecommunications are in various stages of completion in the telecommunications divisions.

The Governor's Executive Order should be given time to work before new approaches are attempted. If the Legislature feels the need for countervailing expertise, it should hire telecommunications professionals to advise the cognizant committees as they exercise their rightful oversight responsibilities of the work of the telecommunications divisions and the APBC each year. That approach is certainly open to any committee.

If, over time, Executive Order No. 50 proves inadequate to the task, the Department of Administration, I'm sure, will be the first to propose changes in the law. Now, however, is not the time to make such changes, when our new system is less than a year old.

STATEMENT OF ALEX HILLS  
DEPUTY COMMISSIONER FOR TELECOMMUNICATIONS  
DEPARTMENT OF ADMINISTRATION  
ON HOUSE BILL 831  
PROVIDED TO HOUSE LABOR AND COMMERCE COMMITTEE

The Alaska Communication Commission proposed in House Bill 831 would have two kinds of functions. The Commission would oversee public broadcasting, as the APBC presently does, and would, in addition, have oversight powers with respect to the two telecommunications divisions located in the Department of Administration. The functions of the APBC will continue to be required and should be provided for in the future. Issues related to these functions will be addressed in a separate statement by Dr. Charles Northrip, Executive Director of the APBC.

Our two telecommunications divisions, and my own position, were instituted on July 1, 1981, when Executive Order 50 became effective. Executive Order 50 was the result of a lengthy process that involved a great deal of effort by members of both the Administration and the Legislature. The new telecommunications organization has been in existence for less than nine months. Although most interested parties appear to be satisfied with its performance so far, the new organization certainly needs more time to prove itself. I would suggest that it is premature to judge the new divisions at this time.

I believe that the primary intent of HB 831 is to provide oversight of all State telecommunications activities. Accordingly, I am submitting a copy of our Telecommunications Annual Report, which has

been recently completed. As the Report shows, the divisions are involved in a wide range of statutorily required activities. I believe that any new telecommunications legislation should consider these activities.

As I understand the proposed Commission, it would be a new layer of bureaucracy involved in the telecommunications decision-making process. I believe that such an arrangement would not only increase the size of State government but would also make the decision process unnecessarily cumbersome.

Finally, I am concerned about asking members of the telecommunications industry to make State government decisions that affect the private sector. The Department of Administration actively seeks advice and input from the private sector. We consider this input as we make decisions designed to serve the public interest and State government needs. The proposed arrangement, on the other hand, would have industry representatives making decisions that affect the State's procurement of goods and services from their own industry.

In summary, for the reasons I have explained, I do not recommend that this bill be passed out of Committee. I further suggest that our present telecommunications organization be evaluated during the next legislative session at the earliest.









Absent:

3/4/82

~~Page~~

HB ~~726~~ HB863 HB 831

1:14

000 Call to order

~~010 Intro to HB 863 by Rep. Randolph~~

HB 726  
020

~~Rep.~~ Dave Stancliffe AA to Ramona Barnes - ~~intro to~~ <sup>explained intent</sup> of HB 726. Referred to House Research report, which was given to committee, for figures on financial impact.

~~Adv. to people can~~ (Spoke from prepared testimony)

060 Gardiner asked why bill was introduced; Stancliffe said it was for philosophical reasons. Discussion

078 Randolph said he had no objection to using HB 726 as vehicle, as his bill is almost identical (HB 863)

082 Art Zellig, Dir, ESC, Dept Labor - amendt wd not impact ability to conform w/ fed'l law; no recommendation on bill.

097 Gardiner asked how many people wd be eligible; Zellig had no figures.

Discussion.

Martin asked revenue impact; Zellig had no estimate. Region X said if poor covered by fed'l FUTA tax, FUTA wd be increased.

Stancliffe said FUTA is calculated in report; ~~see~~ see figures.

106 Rogers - asked re: stock ownership plan; impact on employees - if emp's own 25% of stock a <sup>class</sup> portion of voting securities; concerned that employer cd remove employees from unemployment

158 Ed Hein - LAA leg sucs - drafted bill - intent was to provide optional exemption fm unemp ins. In drafting legis'n, made efforts to ck for conflicts w/ fed'l laws ~~was~~ - satisfied there wd be no conflicts. Can't say conclusively if there are conflicts w/ other portions of Title 23.

194 Rogers asked ~~abt~~ again raised his concern abt an emp exempting employees through a stock ownership plan. Hein said he didn't think so, that wasn't intent; meant - to refer to someone w/ controlling interest in corp. Discussion. Hein said language wd seem to allow exempting employees.

<sup>suggester:</sup>  
257 Rogers ~~wanted~~ deleting "any class of" & insert "the" (l. 16), & suggested ~~the~~ deleting "the p wer to vote" - discussion

278 Gary Jenkins - Nat'l Fed of Independent Business & Small Bus owner - supported concept. Edge supported amending lang. ~~age~~

Suggested ~~to~~ exempting corporate officers - similar to prov'n in Wkr Compn Act.

Discussion. Rogers said there was a substantial difference between the Wkr Compn provisions & the bill. Felt possibly redefining eligibles as officers of the corporation. Gardiner brought up <sup>question of</sup> partnerships - Jenkins thought partnerships were already exempted. Jenkins suggested using term "executive ofcr of the corpor."

446 Hein said other states provide for this; Washington uses term "corporate officers" - goes along w/ this concept.

Discussion of how to amend.

The employee is an executive officer of the corp, & owns 25% or more of the corporation.

480 Barry - gets not concept, that's good, but may conflict, esp in const industry, w/ prevailing wage. Cited examples.

Purposes different fm Fedn of Businesses. Area of gain in const ind, under prevailing wage act, doing work as wage earner, potential conflict. Rogers felt (d) would cover this. Discussion.

568 Rogers moved strike (c) & replace w:

"(c) the emp<sup>ly</sup> is an exec officer of the corp & owns, directly or indirectly, 25% or more of the voting securities of the corp; and "

Objection by Byloma; discussion. Asked Zellig to estimate fiscal impact; Zellig said it wd be difficult to determine. No general fund impact. Knight felt there wd be no significant impact.

~~Cost: for~~ ~~off it~~  
No objection, no carried.

639 Rogers moved to report out CS HB 726 as amended

10/28/77

655 Intro to HR 831 by Ch. Martin. Referred to info sent by Sen Stevens re self-regn by states of many functions FCC ~~had~~ <sup>previously</sup> handled. Gave ~~intro~~ reasons for a intent of bill.

side B

027 \_\_\_\_\_ clarified a point Martin made. Discussion.

040 Alex Hills, Deputy Comm of Admin responsible for telecom <sup>spoke</sup> (read from prepared testimony.)

~~Exec order 50~~ Gave background of telecom origin.

~~Also~~ Suggested it is premature to judge origin at this time.

Believes intention is to

- 1) take over func of APBC
- 2) create oversight of various functions

Submitted by of annual report, which he felt shd be considered.

~~He~~ ~~His~~ ~~origin~~ Noted that <sup>his</sup> origin is wkg on many areas Martin spoke of being concerned abt.

Hills was concerned abt introducing another layer of bureaucracy.

Concerned abt asking members of industry to make state-level decisions that wd impact private sector. Potential conflict of interest.

Recommended bill not be passed as written.

135 Martin asked if committee wd like to have special mtg w/Hills regarding fed's legis'n, possibly 3/24.

150 Charles Northrup, Exec Dir, APBC. (Spoke for prepared testimony) Felt impact of bill on pub. policy not set back progress several yrs. Explained <sup>background of</sup> ~~why the bill was~~ ~~the~~ commission & why he felt bill was premature. Gordon Gebets, Alston — no official stand yet as they haven't had time to re-thoroughly.

213 Apparent there wd be overlap bet Telecom Div & the new commission. No time yet to ~~develop~~ <sup>evaluate</sup> new division — not geared up long enough yet.

Coordination effort is important. Bill causes him concern abt creation of agency combining developmental entity & regulatory entity. Apprehensive abt comm having both authorities.

Re appeal para, p. 3, Secs 5 & 6 — re APUC — ~~the~~ exception in Sec 6 — common issues many other types of orders of interest to telecomm. industry. Sec 5 (8) — validity of negs — APUC has function of issuing telecomm. oriented negs.

297 Rogers pointed out Gebets was on APUC abt 15 yrs. Rogers asked if APUC had own atty; Gebets said an asst AG assigned to them. Rogers said AG wd be person bringing & person defending an action under that sec.

318 Gebets — Alston committed to establish of local agency to develop telecomm policy. System created by ED SD not in place long enough to determine if it ~~is~~ ~~is~~ this.

333 ~~Barry~~ Zerbetz - re appeal juris - re board - if it is appellate bd for APUC or other agencies, shd consider qualins of people on bd; shd perhaps be addressed in statute.

352 Rogers - asked if comm wd be quasi-judicial or promotional. Said AT shdnt have agency that does both. Martin responded no real concept 'n mind. Needed think tank. Developing ideas for legis'n.

379 Barry - sec 4 defines telecomm.

One area not addressed that shd be is ~~sector~~ computer security. Public needs protection. Concept is holistic approach to entire industry.

- 1) public
  - 2) industry
  - 3) govt
- ) 3 factions to consider

Intention is to limit courts' ability to rule to law, not policy. Comm. wd be appellate to hear concerns of 3 factions.

