

ALASKA LEGISLATURE COMMITTEE FILES 1981-1982 86/2

1752 HLC FEDERAL SB 898 - 3/30/82 HR 795







3-25-82

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HOUSE LABOR & COMMERCE  
STANDING COMMITTEE  
March 25, 1982  
1:10 p.m.

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

Members Absent: Rep. Gardiner

COMMITTEE CALENDAR

SB 611 An Act revising the criminal penalties for unlawful operation of an aircraft.

SB 771 An Act exempting restaurants, grocery stores, and established fish markets from the labor bond required of fish processors and primary fish buyers; and providing for an effective date.

HB 642 An Act establishing the Alaska natural resource trust; and providing for an effective date.

WITNESS REGISTER

Senator Eliason  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99811  
465-4916  
Position Statement: Prime sponsor of SB 771.

Judy Knight  
Special Assistant  
Department of Labor  
Box 1149  
Juneau, Alaska 99811  
465-2700  
Position Statement: Supported SB 771.

Beth Robinson  
Administrative Assistant to Rep. Sutcliffe  
Pouch V  
Juneau, Alaska 99811  
465-4940  
Position Statement: Supported SB 771.

Roger Painter

United Fishermen of Alaska  
no address or phone given  
Juneau, Alaska  
Position Statement: Supported SB 771.

Don Magnusson  
Alaska Retail Association  
310 2nd  
Juneau, Alaska 99811  
586-6706  
Position Statement: Supported SB 771.

Jim Lear  
LAA Legal Services  
Pouch Y  
Juneau, Alaska 99811  
465-2450  
Position Statement: Commented of constitutionality of HB 642.

#### PREVIOUS ACTION

SB 611                      Senate Action: First reading 1/11/82.  
Reported from Labor & Commerce 2/9/82.  
Reported from Judiciary 2/25/82. Reported  
from Rules 3/1/82. Taken up immediately;  
went into second reading 3/1/82. Advanced  
to third reading by unanimous consent.  
Passed third reading 3/1/82.

House Action: First reading 3/1/82. Labor  
& Commerce Committee referral added 3/5/82.

Statutory Reference: AS 02.30.040; AS  
03.35.120

Action Taken: No action taken. Bill  
scheduled for further hearing on 4/14/82.

SB 771                      Senate Action: First reading 2/16/82.  
Reported from Labor & Commerce 3/11/82.  
Reported from Rules 3/12/82. Taken up  
immediately; advanced to second reading  
3/12/82. Labor & Commerce Committee  
Substitute adopted by unanimous consent.  
Amendment adopted by unanimous consent.  
Advanced to third reading by unanimous  
consent. Passed third reading with  
effective date vote same as passage on  
3/12/82.

House Action: First reading 3/15/82.  
Assigned to Labor & Commerce committee.

- Rep. Sutcliffe, referred to HB 744, which is a similar bill. She said they support SB 771. Regarding the cash buyer situation, she gave an example of a situation that could be harmful to a fisherman.
- Number 177 Roger Painter, United Fisherman of Alaska, supported the bill. He said it will make it easier to have a small scale market for fresh fish, and will also promote seafood consumption in Alaska.
- Number 229 Rep. Rogers asked clarification of primary fish buyer. There was discussion.
- Number 266 Don Magnusson, Alaska Retail Association, totally supported the bill. He said it would make the purchase and sale of raw fish much simpler.
- Number 286 Rep. Randolph moved that CSSB 771 (L&C) am be reported out of committee by unanimous consent. There being no objection, the motion passed.
- Number 302 The chairman brought HB 611 before the committee.
- Number 305 Rep. Rogers explained why the bill was introduced. He said most pilots are unaware there are any state laws regarding aviation except for the emergency provisions law. He said the laws are so closely related to federal laws that they are difficult to legislate.
- Number 355 Rep. Martin said he wished to better publicize the bill and bring it back before the committee. He said interested parties would be contacted, and the bill scheduled for rehearing on April 14.
- Number 384 Rep. Rogers went over other portions of the statute which he feels need changes, for instance, references to airmen rather than pilots. He said he would draft proposed amendments in advance of the next hearing. Rep. Martin asked that John Hartle, administrative assistant to Rep. Rogers, work with Kent Woodman of AOPA and Alaska Airmen's Association, on the bill.
- Number 413 HB 642 was brought before the committee. Rep. Randolph, prime sponsor of the bill,

explained the intent of the bill and how the trust would work.

Number 482

Rep. Rogers said he does not completely agree with the findings, but supported it for purposes of expediting the bill.

Number 490

Rep. Martin had questions about resolution and about the fiscal note. Rep. Rogers suggested putting a one-year delay on the effective date.

Number 511

There was discussion of the state's tax structure and how state government could continue if the trust went into effect. Rep. Randolph said the money would come from royalty revenues and bonus sales, not from taxes.

Number 552

Rep. Rogers explained the affect of the fund: decreasing people in state assistance programs, and reducing the need for capital projects funding.

Number 586

Rep. Bylsma said it would amount to people being forced to again pay income taxes. Rep. Randolph felt those wanting services should pay for them. He explained alternatives to income tax. Rep. Bylsma said people would flock to the state. Rep. Rogers said if they weren't residents at the time of enactment, they could not receive benefits of the trust until there was another source of funding of the trust. Rep. Bylsma reiterated that people would move here for the money. Rep. Randolph agreed, but said our social programs draw in just as many. Rep. Rogers disagreed, saying the biggest increase in migration is for the number of jobs created by capital projects, high paid state jobs, and subsidized loan programs.

Number 716

Jim Lear, LAA Legal Services, said the bill was drafted by Tom Sofo, who said the bill was used as a "vehicle", so Lear felt changes may be needed. He said the bill has constitutional problems. He felt that restricting benefits to people who are residents on a date certain and denying those who become residents after that was unconstitutional.

Side B, Number 008

Rep. Rogers disagreed with Lear, as the

state would be distributing an asset. He said this does not create a class of people. Lear said resources provide the funds on an ongoing basis, now and in the future, so future residents would be deprived.

Number 026

Rep. Randolph said he had spoken with several attorneys, and he is certain there are ways to get around this. He said that if there weren't, the past homesteading laws of the entire country would be invalid. He said this bill would give a share, just as though it were a piece of land, which would belong to the people, and the income derived from the share would also belong to them.

Number 046

Rep. Rogers felt the "public purpose" was an even bigger issue. He explained his position about how the issue should be addressed. There was discussion.

Number 104

Rep. Randolph felt these constitutional issues should be looked at by the Judiciary Committee.

Number 106

Rep. Randolph moved to pass HB 642 to the next committee of referral. On the question: for--Randolph, Rogers; opposed--Bylsma, Martin. Motion failed.

Number 118

There being no further business to come before the committee, the meeting was adjourned at 2:06 p.m.



AIRCRAFT  
OWNERS  
AND  
PILOTS  
ASSOCIATION

THE HONORABLE RAMONA L. BARNES  
Chairperson, House Judiciary Committee  
The Capitol Building, Room 122  
Pouch V, Juneau, Alaska 99811

Atten: Mr Dave Stancliff

064-22

Dear Dave,

05 March 1982

This letter, with attachments, will confirm our several conversations, and provide the input to SB 611 from both the Alaska Airmen's Association (the largest general aviation organization in the State of Alaska, representing the interests of over 12,500 pilots) and the AOPA (the largest general aviation organization in the world).

We were alarmed by press reports of some of the impact of SB 611 on certain Alaskan flying operations, and this caused the research. First let me tell you that that research into Title 2 of Alaska Statutes was an eye-opener for me, a pilot in Alaska for over 20 years! Virtually every pilot I have spoken to had absolutely no knowledge of Alaskan flying regulations with the exception of 02.35.110; Emergency rations and equipment.

As it turns out, the Associated Press coverage of the intent and effects of the bill were incorrect, but we completed our researches in any event, with the idea of allowing this opportunity to present a complete review of the Statute and to update and fix it all in one shot. Attached to this letter are two documents:

- a. A proposed amendment to SB 611, containing all the "repairs" we feel are required to update.
- b. A description sheet providing all the rationale and references for each of the proposed changes.

Thank you so much for the opportunity of visiting with you on the bill. It would be our pleasure to participate in teleconference, in-person testimony on the bill and/or subcommittee efforts to complete proper language for a substitute. Please be advised that we feel strongly enough about these provisions to lobby as required, and this is not casual input. After you have reviewed the materials herein, please comment on the timing and appropriateness of releasing it to the Senate sponsors so that they may be ready for joint committee. We intend to go public with the positions as required.

KENT LEE WOODMAN  
Regional Representative

Box 2386 STAR RFD  
Anch. AK 99507

encl: Amended SB 611  
Data sheets

cy to: Alaska Airmen's Association  
Alaska Air Carriers Association

IN THE SENATE

BY RAY AND DANKWORTH

HOUSE COMMITTEE SUBSTITUTE

FOR

SENATE BILL NO. 611

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWELFTH LEGISLATURE - SECOND SESSION

BILL

For an Act entitled: "An Act revising the criminal penalties for unlawful operation of an aircraft."

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

\* Section 1. STATEMENT OF INTENT CONCERNING CHAPTERS 30 & 35 OF TITLE 2, ALASKA STATUTES. It is recognized by the Legislature, that from time to time certain Statutes require revision in order that they comply with Federal provisions, state of the art and public concern and safety. For these reasons, the intent of the Legislature in this bill is to make those revisions to the two above noted Chapters of Alaska Statutes which will at once cause them to operate in concert with applicable Federal Aviation Regulations, actual operating characteristics of the aircraft and aircrews involved, and to focus attention on the several areas of violation which the Legislature perceives as areas of major public concern. The Legislature recognizes that Air Commerce is an invaluable portion of the activities of the State, but that safety and operations of those aircraft so involved are such that without a high degree of professionalism and carefully prepared and enforced controls, the public is hopelessly at the mercy of the various operators. Therefore the following provisions are hereby enacted to provide workable statutes which do not provide duplication of penalties without genuine purpose.

\* Section 2 AS 02.30.010 is repealed effective June 1, 1982 and will hereinafter be referred to the applicable Federal Aviation Regulation in accordance with AS 02.35.010.

\* Section 3. AS 02.30.030 (a) is repealed effective June 1, 1982 and will hereinafter be referred to the applicable Federal Aviation Regulation in accordance with AS 02.35.010.

\* Section 4. AS 02.30.030 (b) is amended to read:

Sec. 02.30.010 (a) No person may operate an aircraft occupied by a crew member [or passenger] who is obviously under the influence of intoxicating intoxicating liquor or [habit-forming] drugs.

\* Section 5. AS 02.30.030 (c) is repealed effective June 1, 1982 and will hereinafter be referred to the applicable Federal Aviation Regulation in accordance with AS 02.35.010.

\* Section 6. AS 02.30.030 (d) is repealed effective June 1, 1982 and will hereinafter be referred to the applicable Federal Aviation Regulation in accordance with AS 02.35.010.

\* Section 7. AS 02.30.040 is repealed and reenacted to read:

Sec. 02.30.020. PENALTIES A person violating AS 02.30.010 shall be guilty of a class B misdemeanor.

\* Section 8. AS 02.35.010 is amended to read:

Sec. 02.35.010. Federal law followed. It is declared that the policy, principals, and practices established by the United States Air Commerce Act of 1958 [1926], and all amendments to it are adopted and extended and made applicable to cover all air traffic in this state, so far as not covered by federal law.

\* Section 9. AS 02.35.020 is repealed effective June 1, 1982 and will hereinafter be referred to the applicable Federal Aviation Regulation in accordance with AS 02.35.010.

\* Section 10. AS 02.35.030 is repealed effective June 1, 1982 and will hereinafter be referred to the applicable Federal Aviation Regulation in accordance with AS 02.35.010.

\* Section 11. AS 02.35.040 is repealed effective June 1, 1982 and will hereinafter be referred to the applicable Federal Aviation Regulation in accordance with AS 02.35.010.

\* Section 12. AS 02.35.050 is repealed effective June 1, 1982 and will hereinafter be referred to the applicable Federal Aviation Regulation in accordance with AS 02.35.010.

\* Section 13. AS 02.35.060 is repealed effective June 1, 1982 and will hereinafter be referred to the applicable Federal Aviation Regulation in accordance with AS 02.35.010.

\* Section 14. AS 02.35.070 is repealed effective June 1, 1982 and will hereinafter be referred to the applicable Federal Aviation Regulation in accordance with AS 02.35.010.

\* Section 15. AS 02.35.080 is repealed effective June 1, 1982 and will hereinafter be referred to the applicable Federal Aviation Regulation in accordance with AS 02.35.010.

\* Section 16. AS 02.35.090 is repealed effective June 1, 1982 and will hereinafter be referred to the applicable Federal Aviation Regulation in accordance with AS 02.35.010.

\* Section 17. AS 02.35.100 is repealed effective June 1, 1982 and will hereinafter be referred to the applicable Federal Aviation Regulation in accordance with AS 02.35.010.

\* Section 17. AS 02.35.110 is amended to read:

Sec. 02.35.020. Emergency rations and equipment. (a) No airman may make a flight inside the State with an aircraft unless emergency equipment is carried as follows:

(1) The minimum equipment to be carried during the summer months is as follows:

(A) food for each occupant sufficient to sustain life for two weeks;

(B) one axe or hatchet;

(C) One first aid kit with capacity for each passenger and crew-member carried, as stated by the kit manufacturer;

(D) one pistol, revolver, shotgun or rifle, and ammunition for same in the following minimum quantities: pistol or revolver: 50 rounds  
shotgun or rifle: 20 rounds;

(E) one small gill net, and an assortment of tackle such as hooks, flies, lines, sinkers etc.;

(F) one knife with a blade at least 5" long;

(G) [two small boxes of matches] two waterproof containers of matches each containing at least 25 matches, or equal;

(H) one mosquito headnet for each occupant;

(I) [~~two~~] four small signaling devices [such as] to include 2 colored smoke bombs, [railroad fuses] and 2 colored rocket or flare devices or Very pistol shells, in sealed metal containers, accompanied by the appropriate pistol or launching device.

(2) In addition to the above, the following must be carried as minimum equipment from October 15 to April 1 of each year:

(A) one pair of snowshoes or one pair of cross country skis with proper bindings, poles and boots;

(B) one sleeping bag;

(C) one wool blanket for each occupant over four years of age, for whom a sleeping bag is not provided;

(b) However, operators of multi-engine aircraft licensed to carry more than 15 passengers need carry only the food, mosquito nets and signalling equipment at all times other than the period from October 15 to April 1 of each year, when two sleeping bags, and one blanket for every two passengers shall be carried. All of the above requirements as to emergency rations and equipment are considered to be minimum requirements which are to remain in full force and effect, except as further safety measures may be from time to time imposed by the department, in the form of published regulations.

\* Section 18. AS 02.35.115 is repealed effective June 1, 1982 and will hereinafter be referred to the applicable Federal Aviation Regulation in accordance with AS 02.35.010.

\* Section 19. AS 02.35.120 is repealed and reenacted to read:

Sec. 02.35.030. Penalties for violation of this chapter. A person who violates a provision of this chapter shall be guilty of a class B misdemeanor.

\* Section 20. AS 02.35.130 is repealed effective June 1, 1982 and will hereinafter be referred to the applicable Federal Aviation Regulation in accordance with AS 02.35.010.

\* Section 21. AS 02.35.140 is amended by changing its identification to AS 02.35.040.

\* Section 22. AS 02.35.150 is amended by adding a second paragraph to read:

AS 02.35.050 (b) "AIRCRAFT" is defined in this chapter means a device that is used or intended to be used for flight in the air, and includes helicopters, gyrocopters, airplanes, sailplanes and gliders.

## RATIONALE' AND EXPLANATION

### SEC. 02.30.010. Two-way radios required.

Inasmuch as this section refers to "Commercial" aircraft operations with passengers, the applicable portions of the FAR's are found in Part 135. We note that those commercial operations that do not carry passengers, are not covered in the present language, thus allowing training flights with crew or ferry flights in uncontrolled airspace, and we feel that this is correct and needs no attention.

Part 135.157, however, provides that:

*(a) No person may operate, under VFR, an aircraft carrying passengers at night, in a control zone or, except as provided in paragraph (c) of this section, over-the-top unless that aircraft has two-way radio communications equipment able, at least in flight, to transmit to, and receive from, ground facilities 25 miles away.*

This part goes on with additional, similar language for other conditions, as shown in parts (b) and (c), but they are redundant for these purposes.

RATIONALE': The FAR is much more comprehensive and far better wording. The State statute is vague and sloppy. As one simple example, almost no aircraft radio will work 50 miles on the ground, and no other provision is allowed in the State language. Inasmuch as Sec. 02.35.010 Specifically adopts all the FAR's for State compliance, there is no need to lay this additional one on and attempt to enforce it.

Finally, the effect of SB 611, as written, would add CRIMINAL penalties to what is basically a technical equipment area of concern. As a practical matter, all part 121 (airline) aircraft always comply. Additionally, it would be a rare situation to find a part 135 (air-taxi/Charter) operator without at least one such aircraft radio; they often have 2 or more!

### SEC. 02.30.030. (a) Reckless operation.

This section is also found, almost verbatim in several FAR's, and is redundant.

Part 91.8, provides:

*No person may assault, threaten, intimidate, or interfere with a crewmember in the performance of the crewmember's duties aboard an aircraft being operated.*

Part 91.9, provides:

*No person may operate an aircraft in a careless or reckless manner so as to endanger the life or property of another.*

RATIONALE': The FAR's more than adequately cover the problem and provide penalties for violation. Inasmuch as Sec. 02.35.010 Specifically adopts all the FAR's for State compliance, there is no need to lay this additional one on and attempt to enforce it.

If the desire is to provide stiffer penalties, then this may be accomplished by simply making reference to the specific FAR and provide Class A or B misdemeanor status.

### Sec. 02.30.030 (b) (liquor or drugs)

The Alaska Airmen's Association and AOPA both heartily agree that aircrew members who violate this or parallel FAR's are a serious threat to public safety and are a discredit to an honorable profession. We have no objection to the State tacking on Criminal penalties to his portion.

We do however, have problems with the language of the present section, wherein

*"No person may operate an aircraft occupied by a crew member -- --"*

Part 91.11, provides:

(a) No person may act as a crewmember of a civil aircraft-

- (1) Within 8 hours after the consumption of any alcoholic beverage;
- (2) While under the influence of alcohol; or
- (3) While using any drug that effects his faculties in any way contrary to safety.

(b) Except in an emergency, no pilot of a civil aircraft may allow a person who is obviously under the influence of intoxicating liquors or drugs (except a medical patient under proper care) to be carried in that aircraft. (emphasis added)

Part 135.115, provides:

(a) No person may drink any alcoholic beverage aboard an aircraft unless the certificate holder operating the aircraft has served that beverage.

(b) No certificate holder may serve any alcoholic beverage to any person aboard its aircraft if that person appears to be intoxicated.

(c) No certificate holder may allow any person to board any of its aircraft if that person appears to be intoxicated.

(d) Each certificate holder shall, within 5 days after the incident, report to the Administrator the refusal of any person to comply with paragraph (a) of this section, or any disturbance caused by a person who appears to be intoxicated aboard any of its aircraft. (emphasis added)

RATIONALE: Inasmuch as the FAR's are explicit and more comprehensive than the current State statute section, recommend they be the controlling directive; especially in light of Sec. 02.35.010 Specifically adopting the FAR's for State compliance.

We do however, have difficulty in making it a CRIMINAL offence as relates to the passengers. Terms such as "obviously under the influence" also include those suffering a hangover from the previous night, and they do not offer a threat to the Public traveling aboard an aircraft. As a matter of fact, they are docile. Terms such as "appears to be intoxicated" and the like are often used in this context. We submit that rigid enforcement of this portion would, as a practical matter, cut air commerce in this State in half over night.

Recommend that the FAR's be adopted and that the more severe penalty for Air Crew members be adopted on its own.

Sec. 02.30.030 (c) (over water)

This section is more than adequately covered in the FAR's, with little confusion and excellent language:

Part 91.33 (11) provides:

*If the aircraft is operated for hire over water and beyond the power-off gliding distance from shore, approved floatation gear readily available to each occupant, and at least one pyrotechnic signaling device. (is required)*

Part 91.79 (a) provides:

*Except when necessary for takeoff or landing, no person may operate an aircraft lower than the following altitudes:*

(a) ANYWHERE. An altitude allowing, if a power unit fails, an emergency landing without undue hazard to persons or property on the surface.

Part 135.167 provides:

*No person may operate an aircraft in extended overwater operations unless it carries:*

*(note: This section is extremely long, and contains all manner of specific relations to rafts, floatation and signalling devices and the like. None of that is required here to make the point that there is no reference to any specific distances from land; only equipment*

RATIONALE': To begin with, the current State language, if enforced, would halt approximately 50% of the air commerce in the State immediately. Here are several obvious examples:

1. A single-engine land plane flying from Anchorage to Kodiak. (not uncommon)

To comply with this part, the aircraft would need to fly higher than 25,000 feet! Only those aircraft equipped with both turbochargers and pressurization could possibly comply.

2. A single-engine land plane flying from Anchorage to Juneau or Ketchikan. (not uncommon)

After Yakutat, heading southeasterly, the beach rapidly ends, replaced by beautiful mountains, covered with large trees, ending in rocks and surf. There is no beach; no "landing" is possible. One ditches in the Gulf of Alaska near shore and wades ashore with survival gear.

We feel that the Federal regulations more than adequately cover this contingency, with far better language, in all instances. Inasmuch as Sec. 02.35.010 adopts the FAR's for compliance by the State, it is redundant and confusing to establish still another, poorly worded criteria.

Finally, we feel that enforcement of this regulation is more than adequately covered by the FAA and no CRIMINAL record needs be developed, and no more severe penalties need be applied to this section of the code than is already provided.

Recommend deleting the section.

Sec. 02.30.030 (d) (snow and ice)

This section is more than adequately covered by FAR's:

Part 135.85, provides:

(a) *No pilot may take off an aircraft that has-*

(1) *Frost, snow, or ice adhering to any rotor blade, propeller, windshield, or powerplant installation, or to an airspeed, altimeter, rate of climb, or flight attitude instrument system;*

(2) *Snow or ice adhering to the wings, or stabilizing control surfaces;*  
*or*

(3) *Any frost adhering to the wings, or stabilizing control surfaces, unless that frost has been polished to make it smooth.*

*(there are additional sections, but they are redundant for these purposes)*

Part 91.209 provides virtually identical text.

RATIONALE': The FAA language is far more comprehensive. Inasmuch as Sec. 02.35.010 adopts the FAR's for State compliance, it is redundant and confusing to establish yet another, less comprehensive and confusing standard.

Finally, we feel that enforcement of this regulation is more than adequately covered by the FAA and no CRIMINAL record needs to be developed, and no more severe penalties need be applied to this section of the code than is already provided.

Recommend deletion of this section.

Sec. 02.35.010 Federal law followed

This is an excellent section, and would and is referred to above and in other sections not herein noted. Unfortunately the United States Air Commerce Act of 1926 has been void since it was replaced with the 1958 edition. Recommend adoption of the current one.

Sec 02.35.040 Registration of Aircraft

This section provides that all the registration and documentation already required by applicable FAR's, and already on file with the FAA in Oklahoma City, and already available to the public upon request, and already printed in a government circular at least semi-annually, also be duplicated and filed with the Department of Transportation and Public Facilities.

We are unaware of any general aviation pilot who is aware of this provision or complies. We are unaware of any attempts by DOTPF to implement this section. We are unaware of any requirement for it. Recommend its deletion as an unnecessary, expensive and duplicating bureaucratic requirement with no valid requirement.

Sec. 02.35.050, Registration of Airmen

See section 02.35.040 above. Recommend deletion of this ineffective portion as well for the same reasons.

Sec. 02.35.060, 070 & 080.

See items above. Recommend deletion of these sections, which provide administrative control of the previous sections.

COMMENT: Inasmuch as these four (4) sections appear to have been in Public Law since 1949, and no attempt to comply has ever been initiated to our certain knowledge, this fact alone attests to the lack of requirement.

Sec. 02.35.090 License and permit to be exhibited on request.

Part 61.3, provides:

(a) No person shall act as pilot in command or in any other capacity as a required pilot flight crew member of a civil aircraft of United States registry unless he has in his personal possession a current pilot certificate issued to him under this part.

(b) Each person who holds a pilot certificate, flight instructor certificate, medical certificate, authorization, or license required by this part shall present it for inspection upon request of the Administrator, an authorized representative of the National Transportation Safety Board, or any Federal, State, or local law enforcement officer.

Part 91.27, provides:

(a) Except as provided in part 91.28 (foreign aircraft), no person may operate a civil aircraft unless it has the following.

(1) An appropriate and current airworthiness certificate. Each U.S. airworthiness certificate used to comply with this subparagraph (except a special flight permit, a copy of the applicable operations specifications issued under 21.197(c) of this chapter, appropriate sections of the air carrier manual required by parts 121 or 127 of this chapter containing that portion of the operations specifications under 21.187(c), or an authorization under 91.45), must have on it the registration number assigned to the aircraft under part 47 of this chapter. However, the airworthiness certificate need not have on it an assigned special identification number before 10 days after that number is first affixed to the aircraft. A revised airworthiness certificate having on it an assigned special identification number, that has been affixed to an aircraft, may only be obtained upon application to an FAA flight standards district office.

(2) a Registration Certificate issued to its owner.

(b) No person may operate a civil aircraft unless the airworthiness certificate required by paragraph (a) of this section or a special flight authorization issued under 91.28 is displayed at the cabin or cockpit

RATIONALE' Obviously the Federal language more than adequately covers the entire situation and others not even dreamt of by State officials. Recommend deleting it and relying on Sec. 02.35.010 for application of the FAR's in Alaska.

Sec. 02.35.100 Temporary permit.

This entire section covers an area expressly preempted by the Federal Government. There simply is no legal way for the State of Alaska to license pilots under any circumstances. This is 100% an FAA matter.

As a practice matter, here is what would happen should there be an earthquake, major fire, flood or other State emergency: The authorized State official on the scene (Civil Defense Director, member of the National Guard etc), invoking whatever emergency authority may be available under other statutes, would notify the pilot/owner of an aircraft that it was required for service to say, send a generator to Bethel, evacuate something, haul medicine or supplies or the like. At that moment, the operator of the aircraft is under control and contract of the State of Alaska, and may operate any aircraft with no licenses at all.