430 Martin referred to a previous bill which wd have caused problems; w/o technical knowledge

450 Hills - do have awareness of computer privacy issues - Bruce Carlson, Ofc of Info Mgmt. Offered to meet w/ staff. Pass into resolu'n which wd ask them to investigate this area.  
Discussion.

496 Adjournd 2:35

479 Discussion of next wk's agenda.

~~470 Regio~~

3 - 8 - 82

H B 6 9 4

H B 8 82

H B 8 35

HOUSE LABOR & COMMERCE  
STANDING COMMITTEE  
March 8, 1982  
1:09 p.m.

Members Present: Rep. Bylsma, Vice Chairman  
Rep. Gardiner  
Rep. Rogers  
Rep. Randolph

Members Absent: Rep. Martin, Chairman

COMMITTEE CALENDAR

HB 694 An Act relating to the Alaska Municipal Bond Bank Authority.

HB 835 An Act establishing the Alaska Safety Advisory Council.

HB 882 An Act relating to voluntary aircraft safety inspection.

WITNESS REGISTER

Lee McAnerney  
Commissioner, Community & Regional Affairs  
Chairman, Alaska Municipal Bond Bank Authority  
Pouch B  
Juneau, Alaska 99811  
465-4700  
Position Statement: Supported HB 694; recommended changes.

Glenn Lundeli, Deputy Commissioner  
Department of Labor  
PO Box 1149  
Juneau, Alaska 99811  
465-2700  
Position Statement: Endorsed HB 835.

Jean Kline  
Associated General Contractors  
134 Franklin  
Juneau, Alaska 99801  
586-1740  
Position Statement: Supports HB 835.

Dwight Perkins, business manager  
Plumbers and Pipefitters Union, Local 262  
Box 2868  
Juneau, Alaska 99801  
586-2874

Position Statement: Supported HB 835.

PREVIOUS ACTION

HB 694

No previous action.

Statutory Reference: AS 39.25.120; AS 44.85

Action Taken: Rep. Rogers moved, page 3, line 3, to add a new Section 5, adopting the amendment proposed by Community & Regional Affairs, but increasing the figure to \$200-million. Motion passed unanimously.

Rep. Gardiner moved to add an immediate effective date. Motion passed unanimously.

Rep. Gardiner moved CSHB 694 (I.&C) be reported out of committee, as amended. Motion passed unanimously.

HB 835

No previous action.

Statutory Reference: AS 18.60

Action Taken: Rep. Gardiner moved, page 1, line 14, to change "13" to "9"; line 16, to change "6" to "4"; line 20, to delete (3); line 22, to delete (5); and page 2, line 29, to change "13" to "9"; and page 3, line 1, to change "6" to "4".

Rep. Rogers moved to amend Rep. Gardiner motion to delete, on page 1, subsection (4) and insert (5). Rep. Rogers withdrew his amendment. Rep. Gardiner withdrew his motion.

Rep. Gardiner moved, page 2, after line 26, to add a new subsection (5): "make recommendations on methods to reduce Alaska's high rate of aircraft accidents." Rep. Rogers asked unanimous consent. Motion passed without objection.

Rep. Rogers moved, page 2, line 3, to delete "his" and insert "the commissioner's" Motion passed by unanimous consent.

Rep. Rogers moved to amend the title and insert a new Section 3 at the end of the bill. Rep. Rogers withdrew the motion.

Rep. Rogers moved to report HB 835 out of committee with amendments attached. There being no objection, motion passed.

HB 882

No previous action.

Statutory Reference: AS 09.65

Action Taken: No action taken; Rep. Bylsma said the bill would not be heard as another bill had been passed which does what HB 882 would do.

ACTION NARRATIVE

Tape #34  
Recording  
Number 000

The meeting was called to order by Vice Chairman Bylsma at 1:09 p.m. Members present were: Reps. Bylsma, Gardiner, Randolph, and Rogers. Chairman Martin was absent. Rep. Bylsma said HB 882 would not be heard, as another bill had been passed which accomplishes what HB 882 would do. Rep. Bylsma directed the committee's attention to HB 694.

Number 011

Lee McAnerney, Commissioner of Community & Regional Affairs, and Chairman of the Alaska Municipal Bond Bank Authority, said she supported the bill. She recommended increasing the \$150-million figure to \$180-million, and proposed adding a new section.

Number 026

Rep. Gardiner asked if municipalities continue to use the bond bank. McAnerney said they do, and gave examples.

Number 036

There was discussion of raising the figure to \$180-million, and of Bond Bank Authority functions. Rep. Rogers questioned whether the \$1-million limit for the revolving loan fund was enough. McAnerney said it was, and that \$180-million would be satisfactory. Rep. Rogers felt it should be higher so the limit did not need to be changed so frequently. McAnerney said \$200-million was the figure she originally planned to use, but she said at this time they don't need more than \$180-million.

Number 098

Rep. Rogers moved, page 3, line 3, to add a new section 5, adopting the amendment

proposed by Community & Regional Affairs, but increasing the figure to \$200-million, so new section would read: "AS 44.85.180(c) is amended to read: (c) Notwithstanding the provisions of (a) and (b) of this section, the total amount of bond bank authority bonds and notes outstanding at any one time, except bonds or notes issued to fund or refund bonds or notes, may not exceed \$200,000,000." Motion passed unanimously.

Number 107

Rep. Gardiner moved to add an immediate effective date. Motion passed unanimously.

Number 113

Rep. Gardiner moved CSHB 694 (L&C), as amended, be reported out of committee. Motion passed unanimously.

Number 138

Rep. Bylsma brought HB 835 before the committee.

Number 141

Jeff Barry, committee aide, said the bill sponsors had asked him to explain the bill. He gave background. Barry said an advisory council once existed, He believes everyone recognizes, after hearing testimony on HB 159, the value of labor and management working together. The bill would bring industry, labor, and government together at a low cost to discuss safety and health matters.

Number 168

Glenn Lundell, Deputy Commissioner, Department of Labor, said he and Commissioner Orbeck were pleased that industry and labor wanted this bill enacted. He felt it would be a useful interchange of information. The department welcomes and endorses the bill, and looks forward to working with industry and labor in this endeavor.

Number 192

Rep. Rogers felt 13 members was a big group. Rep. Bylsma questioned the need for the council. Lundell said the bill provides basis for considerable effort, and can serve as a catalyst for a safety conference. He mentioned the past efforts of the public in forming a council, which was disbanded because of a lack of interest on the part of state government. Bylsma felt that the former method might be better than involving a bunch of government employees. Lundell said there would be only one representative

of state government, one federal government representative, and one local government person involved, and that the other ten are from the public.

Number 235

Rep. Bylsma asked if OSHA didn't cover what the council would do. Lundell felt the function was somewhat different. He said an advisory group could reflect the state attitude toward federal regulations.

Number 254

Jean Kline, Alaska Chapter, Associated General contractors, said, regarding having 13 members on the council, that the prior committee was large, but extremely effective. She said the necessity of having government represented, keeping the labor input, and covering a broad cross-section of industry were the reasons for such a large committee. She asked that they keep the four labor representatives if they do pare the size of the committee. She said AGC supports the council because trade associations were requested by the President to take part in voluntary programs of safety compliance. She said an accident prevention program depends on the cooperation and support of labor and management groups, and she felt \$20,000 was a cheap price to pay for such an effort.

Number 314

Kline said that Tom Cashen, of IBEW, had asked her to relay his support of the bill, also.

Number 320

Rep. Bylsma felt that the various facets of industry would not be covered, even with a large council. Kline felt that safety programs for many groups are the same. There was discussion.

Number 353

Dwight Perkins, business manager, Plumbers & Pipefitters Union, Local 262 (representing Southeast Alaska), supported the bill. He thought that, with advertising, smaller groups would be represented and would be aware that they could comment to the council. He said the bill is needed, and he supported it.

Number 380

Rep. Gardiner agreed with Rep. Rogers that the council was too big, and would not be efficient. He felt a smaller, more efficient group could better deal with

issues. He recommended appointing smaller, more specialized committees for specific problems.

Number 399

Rep. Gardiner moved, page 1, line 14, to change "13" to "9"; line 16, to change "6" to "4"; line 20, to delete (3); line 22, to delete (5); and page 2, line 29, to change "13" to "9"; and page 3, line 1, to change "6" to "4". There was discussion. Lundell conferred with Kline--they felt it important that local government be involved, as they are not normally covered in programs relating to safety and health. He felt it more important to have local than state government represented.

Number 450

Rep. Rogers moved to amend the motion to delete (4) and insert (5) on page 1. There was discussion. Rep. Rogers withdrew his motion to amend.

Number 494

Jeff Barry, committee aide, said it is critical that the federal government be represented there. He said they have access to information and are willing--have even requested--to participate. He suggested looking at the labor aspect if they feel the number of council members is too large. He said the function is to recognize problems as they develop and suggest changes.

Number 534

Rep. Gardiner withdrew his motion.

Number 540

Rep. Gardiner moved, page 2, after line 26, to add: "(5) make recommendations on methods to reduce Alaska's high rate of aircraft accidents." Rep. Rogers asked unanimous consent. Motion passed without objection.

Number 580

Rep. Rogers moved, page 2, line 3, to delete "his" and insert "the commissioner's". Motion passed without objection.

Number 588

Rep. Rogers moved to amend the title and insert a new Section 3 at the end of the bill. There was discussion. Rep. Rogers withdrew the amendment.