He or she is operating in what is called the PUBLIC SERVICE, much the same as FAA pilots, military pilots, and even State pilots.

Recommend deletion of this entire section.

Sec. 02.35.110 Emergency rations and equipment.

This is an important part of the aviation Safety field in Alaska, and it should remain. There are, however, two (2) items which require updating:

1. Item (2) (A) requires showshoes. We recognize that a pair of cross-country skis, poles and boots are superior to snowshoes for survival travel, and recommend addition of the skis as shown on the attached proposed amended bill.
2. Item (1)(D) requires a firearm and ammunition. While this is an excellent suggestion, there are two (2) problems with the provision:
  - a. In most cases a hand-gun is not a suitable survival weapon. Of far more value would be a lightweight shotgun and a supply of slugs and shot. We will not, however, offer this as an amendment at this time, as we have been counseled that it may be a controversial enough issue to bog down passage of the more important safety items. We urge consideration, however.
  - b. There is no specified amount of ammunition, and one round could qualify. Recommend a minimum amount such as 25 or 50 rounds.

Sec. 02.35.115 Downed aircraft transmitting devices. (ELT's)

Sec. 91.52, provides

*(a) Except as provided in paragraphs (e) and (f) of this section, no person may operate a U.S. registered civil airplane unless it meets the applicable requirements of paragraphs (b), (c) and (d) of this section.*

*(b) To comply with paragraph (a) of this section, each U.S. registered civil airplane must be equipped as follows:*

- (1) For operations governed by the supplemental air carrier and commercial operator rules of part 121 of this chapter, or the air travel club rules of part 123 of this chapter, there must be attached to the airplane an automatic type emergency locator transmitter that is in operable condition and meets the applicability requirements of TSC-C91;*

operable condition and meets the applicable requirements of TSO-C91;

(3) For operations governed by Part 135 of this chapter, there must be attached to the airplane an automatic type emergency locator transmitter that is in operable condition and meets the applicable requirements of TSO-C91; and

(4) For operations other than those specified in subparagraphs (1), (2) and (3) of this paragraph, there must be attached to the airplane a personal type or an automatic type emergency locator transmitter that is in operable condition and meets the applicable requirements of TSO-C91.

(Note: there are 2 more pages of technical details that are not required to demonstrate sufficiency here.)

**RATIONALE'** There is obviously very complete and thorough Federal regulation to cover the installation, maintenance and operation of ELT's in all aircraft operations in this state; commercial and private. This is an area over which the state has no authority whatsoever, and where the state regulations CONFLICT with the appropriate Federal regulations.

Additionally, and as a much more practice matter, one notes that under the FAR's, such ELT is inspected each year during the annual inspection of the aircraft under FAA criteria, and the aircraft is grounded if the ELT is not present, not in proper order or has an expired battery date. There is no such inspection system established or required under State authority.

Recommend that the item be deleted in its entirety and that reference to the FAR's via Sec. 02.35.010 for application in Alaska be sufficient.

#### Sec. 02.35.120, Penalties for violation of Chapter

This section will be reduced in scope by the actions above. The only requirement for the section remaining in in those areas which the State desires to inflict CRIMINAL penalties on top of Federal penalties. These re reflected in the attached, proposed substitute bill.

#### Sec. 02.35.130, Penalty for violation of 90 or 110 of this chapter.

Same as above.

#### Sec. 02.35.150, Deffinitions

Because of difficulties in interpretation, we suggest that "aircraft" and "airplane" be defined here precisely as they are in FAR's.

AIRCRAFT means: a device that is used or intended to be used for flight in the air, and when used in air traffic control terminology, may include the aircrew. (includes aircraft, helicopters, gyrocopters and all other heavier-than-air equipment, as well as gliders and sail planes)

AIRPLANE means: a dvice such as above, but not including helicopters or gyrocopters.

GENERAL: Penalties under the FAR's are found in two (?) areas:

Sec. 609: wherein the Administrator has authority to revoke, suspend, or modify certificates. This includes pilot certificates, aircraft certificates and operator certificates. This is considered severe and serious penalty authority, and exceeds anything the State is empowered to do.

Sec. 901; wherein the FAA may impost Civil Penalties. Such penalties are limited in current law to \$1,000 for each violation.

## SEC. 02.30.01U. Two-way radios required.

Inasmuch as this section refers to "Commercial" aircraft operations with passengers, the applicable portions of the FAR's are found in Part 135. We note that those commercial operations that do not carry passengers, are not covered in the present language, thus allowing training flights with crew or ferry flights in uncontrolled airspace, and we feel that this is correct and needs no attention.

Part 135.157, however, provides that:

*(a) No person may operate, under VFR, an aircraft carrying passengers at night, in a control zone or, except as provided in paragraph (c) of this section, over-the-top unless that aircraft has two-way radio communications equipment able, at least in flight, to transmit to, and receive from, ground facilities 25 miles away.*

This part goes on with additional, similar language for other conditions, as shown in parts (b) and (c), but they are redundant for these purposes.

RATIONALE': The FAR is much more comprehensive and far better wording. The State statute is vague and sloppy. As one simple example, almost no aircraft radio will work 50 miles on the ground, and no other provision is allowed in the State language. Inasmuch as Sec. 02.35.010 Specifically adopts all the FAR's for State compliance, there is no need to lay this additional one on and attempt to enforce it.

Finally, the effect of SB 611, as written, would add CRIMINAL penalties to what is basically a technical equipment area of concern. As a practical matter, all part 121 (airline) aircraft always comply. Additionally, it would be a rare situation to find a part 135 (air-taxi/Charter) operator without at least one such aircraft radio; they often have 2 or more!

## SEC. 02.30.030. (a) Reckless operation.

This section is also found, almost verbatim in several FAR's, and is redundant.

Part 91.8, provides:

*No person may assault, threaten, intimidate, or interfere with a crewmember in the performance of the crewmember's duties aboard an aircraft being operated.*

Part 91.9, provides:

*No person may operate an aircraft in a careless or reckless manner so as to endanger the life or property of another.*

RATIONALE': The FAR's more than adequately cover the problem and provide penalties for violation. Inasmuch as Sec. 02.35.010 Specifically adopts all the FAR's for State compliance, there is no need to lay this additional one on and attempt to enforce it.

If the desire is to provide stiffer penalties, then this may be accomplished by simply making reference to the specific FAR and provide Class A or B misdemeanor status.

## Sec. 02.30.030 (b) (liquor or drugs)

The Alaska Airmen's Association and AOPA both heartily agree that aircrew members who violate this or parallel FAR's are a serious threat to public safety and are a discredit to an honorable profession. We have no objection to the State tacking on Criminal penalties to his portion.

We do however, have problems with the language of the present section, wherein

*"No person may operate an aircraft occupied by a crew member or passenger who is obviously under the influence of intoxicating liquor or habit-forming drugs." (emphasis added)*

(a) No person may act as a crewmember of a civil aircraft-

- (1) Within 8 hours after the consumption of any alcoholic beverage;
- (2) While under the influence of alcohol; or
- (3) While using any drug that effects his faculties in any way contrary to safety.

(b) Except in an emergency, no pilot of a civil aircraft may allow a person who is obviously under the influence of intoxicating liquors or drugs (except a medical patient under proper care) to be carried in that aircraft. (emphasis added)

Part 135.115, provides:

(a) No person may drink any alcoholic beverage aboard an aircraft unless the certificate holder operating the aircraft has served that beverage.

(b) No certificate holder may serve any alcoholic beverage to any person aboard its aircraft if that person appears to be intoxicated.

(c) No certificate holder may allow any person to board any of its aircraft if that person appears to be intoxicated.

(d) Each certificate holder shall, within 5 days after the incident, report to the Administrator the refusal of any person to comply with paragraph (a) of this section, or any disturbance caused by a person who appears to be intoxicated aboard any of its aircraft. (emphasis added)

RATIONALE': Inasmuch as the FAR's are explicit and more comprehensive than the current State statute section, recommend they be the controlling directive; especially in light of Sec. 02.35.010 Specifically adopting the FAR's for State compliance.

We do however, have difficulty in making it a CRIMINAL offence as relates to the passengers. Terms such as "obviously under the influence" also include those suffering a hangover from the previous night, and they do not offer a threat to the Public traveling aboard an aircraft. As a matter of fact, they are docile. Terms such as "appears to be intoxicated" and the like are often used in this context. We submit that rigid enforcement of this portion would, as a practical matter, cut air commerce in this State in half over night.

Recommend that the FAR's be adopted and that the more severe penalty for Air Crew members be adopted on its own.

Sec. 02.30.030 (c) (over water)

This section is more than adequately covered in the FAR's, with little confusion and excellent language:

Part 91.33 (11) provides:

*If the aircraft is operated for hire over water and beyond the power-off gliding distance from shore, approved floatation gear readily available to each occupant, and at least one pyrotechnic signaling device. (is required)*

Part 91.79 (a) provides:

*Except when necessary for takeoff or landing, no person may operate an aircraft lower than the following altitudes:*

(a) ANYWHERE. An altitude allowing, if a power unit fails, an emergency landing without undue hazard to persons or property on the surface.

Part 135.167 provides:

*No person may operate an aircraft in extended overwater operations unless it carries:*

*(note: This section is extremely long, and contains all manner of specific relations to rafts, floatation and signalling devices and the like. None of that is required here to make the point that there is no reference to any specific distances from land; only equipment required when flying off shore.)*

RATIONALE: To begin with, the current State language, if enforced, would halt approximately 50% of the air commerce in the State immediately. Here are several obvious examples:

1. A single-engine land plane flying from Anchorage to Kodiak. (not uncommon)

To comply with this part, the aircraft would need to fly higher than 25,000 feet! Only those aircraft equipped with both turbochargers and pressurization could possibly comply.

2. A single-engine land plane flying from Anchorage to Juneau or Ketchikan. (not uncommon)

After Yakutat, heading southeasterly, the beach rapidly ends, replaced by beautiful mountains, covered with large trees, ending in rocks and surf. There is no beach; no "landing" is possible. One ditches in the Gulf of Alaska near shore and wades ashore with survival gear.

We feel that the Federal regulations more than adequately cover this contingency, with far better language, in all instances. Inasmuch as Sec. 02.35.010 adopts the FAR's for compliance by the State, it is redundant and confusing to establish still another, poorly worded criteria.

Finally, we feel that enforcement of this regulation is more than adequately covered by the FAA and no CRIMINAL record needs be developed, and no more severe penalties need be applied to this section of the code than is already provided.

Recommend deleting the section.

Sec. 02.30.030 (d) (snow and ice)

This section is more than adequately covered by FAR's:

Part 135.85, provides:

(a) *No pilot may take off an aircraft that has-*

(1) *Frost, snow, or ice adhering to any rotor blade, propeller, windshield, or powerplant installation, or to an airspeed, altimeter, rate of climb, or flight attitude instrument system;*

(2) *Snow or ice adhering to the wings, or stabilizing control surfaces;*  
*or*

(3) *Any frost adhering to the wings, or stabilizing control surfaces, unless that frost has been polished to make it smooth.*

*(there are additional sections, but they are redundant for these purposes)*

Part 91.209 provides virtually identical text.

RATIONALE: The FAA language is far more comprehensive. Inasmuch as Sec. 02.35.010 adopts the FAR's for State compliance, it is redundant and confusing to establish yet another, less comprehensive and confusing standard.

Finally, we feel that enforcement of this regulation is more than adequately covered by the FAA and no CRIMINAL record needs to be developed, and no more severe penalties need be applied to this section of the code than is already provided.

Recommend deletion of this section.

Sec. 02.35.010 Federal law followed

This is an excellent section, and would and is referred to above and in other sections not herein noted. Unfortunately the United States Air Commerce Act of 1926 has been void since it was replaced with the 1958 edition. Recommend adoption of the current one.

Sec 02.35.040 Registration of Aircraft

This section provides that all the registration and documentation already required by applicable FAR's, and already on file with the FAA in Oklahoma City, and already available to the public upon request, and already printed in a government circular at least semi-annually, also be duplicated and filed with the Department of Transportation and Public Facilities.

We are unaware of any general aviation pilot who is aware of this provision or complies. We are unaware of any attempts by DOTPF to implement this section. We are unaware of any requirement for it. Recommend its deletion as an unnecessary, expensive and duplicating bureaucratic requirement with no valid requirement.

Sec. 02.35.050, Registration of Airmen

See section 02.35.040 above. Recommend deletion of this ineffective portion as well for the same reasons.

Sec. 02.35.060, 070 & 080.

See items above. Recommend deletion of these sections, which provide administrative control of the previous sections.

COMMENT: Inasmuch as these four (4) sections appear to have been in Public Law since 1949, and no attempt to comply has ever been initiated to our certain knowledge, this fact alone attests to the lack of requirement.

Sec. 02.35.090 License and permit to be exhibited on request.

Part 61.3, provides:

(a) *No person shall act as pilot in command or in any other capacity as a required pilot flight crew member of a civil aircraft of United States registry unless he has in his personal possession a current pilot certificate issued to him under this part.*

(h) *Each person who holds a pilot certificate, flight instructor certificate, medical certificate, authorization, or license required by this part shall present it for inspection upon request of the Administrator, an authorized representative of the National Transportation Safety Board, or any Federal, State, or local law enforcement officer.*

Part 91.27, provides:

(a) *Except as provided in part 91.28 (foreign aircraft), no person may operate a civil aircraft unless it has the following.*

(1) *An appropriate and current airworthiness certificate. Each U.S. airworthiness certificate used to comply with this subparagraph (except a special flight permit, a copy of the applicable operations specifications issued under 21.97(c) of this chapter, appropriate sections of the air carrier manual required by parts 121 or 127 of this chapter containing that portion of the operations specifications under 21.187(c), or an authorization under 91.45), must have on it the registration number assigned to the aircraft under part 47 of this chapter. However, the airworthiness certificate need not have on it an assigned special identification number before 10 days after that number is first affixed to the aircraft. A revised airworthiness certificate having on it an assigned special identification number, that has been affixed to an aircraft, may only be obtained upon application to an FAA flight standards district office.*

(2) *a Registration Certificated issued to its owner.*

(b) *No person may operate a civil aircraft unless the airworthiness certificate required by paragraph (a) of this section or a special flight authorization issued under 91.28 is displayed at the cabin or cockpit entrance so that it is legible to passengers or crew.*

RATIONALE Obviously the Federal language more than adequately covers the entire situation and others not even dreamt of by State officials. Recommend deleting it and relying on Sec. 02.35.010 for application of the FAR's in Alaska.

Sec. 02.35.100 Temporary permit.

This entire section covers an area expressly preempted by the Federal Government. There simply is no legal way for the State of Alaska to license pilots under any circumstances. This is 100% an FAA matter.

As a practice matter, here is what would happen should there be an earthquake, major fire, flood or other State emergency: The authorized State official on the scene (Civil Defense Director, member of the National Guard etc), invoking whatever emergency authority may be available under other statutes, would notify the pilot/owner of an aircraft that it was required for service to say, send a generator to Bethel, evacuate something, haul medicine or supplies or the like. At that moment, the operator of the aircraft is under control and contract of the State of Alaska, and may operate any aircraft with no licenses at all.

He or she is operating in what is called the PUBLIC SERVICE, much the same as FAA pilots, military pilots, and even State pilots.

Recommend deletion of this entire section.

Sec. 02.35.110 Emergency rations and equipment.

This is an important part of the aviation Safety field in Alaska, and it should remain. There are, however, two (2) items which require updating:

1. Item (2) (A) requires snowshoes. We recognize that a pair of cross-country skis, poles and boots are superior to snowshoes for survival travel, and recommend addition of the skis as shown on the attached proposed amended bill.

2. Item (1)(D) requires a firearm and ammunition. While this is an excellent suggestion, there are two (2) problems with the provision:

a. In most cases a hand-gun is not a suitable survival weapon. Of far more value would be a lightweight shotgun and a supply of slugs and shot. We will not, however, offer this as an amendment at this time, as we have been counseled that it may be a controversial enough issue to bog down passage of the more important safety items. We urge consideration, however.

b. There is no specified amount of ammunition, and one round could qualify. Recommend a minimum amount such as 25 or 50 rounds.

Sec. 02.35.115 Downed aircraft transmitting devices. (ELT's)

Sec. 91.52, provides

(a) Except as provided in paragraphs (e) and (f) of this section, no person may operate a U.S. registered civil airplane unless it meets the applicable requirements of paragraphs (b), (c) and (d) of this section.

(b) To comply with paragraph (a) of this section, each U.S. registered civil airplane must be equipped as follows:

(1) For operations governed by the supplemental air carrier and commercial operator rules of part 121 of this chapter, or the air travel club rules of part 123 of this chapter, there must be attached to the airplane an automatic type emergency locator transmitter that is in operable condition and meets the applicability requirements of TSC-C91;

(2) For charter flights governed by the domestic and flag air carrier rules of Part 121 of this chapter, there must be attached to the

operable condition and meets the applicable requirements of TSO-C91;

(3) For operations governed by Part 135 of this chapter, there must be attached to the airplane an automatic type emergency locator transmitter that is in operable condition and meets the applicable requirements of TSO-C91; and

(4) For operations other than those specified in subparagraphs (1), (2) and (3) of this paragraph, there must be attached to the airplane a personal type or an automatic type emergency locator transmitter that is in operable condition and meets the applicable requirements of TSO-C91.

(Note: there are 2 more pages of technical details that are not required to demonstrate sufficiency here.)

RATIONALE' There is obviously very complete and thorough Federal regulation to cover the installation, maintenance and operation of ELT's in all aircraft operations in this state; commercial and private. This is an area over which the state has no authority whatsoever, and where the state regulations CONFLICT with the appropriate Federal regulations.

Additionally, and as a much more practical matter, one notes that under the FAR's, such ELT is inspected each year during the annual inspection of the aircraft under FAA criteria, and the aircraft is grounded if the ELT is not present, not in proper order or has an expired battery date. There is no such inspection system established or required under State authority.

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This section will be reduced in scope by the actions above. The only requirement for the section remaining is in those areas which the State desires to inflict CRIMINAL penalties on top of Federal penalties. These are reflected in the attached, proposed substitute bill.

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Same as above.

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Because of difficulties in interpretation, we suggest that "aircraft" and "airplane" be defined here precisely as they are in FAR's.

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GENERAL: Penalties under the FAR's are found in two (2) areas:

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Sec. 901; wherein the FAA may impose Civil Penalties. Such penalties are limited in current law to \$1,000 for each violation.

Absent:  
Gardiner

3/25/82

H. Labor & Commerce

Tapo # 46

SB 771 HB 642

SB 611

Senator Eliason

1: 10

000 Call to order

CSSB 771 / Sen. Eliason - effort to strike a blow for uncl. liberties.

006 Went over situations ~~in~~ which this bill wd alleviate.

044 Rogers said he supported bill. <sup>other</sup> saw problems with bonding statute, <sub>buyer</sub> such as being req'd to post a bond when he pays cash.

Discussion.

068 Martin asked why grocery stores were included. Sen Eliason said stores are legit. businesses that have assets, so shd'nt have to post bond.

Discussion.

097 Judy Knight, DOL - dept supports passage of bill, & explained their points

115 Rogers had q's; there was discussion of cash payments & what people shd be included in the law.

143 Martin asked clarification abt f/n

159 Beth Robinson, AT to Sutcliffe; ref'd HB 744, which is similar. Support SB 771. Re cash buyer sit'n, gave example of sit'l that cd be harmful to fisherman.

177 Roger & Paynor, UFA - supported bill; will make easier to have small scale market ~~of~~ for fresh fish; wd also promote seafood consumption in Alaska.

229 Rogers asked clarification of primary fish buyer. Discussion.

266 Don Magnusson, <sup>NUSSON</sup> at Retail Assn - totally support bill.

Wd make purchase & sale of raw fish much simpler.

Apr. 14(?)

Jim Fear  
legal secs

- 286 Randolph moved SCS SB 771 (29C) can be reported out by unan consent. Mo passed w/o objection.
- 302 ~~Repe~~ HB 611 was brought before comm.
- 305 Rogers explained why bill was int'd. Rogers said most pilots are unaware there are state laws except the ~~single~~ emergency provisions law. Laws so closely related to federal laws; difficult to legislate.
- 355 Martin said he would better publicize the bill & bring it back before committee. Said to wire people & to schedule bill for 4/14.
- 384 Rogers went over other portions of the statute which he feels need chng, eg ref to airmen rather than pilot. Said he would draft prop'd amdn'ts in advance of next mtg. Martin asked that John Hartle work w/ Woodman on bill.
- 413 HB 642; Randolph explained intent of bill & how trust would work.
- 482 Rogers said he doesn't completely agree w/ findings, but supports it for purposes of expediting bill.
- 490 Martin had got no abt resolution & abt fl/n. Rogers suggested putting 1 yr delay on effective date <sup>how state govt. wd continue if</sup>
- 501 There was discussion of the state's tax structure <sup>whether</sup> ~~money for the trust etc~~ went into effect. Randolph said money wd come from royalty revenues & bonus sales, not taxes.

557 Rogers explained effects of the fund - decreasing people in state assistance pgms; need for some capital projects wd be reduced.

586 Bylsma ~~felt~~ said it wd amt to people being forced to again pay income taxes. Randolph felt those wanting services shd pay for them. He explained alternatives to income tax. Bylsma said people wd flock to the state. Rogers said if they weren't residents at the time of enactment, they <sup>until there was another source of funds.</sup> could not receive benefits of the trust. Bylsma reiterated that people wd move here for the money. Randolph agreed, but said our social pgms draw just as many. Rogers said biggest increase in migration is # jobs created by capital projects, state jobs, & subsidized loan pgms.

716 <sup>Lear</sup> Jim Lehr, LAA Legal Secs - said bill was drafted by Sofo, who said bill was used as "vehicle" so chngs may be needed. Said bill has const' provisions - restricting benefits to people who are residents on date certain & denying those who become residents after that.

Side B

008 Rogers disagreed as it wd distribute an asset. Doesn't create a class of people. Lehr said resources provide funds on an ongoing basis, now & in the future, so future residents wd be deprived.

026 Randolph spoke w/ sev attys & is certain there are ways  
to get around this. If there weren't, the <sup>past</sup> homesteading  
laws of the entire go country wd be invalid.

This is giving a share, just as though it were a piece  
of land; belongs to people & income that share derives  
belongs to them.

046 Rogers felt "public purpose" was even bigger issue.

Explained his posn abt how the issue shd be addressed.  
Discussion.

104 Randolph felt these constl issues shd be looked  
at by judiciary.

106 Rand moved to pass bill to next comm of referral  
for - R, R opp'd Bylona, Martin  
Motion failed

2:06

118 Adjourned.

LABOR & COMMERCE COMMITTEE  
DAILY COMMITTEE HEARING

Date: 3/25/82

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         | _____ ✓        | _____         | 1:05                |                  |
| Rep. B. Rogers           | _____ ✓        | _____         | 1:08                |                  |
| Rep. T. Gardiner         | _____          | _____ ✓       |                     |                  |
| Rep. T. Martin, Chair    | _____ ✓        | _____         | 1:05                |                  |

Subject Matter:

House Bill No. 642 \_\_\_\_\_

Senate Bill No. 771 611 \_\_\_\_\_

Special Orders:







\*\*\*\* \*\* \*\*  
 SB 611 SENATE ACTION  
 DATE SEQ PAGE

09:40 3/26/82 PAGE 2 OF 3

## LEGISLATIVE ACTION

01/11/82 01 0005  
 02/09/82 02 0236  
 02/25/82 03 0388  
 03/01/82 04 0411

-----  
 FIRST READING -- COMMITTEE REPORTS

L&amp;C -- DP02. R01

JUD -- DP03

RLS -- OTHER04

TAKEN UP IMMEDIATELY

03/01/82 05 0412  
 03/01/82 06 0412  
 03/01/82 07 0412  
 03/01/82 08 0412

SECOND READING

ADVANCED TO 3RD READING BY UNAN CONSENT

THIRD READING

PASSED BY DIV 17-00-02

\*\*\*\* \*\* \*\*  
 SB 611 HOUSE ACTION  
 DATE SEQ PAGE

09:40 3/26/82 PAGE 3 OF 3

## LEGISLATIVE ACTION

03/01/81 09 0631  
 03/05/82 10 0701

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 FIRST READING -- COMMITTEE REPORTS

L&amp;C CMTE REFERRAL ADDED

LABOR &amp; COMMERCE

JUDICIARY

RULES

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

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SB 771 SENATE ACTION  
DATE SEQ PAGE

02/16/82 01 0299  
03/11/82 02 0530  
03/12/82 03 0555  
03/12/82 04 0559  
03/12/82 05 0559  
03/12/82 06 0559  
03/12/82 07 0559  
03/12/82 08 0559  
03/12/82 09 0560  
03/12/82 10 0560

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SB 771 HOUSE ACTION  
DATE SEQ PAGE

03/15/82 11 0793

09:40 3/26/82 PAGE 2 OF 3  
LEGISLATIVE ACTION

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FIRST READING -- COMMITTEE REPORTS  
L&C -- CS05  
RLS -- OTHER03  
TAKEN UP IMMEDIATELY  
SECOND READING  
L&C CS ADOPTED BY UNAN CONSENT  
AM01 ADOPTED BY UNAN CONSENT  
ADVANCED TO 3RD READING BY UNAN CONSENT  
THIRD READING  
PASSED BY DIV 17-00-03  
EFFECTIVE DATE VOTE SAME AS PASSAGE

\*\*\*\*\*

09:40 3/26/82 PAGE 3 OF 3  
LEGISLATIVE ACTION

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FIRST READING -- COMMITTEE REPORTS  
LABOR & COMMERCE

3-29-82

H B 866

HOUSE LABOR & COMMERCE  
STANDING COMMITTEE  
March 29, 1982  
1:14 p.m.

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

Members Absent: Rep. Gardiner

COMMITTEE CALENDAR

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

WITNESS REGISTER

R.R. Kesel, Director  
Division of Audit  
Department of Revenue  
Juneau, Alaska 99811  
465-2320  
Position Statement: Opposed bill.

Phil Holdsworth  
Alaska Miners Association  
Juneau, Alaska  
586-1383  
Position Statement: Suggested amendment to bill.

George Krusz, President  
Alaska State Chamber of Commerce  
Juneau, Alaska  
586-2323  
Position Statement: Supported principle of bill, but felt it discriminatory.

Roy Huhndorf, president  
Cook Inlet Region, Inc.  
Anchorage, Alaska  
274-8638  
Position Statement: Strongly supported concept of bill; encouraged adoption.