Number 735

Rep. Rogers moved to report HB 835 out of committee with amendments attached. Motion passed without objection.

Side B, Number 011    There being no further business to come  
before the committee, the meeting was  
adjourned at 1:56 p.m.

Absent:

3/8/82

HB 694

Tape # 34

HB 882

HB 835

1:09

000

Call to order by Byloma; said HB 882 won't be heard as another bill has been passed which does what 882 does

HB 694

011

See McAnerny, Comm, CRA, & Comm, At Muni Bond Bank Auth. Support bill except want \$180M figure rather than \$150M  
44.85.180 (c) - add new section.

026

Hardiner asked if municipalities continue to use bond bank; McA said they do, & cited examples.

036

Discussion of raising figure to \$180M & of Bond Bank functions  
~~The Com said original intent of bill was dir of Dept of Bus &   
 explain original intent of bill &~~

064

Rogers got ind, \$1M ~~figure~~ limit for revolving loan fund was enough; McA said it was, & that \$180M will be satis. Rogers felt it shd be higher so <sup>limit</sup> it did not need to be changed so frugly. McA said \$200M was figure she originally planned to use, but don't at this time need more than \$180M.

098

Rogers mod, p3. l.3, add new sec 5, adopt amount prop'd by CRA, but inc. figure to \$200M. Passed unan.

107

Hardiner ~~at~~ moved to add immediate eff. date. passed unan.

113

Hardi moved CSHB 694 (L&C) be reported out of comm. Passed unanimously.

HB 835

138

Byloma brings HB 835 before comm.

141

Jeff Barry said sponsors asked him to explain bill. Gave background - advisory council once existed, ~~but~~ believes everyone recognizes, after hearing testimony on HB 159, value of labor & mgmt working together. Bill wd bring industry, labor, & govt together. at a low cost

to discuss safety & health matters.

168 Glenn Lundell, Dep Comm, Dept Labor - he & Orbeck were pleased and labor wanted this bill enacted. Useful interchanging of info. Dept welcomes & endorses bill, & looks forward to wk w/ ind & labor in this endeavor.

192 Rogers felt 13 members was a ~~big~~ big group.

198 Bylsma questioned need for Council

Lundell said bill provides considerable effort & can serve as catalyst for <sup>safety</sup> conference. Mentioned past efforts of public in forming council, which disbanded because of lack of interest by govt. Bylsma felt might be better that former method might be better than involving a bunch of govt emp's. Lundell said only 1 fm st, 1 fed, & 1 local govt people involved; other 10 are fm public.

235 Bylsma asked if OSHA didn't cover what council wd do.

Lundell felt function was somewhat different; advisory app can reflect state attitude on fed's regns.

254 Jan Kline, AK Ch, AGC - re <sup>needed</sup> 13 members - prior committee was large (went over composition of prev. comm) - comm was extremely effective. Necessity of having govt, ~~not~~ keeping labor input, & broad X-section of industry ~~too~~ were reasons for such a large comm. Asked they keep 4 labor reps if they do pare size of comm. AGS supports because <sup>trade assoc were requested by President to take part in</sup> <sup>Voluntary</sup> pgms of safety compliance ~~help~~ Accident prevention pgm depends on coop'n & support of labor & mgmt gpts. \$20,000 cheap price to pay for such an effort.

314 Tom Cashen, IBEW, asked her to relay his support, also.

300 Bylsma, re representin - 6 fm industry - various facets of ind may not be covered. Kline felt safety pgms for many are much the same.

Bylsma felt, re labor <sup>representation</sup> ~~right~~, that many small businesses (non-union) wd be ignored.

353 ~~Dr~~ Dwight Perkins, Pres, Plumbers & Pipefitters Union Local 262 (SE AK) - supports bill. Thought with advertising, smaller ~~groups~~ <sup>groups</sup> wd be represented & wd be aware of Council to bring comments to. Bill is needed & they support it.

380 Gard - agreed w/Rogers re size of comm (being too big) - not efficient. Smaller, more efficient gp can better deal w/issues; can appoint smaller, specialized committees for specific problems.

Garniner

399 ~~Act~~ moved:

l. 14 chng 13 to 9  
l. 16 6 to 4  
.20 delete (3)  
22 delete (5)

} p. 1

p. 2 l. 29 chng 13 to 9

3 l. 1 6 to 4

421 Discussion.

Jundell conferred w/ Kline - important that local govt be involved as they aren't normally covered in regs relating to safety & health. More imp to have local than state govt rep'd.

450 Rogers mod to amend amdmt to delete (4) & insert (5)  
(p. 1)

Discussion. Rogers w/drew amdmt to amend.

494 Barry - critical that fed govt rep be there - NIOSH & MESA

<sup>regs.</sup>  
~~regs.~~ also impact state (aside from OSHA) - have access to info & are willing, even <sup>have</sup> requested, to participate. Suggested looking at labor aspect if they feel it is too large. Function is to recognize probs as they develop & suggest chngs.

534 Gurd w/drew amdmt.

Gardiner moved,

540 p. 2 l 26 + 27, add:

(5) make recommendations on methods to reduce Alaska's high rate of aircraft accidents

Rogers asked unan consent; passed.

580 Rogers p 2, l. 3, delete "his", insert "the Commissioner's" passed by unan consent

Rogers moved to

588 Amend title & insert sec 3 at end of bill

Discussion. Rogers went over a note in Feb brought in his note that ~~is~~ needs connecting by statute.

726 Rogers withdrew amendt.

735 Rogers moved to report out HB 835 with attached amendt.  
Side B  
006 passed w/o objection with amendments.

011  
1:56 Mtg adjourned

1:09

LABOR & COMMERCE COMMITTEE  
DAILY COMMITTEE HEARING

Date: 3/8/82

Place: \_\_\_\_\_

<u>Members</u>	<u>Present</u>	<u>Absent</u>	<u>Time Arrived</u>	<u>Time Left</u>
Rep. B. Bylsma, V. Chair	<del>_____</del> ✓	_____	1:06	
Rep. D. Randolph	_____ ✓	_____	1:07	1:12
Rep. B. Rogers	_____ ✓	_____	1:12	
Rep. T. Gardiner	_____ ✓	_____	1:03	
Rep. T. Martin, Chair	_____	_____	absent	

Subject Matter:

House Bill No. 694    882    835    \_\_\_\_\_

Senate Bill No. \_\_\_\_\_

Special Orders:









# Alaska State Legislature



MEMBERS:  
TERRY MARTIN, CHAIRMAN  
BERNARD BYLSMA, VICE CHAIRMAN  
RICHARD RANDOLPH  
TERRY GARDINER  
BRIAN ROGERS

POUCH V  
STATE CAPITOL  
JUNEAU, AK 99811  
PHONE (907) 465-3783  
OFFICIAL BUSINESS

## House of Representatives LABOR AND COMMERCE COMMITTEE

AMENDMENTS TO HB 835

Passed by the House Labor & Commerce Committee on 3/8/82.

### House Bill 835

Page 2, after line 26, add new subsection:

- (5) make recommendations on methods to reduce Alaska's high rate of aircraft accidents.

Page 2, line 3, delete word "his" and insert "the commissioner's".

AMENDMENTS TO HB 835

Passed by the House Labor & Commerce Committee on 3/8/82.

House Bill 835

Page 2, after line 26, add new subsection:

- (5) make recommendations on methods to reduce Alaska's high rate of aircraft accidents.

Page 2, line 3, delete word "his" and insert "the commissioner's".

Amendments; sent to Legal 3/8/82

Introduced: 1/27/82  
Referred: Labor & Commerce  
and Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 694

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska Municipal Bond Bank  
7 Authority."

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

9 \* Section 1. AS 39.25.120 is amended by adding a new paragraph to read:

10 (20) employees and agents, other than the executive secretary  
11 and legal counsel, of the Alaska Municipal Bond Bank Authority.

12 \* Sec. 2. AS 44.85.070 is amended to read:

13 Sec. 44.85.070. STAFF. The bond bank authority shall employ an  
14 executive secretary who may with the approval of the bond bank authority  
15 select and employ additional staff as necessary. Employees and agents  
16 of the bond bank authority other than legal counsel and the executive  
17 secretary are in the partially exempt [CLASSIFIED] service under AS 39.-  
18 25. In addition to its staff of regular employees, the bond bank author-  
19 ity may contract for and engage the services of the bond counsel, consul-  
20 tants, experts, and financial advisors the bond bank authority considers  
21 necessary for the purpose of developing information, or conducting  
22 studies, investigations, hearings or other proceedings.

23 \* Sec. 3. AS 44.85.100(b) is amended to read:

24 (b) The bond bank authority shall include in the report required  
25 by (a) of this section an estimate of the amount of revenue bonds of the  
26 bond bank authority to be issued during the fiscal year following the  
27 fiscal year in which the report is submitted [12-MONTH PERIOD]. The bond  
28 bank authority may not issue revenue bonds, other than refunding bonds,  
29 in excess of \$50,000,000 during any 12-month period beginning after

ambiguous

1 June 30, 1981, unless the legislature, by law, approves the estimate  
2 required by this subsection for that 12-month period.