Lance W. Anderson  
Vice President of Finance  
Cook Inlet Region, Inc.  
Anchorage, Alaska  
274-8638  
Position Statement: Recommended bill be passed.

R.A. Bradley  
LAA Legal Services  
Pouch Y  
Juneau, Alaska 99811  
465-3867

Position Statement: Answered questions about legality of bill.

PREVIOUS ACTION

HB 866

See minutes of 3/10/82.

Statutory Reference: AS 43.20.036

Action Taken: Rep. Randolph moved to report bill out of committee. He withdrew that motion. There was discussion. Rep. Randolph again moved to report bill out of committee. There being no objection, the motion passed. Bill was reported out with individual recommendations.

ACTION NARRATIVE

Tape #47  
Recording  
Number 000

The meeting was called to order by Chairman Martin at 1:14 p.m. Members present were: Representatives Martin, Bylsma, Rogers, and Randolph. Rep. Gardiner was absent. Rep. Rogers left immediately after the call to order. HB 866 was before the committee.

Number 009

R.R. Kesel, Director of Audit, Department of Revenue, opposed the bill. He said it does not accomplish its intended purpose. He addressed three hypothetical situations to illustrate his point of view. He said the bill would benefit only those companies with large incomes, and would be costly to the state.

Number 072

Phil Holdsworth, Alaska Miners Association, suggested an amendment to prevent transferral of tax credits. He said he understands the Department of Revenue's concerns. He said a more reasonable percentage would still be beneficial to the Alaska mining industry. Rep. Martin asked Holdsworth questions about the proposed amendment.

Number 105

George Krusz, president of the Alaska State

Chamber of Commerce, supported the principal of the bill, but felt it was conceptually discriminatory because it excludes a number of industries. He proposed an amendment which would allow all industries to take advantage. He said he was sympathetic to the Department of Revenue's concerns. (Krusz passed out his proposed amendment to the committee; this is available for inspection.) There was discussion.

Number 141

Roy Huhndorf, president of Cook Inlet Region, Inc., strongly supported the concept of the bill. He said it could help strengthen and broaden the economy. He said the state should adopt the bill to encourage diversification of the economy. He said the tax credit policy would encourage early development of natural resources on native-owned land. He felt it would also make investment by third parties in native-owned resources more attractive. He said more money would be invested in the state's economy, and that more year round and diverse employment opportunities would be created, which would help the economy. There was discussion. Rep. Martin felt this singled out special corporations. Huhndorf thought those industries were selected for their potential large development, which would provide jobs and a revenue base. He felt the size of the tax credit and the transferability were both important in creating this economic base. Huhndorf said limiting this to Alaska would inhibit the bill somewhat. He said he would like to see the general concept embodied in a bill.

Number 265

Lance W. Anderson, vice president of Finance, Cook Inlet Region, Inc., rebutted the 3/9/82 written testimony offered by Stevens of the Department of Revenue. He felt the fiscal impact figures were incorrect, and presented his own figures to back his position. He recommended the bill be passed. Rep. Martin asked what the impact would be this year. Anderson said it would be minor. He said it would not affect smaller operations, but that it is vital to larger projects. Anderson said the impact would be several years down the line. The impact today is in determining the feasibility of projects. He said it enhances marginal investments.

Number 371

Rep. Randolph asked the ratio of tax credit to investment required. Anderson said it was 10% of the qualified investor (tangible personal property). There was discussion. Anderson said he felt there was no constitutionality question. There was discussion of the legality of the bill. Anderson said he would provide a legal opinion.

Number 431

Rep. Randolph said he thought the bill was good, and that it should be moved. He moved to report the bill out of committee. Rep. Martin felt the proposed amendments should be considered first. Rep. Randolph withdrew his motion.

Number 454

Rep. Martin asked P.A. Bradley, LAA Legal Services, if there were legal questions with the bill. Bradley said he was not asked to achieve a purpose in drafting the bill, so he did not know if the goal was achieved. He thought there were no constitutional problems, as tax laws are different.

Number 478

Rep. Martin asked for motions on the amendments so legal opinion could be obtained. He explained the Chamber of Commerce's amendment to delete reference to specific industries. Anderson said he opposed the amendment. He said the reason for the bill is to encourage long-term development of four base industries in Alaska. He said the fiscal impact of the amendment would be detrimental to passage of the bill. Anderson said of the second proposed amendment, regarding sale of credits, that the federal decision to allow sale of investment tax credits is excellent philosophy. He said the same situation exists in Alaska, that the state needs to encourage investment. He recommended neither amendment be included in the bill. Rep. Randolph agreed, due to the shortness of the session. Krusz agreed with Randolph, that if the amendments would kill the bill, he withdrew their proposed amendments and supported the bill. Kesel said he was led to believe much of the mining industry investment would be subject to investment tax credit. He read a definition of "qualified investment". There was discussion of qualified investments.

Number 698

Rep. Randolph moved to report the bill out of committee. There being no objection, the motion passed. Bill was reported out with individual recommendations. Rep. Martin recommended the Department of Revenue do a better tax evaluation, and said the committee would have the other amendments evaluated.

Number 725

There being no further business to come before the committee, the meeting was adjourned at 1:59 p.m.

SIGN-IN SHEET

HB 866

| Name (please print)  | Address        | Representing              | Testify?<br>(YES or NO) | Phone<br>Number |
|--|----------------|---------------------------|-------------------------|-----------------|
| R R Kesel  | SOB            | Rev. Dept. - opposes Bill | Yes                     | 465-2370        |
| R A. BRADLEY   | 605 Cawit Bldg | —                         | Unknown                 |                 |
| Phil Holdsworth.   | Juneau         | Alaska Miners Assoc.      | Yes                     | 386-1383        |
| Don King   | Juneau         | Ak State C of C           | Yes                     | 586-2323        |
| Mary Hutchinson  | Anchorage      | Cook Inlet Region         | Yes                     | 274-8638        |
| LANCE ANDERSON   | ANCHORAGE      | Cook Inlet Region         | YES                     | 274-8638        |
| <p>Very important to know what is Sec 38 says.<br/>Get definition off top of Mr Kesel.</p> |                |                           |                         |                 |

LABOR & COMMERCE COMMITTEE  
DAILY COMMITTEE HEARING

Date: 3/27/82

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

| <u>Members</u>           | <u>Present</u> | <u>Absent</u> | <u>Time Arrived</u>  | <u>Time Left</u> |
|--------------------------|----------------|---------------|----------------------|------------------|
| Rep. B. Bylsma, V. Chair | _____ ✓ _____  | _____         | 1:07                 |                  |
| Rep. D. Randolph         | _____ ✓ _____  | _____         | 1:30 <del>1:14</del> |                  |
| Rep. B. Rogers           | _____ ✓ _____  | _____         | 1:14                 |                  |
| Rep. T. Gardiner         | _____          | _____ ✓ _____ |                      |                  |
| Rep. T. Martin, Chair    | _____ ✓ _____  | _____         | 12:55                |                  |

Subject Matter:

House Bill No. 866 \_\_\_\_\_

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

Special Orders:

Absent:  
Hardiner

3/29/82  
H. Labor & Commerce

HB 866 Tape # 47

1: 14

000

Call to order; Rep. Rogers left imm. after call to order.

HB 866

009

Kesel Dir of Audit  
R.R. Kessell, Dept. Revenue - opposed bill; doesn't accomplish intended purpose. Addressed 3 hypothetical sites to illustrate his point of view. Wd benefit only those companies with large incomes; wd be costly to the state.

072

Holdsworth  
Phil Holdsworth, Ak Miners Assocn - suggested amendt to prevent x'rial of tax credits. Understands Dept. Revenue's concerns. More reasonable percentage wd still be beneficial to Ak mining industry.

100

Oatno-Martin - re prop'd amendt.

105

George Kreeg, Pres, Ak St Chamber of Commerce - supports principle of bill; conceptually, discriminatory because it excludes a # of industries. Prop'd amendt which wd allow all industries to take advantage. Sympathetic to Revenue's concerns. (Gave prop'd bill to comm.) Discussion.

141

Huhndorf  
Roy Huhndorf, Pres., Cook Inlet Region Inc - strongly supports concept. Can, <sup>help</sup> strengthen & broaden economy. State shd <sup>adopt</sup> this to encourage diversification of the economy. Tax credit policy will encourage early de'pt of nat resources on native-owned land. Also: makes investment by third parties in native-owned resources more attractive. More money wd be invested in state's economy. More of round & diverse empmt opp's wd be created, which wd help economy. Discussion -

184

Martin felt this singled out special corps. Huhndorf felt those industries were selected for their potential large de'pt, which wd provide jobs & revenue base.

- Handout -
- 215 Felt size of <sup>tax</sup> credit & xfr ability were both important in creating this economic base. Limiting to 2k wd inhibit bill somewhat. Wd like to see general concept embodied in bill, ~~not particularly concerned with~~
- 265 Lance W. Anderson, VP Finance, Cook Inlet Region Inc -  
rebuttal of 3/9/82 Dept Revenue written testimony by Stevens.  
Felt fiscal impact figures were incorrect. Presented figures to back his position. Recommended bill be passed.
- 343 Martin asked impact this yr; Anderson said it wd be minor. Wd <sup>not</sup> affect smaller operations, but is vital to larger projects. Impact several yrs down the line. Impact today is in determining feasibility of projects. Enhances marginal investments.
- 371 Randolph - asked ratio of tax credit to investment req'd. Anderson - 10% of qualified investment (tangible personal property).  
Discussion.
- 395 Martin asked his specialty; <sup>Anderson -</sup> tax mgmt. - Felt there was no constitutionality question. Discussion of legality of bill. Said he'd provide legal opinion.
- 431 Randolph felt bill was good & that it shd be moved.  
Moved to report bill out.
- 440 Martin felt audmnts shd be considered first. Randolph wdrew motion.
- 454 Martin asked Bradley, legal Svcs, if there were legal gotas w/bill. Bradley said he was not asked to achieve a purpose, so doesn't know if goal was achieved. Thought there were no const' prob's as tax laws are different.

478 Martin asked for motions on the amendments so legal opinion  
could be obtained. Explained Chamber of Commerce amendment  
(delete ref to specific industries).

~~533~~ Amendment #1 by Chamber before the comm.

539 Anderson - oppose amendment. Reason for bill is to encourage long  
term dev't of 4 base industries in Alaska. Fiscal  
impact will be detrimental to passage.

Re second amendment - sale of credits - <sup>federal decision to</sup> allowing sale of investment  
tax credits is excellent philosophy; same set in Alaska;  
need to encourage investment. Recommended neither  
amendment be included in bill.

610 Randolph agreed, due to shortness of session.

618 Krusz - agree w/Randolph; if amendments will kill bill, withdraw  
their amendments & support bill.

632 Kessell - ~~doesn't think~~ <sup>led to</sup> believe much of mining industry investment  
will be subject to investment tax credit. Read a definition  
of qualified investment. Discussion of qualified investments.

698 Randolph moved to report bill out. No objection, motion passed, w/incl'd  
recommendations. Martin recommended Dept Revenue do better  
tax evaluation & ~~over~~ said comm will have other amendments  
evaluated.

1:59  
725 Mtg adjourned.

definition of qualified investment according  
to R.R. Kessell of dept. of revenue.

U.S. Master Tax Guide, referring to what is  
Section 38 property.

"The investment credit is available only for  
expenditures on Section 38 property. Section 38  
property is either recovery property or other  
depreciable or amortizable property having a useful  
life of 3 yrs or more; that is,

- 1) tangible personal property;
- 2) other tangible property used as an integral  
part of mfg, extraction, production.

3-30-82

HB 794

HB 795

(HB 642)

(TELE-  
CONFERENCE)

HOUSE LABOR & COMMERCE  
STANDING COMMITTEE  
March 30, 1982  
1:09 p.m.

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

Members Absent: No members absent.

COMMITTEE CALENDAR

TELECONFERENCE HEARING

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.

HB 642 An Act establishing the Alaska natural resource trust; and providing for an effective date.

WITNESS REGISTER

Phil Blackstone  
Endrust of Alaska  
Anchorage, Alaska  
Position Statement: Opposed both HB 794 and HB 795.

George Cada  
Arctic Service Rustproofing  
Anchorage, Alaska  
Position Statement: Supported HB 795.

Max Hodel  
Alaska Sales & Service  
Anchorage, Alaska  
Position Statement: Felt both HB 794 and HB 795 unnecessary.

Jack Mann  
Kodiak Auto Center  
Box 788  
Kodiak, Alaska  
486-5703  
Position Statement: Felt HB 795 imposed a hardship on small communities.

Richard Sims  
Berg Motors  
Box 9  
Kodiak, Alaska  
486-4751

Position Statement: Opposed both HB 794 and HB 795.

R.L. Silberer  
Universal Motors  
Anchorage, Alaska

Position Statement: Opposed both HB 794 and HB 795.

Fred Morino  
Eero Volkswagen  
Anchorage, Alaska

Position Statement: Opposed both HB 794 and HB 795.

Bahne Martensen  
Continental Motor Company  
Anchorage, Alaska

Position Statement: Opposed both HB 794 and HB 795.

Connie Bibe  
Consumer Protection Office  
Office of the Attorney General  
Anchorage, Alaska

Position Statement: Defended need for HB 795.

Bob Evans  
Consumer Protection Office  
Office of the Attorney General  
Anchorage, Alaska

Position Statement: Defended need for HB 794.