3 \* Sec. 4. AS 44.85 is amended by adding a new section to read:

4 Sec. 44.85.165. MUNICIPAL BOND BANK REVOLVING LOAN FUND ESTAB-  
5 LISHED. There is established in the Department of Revenue a municipal  
6 bond bank revolving loan fund. The municipal bond bank revolving loan  
7 fund consists of money appropriated to it by the legislature. Principal  
8 payments on a loan made under this section shall be returned to the bond  
9 bank revolving loan fund. Interest payments on a loan made under this  
10 section shall be transferred to the general fund as provided by AS 37.-  
11 10.050 -- 37.10.060. The bond bank authority may make loans to munici-  
12 palities from the municipal bond bank revolving loan fund. A loan made  
13 under this section

14 (1) may be used only for

15 (A) expenditures authorized to be paid from revenues of  
16 a municipal bond issue if the bonds have been authorized as re-  
17 quired by law but have not been sold;

18 (B) expenditures authorized under a grant from the state  
19 or federal government made after the grant is authorized but before  
20 it is received; or

21 (C) expenditures authorized by a municipal governing  
22 body in anticipation of tax revenues expected to be received during  
23 the period of the loan;

24 (2) shall be for a period of one year or less;

25 (3) may not exceed an amount which, when added to the bor-  
26 rower's outstanding aggregate municipal bond bank revolving loan fund  
27 balance, totals \$1,000,000, and

28 (4) shall bear interest at a rate which is approved by the  
29 bond bank authority by resolution and which is not less than the market

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rate which the authority would have to pay at the time of the loan for notes issued for a similar purpose.

— add new Sec. 5 — see attached

— add immediate effective date.

CHAIRMAN:  
LEE MCANERNEY

BOARD MEMBERS:  
LANCE ANDERSON  
CARROLL FADER  
LARRY URBACH  
THOMAS K. WILLIAMS



601 WEST FIFTH AVENUE  
SUITE 430  
ANCHORAGE, ALASKA 99501  
(907) 274-7366

EXECUTIVE DIRECTOR:  
DAVID A. ROSE

**ALASKA MUNICIPAL BOND BANK AUTHORITY**

ADDITION TO HB 694

\*Section \_\_\_\_\_ AS 44.85.180 (c) is  
amended to read:

(c) Notwithstanding the provisions of (a) and (b) of this  
section, the total amount of bond bank authority bonds and  
notes outstanding at any one time, except bonds or notes issued  
to fund or refund bonds or notes, may not exceed [\$150,000,000]  
~~\$200,000,000~~  
\$180,000,000.

*AVF -*

3-10-82

H B 866

H B 704

S B 513

HOUSE LABOR & COMMERCE  
STANDING COMMITTEE  
March 10, 1982  
2:38 p.m.

Members Present: Rep. Martin, Chairman  
Rep. Bylsma, Vice Chairman  
Rep. Randolph

Members Absent: Rep. Gardiner  
Rep. Rogers

COMMITTEE CALENDAR

CSHB 704 (L&C) An Act continuing the existence of the Real Estate Commission and amending the statutes relating to the commission's responsibilities; and providing for an effective date.

HB 866 An Act establishing a special investment tax credit; and providing for an effective date.

SB 513 An Act relating to the athletic commission; and providing for an effective date.

WITNESS REGISTER

George Krusz, President  
Alaska State Chamber of Commerce  
310 2nd Street  
Juneau, Alaska 99811  
586-2323  
Position Statement: Supported concept of HB 866; suggested changes.

PREVIOUS ACTION

CSHB 704 (L&C) See minutes of 3/1/82 (bill was amended and committee substitute drafted).

Statutory Reference: AS 08.03.010(c)(18); AS 08.88.221; AS 08.88.401.

Action Taken: Rep. Randolph moved CSHB 704 (L&C) be adopted and reported out by unanimous consent. There being no objection, motion passed.

HB 866 No previous action.

Statutory Reference: AS 43.20.036

Action Taken: No action taken.

SB 513

Senate Action: First reading 4/24/81; reported out of Senate Labor & Commerce 2/10/82 with letter of intent. Reported out of Rules 2/15/82. Taken up immediate on Senate floor 2/15/82; Labor & Commerce letter of intent adopted in second reading. Advanced to third reading by unanimous consent. Passed Senate 2/15/82, with effective date vote same as passage.

House Action: Referred to Labor & Commerce 2/16/82.

Statutory Reference: AS 05.05.010(a)

Action Taken: No action taken. Rep. Randolph suggested putting bill aside until Administration explains need. Committee agreed.

ACTION NARRATIVE

Tape #35  
Recording  
Number 000

The meeting was called to order by Chairman Martin at 2:28 p.m. Members present were: Reps. Martin, Bylsma, and Randolph. Members absent were: Reps. Rogers and Gardiner.

Number 010

Rep. Martin directed the committee's attention to CSHB 704 (L&C). Amendments were approved individually by committee members. Rep. Martin requested the committee adopt the committee substitute and report the bill out by unanimous consent. Rep. Randolph so moved. There was discussion. There being no objection, the motion passed.

Number 046

HB 866 was brought before the committee for consideration.

Number 051

George Krusz, president, Alaska State Chamber of Commerce, gave background on the Chamber--membership, geographic representations, etc. He supported the concept of the bill, but felt the bill should not be limited to exclude the oil and gas industry and other Alaska businesses.

He supported the bill, but wanted participation of all Alaska businesses. Rep. Randolph asked if Krusz had prepared a recommended amendment. Krusz said he had not.

Number 091

Jeff Barry, committee aide, said the Department of Revenue opposed the bill, and that they had prepared a financial statement that showed a \$22-million fiscal impact this year. He said their objections were that currently, credit allowed is 18% of federal tax credit, up to \$20-million; this could totally eliminate taxes for large corporations.

Number 125

Rep. Randolph requested figures for including other industries, separately and as a whole. There was discussion of fiscal impact.

Number 160

Rep. Martin brought SB 513 before the committee, and explained the bill. He said, regarding the fiscal note, that the Alaska baseball organization wanted money to travel. Rep. Randolph suggested putting the bill aside until the Administration explains the need. The committee agreed.

Number 192

There being no further business to come before the committee, the meeting was adjourned at 2:45 p.m.

SB 513 SENATE ACTION  
DATE SEQ PAGE

10:55 3/18/82 PAGE 2 OF 3

LEGISLATIVE ACTION

04/24/81 01 0860  
04/24/81 02 0860  
04/24/81 03 0860  
02/10/82 04 0249  
02/10/82 05 0249  
02/15/82 06 0281

FIRST READING -- COMMITTEE REPORTS

GOV TRANSMITTAL LETTER  
GOV F/NOTE SEN SUPPL #34  
L&C -- DP03, OTHER01  
L&C LETTER OF INTENT  
RLS -- OTHER04

TAKEN UP IMMEDIATELY

02/15/82 07 0284  
02/15/82 08 0285  
02/15/82 09 0285  
02/15/82 10 0285  
02/15/82 11 0285  
02/15/82 12 0285

SECOND READING

L&C LETTER OF INTENT ADOPTED  
ADVANCED TO 3RD READING BY UNAN CONSENT

THIRD READING

PASSED BY DIV 18-00-01  
EFFECTIVE DATE VOIE SAME AS PASSAGE

\*\*\*\* \*\* \*\*

\*\*\* \*\* \*

SB 513 HOUSE ACTION  
DATE SEQ PAGE

10:55 3/18/82 PAGE 3 OF 3

LEGISLATIVE ACTION

02/16/82 13 0513

FIRST READING -- COMMITTEE REPORTS

LABOR & COMMERCE  
RULES

\*\*\*\* \*\* \*\*

\*\*\* \*\* \*

Absent

Swanson, Fog

~~HB 513~~

Tape # 35

3/10/82

HB 866

SB 513 CSHB 704

2:28

006

Call to order

<sup>re Real Estate Comm.</sup>

HB 704  
010

CSHB 704 brought before comm. Amdnts were app'd ind'ly by  
Comm. members. Rep Martin requested Comm. <sup>adopt</sup> ~~approve~~  
& report out by unanimous consent.  
CS<sub>1</sub>; Rep Randolph no moved. There was discussion.

HB 866

There being no objection, motion passed.

046

HB 866 brought before committee.

051

George Kruse Krue, Pres, Ak St Chamber of Commerce.

Have background on Chamber - membership, geographic  
representation, etc.

Support concept of bill. Feel bill shd not be limited to exclude  
oil & gas industry & other Alaska businesses. Support bill  
but want participation of all Ak businesses

082

Randolph asked if they had recommended amendt. Krue said

they did not. Barry ~~opposed bill; they~~ Barry said he had info.

091

Barry - Dept of Revenue, prepared for Stmt. \$20M fiscal impact

this up. Objections 1) current credit allowed is 18% of fed's  
tax credit up to \$20M; this cd totally eliminate taxes for lge  
corps.

105

Randolph wanted info figures for including other industries,  
separately & total figures.

SB 513

There was discussion of fiscal impact.

160

SB 513 - Martin explained bill. He said, <sup>in fln.</sup> Ak baseball

Orgn wanted money to travel.

Randolph suggested putting bill aside until Admin  
explains need. Committee agreed.

2:45

172

Adjourned.



LABOR & COMMERCE COMMITTEE  
DAILY COMMITTEE HEARING

Date: 3/10/82

Place: \_\_\_\_\_

<u>Members</u>	<u>Present</u>	<u>Absent</u>	<u>Time Arrived</u>	<u>Time Left</u>
Rep. B. Bylsma, V. Chair	_____ ✓	_____	2:20	
Rep. D. Randolph	_____ ✓	_____	2:28	
Rep. B. Rogers	_____	_____ ✓	_____	_____
Rep. T. Gardiner	_____	_____ ✓	_____	_____
Rep. T. Martin, Chair	_____ ✓	_____	2:20	

Subject Matter:

House Bill No. ~~573~~ 816 CSHB704

Senate Bill No. \_\_\_\_\_

Special Orders:

3-11-82

HOB 794

HOB 795

HOUSE LABOR & COMMERCE  
STANDING COMMITTEE  
March 11, 1982  
1:48 p.m.

Members Present: Rep. Martin, Chairman  
Rep. Bylsma, Vice Chairman  
Rep. Gardiner

Members Absent: Rep. Rogers  
Rep. Randolph

COMMITTEE CALENDAR

HB 794 An Act relating to sales practices of motor  
vehicle dealers.

HB 795 An Act relating to motor vehicle  
rustproofing services; and providing for an  
effective date.

WITNESS REGISTER

Jim Welch  
Rust Control  
2529 Scott Drive  
Juneau, Alaska 99811  
Position Statement: Testified about impact of HB 795 on his  
business.

Ralph Bennett  
testified on his own behalf  
c/o House Finance Committee  
Pouch V  
Juneau, Alaska 99811  
465-3877  
Position Statement: Went over problems he foresaw with HB 795.

Robert Evans  
Consumer Protection Agency  
Department of Law  
1049 West 5th Avenue  
Anchorage, Alaska  
279-0428  
Position Statement: Suggested amendments to HB 795.

PREVIOUS ACTION

HB 794 No previous action.

Statutory Reference: AS 45.45; AS 45.50

Action Taken: No action taken.  
Teleconference hearing set for March 30.

HB 795

No previous action.

Statutory Reference: AS 45.45; AS 45.50

Action Taken: No action taken.  
Teleconference hearing set for March 30.

ACTION NARRATIVE

Tape #36  
Recording  
Number 000

Rep. Martin began taking testimony at 1:25 p.m., but meeting was not called to order until 1:48 p.m. for lack of a quorum. When Rep. Rogers arrived at 1:48, meeting was called to order. Members present were: Reps. Martin, Bylsma, and Rogers. Members absent were: Reps. Randolph and Gardiner. At the time of call to order, testimony was being taken on HB 795.

Number 012

Jim Welch, owner of Rust Control, Juneau, went over problems he had with the bill. (Welch submitted written testimony, which is available for review from the committee.) He felt requirements for warranties were not specific enough. He did not like the provision regarding warranting rustproofing on used cars. He said he had never run across a provision such as the one providing for claims service in case a business is terminated. There was discussion.

Number 135

Welch suggested warranting rustproofing on a vehicle sold by the original owner by charging a fee to transfer the warranty. Welch went over the bill, section by section, listing problems he found with the bill.

Number 300

Rep. Rogers arrived, and the meeting was formally called to order.

Number 322

Welch resumed testimony. He discussed the impact of the bill.

Number 443

Jeff Barry gave a sectional analysis of HB 795. He said rustproofing is an \$11-billion a year industry. The problem is that many times, businesses who claim to be doing

rustproofing are not actually providing that service. He gave the example of new car dealers requiring consumers to purchase rustproofing with a faulty warranty. He spoke of needing a clear warranty on rustproofing of used cars. Barry went through the purpose of the bill. There was discussion of the definition of rustproofing and of undercoating.

Number 677

Barry went over how the warranty periods were arrived at. He said, regarding liability amount, that the consumer would be recompensed for the amount of damage, not the amount paid for the service. He said the basis of the bill is to protect people in the market from "fly by night" outfits, and to protect the consumer. There was discussion.

Side B, Number 016

Ralph Bennett, representing himself, said, regarding indemnification, that he thinks this is intended to use the past problem with mobile homes as a model. He thought the part dealing with used vehicles was bad legislation. He felt the inspection portion under (c)(2) was put in because of past car manufacturers warranties that required the consumer to spray wheel wells, which was found in court to be unreasonable. Rep. Rogers said this section came from the attorney general's office, because of a problem with businesses requiring consumers to come in on exact warranty inspection dates.

Number 084

Bennett said there should be nothing in a warranty voiding the warranty after a claim has been made. Rep. Rogers commented on this point in a sample of a warranty which was passed out to the committee. There was discussion.

Number 105

Robert Evans, Consumer Protection Agency, said, regarding used cars being impossible to protect, that he is not sure that is so, but at least rustproofers should be required to notify consumers they can't guarantee rustproofing. He referred the committee to the memo written by the Consumer Protection Agency, which contained suggested amendments (this memo is available for inspection from the committee).

Number 144

Rogers asked about the wording, "from the inside out" in one of the proposed amendments. He felt this was too vague. There was discussion. Rep. Rogers suggested possibly saying, "non-painted side to the painted side", or "from the side of the metal to which the rustproofing is applied". Evans went over the proposed amendments. The committee discussed the proposed amendments.

Number 311

Rep. Bylsma asked where the complaints are coming from. Evans said they have been involved in industrywide investigation-- contacted other states, found where problems are occurring. They want to be prepared for problems as the industry grows in Alaska. He said the complaints come from people within the rustproofing industry who are concerned with maintaining quality, and from agencies in other states. Evans said there have been no substantial consumer complaints yet, but that salt and calcium, which induce rust, have not been used on roads for long.

Number 354

Rep. Martin directed the committee's attention to HB 794. Evans suggested modifications which involve deleting some language. He said that, unless amended, the bill would apply to specially ordered vehicles. He felt the intent of the bill is to prevent option loading by a dealership prior to purchase by the consumer. He said that when a dealership has the option to add accessories without checking with the purchaser, the purchaser is put in an unfair position. He said the problem exists because, in other places, consumers have an alternative--they can go to another dealer. But in Alaska there is generally no other place in the market area to go. He said a second effect, because option loading injures other competitors, is that this would open the market. The bill as drafted narrowly limits the effect of option loading; it only applies to the consumer who special orders a vehicle and has it delivered to him. Evans went over suggested changes.

Number 549

Rep. Bylsma asked about charging for dealer preparation. There was discussion as to what that is (no one knew). Bennett said Article 6, section (2) "applicable federal

laws" needs to be clarified. He said dealer preparation is often not specified, or the dealer is not made aware what is being provided. He said this needs clarification. There was discussion.

Number 645

Rep. Martin announced a night meeting to discuss HB 832. He asked committee staff to set a teleconference hearing on House Bills 754 and 795, and to notify all new auto dealers of the hearing.

Number 726

There being no further business to come before the committee, the meeting was adjourned at 2:58 p.m.

March 11, 1982

To: Rep. Terry Martin, Chairman, House Labor and Commerce Committee

From: Philip C. Blackstone, President  
Endrust of Alaska, Inc.  
4651 Stuart Way  
Anchorage, AK 99503

279-3061 (w)

Dear Rep. Martin:

In talking with your office this morning, we are surprised to say the least that HR 795 is up for discussion in your committee today. We found out about this pending legislation late yesterday afternoon and quite by accident at that. One would think that with only three or four companies in the state of Alaska that are in the business of rustproofing vehicles, we would be advised as to possible legislation and asked for our comments and input.

We would be most agreeable to appear before your committee in person or via a teleconferenced hearing, but because of the lack of notice, please accept the following and make it part of the record.

I understand that this legislation is at the request of the Consumer Protection Bureau. Our company has been rustproofing vehicles in Anchorage for almost three years and I have no knowledge of any complaints filed with Consumer Protection. They, Consumer Protection, or any of our customers have never taken exception to our warranty policy, our free annual check-ups, our full repair and unlimited claims, and our grace period for the no-charge yearly cleaning and touch-up.

This bill as written imposes a lesser warranty in some cases than we currently offer. In other areas it imposes restrictions which would be impossible for any rustproofing company, in good conscience, to stand behind. Of the approximately sixty rustproofing companies nationally, there is not one company that does not require annual inspections. If a vehicle is rustproofed, and then driven on all the rock and gravel roads in Alaska, it only follows that the rustproofing material in the wheel wells is going to be torn apart over time and needs to be touched up periodically. This service we offer all of our customers -- and at no charge. We have never charged anyone for an annual inspection.

Again, we are very surprised by this pending legislation. We believe there are facts that need to be presented to your committee before this legislation is voted upon. And we are that with such a small population of companies offering this rustproofing service in Alaska that we have not been notified that this legislation was being considered.

Sincerely,

Philip C. Blackstone, President

cc: Rep. Joe Hayes  
Rep. Joe Montgomery

March 9, 1982

Gentleman:

As owner and operator of Rust Control which is a complete automobile and truck Rustproofing Service here in Juneau, I feel I must present to you how House Bill No. 795 would affect a small business such as mine.

I will respond to only Section 45.45.241.

(b) 2

I believe the supplier shou'd be liable for a rust-out condition but only to the extent of the (consumers Total Investment in Rustproofing. Also there are many vehicles which have structural defects (such as a brace welded inside a fender) and there is no possible way to rustproof an area like this.

The length of a warranty for new cars should be left to the discretion of the applying dealer. The consumer is not obligated to deal with a supplier whose warranty he doesn't approve of.

It would be suicidal for our business to warranty all used vehicles. This would depend on where the vehicle came from, how long it has been there, how much it was driven, where it's been kept (garage or outdoors) and how old the vehicle is. Occasionally we rustproof a vehicle which is already starting to rust-out. The customer is usually aware of this and if not we bring it to his attention. His usual comment is "I just want to get another year or two out of it."