John Beard  
counsel for Continental Motors  
Anchorage, Alaska

Position Statement: Felt both HB 794 and HB 795 superfluous.

#### PREVIOUS ACTION

HB 794

See minutes of 3/11/82.

Statutory Reference: AS 45.45; AS 45.50.

Action Taken: Committee considered workdraft committee substitute. Testimony was heard; no formal action taken.

HB 795

See minutes of 3/11/82.

Statutory Reference: AS 45.45; AS 45.50.

Action Taken: Committee considered workdraft committee substitute. Testimony was heard; no formal action taken.

HB 642

See minutes of 2/24/82 and 3/25/82.

Statutory Reference: AS 37.

Action Taken: Rep. Randolph moved to pass HB 642 out of committee with individual recommendations. On the question: for--Rogers, Randolph, Gardiner; opposed--Bylsma, Martin. Motion passed.

ACTION NARRATIVE

Tape #48  
Recording  
Number 000

The meeting was called to order by Chairman Martin at 1:09 p.m. Members present were: Representatives Martin, Bylsma, Gardiner, Randolph, and Rogers. There were no members absent. This meeting was a teleconference hearing which included the sites of Anchorage, Fairbanks, Kodiak, Ketchikan, and Juneau. Testimony was taken on HB 794 and HB 795, and the workdraft committee substitutes.

Number 015

Phil Blackstone, Endrust of Alaska, Anchorage, opposed both bills. He saw no need for the legislation. He said there have been no complaints about rustproofers. He said the bill does not limit competition, if that is the aim. He questioned how the law would actually work in various situations. He had problems with terminology and definitions. He forewar problems with warranties, accidents, inspections, and conflicts with national warranties. He thought HB 794 would end up costing consumers more. He said it is cheaper to install accessories on a mass production basis at the factory. He said it will cost the consumer more if the dealer has to specify options or install them himself. He said the industry can balance itself and take care of itself.

Number 117

George Cada, Arctic Service Rustproofing, Anchorage, said he is a dealer with Ziebart International. In order to protect the Alaska corporation, he supported HB 795. He

said it would protect the auto dealer, as well as the general public.

Number 134

Rep. Martin explained that the Consumer Protection Agency had initiated the request for legislation.

Number 145

Max Hodel, Alaska Sales & Service, Anchorage, said HB 794 is unnecessary. He said it asks for dealer restriction, and then eliminates the restriction in section (b). He felt it was an impractical and unneeded bill. He said for a dealer to maintain inventory in Alaska and offer a choice of product, he must commit to the supplier as much as six months ahead. He said the consumer is given a wide choice of options, and the bill won't help the consumer.

Regarding HB 795, Hodel said he has never had a consumer problem dealing with rust on autos. He said rust inhibitors have been very effective. He did not feel legislation should be passed that gives the idea that rustproofing is necessary in Alaska. Hodel said, compared to other areas of the United States, we have a much less serious problem. He wanted an interpretation of warranty on rustproofing to be equated to the proper use of undercoating. He said they have all vehicles undercoated when they come to Alaska. He said there is a high degree of consumer acceptance, and some benefit as rustproofing.

Number 253

Rep. Rogers said he appreciated Hodel's comments on HB 794. He felt there may be a legal problem with the dealer misrepresenting the actual cost of transportation. Hodel said the laws covered this.

Number 271

Rep. Rogers said the committee had been given copies of rustproofing warranties which appeared not to cover the product. He asked if a standard should be established. Hodel said this goes against his philosophy. He said it is not necessary for the government to impose details. He would be surprised if the auto industry would be willing to accept such language. He said, as a dealer, he would not want to be injected into this chain of supply. Rep.

Rogers thought his concerns were good, but he assumed there must be a problem in Anchorage, or the legislation would not have been introduced. Rep. Martin commented on materials before the committee about rustproofing problems in other areas of the country.

Number 371

Jack Mann, franchise Toyota and Chrysler products dealer in Kodiak, testified regarding HB 795. He was concerned about the effect on several suppliers outside the state providing services to Alaska dealers. He wondered about the effect on those companies and what good bonding would do. He asked how it would apply to auto manufacturers. He said there is a problem with rust in Kodiak and other coastal areas. He felt passing legislation would raise the cost to Alaska consumers, and would be a particular hardship on dealers in small communities. He said the Consumer Protection Agency should confine itself to areas where there are consumer complaints. Mann said small communities are being legislated against. He said the high bond will either raise the cost to consumers, or be affordable only to those dealers in larger communities. Rep. Martin commented on Mann's testimony.

Number 443

Richard Sims, Berg Motors, Kodiak, said that HB 794 would be a detriment to the consumer because they do require people to buy certain features; he used as examples winterizing and positraction. He said the dealer, knowing the area, can do a better job of ordering than the consumer. Regarding HB 795, Sims said this would be a problem, especially in rural areas. He explained situations where rustproofing cannot work, such as when a vehicle is being immersed in salt water daily to launch boats. Rep. Bylsma asked if cars come from the manufacturer with the degree of antifreeze needed for protection. Sims said they have a small degree of protection, but not enough to withstand minus-forty-degree weather such as is encountered on the shipping vessels.

Number 538

Rep. Randolph moved to report HB 642 out of committee with individual recommendations. On the question: for--Rogers, Randolph,

Gardiner; opposed--Bylsma, Martin. Motion passed.

Number 560

Dick Silberer, Universal Motors, Anchorage, supported Hodel's statements and those of others opposed to HB 795. He said the real cause of rust was brought about by the state's and municipalities' treatment of roads. He said the legislation should inhibit the use of salt and calcium on streets. He could not support the bill as drafted.

Regarding HB 794, Silberer asked if an individual could request a dealer to remove rustproofing or accessories the individual did not want on a car. He went on to ask if there was a list of complaints signed by people requesting the bills. Rep. Martin said they did have some testimony regarding problems, and that Connie Sipe of CPA had more. He said there was not much, but that the feeling is that prevention is cheaper than cure. Rep. Martin agreed with Silberer's statement regarding governmental entities evaluating the materials being put on roads.

Number 683

Fred Morino, Eero Volkswagen, Anchorage, said the other witnesses had expressed his concerns. He said auto dealers do the best job they can. He considered rustproofing a form of insurance, similar to the tiles on the exterior of the space shuttle. He was opposed to either bill, as dealers are doing a good job and being responsive to needs.

Side B, Number 013

Rep. Martin asked if it is possible for an individual to buy a stripped down version of a car, without undercoating, and other options. Morino said a consumer can be provided with any vehicle he requests, with or without options, by ordering from the factory.

Number 035

Bahne Martensen, Continental Motor Company, Anchorage, referred to the letter he had sent to the committee. He said he does not require a consumer to purchase anything. He said the average retail price he pays for undercoating is \$75-100, and that it is a good option. He said rustproofers are trying to get a share of the automobile business through referral commissions. He

said he does not make referrals because he cannot vouch for the quality of the work. Martensen said rustproofing retails for an average of \$295 for an economy car. He said HB 795 would take away the consumer's option to buy undercoating. He felt it should be left up to the customer to read and evaluate warranties and to choose the product he wants to buy.

Number 095

Connie Sipe, Consumer Protection Office, Anchorage, testified about HB 795. She said the CPA has been given the power and duty to respond to general complaints brought by people without a specific complaint. She said CPA conducts independent investigations, which they have done in the areas covered by both bills. She said the workdraft committee substitute covers situations the witnesses spoke to. She said the bill would not apply to a dealer selling a car with a manufacturer warranty, but would apply to a dealer selling a service.

Number 131

Sipe said her concern with undercoating is that their staff had been told by dealers that undercoating is rustproofing. She said the bill is to eliminate such misrepresentation. Sipe said the CPA is interested in preventive legislation. She said CPA would support the bill even without the bond provision. She said they want to do away with potentially deceptive warranty terms. Sipe said the law would apply to Seattle suppliers. She said dealers should not be injected into a chain unless they provide a rustproofing service or represent undercoating as rustproofing.

Number 208

Rep. Martin said the bonding provision might be deleted from the bill.

Number 220

Bob Evans, Consumer Protection Office, Anchorage, testified regarding HB 794. He gave examples of situations illustrating the need for the law. He said dealerships wield substantial power in stating the conditions under which consumers will purchase vehicles. He said the interest of consumers, of secondary competitors, and of dealers will be served by the bills. He said that the result of "shopping" the Anchorage area is that the shoppers were told that vehicles were not available

without options.

Number 325

John Beard, counsel for Continental Motors, Anchorage, said he was a lawyer in private practice, and that he had experience representing auto sales dealers. Beard said he was testifying at the request of Martensen. Beard said both bills are superfluous. He said what is prohibited in the bills is unfair practices. Beard said the definition of unfair practices is too broad; that even the Supreme Court could not define it. Beard said this is determined by a variety of items, and that people trying to comply with the law have no way to determine what is lawful under the statute.

Number 386

Regarding EB 794, Beard said a person must order a new vehicle for delivery. He said if this is intended to mean "when a purchaser offers to buy", it could lead to problems. He gave an example. Beard said the state is managing a dealer's inventory if it disallows him the option of ordering accessories he feels the public wants to buy. Beard attempted to discern the bill sponsor's intent.

Regarding HB 795, Beard said the effect of the bill would be, by the definition of rustproofing, to make the same standards applicable to products not intended as rustproofing, but that do inhibit rust.

Number 545

Rep. Martin asked Beard to work with the Consumer Protection Office on legislation. Beard said he would.

Number 580

The Anchorage LTN moderator said she had been asked to convey that Steppe and Yaeger wished to go on record in opposition to both bills.

Number 598

Jack Mann, Kodiak, responded to Sipe's testimony regarding rustproofing provided by secondary companies by asking about rustproofing provided by manufacturers. He said, regarding options and secondary suppliers, that in rural communities there are no secondary suppliers. Rep. Martin replied.

Number 640

Rep. Martin said no further action would be taken at this time. He said if any action

was considered, the participants in the teleconference would be notified.

Number 653

There being no further business to come before the committee, the meeting was adjourned at 2:37 p.m.

MSG 82-00017563 PRY 1 03/30/82 12:52:05 ORIG: LA08 IN= 0010 OUT= 0020  
FROM: MICKI IN ANCHORAGE TO: JUNEAU T/C  
TARGET: LJE5 SUBJ: H. LABOR & COMMERCE - CAR SALES/RUSTPRFN PAGE 0001

TO PARTICIPATE IN ANCHORAGE  
1. PHILIP BLACKSTONE, ENDRUST OF ALASKA  
2. GEORGE CADA, ARCTIC SERVICE RUSTPROOFING  
3. MAX HOEDEL, AK SALES & SERVICE  
4. JERRY CHADWICK, UNIVERSAL MOTORS  
PLUS 2 OBSERVERS

NXT MSG U/R/S \_ PREV MSG U/R/S \_ RESEND \_ CANCEL \_

MSG 82-00017576 PRY 1 03/30/82 12:55:51 ORIG: LA08 IN= 0011 OUT= 0021  
FROM: MICKI IN ANCHORAGE TO: JUNEAU T/C  
TARGET: LJE5 SUBJ: H. LABOR & COMM. T/C CAR SALES/RUSTPRFNG PAGE 0001

MORE TO SPEAK IN ANCHORAGE  
5. R.L. SILBERER, UNIVERSAL MOTORS  
WILL SEND MORE AS THEY COME IN, EXPECT ABOUT 15-20 PARTICIPANTS

NXT MSG U/R/S \_ PREV MSG U/R/S \_ RESEND \_ CANCEL \_

MSG 82-00017577 PRY 1 03/30/82 13:06:41 ORIG: LA08 IN= 0012 OUT= 0022  
FROM: MICKI IN ANCHORAGE TO: JUNEAU T/C  
TARGET: LJE5 SUBJ: H. LABOR & COMMERCE/CAR SALES/RUSTPRFNG PAGE 0001

TO SPEAK IN ANCHORAGE:  
6. FRED MORINO, BERO VW  
7. BAHNE MARTENSEN, CONTINENTAL MOTORS  
8. CONNIE STEE, ATTORNEY GENERAL SPEAKING ON HB 795  
9. BOB EVANS, ATTORNEY GENERAL SPEAKING ON HB 794  
10. JOHN BEARD, CONTINENTAL MOTORS  
\*\*\*\*\*JERRY CHADWICK PREVIOUSLY LISTED AS SPEAKER NUMBER 4 DOES NOT  
WISH TO SPEAK\*\*\*\*\*

NXT MSG U/R/S \_ PREV MSG U/R/S \_ RESEND \_ CANCEL \_

MSG 82-00017585 PRY 1 03/30/82 13:11:53 ORIG: L000 IN= 0004 OUT= 0023  
FROM: KODIAK TO: JUNEAU  
TARGET: LJE5 SUBJ: 11A.H. T/C H.L&C PAGE 0001

HERE TO PARTICIPATE IS: JACK MANN...KODIAK AUTO CENTER  
BOX 788, KODIAK PH.#486-5703  
RICHARD SIMS...BERG MOTORS  
BOX 9, KODIAK PH.#486-4751

NXT MSG U/R/S \_ PREV MSG U/R/S \_ RESEND \_ CANCEL \_

MSG 82-00017634 PRY 1 03/30/82 14:21:18 ORIG: L000 IN= 0007 OUT= 0024  
FROM: KODIAK TO: JUNEAU  
TARGET: LJE5 SUBJ: HB 794 PAGE 0001

IS THERE ANY WAY WE COULD GET THAT CS FOR HB 794 TELECOPIED TO US.  
OUR PARTICIPATES WOULD LIKE TO SEE IT DURING THE TELECONFERENCE.