This would eliminate a large part of our used vehicle business because we would be unable to determine just how close many of them are to a rust-out condition, especially in hidden or boxed in areas.

(b) 4

What does a consumer do if any small business goes out of business for any reason? Also Consumer Protection is a great avenue.

If the Rustproofing industry has to state procedures for claims service etc. I propose "all" automotive related business's such as; Service Stations who have Mechanics on duty, small garages and small independent Car Dealers be subject to the same.

(b) 5

Who is deciding business policy for a business? The Businessman or the State? I repeat, if the consumer does not agree with our warranty he is not obligated to use our service.

(c) 1

I feel the limit or number of claims should not exceed the total investment of the rustproofing.

(c) 2

We require a vehicle on warranty be inspected at 2 years or 20,000 miles as this gives us a chance to respray any areas which the material may have been scraped off underneath and check all areas of the vehicle. Also if there is any sign of rustout we can make the necessary repairs before the damage is extensive.

(d) a

The consumer knows when he receives his warranty what the conditions are. It is his responsibility to bring the vehicle back on the proper date for his inspection.

(g)

Most small business's DO NOT HAVE \$5000.00 to just put in an interest bearing account.

If rustproofing services should be subjected to this, all automotive related business's should be included.

Again; Consumer Protection is fully capable of taking action in the consumers behalf if he has a legitimate complaint.

*Jim Welch*

# MEMORANDUM

# State of Alaska

TO: Terry Martin  
Chairman  
House Labor and Commerce  
Committee  
Juneau

FROM: Connie J. Side  
Assistant Attorney General  
Chief, Consumer Protection  
Section  
AGO/Anchorage

DATE: March 10, 1982

FILE NO:

TELEPHONE NO: 279-0428

SUBJECT: House Bill 795  
Motor Vehicle Rustproofing

The Consumer Protection Section of the Office of the Attorney General strongly supports House Bill 795, and urges this committee to give it a "do pass" recommendation. The bulk of our testimony submitted today suggests some important technical and language changes which would make this an even better bill. The changes are meant to clear up areas of ambiguity. With those changes, the office believes the bill is a good one.

The Consumer Protection Office supports the bill because, although consumer problems with rustproofing of vehicles has not yet been a major problem within the State of Alaska, and although there are only two or three retailers now representing major rustproofing companies within the state, rustproofing or related services have had and will have an increasingly important economic impact on Alaskans.

It is the belief of both this office and the industry representatives to whom we have talked, that more and more sellers will be entering the rustproofing market, and that more and more Alaska consumers will opt to purchase rustproofing. As consumers become aware that salt and/or liquid calcium are being used on winter roads in the Anchorage and Juneau areas, and as they become more sensitive to their own economic need to retain a new automobile for a longer period of time, we believe more consumers will be purchasing rustproofing.

Major rustproofing representatives only started selling in Alaska in the last three to five years; therefore, it is not unusual that we have not had great numbers of problems reported by consumers to date. However, we do believe there may be some deceptive advertising of warranties of rustproofing services going on at the present time, but consumers will not be aware of these problems unless the application to their vehicle proves defective and they must make a claim on their warranty in the years to come.

Terry Martin  
Page No. 2  
March 10, 1982

Alaska is not alone in its concern about rustproofing. Other cold weather, snow-belt and coastal states have examined rustproofing problems and the rustproofing industry in depth, and I would refer the committee to the pamphlet called "Rust Never Sleeps" put out by the Maine Attorney General's Office. This pamphlet gives an excellent discussion of the industry and of consumer concerns.

These other states have found that most problems in the rustproofing area are related to, and perhaps the crux of the entire problem is, the warranty given by a rustproofing seller. When our office looked into the rustproofing industry in Alaska, we found evidence that some of these potential warranty problems exist here.

The warranty on rustproofing service is the essential value of the service. The reason for which a consumer pays a sum of money to get his or her car rustproofed is not for the first immediate service, but for the protection offered by the warranty which will repair or replace any portion of the car which rusts out. Therefore, these warranty-related problems go to the very essence of the commercial value of a rustproofing service.

The major problems that have been found in rustproofing warranties, which problems are addressed by this bill, include:

1. Deception regarding warranties, such as the advertising of warranties as being "lifetime" when in fact the warranties are not transferable to a second owner, or the warranty is good only for one repair. In fact, it is interesting to note that in the fine print of several national rustproofing warranties, the consumer is in a double-bind. He is required to bring the vehicle in for repair upon the first small spot indicating rust, but in another paragraph, he will be excluded from any second repair once the first small spot has been fixed, despite the fact that the initial advertisement claimed that this was a "lifetime" warranty against rust.

House Bill 795 attempts to cure this problem by placing a reasonable limit on the period of time and the transferability of an auto rustproofing warranty. An industry representative has given us his professional opinion that, at least in the current state of technology, a claim that a rustproofing process (other than some new alloy which may be developed in the future by auto manufacturers) cannot reasonably guarantee that it can rustproof a car any longer than seven years. Similarly, any company which could not guarantee against major rust when applied to new automobiles for at least three years, is not fairly competing in the "rustproofing" industry.

2. Unreasonable warranty conditions. Many of the national warranties require consumers to fulfill certain conditions to keep their warranty valid, such as requiring the consumer to bring

Terry Martin  
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March 10, 1982

the auto back on exactly the one-year anniversary date of the first rustproofing application; or giving the sloppy applicator a loophole because the warranty proclaims that it only is good as to those sections of the car where the rustproofing sealant was "actually applied." In other words, if the applicator skipped a wheel-well altogether, the consumer's warranty does not cover the rusted-out wheel-well.

Maine, New York and other states, as well as some industry representatives, have told us that they have heard that some rustproofers may use a poorer quality or a diluted sealer compound, but misrepresent that they are using a national brand-name rustproofing compound of a certain chemical quality or characteristic. Also, there are often problems with poor application of the sealant to all of the necessary areas of the automobile.

3. Finally, our office has seen evidence in Alaska of deception by auto dealers and sellers of other processes that are clearly not rustproofing. During an industry-wide investigation of the Alaska motor vehicle sales industry over the last two years, our office has found that many dealers apply an "undercoating" to the bottom surface of all their motor vehicles, before they are placed on the showroom for sale. (This will be also discussed in conjunction with House Bill 794.)

The undercoating is a tarry or plastic substance, which is spread on the bottom of the vehicle, and which can be scratched off the metal, as it does not actually bond to the metal like a rustproofing compound. Also, the undercoating is not actually a rust inhibitor, except to the extent that it covers the metal. If the undercoating surface is scratched, cracked or broken, rust can actually get started under the undercoating and spread, causing a worse condition than if the undercoating had never been applied. It was the experience of the Consumer Protection Office that dealers and their sales people often misrepresent, whether deliberately or negligently, that the undercoating is a "kind of rustproofing," or represent that the customer still has the option of having their new car rustproofed without disclosing that the already applied undercoating will prevent full rustproofing.

It has been the experience of other states that the rustproofing industry is an easy market to enter, and that a bond or some way of tracing legal responsibility to the supplier of rustproofing who claims that the services will guarantee against rust "for the life of the car" might be necessary. For this reason, the bonding provisions were included. However, even without the bonding provisions, we believe that the rest of the act would assure that the rustproofing industry in this state and other sellers of related auto products deal fairly with the Alaska public.

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The committee will probably note that the bill suggest that enforcement of the rustproofing act be accomplished by incorporating the rustproofing act as an unfair and deceptive trade practice or unfair method of competition, under AS 45.50.471. Our office feels that we can handle that sort of enforcement, as we already are the agency to which such complaints are directed; and the type of deceptive advertising prohibited, whether directly deceptive or deceptive by omission of material facts, is within our area of experience and expertise. We do not believe that we would need any additional staff to enforce this law, especially as our auto repair investigator position is filled by a person who is familiar with these problems and can work on any large-scale enforcement action.

#### SUGGESTED LANGUAGE CHANGES

We urge the following amendments to the current bill:

1. The bill should be amended throughout so that the word "supplier" is replaced with the words "retail seller." The bill is meant to apply to retail sellers of rustproofing services, not to the wholesale supplier of the rustproofing compound to the rustproofing franchisee (the actual retail seller who applies the material to the auto).

2. Section 45.45.241(a) should be amended to read as follows:

(a) A retail seller of motor vehicle rustproofing service shall warrant to the consumer that the service will prevent rust or corrosion, from the inside out, in the portions of the motor vehicle covered by the rustproofing warranty.

This change clears up some problems with the present language which requires that the warranty cover those portions of the motor vehicle to which the rustproofing service "is applied." This is a loophole for sloppy retail sellers who simply don't "apply" the rustproofing service to crucial parts of the vehicle. Also, this amendment clarifies that rustproofing is meant to be rustproofing from the inside out. In other words, rust rarely eats all the way through the metal when the rust starts on the outside of the vehicle, and since rustproofers do not apply any materials to the outside of the vehicle, they are not warranting against rust from the outside to the inside of a door panel. Rather, what the rustproofer is warranting is that the materials sprayed up inside the door panel will prevent rust from starting inside the door panel, where moisture does accumulate, and rusting through to the outside of the door panel.

3. The definition section, 45.45.241(h) should be amended to add a definition of "retail seller of rustproofing services," specifically:

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March 10, 1982

a person who adds rustproofing service to a vehicle other than at the point of manufacture of the particular vehicle.

Such a definition would make it clear that the bill does cover dealerships or regional distributors (who distribute cars to local dealerships). The bill should include these folks if they add rustproofing before they sell a vehicle. The bill should not try to regulate or in any way discourage rustproofing that is now being provided by some national manufacturers as "factory supplied" rustproofing.

4. The bill should be amended by adding a new section which requires that on the face of each warranty, the retail seller shall specify, by manufacturer's name and product identification number, the rustproofing sealant actually used on each customer's vehicle. (This provision would enable the customer who has a dispute over a rusting vehicle, or the auto repair investigator, to determine by a chemical analysis, whether the retail seller used the brand-name chemical compound advertised. We have received reports, both in this state and from other places, that some shops may substitute a different, perhaps less expensive, rustproofing compound.)

5. The bill should be amended by expanding Section (2) to read:

AS 45.50.471(b) is amended by adding two new paragraphs to read:

(26) failing to comply with AS 45.45.241.

(27) any person to represent, in connection with the sale of new motor vehicles, that a particular vehicle is rustproofed, or has been given any type of rust or corrosion protection, unless such representation is substantiated by a manufacturer's rustproofing warranty or the retail seller of the motor vehicle is a retail seller of rustproofing services as defined in AS 45.45.241 who offers a rustproofing warranty in compliance with that section.

6. Section (1), AS 45.45.241(c) (2) could probably be stricken altogether since Section (d) is probably enough protection against unreasonable demands on the consumer who is trying to keep his warranty valid.

7. Section 45.45.241(c) (2) should be replaced with:

(a) require that the motor vehicle be inspected to validate the warranty unless any cost of inspection or pre-inspection preparation to the vehicle is conspicuously disclosed before the service is purchased as well as in the written warranty.

8. Section 45.45.241(b) (2) should be amended by changing the word "indemnification" to the word "reimbursement."

9. Section 45.45.241(b) (3) should be amended to read:

include "all motor vehicle body sheet metal, structural members, frame components and appropriate suspension components."

10. A change is necessary at Section 45.45.141(h) (3), the definition of rustproofing services, to clarify that the bill is talking about a warranty both on the rustproofing process or services itself, and on the chemical sealant or the "goods" (as the law defines them) that are used in the service. I would suggest the insertion of a clause so that the definition reads:

(3) "rustproofing service" means a service or process, including the goods used in that service or process, that is represented to be for the purpose of preventing, inhibiting, or retarding rust or corrosion of any part of a motor vehicle;

11. Section 241(g), the section on bonding, should be amended to delete the word "performance" wherever it appears. When George Cada discussed this with the insurance companies, the companies said it was unlikely they would issue such a "performance" bond. The section should be amended to refer to the bond as a "rustproof supplier's bond," or similar language. Apparently the bonding industry is willing to bond a "dealer's" bond, just not a "performance" bond.

12. One last concern, for which we did not make any suggested language change, is whether or not a provision should be included that protects the small local retail seller, the franchisee who perhaps gets sent defective rustproofing sealant by the national manufacturer. If the committee wishes to do so, we agree that it

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would be reasonable to provide some kind of indemnification for the local dealership against the manufacturer who misrepresents the quality, properties, or chemical composition of any of the sealant which it supplies, on a wholesale level, to the retail seller of rustproofing goods and services.

CJS/aw

MSG 82-00013268 PRTY 1 03/11/82 12:37:16 ORIG: LA00 IN= 0006 OUT= 0046  
FROM: CAROL, ANCH. TO: JUNEAU INFO  
TARGET: LJH2 SUBJ: MESSAGE FOR REP. MARTIN PAGE 0001

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TO: REP. TERRY MARTIN, CHAIRMAN, HOUSE LABOR AND COMMERCE COMMITTEE  
REPRESENTATIVES BYLSMA, GARDINER, RANDOLPH, AND ROGERS  
FROM: FRED MORINO  
EERO VOLKSWAGON  
935 GAMBELL STREET  
ANCHORAGE 99501 (H) 345-3100 (W) 272-5522

RE. HOUSE BILLS 794 AND 795

BOTH OF THESE BILLS NOW BEFORE YOUR COMMUNITY APPEAR TO DESERVE INPUT FROM THOSE IT MAY AFFECT. I RECEIVED A COPY OF THE BILLS ON MARCH 9, 1982, AND UP TO THAT DATE WAS UNAWARE OF THE BILLS. ON MARCH 10, 1982, I PERSONALLY CALLED ALASKA SALES AND SERVICE, ANCHORAGE CHRYSLER, STEFF BROTHERS, UNIVERSAL MOTORS, SUNSET MOTORS, PIONEER AUTOMOTIVE, EUROPEAN MOTORS, CONTINENTAL MOTORS, NORTHERN MAZDA, CAL WORTHINGTON FORD, AND ENDRUST OF ALASKA ASKING ALL OF THE OWNERS OR GENERAL MANAGERS IF THEY

MSG 82-00013268 PRTY 1 03/11/82 12:37:16 ORIG: LA00 IN= 0006 OUT= 0046  
FROM: CAROL, ANCH. TO: JUNEAU INFO  
TARGET: LJH2 SUBJ: MESSAGE FOR REP. MARTIN PAGE 0002

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HEARD OF THESE BILLS EITHER VERBALLY OR IN WRITTEN FORM. NO ONE HAD ANY KNOWLEDGE OF THESE BILLS AND ALL OF THEM INDICATED AN INTEREST IN GIVING INPUT TO YOUR COMMITTEE ON THESE BILLS. PLEASE ALLOW US TIME TO INVESTIGATE THESE BILLS AND SUBMIT.

THANK YOU FOR YOUR COOPERATION.

Atts. to:  
Gardiner  
Randolph

Meeting officially called to order 1:48 pm

3/11/82

HB 794

HB 795

Tape # 36

1:25

000

~~Call to order~~ Began taking testimony; not formally called to order for lack of quorum.

HB 795

012

Jim Welch - submitted written testimony. Went over problems he had with bill. Feet requirements for warranties were not specific enough. Did not like provision regarding <sup>warranting</sup> rustproofing on used cars.

078

Byloma asked if it were not possible to be unaware of some <sup>places</sup> rusted on used cars. Welch said it was.

095

Welch said he'd never run across a provision such as the one providing for claims service in case of business is terminated. ~~Also see~~

Discussion, Byloma - Welch

135

Welch ~~felt a better way of~~ <sup>suggested</sup> warranting rustproofing on a vehicle ~~as~~ sold by the original owner ~~to be~~ <sup>by</sup> charging a fee to transfer warranty.

Went over bill section by section listing problems in bill.

300

(Rep. Rogers arrived 1:48) Meeting formally called to order

317

Ralph Bennett offered his comments after Welch is finished.

322

Welch resumed testimony. Discussion of impact of bill.

443 ~~Robert Evans, Dept of Law~~ Jeff Barry - sectional analysis of bill.

\$11B/yr industry. Prob is that many times businesses who claim to be doing rustproofing aren't. eg, new car dealers - consumer required to purchase rustproofing with factory warranty. Spoke of needing clear warranty on rustproofing of used cars.

~~Purpose of bill is to~~ Went through purpose of bill.

~~Rogers had~~ Discussion of definition of rustproofing. Discussion of definition of undercoating.

677 Barry ~~said underwriting~~ ~~to consumers~~ went over ~~choice~~ <sup>has</sup> warranty periods were arrived at. Amt of money - if ~~is~~ <sup>is</sup> purchased this, they are recompensed for amt of damage, not amt pd for svc.

Side B

005 Basis of bill is to protect people in market from "fly by night" outfits, & to protect consumer.

Discussion.

016 Ralph Bennett, rep'g self, ~~As underwriting~~ <sup>stat</sup> - thinks ~~of~~ <sup>intends</sup> to use <sup>past</sup> mobile homes problem as model. (Went over that prob.)

040 <sup>thinks</sup> Part dealing w/used vehicles is bad legislation.

058 Inspection portion under (c)(2) was put in because of past car mfg warranties that required consumer to spray wheel wells. This was found in ct to be unreasonable.

Rogers said, <sup>came from</sup> Act of '76, with <sup>business</sup> people ~~requiring~~ requiring consumer to come in on <sup>warranty</sup> fact, dates.

084 <sup>Bennett</sup> Re - shd be nothing in warranty voiding warranty after a claim has been <sup>made</sup> made.

Rogers commented on <sup>this point in</sup> a warranty passed out to the committee Discussion.

105 Robert Evans, Dept of Law - ~~a~~ re used cars being impossible to protect - not sure that's so, but at least rustproofers shd be req'd to notify consumer they can't guarantee rustproofing. Referred to state's memo (written by Consumer Protection Agency) which had suggested amdmnts.

144 Rogers asked abt wording, "fm the inside out" in one of the prop'd amdmnts; felt this was too vague. There was discussion. Rogers suggested possibly "non painted side to the painted side" or "from the side of the metal to which the rustproofing is applied"

Evans went over the prop'd amdmnts. Committee discussed ~~the~~ these proposals.

311 Rep Pryloma asked where complaints are coming fm. Evans said they have been involved in industrywide investigation - contacted other states, found where probs occurring; want to be prepared for problems as industry grows in Alaska. Complaints come fm people w/in rustproofing industry concerned w/ maintaining quality; fm agencies in other states; ~~no~~ no substantial consumer complaints yet, but zinc & calcium have not been used for long.