NXT MSG U/R/S \_ PREV MSG U/R/S \_ RESEND \_ CANCEL \_



## SIGN-IN SHEET

HB 794

| Name (please print) | Address                  | Representing | Testify?<br>(YES or NO) | Phone<br>Number |
|---------------------|--------------------------|--------------|-------------------------|-----------------|
| R-O. BENNETT        | Box 81650 COLLEGE, AK    | MYSELF       | NO                      |                 |
| Jim Welch           | 2529 Scott Dr. Juneau AK | Myself       | NO                      |                 |
|                     |                          |              |                         |                 |
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|                     |                          |              |                         |                 |

Absent:

3/30/82

TELECONFERENCE

Tape # \_\_\_\_\_

HB 794

HB 795

Make copy of tape for  
Mat. Su

1: 09

000

Call to order; intro of members; referred to bills.

both bills

Anchorage Cuda Holden

015

Phil Blackstone, - opposed both bills. Sees no need for legislation:

~~But~~ there have been no complaints abt rustproofers; bill does not limit competition, if that is the aim. ~~Some~~ ~~the~~

questioned ~~at~~ how law wd actually work in various situs. Problems with terminology & definitions.

Foresaw probs w/warranties, accidents, inspections, or ~~other actions~~ conflicts w/national warranty. Thought

HB 794 wd end up costing consumers more. Cheaper to install accessories on mass production basis at factory; will cost customer more if dealer has to specify options, or install them himself. Industry can balance itself & take care of itself.

HB 795

117

George Cuda, Arctic Soc Rustproofing - dealer w/ Ziebart Int'l - in order to protect Ak corp, support HB 795. Wd protect auto dealer as well as gen'l public.

134

HB 794

145

Martin explained that CPA originated request for legislation.

Max Holden (Hodel?), Ak Sales & Soc - HB 794 - bill

unnecessary - asks for dealer restriction & then eliminates restriction in section (b). Impractical & unneeded bill.

For dealer to maintain inventory <sup>in Alaska</sup> & offer choice of product, must commit to supplies as much as 6 mos. ahead.

Consumer is given wide choice of options. Bill won't help consumer.

HB 795

Re HB 795 - he has never had consumer prob dealing w/rust on autos. Rust inhibitors have been very effective. Doesn't feel we shd pass legisn that gives idea rustproofing is necessary.

Anc  
Hodel  
Hodel, cont'd - compared to other areas of U.S., we have much less serious prob. Wants interpretation of warranty on rustproofing to be equated to proper use of undercoating. They undercoat all vehicles when they come to Alaska; high degree of consumer acceptance & some benefit in rustproofing.

253 Rogers - appreciated comments on 794; may be legit prob with dealer misrepresenting actual cost of xptn. Hodel felt other laws covered this. ~~By~~

271 Rogers said comm. had been given copy of rustproofing warranties which appeared not to cover product; asked if standard shd be established. Hodel said this goes against his philosophy; not necessary for govt to impose details. Wd be surprised that auto industry wd be willing to accept such language. <sup>at a</sup> dealer, wd not want to be injected into this chain of ~~process~~ supply.

331 Rogers thought his concerns were good. Assumed there must be a prob in Anc or they legisn wd not have been int'd.

343 Martin commented on mat'ls before committee about rustproofing probs in other areas of the country.

2 Kodiak

371 Jack Mann, franchisee Toyota & Chrysler products dealer - re HB 795 - concerned that sev'l suppliers outside state provide svcs to AK dealers; curious abt affect on these companies & what good bonding will do; how it will apply to auto mfgs. Prob w/rust w/ <sup>Kodiak & other</sup> coastal areas - passing legis will raise cost to AK consumers; particular hardship on dealers in small communities. CPA shd confine itself to areas where there are consumer complaints.

Thann, cont'd - Small comm. being legislated against. High bond will either raise cost to consumers or be affordable only to those dealers in larger communities.

Martin commented on Thann's testimony.

443 <sup>Sims</sup> Richard Simms, Berg Motors, Kodiak - re both bills -

HB 794 wd be detriment to consumer because they do require people to buy certain features - gave examples: winterizing, protraction. Dealer, knowing area, can do better job of ordering than consumer.

480 HB 795 - prob, esp in rural areas - sits where rustproofing can't work, such as when vehicle is <sup>being</sup> immersed in salt water daily to launch boats.

508 Byloma - ~~can~~ re winterizing - don't cars come fr. mfr w/ degree of antifreeze needed for protection? Simms said they have small degree of protection, but not enough to w/stand -40° weather such as is encountered on the shipping vessels.

HB 642

538 Randolph moved to pass HB 642 out of comm w/ und'l recommend.

Question: for - Roy Rand, Gard opp'o - Byloma, Martin. passed.

~~540~~

Anchorage Silberer

560

Dick Spielberg (Silberer?), Universal Motors - supported

Hidel's stmts & others opp'd to HB 795. Real cause of rust brought abt by state & municipality's treatment of rds. Shd inhibit use of salt & calcium in street. ~~Bier~~ as Cd not support bill as drafted.

Re HB 794 - asked if und'l cd request dealer to remove rustproofing or accessories und'l did not ~~only~~ apply to purchase car.

~~Feedback~~ Ane, cont'd -

Asked if there was a list of complaints signed by people requesting bills.

642 Martin said they did have some testimony re proba, & sizes, CPA, has more. Not much, but feeling is prevention is cheaper than cure. Agreed w/ govt's evaluating materials being put on roads.

683 Fred Morino - ~~the~~ Euro VW - other witnesses expressed his concerns. ~~Also concerned~~ they do best job they can. He considers rustproofing a form of insurance, similar to tiles on exterior of space shuttle. Opposed to either bill as dealers are doing good job & being responsive to needs.

Side B

013 Martin asked if it's possible for ind's to buy ~~an~~ stripped down version of car - w/o undercoating & other options. Morino said consumer can be provided w/ any vehicle he requests, with or w/o options, by ordering from factory.

035 Bahne <sup>Martensen</sup> ~~Martensen~~, Continental Motor Co - both bills - referred to let he sent to comm. ~~then~~ He doesn't require consumer to purchase anything. Average retail price they pay for undercoating is \$75-100 - good option. Rustproofers are trying to get share of automotive business, through referral commissions. They don't make referrals because they can't vouch for quality. Rustproofing retails at \$275 for an economy car. HB 795 wd take away consumer's option to buy undercoating. <sup>It</sup> This shd be left up to customer to read & evaluate warranties & choose product he wants to buy.

Anc. cont'd

095 Connie Sipes, CPA <sup>office</sup> - re HB 795 - CPA has been given  
power & duty to respond to complaints given by people  
w/ specific complaint. They conduct independent  
investigations, which they have done in areas covered  
by both bills. CS covers ~~most~~ situations <sup>witnesses</sup> ~~dealers~~  
spoke to. ~~Therefore~~ Bill wd not apply to dealer  
selling car w/ mfr warranty, wd apply to dealer  
selling svc.

131

Concern w/ undercoating is - their staff had been told  
by dealers that undercoating is rustproofing.  
Bill is to ~~also~~ eliminate such misrepresentation.  
~~CPA~~ CPA is interested in preventive legislation. CPA wd  
support bill even w/o bond provision. Want to do away  
w/ potentially deceptive warranty terms. Wd apply  
to Seattle suppliers.  
Dealers shd not be injected into a chain unless they  
provide rustproofing svc or represent undercoating  
as rustproofing.

208 Martin said bonding might be deleted fm bill.

Anc -

- 220 Bob Evans, CPA - re HB 794 - re options; gave examples of sites illustrating need for law. Dealerships wield substantial power in stating conditions under which consumers will purchase vehicles. Interests of consumers, secondary competitors, & dealers will be served by bills. Result of "shopping" Anc areas is that shoppers were told vehicles were not available w/o options.
- 325 John Beard, Cont'l Motors - lawyer in private practice - has had experience w/ auto sales dealers -- there at request of Martinson - bills are superfluous. What is prohibited is unfair practice. - definition is too broad, Supreme Ct can't define it. Determined by variety of items. People trying to comply w/ law have no way to determine what is lawful under the statute.
- 386 HB 794 - person must order new vehicle for delivery; if this is intended to mean "when purchaser offers to buy", could lead to problems. Give example. ~~But dealer be obliged to remove options consumer doesn't want? And must consumer asked if dealer violates law if he refuses to remove~~  
State is managing dealer's inventory if it disallows him the option of ordering accessories he feels public wants to buy. Beard attempted to discern bill sponsor's intention.
- HB 795 - effect of bill wd be, by def'n of rustproofing, to make same standards applicable to products not intended as rustproofing, but that do inhibit rust.

545 Martin asked him to work w/CAA on legislation.  
Beard said he would.

580 Stepp & Gauger went on record in opposition to both bills, per  
Aner LTN.

598 Kodiak - Jack Mann - re sipes testimony re rustproofing  
provided by ddry companies - what abt r/ping provided  
by mfrs. Also, re options & secondary suppliers -  
in rural communities, there are no secondary  
suppliers. Martin replied.

640 Martin said no further action wd be taken at this time;  
said if any action was considered, participants wd  
be notified.

653 1:37 Mtg adjourned.

LABOR & COMMERCE COMMITTEE  
DAILY COMMITTEE HEARING

Date: 3/30/82

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                | 1:50             |
| Rep. D. Randolph         | _____ ✓        | _____         | 1:12                | 1:54             |
| Rep. B. Rogers           | _____ ✓        | _____         | 1:07                | 1:58             |
| Rep. T. Gardiner         | _____ ✓        | _____         | 1:07                | 1:58             |
| Rep. T. Martin, Chair    | _____ ✓        | _____         | 12:55               |                  |

Subject Matter:

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

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

Special Orders:

3-30-82

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TELE-

CONFERENCE

HB 794

HB 795

MORE. THANKS.

NXT MSG U/R/S \_ PREV MSG U/R/S \_ RESEND \_ CANCEL \_

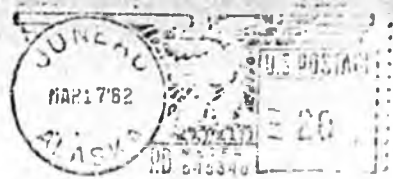
MSG 82-00016961 PRTY 1 03/26/82 12:03:49 ORIG: LM00 IN= 0004 OUT= 0001  
FROM: MARY/MATSU TO: JOAN/H L&C  
TARGET: LJHY SUBJ: STATUS PAGE 0001

HAVE A REQUEST FOR ANY COMMITTEE ACTION ON HB 852 (CONTRACTORS)  
NEED IMMEDIATELY. PLEASE LET ME KNOW WHAT ACTION IF ANY, OR, WHEN  
SCHEDULED FOR WORK SESSION. THANKS!

*HB 806 tomorrow*

*HB 203  
HB 851 7 April 6*

Alaska State Legislature  
HOUSE OF REPRESENTATIVES  
REP. TERRY MARTIN, CHAIRMAN  
LABOR AND COMMERCE COMMITTEE  
POUCH V  
JUNEAU, ALASKA 99811



General Manager  
Hal Moore Motors  
9099 Glacier Highway  
Juneau, AK 99801

Alaska State Legislature  
HOUSE OF REPRESENTATIVES  
REP. TERRY MARTIN, CHAIRMAN  
LABOR AND COMMERCE COMMITTEE  
POUCH V  
JUNEAU, ALASKA 99811

OFFICIAL BUSINESS  
STATE OF ALASKA  
STATE PENALTY FOR  
PRIVATE USE



MOVED, LEFT NO ADDRESS

Miller Machinery  
226 Illinois  
Fairbanks, AK 99701

Alaska State Legislature  
HOUSE OF REPRESENTATIVES  
REP. TERRY MARTIN, CHAIRMAN  
LABOR AND COMMERCE COMMITTEE  
POUCH V  
JUNEAU, ALASKA 99811

OFFICIAL BUSINESS  
STATE OF ALASKA  
STATE PENALTY FOR  
PRIVATE USE

NO SUCH NUMBER  
ATTEMPTED - NOT KNOWN  
ROUTE NO. 113 INITIALS Rh

Stepp Brothers  
750 W. 5th Avenue  
Anchorage, AK 99501

# 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

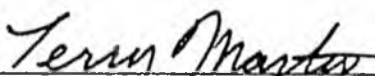
## House of Representatives LABOR AND COMMERCE COMMITTEE

### MEMO

To: All Interested Parties  
From: Terry Martin, Chairman  
House Labor & Commerce Committee  
Date: March 17, 1982  
Subject: Teleconference

House Bill 794, relating to sales practices of motor vehicle dealers, and House Bill 795, relating to motor vehicle rustproofing services, will be the subject of a teleconference hearing of the House Labor & Commerce Committee on Tuesday, March 30, at 1:00 PM PST (11:00 AM AST). You are invited to participate in this teleconference through your local legislative information office. Copies of the bills may be obtained from the information office, as well.

If you desire more information, contact the House Labor & Commerce Committee at 465-3669.

  
\_\_\_\_\_  
Terry Martin, Chairman  
House Labor & Commerce Committee

# 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

Contact: Joan Mathews  
465-3657/3783

### For Immediate Release

#### RUSTPROOFING AND AUTO SALES PRACTICES SUBJECT OF TELECONFERENCE

House Bill 794, relating to sales practices of motor vehicle dealers, and House Bill 795, relating to motor vehicle rustproofing services, will be the subject of a teleconference hearing of the House Labor & Commerce Committee on Tuesday, March 30, at 1:00 PM PST (11:00 AM AST). Anyone interested is invited to participate in this teleconference through the local legislative information office. Copies of the bills may be obtained from the information office, as well.

For more information, contact the House Labor & Commerce Committee at 465-3669.

# ALASKA

## STATE LEGISLATURE

### MEMORANDUM

*newspaper release*  
① Frhs. Daily News Miner  
200 No. Cushman St.  
Frhs. Ak. 99701  
Ph: 456-6661

② All Alaska Weekly  
Box 970 - Frhs. Ak. 99701  
Ph: 456-6426

I Genie's Auto Service Inc.  
1804 Cushman - 452-7116

II ~~Seekins~~ Seekins Ford-Lincoln-Mercury  
530 Old Steese Hwy. ph. 452-1991

III Devlin's ALASKAN AUTOMOTIVE  
2401 Hege Rd.  
FRKS. AK. 99701 - Ph: 479-2829

IV Alaska Motors  
1648 Cushman  
Frhs. Ak. 99701 ph: 452-1901

V Miller Machinery  
226 Illinois  
Frhs. Ak. 99701 452-4234

VI Auto Service Co  
3285 S. Cushman ST  
Frhs. Ak. 99701 ph: 456-6217

VII Tip Top Chevrolet  
1916 Cushman  
Frhs. Ak. 99701 - 452-8211

VIII Subaru Sales & Service  
1573 Cushman  
Frhs. Ak. 99701 - ph: 452-2050

IX Aurora  
AURORA MTRS. INC.  
416-1<sup>ST</sup>  
Fairbanks, Ak. 99701 - ph - 452-3300

X A & B Auto Sales Inc.  
618 Goffney  
Frhs. Ak. 99701 - ph: 456-6161

XI FRKS. DATSUN  
3101 So CUSHMAN  
FRKS. AK. 99701 - ph: 452-1701

XII O.KAY CARS  
410 WICKERHAM  
FRKS. AK. 99701 - ph 456-6904

XIII JOHN DAY ALL CAR SALES  
600 Steese Hwy.  
FRKS. AK. 99701 - ph: 452-4348

TEE163I MODE= RD

MSG 82-00014045 PRTY 1 03/15/82 15:42:04 ORIG: LJGO IN= 0001 OUT= 0004  
FROM: JOAN MATHEWS, H LABOR & COMMERCE TO: FAIRBANKS  
TARGET: LJHY SUBJ: TELECONFERENCE--HB 794, 795 PAGE 0001

---

WILL YOU PLEASE FORWARD THE MESSAGE BELOW TO THE FOLLOWING AUTOMOBILE DEALERS,  
EITHER BY PHONE OR IN WRITING, OR BOTH IF YOU HAVE TIME. I WILL PUT THE  
MESSAGE ON THE NEXT PAGE SO IT IS EASILY XEROXED.

NOTIFY OWNERS OR GENERAL MANAGERS OF THE FOLLOWING:

GENE-S AUTO SERVICE, INC. 1804 CUSHMAN (452-7116)

SEEKINS FORD-LINCOLN-MERCURY, 530 OLD STEESE HIGHWAY (452-1991)

DEVLIN'S ALASKAN AUTOMOTIVE, 2401 COLLEGE ROAD (452-2829)

ALASKA MOTORS, 1648 CUSHMAN (452-1901)

MILLER MACHINERY, 226 ILLINOIS (452-4234)

AUTO SERVICE COMPANY, 3285 S. CUSHMAN STREET (456-6217)

TIP TOP CHEVROLET, 1916 CUSHMAN (452-8211)

SUBARU SALES & SERVICE, 1573 CUSHMAN (452-2050)

AURORA MOTORS, INC., 416 1ST (452-3300)

A&B AUTO SALES, INC., 618 GAFFNEY (456-6161)

FAIRBANKS DATSUN, 3101 SOUTH CUSHMAN (452-1701)

OKAY CARS, 410 WICKERSHAM (456-6904)

JOHN DAY ALL CAR SALES, 600 STEESE HIGHWAY (452-4348)

MSG 82-00014045 PRTY 1 03/15/82 15:42:04 ORIG: LJGO IN= 0001 OUT= 0004  
FROM: JOAN MATHEWS, H LABOR & COMMERCE TO: FAIRBANKS  
TARGET: LJHY SUBJ: TELECONFERENCE--HB 794, 795 PAGE 0002

---

MESSAGE:

HOUSE BILL 794, RELATING TO SALES PRACTICES OF MOTOR VEHICLE DEALERS, AND HOUSE  
BILL 795, RELATING TO MOTOR VEHICLE RUSTPROOFING SERVICES, WILL BE THE SUBJECT  
OF A TELECONFERENCE HEARING OF THE HOUSE LABOR & COMMERCE COMMITTEE ON TUESDAY,  
MARCH 30, AT 1:00 P.M. PST (11:00 A.M. FAIRBANKS TIME). YOU ARE INVITED TO  
PARTICIPATE IN THIS TELECONFERENCE THROUGH YOUR LOCAL LEGISLATIVE INFORMATION  
OFFICE. COPIES OF THE BILL CAN ALSO BE OBTAINED FROM THE INFORMATION OFFICE.  
IF YOU DESIRE MORE INFORMATION, CONTACT THE HOUSE LABOR & COMMERCE COMMITTEE  
AT 465-3669.

MSG 82-00014045 PRTY 1 03/15/82 15:42:04 ORIG: LJGO IN= 0001 OUT= 0004  
FROM: JOAN MATHEWS, H LABOR & COMMERCE TO: FAIRBANKS  
TARGET: LJHY SUBJ: TELECONFERENCE--HB 794, 795 PAGE 0003

---

INFORMATION OFFICE--IF YOU KNOW OF ANY OTHER AUTO DEALERS OR RUSTPROOFERS, FEEL  
FREE TO CONTACT THEM. WE WISH TO ENCOURAGE AS MUCH PARTICIPATION IN THIS TELE-  
CONFERENCE AS POSSIBLE. SITES PARTICIPATING IN THIS TELECONFERENCE WILL BE  
ANCHORAGE, FAIRBANKS, KETCHIKAN, JUNEAU, AND KODIAK, UNLESS THERE IS INTEREST  
IN ANOTHER AREA OF THE STATE. IF YOU HAVE QUESTIONS, PLEASE CONTACT ME AT 465-  
3657 OR PRINTER LJHY. HOPE YOU HAD A GOOD WEEKEND.....JOAN

PS TO MAXINE--MARY ISAACS SAID TO TELL YOU HELLO.

Sites: Anch. Flds. Ketchikan and JUNEAU KODIAK  
on March 30<sup>th</sup> on time 1-3: P.M.  
Anch. Times 11AM-1: P.M.  
Flds

In Ketchikan they  
have (2) new car  
dealers (per Ben Ziegler's office)  
they are as follows  
South East Motors - 225-5155  
Renniger Volkswagon - 225-5223

JOAN  
Each of these auto dealers  
should be notified by L.O. Owens  
some in Flds. new car dealers

In Kodiak  
BERG MTR. Co. 486-4751  
KODIAK AUTO CENTER 486-5703  
KODIAK MTRS. INC. 486-3201

MSG 82-00013268 PRY 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

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

his name is Phil Blackstone - ph: 279-3061

MSG 82-00013268 PRY 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

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.

HB 794  
HB 795

MSG 82-00014088 PRTY 1 03/15/82 17:05:39 ORIG: LJG0 IN= 0002 OUT= 0005  
FROM: JOAN MATHEWS, H LABOR & COMMERCE TO: ALL SITES  
TARGET: LJHY SUBJ: TELECONFERENCE--HB 794, 795 PAGE 0001

---

TO ALL SITES (EXCEPT JNU, FBK, KTN, KODIAK)  
I WANT TO LET YOU KNOW OF A TELECONFERENCE THIS COMMITTEE HAS SCHEDULED FOR MARCH 30 ON HB 794 AND HB 795. I HAVE ASKED ANCHORAGE, FAIRBANKS, KODIAK, AND KETCHIKAN OFFICES TO NOTIFY AUTO DEALERS AND RUSTPROOFERS IN THEIR AREAS OF THIS HEARING. HOWEVER, IF YOU HAVE THESE BUSINESSES IN ANY OF YOUR AREAS, PLEASE CONTACT THEM WITH THE MESSAGE I WILL PRINT ON THE NEXT PAGE (YOU CAN JUST XEROX IT OR PHONE IT). WE ARE NOT LIMITING THE TELECONFERENCE TO THE SITES I MENTIONED, BUT WE ARE NOT AWARE OF AUTO DEALERS/RUSTPROOFERS IN OTHER AREAS. IF YOU HAVE THESE BUSINESSES IN OTHER AREAS, OR IF YOU HAVE QUESTIONS, PLEASE CONTACT ME AT PRINTER LJHY OR AT 465-3657.

I PLAN TO SEND OUT A SHORT PRESS RELEASE SOMETIME THIS WEEK.

THANKS...JOAN

MSG 82-00014088 PRTY 1 03/15/82 17:05:39 ORIG: LJG0 IN= 0002 OUT= 0005  
FROM: JOAN MATHEWS, H LABOR & COMMERCE TO: ALL SITES  
TARGET: LJHY SUBJ: TELECONFERENCE--HB 794, 795 PAGE 0002

---

MESSAGE:

HOUSE BILL 794, RELATING TO SALES PRACTICES OF MOTOR VEHICLE DEALERS, AND HOUSE BILL 795, RELATING TO MOTOR VEHICLE RUSTPROOFING SERVICES, WILL BE THE SUBJECT OF A TELECONFERENCE HEARING OF THE HOUSE LABOR & COMMERCE COMMITTEE ON TUESDAY, MARCH 30, AT 1:00 P.M. PST (..... A.M. LOCAL TIME). YOU ARE INVITED TO PARTICIPATE IN THIS TELECONFERENCE THROUGH YOUR LOCAL LEGISLATIVE INFORMATION OFFICE. COPIES OF THE BILLS CAN ALSO BE OBTAINED FROM THE INFORMATION OFFICE. IF YOU DESIRE MORE INFORMATION, CONTACT THE HOUSE LABOR & COMMERCE COMMITTEE AT 465-3669.

MSG 82-00014094 PRTY 1 03/15/82 17:14:01 ORIG: LJG0 IN= 0003 OUT= 0006  
FROM: JOAN TO: MARY, NATSU  
TARGET: LJHY SUBJ: TELECONFERENCE PAGE 0001

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MARY

YOU SHOULD RECEIVE, JUST BEFORE THIS MESSAGE, AN OMNI REGARDING A TELECONFERENCE ON HB 794 AND HB 795. I HAD FORGOTTEN ABOUT HARTLEY MOTORS--THEY MAY BE INTERESTED, SO GIVE THEM A CALL OR SEND THEM A COPY OF THE MESSAGE. THAT SHOULD TAKE CARE OF THE VALLEY (I HOPE).

I HAD THE BEST WEEKEND EVER. IT WAS SURE GOOD TO SEE YOU. TAKE CARE...JOAN

KODIAK Automobile DEALERS - NEW CARS

BERG Motor Co. 486-4751

KODIAK Auto CENTER Inc. 486-5703

KODIAK Motors Inc. 486-3201



# KODIAK AUTO CENTER, INC.

P. O. BOX 788  
KODIAK, ALASKA 99615

MAR 10 1982

March 5, 1982

Representative Fred Zharoff  
Alaska State Legislature  
Pouch V (MS3100)  
Juneau, Alaska 99811

RE: HOUSE BILL NO. 795  
MOTOR VEHICLE RUSTPROOFING

Dear Fred,

Enclosed are copies of House Bill No. 795, a Master Shield rustproofing warranty booklet and brochure.

As I stated in our phone conversation, the passing of this bill, particularly the portions stating what the warranty will be and the bonding requirements, are unduly repressive and restrictive and repress free trade within the State. Warranty requirements are already spelled out in the federal Moss-Magnusen Warranty Act.

If this Bill is passed, it would restrict all but the largest dealers in metropolitan areas from applying rustproofing. If all companies and businesses that offer warranties were required to post a bond of this size or a cash deposit, there would be very few businesses operating in Alaska.

The Chrysler Corporation's rustproofing warranty is the best in the automotive field. It is issued through Chrysler Corporation and backed by a major American insurance company. The American Standards Testing Bureau reported that Master Shield Rust Protection gave "superior results," "full compliance" and "exceeded the requirements" of the very demanding U.S. Military Specification for a corrosion-preventive compound.

The end result of this Bill's passage would be legislating rustproofing out of existence in small Alaska communities—a service which is sorely needed as evidenced by the number of vehicles on the road with serious rust damage.



## KODIAK AUTO CENTER, INC.

P. O. BOX 788  
KODIAK, ALASKA 99615

I solicit your support in defeating House Bill NO. 795 and if I can provide you with any further information concerning the rustproofing process, please feel free to write or call.

Sincerely,

*Jack E. Mann*  
Jack E. Mann  
Kodiak Auto Center, Inc.