HB 794

354 Rep Martin turned to HB 794.

360 Evans - Suggested modifications which involve deleting some language. As amended, bill wd apply to specially ordered vehicles. Intent of bill is to prevent option loading by deal dealership prior to purchase by consumer.

When  
a dealership has option to add accessories w/o chg w/ purchases,  
purchases put in unfair prsn. Prot exists because, ~~in~~ in  
other places, consumers have alternative ~~for~~ ~~also~~ can go to  
another dealer. In Alaska, no ~~place~~ other place in market  
area to go. ~~Bill is~~ Second effect - because option loading  
injures other competitors, this wd open market.  
Bill as drafted ~~too~~ narrowly limits effect of option loading -  
only applies to consumer who special orders vehicle & has it  
delivered to him.

461 Went over suggested chngs.

549 Poyloma asked abt charging for dealer preparation. There was  
discussion as to what that is (no one knew). Bennett said  
Article 6, sec (d) "applicable fed'l laws" needs to be clarified.  
Dealer prep is often not specified, or dealer is not made aware what's  
being provided. Needs clarification. Discussion.

645 Rep Martin announced next mtg Mon 3/15(?) 7pm.

Set teleconf for Jnu, Anc, 76x; inc prop'd amdn'ts in wkdrft;  
send wires to all new auto dealers & on HB 794.

Set teleconf after 3/23

706 Adj. 2:58

LABOR & COMMERCE COMMITTEE  
DAILY COMMITTEE HEARING

Date: 3/11/82

Place: \_\_\_\_\_

<u>Members</u>	<u>Present</u>	<u>Absent</u>	<u>Time Arrived</u>	<u>Time Left</u>
Rep. B. Bylsma, V. Chair	— ✓ —	_____	1:10	
Rep. D. Randolph				
Rep. B. Rogers	_____ ✓ _____	_____	1:48	
Rep. T. Gardiner				
Rep. T. Martin, Chair	_____ ✓ _____	_____	1:00	

Subject Matter:

House Bill No. 794 795 \_\_\_\_\_  
Senate Bill No. \_\_\_\_\_

Special Orders:





Introduced: 2/15/82  
Referred: Labor & Commerce

1 IN THE HOUSE

BY THE LABOR AND COMMERCE  
COMMITTEE BY REQUEST

2 HOUSE BILL NO. 794

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to sales practices of motor vehicle  
7 dealers."

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

9 \* Section 1. AS 45.45 is amended by adding new sections to read:

10 ARTICLE 6. REGULATION OF MOTOR VEHICLE DEALER SALES PRACTICES.

11 Sec. 45.45.300. PROHIBITED MOTOR VEHICLE SALES PRACTICES. (a) A  
12 dealer may not require a purchaser <sup>of</sup> ~~who orders~~ a new motor vehicle for  
13 ~~delivery~~, as a condition of the sale, to

14 (1) purchase a special feature, appliance, piece of equip-  
15 ment, part, or accessory refused by the purchaser that is not included  
16 as standard equipment by the manufacturer of the vehicle; <sup>(provided (see note))</sup> or

17 (2) pay transportation costs in excess of those disclosed  
18 under applicable federal laws, except for delivery costs actually in-  
19 curred and paid by the dealer.

20 (b) Violation of a provision of this section is a deceptive trade  
21 practice under AS 45.50.471.

22 <sup>& new Sec 3.</sup>  
Sec. 45.45.390. DEFINITIONS. In AS 45.45.300

23 (1) "dealer" means a person or an agent, broker, or salesman  
24 of a person who is engaged in buying, selling, or dealing in new motor  
25 vehicles;

26 (2) "motor vehicle" means a vehicle that is self-propelled,  
27 except for a vehicle that is propelled by human or animal power, and  
28 includes an automobile, truck, tractor, or semi-tractor.

29 \* Sec. 2. AS 45.50.471(b) is amended by adding a new paragraph to read:

(26) failing to comply with AS 45.45.300.

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3-16-82

HB 849

HB 757

HOUSE LABOR & COMMERCE  
STANDING COMMITTEE  
March 16, 1982  
1:10 p.m.

Members Present: Rep. Martin, Chairman  
Rep. Bylsma, Vice Chairman  
Rep. Gardiner  
Rep. Randolph

Members Absent: Rep. Rogers

COMMITTEE CALENDAR

HB 757 An Act relating to unemployment insurance;  
and providing for an effective date.

HB 849 An Act relating to voting by members of  
electric and telephone cooperatives.

WITNESS REGISTER

Representative Bettisworth  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99811  
465-4967

Position Statement: Sponsor of HB 849; explained purpose of  
bill.

Dave Hutchins, Executive Director  
Alaska Rural Electric Cooperative Association  
no address or phone given  
Position Statement: Endorsed HB 849.

Harry Sturrock, Assistant Director  
Unemployment Insurance, Employment Security Division  
Department of Labor  
Box 3-7000  
Juneau, Alaska 99811  
465-2712

Position Statement: Explained need for HB 757; went over bill  
section by section.

PREVIOUS ACTION

HB 757 No previous action.

Statutory Reference: AS 23.20

Action Taken: No action taken. Quorum was

not present at end of meeting.

HB 849

No previous action.

Statutory Reference: AS 10.25.120; AS  
10.25.190

Action Taken: Rep. Randolph moved to report  
HB 849 out of committee. There being no  
objection, motion passed.

ACTION NARRATIVE

Tape #37  
Recording  
Number 000

The meeting was called to order by Chairman  
Martin at 1:10 p.m. Members present were:  
Reps. Martin, Bylsma, Randolph, and  
Gardiner. Rep. Rogers was absent. Rep.  
Martin brought HB 849 before the committee  
for consideration

Number 009

Rep. Bettisworth, sponsor of HB 849,  
explained the purpose of the bill: to allow  
members of electrical and telephone  
cooperatives to vote by mail. Rep. Bylsma  
pointed out it had to be provided in the  
bylaws, and asked if the districts would  
pass bylaws. Rep. Bettisworth said they  
would. There was discussion by the  
committee.

Number 044

Dave Hutchins, executive director, Alaska  
Rural Electric Cooperative Association, said  
the statewide association unanimously  
endorsed the bill. He said Homer presently  
uses mail ballots, but attorneys have found  
no statutory authority.

Number 061

Rep. Randolph inquired about ballots.  
Hutchins said the bill would allow coops to  
make decisions about what is on the ballots.  
He said once an organization reaches 10,000  
membership, it is difficult to get enough  
people to come to the meetings.

Number 080

Rep. Randolph moved to report HB 894 out of  
committee. There was discussion. There  
being no objection, the motion passed.

Number 110

Rep. Martin introduced HB 757 for the  
committee's consideration.

Number 112

Harry Sturrock, Assistant Director, Unemployment Insurance, Employment Security Division, explained that the bill is needed to stay in conformity with federal law; for housekeeping; and the incorporate department recommendations. He said they had received letters from the federal government commenting on the law, and recommending changes.

Number 138

Sturrock went over the changes needed to conform with federal law, and passed out charts and tables supporting this need. There was discussion of the fiscal notes.

Number 216

Rep. Martin asked Sturrock to go over the bill section by section, which Sturrock did.

Number 651

There was discussion of back pay awards.

Side E, Number 050

As there was no longer a quorum, the meeting was adjourned at 2:00 p.m.

LABOR & COMMERCE COMMITTEE  
DAILY COMMITTEE HEARING

Date: 3/16/82

Place: \_\_\_\_\_

<u>Members</u>	<u>Present</u>	<u>Absent</u>	<u>Time Arrived</u>	<u>Time Left</u>
Rep. B. Bylsma, V. Chair	_____ ✓ _____	_____	1:04	
Rep. D. Randolph	_____ ✓ _____	_____	1:10	
Rep. B. Rogers	_____	_____ 1/ _____		
Rep. T. Gardiner	_____ ✓ _____	_____	1:13	
Rep. T. Martin, Chair	_____ ✓ _____	_____	12:55	

Subject Matter:

House Bill No. 849 757 \_\_\_\_\_

Senate Bill No. \_\_\_\_\_

Special Orders:

Absent:  
Roger  
~~Hardison~~

3/16/82

H LAC  
HB 849  
HB 757

Tape #37

1:10

000

Call to order

HB 849

009 Bettisworth, sponsor of HB 849, explained purpose of bill. — to allow members of elec. & phone coops to vote by mail.

Byzoma asked pointed out it had to be provided in bylaws & asked if districts wd pass bylaws. Bettisworth said they wd. Committee discussion.

044 Dave Hutchins, exec dir, Ak Rural Electric Coop Assn — statewide assoc unanimously endorsed bill. Said Homes presently uses mail ballot, but attys found no statutory authority.

061 Randolph had gotten abt ballots. Hutchins said bill wd allow coops to make decisions abt what is on ballots. Hutchins said once an orgn reaches 10,000 membership it is difficult to get enough people to come to mtgs.

Motion

080 Randolph moved to report out HB 849. Discussion (Byzoma had gotten); <sup>Bettisworth</sup> Hutchins explained. No objection; motion passed.

HB 757

Martin  
Int'd bill

110

112

Harry Sturrock, Asst Dir, Unemp. Ins. <sup>emp security</sup> Dir — explained why bill is needed — to remain in conformity w/ fed'l law; housekeeping; & dept recommendations. Rec'd ltrs fm fed govt commenting on law, & suggesting changes.