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HB

218

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HB

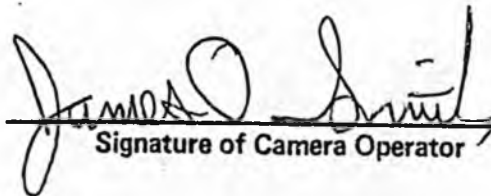
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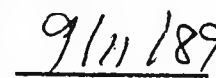


# RECORDS CERTIFICATION



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STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

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

**REQUEST**

Bill/Resolution No.: HB No. 218  
 Title: Standards of conduct...Select  
 Committee on Legislative Ethics, eff. date \_\_\_\_\_  
 Sponsor: Representative Pat Pourchot  
 Requestor: Representative Katie Hurley  
 Date of Request: 2/22/85

**FISCAL DETAIL**

Agency Affected: Legislative Affairs  
 Program Category Affected: General Government  
 BRU, Program or Subprogram(s) Affected:  
Council & Subcommittees

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

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<b>OPERATING</b>						
100 PERSONAL SERVICES						
200 TRAVEL		4.7				
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
<b>TOTAL OPERATING</b>		4.7				
<b>CAPITAL</b>						
<b>REVENUE</b>						

**FUNDING: (Thousands of Dollars)**

GENERAL FUND		4.7				
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>		4.7				

**POSITIONS:**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

The Select Committee on Legislative Ethics currently consists of three (3) Senate members, three (3) House members, and one public member. House Bill No. 218 amends the committee composition to three (3) Senate members, three (3) House members, and three (3) public members. The additional members will require travel funds to carry out the committee's business.

Prepared By: *Pamela A. Calhoon* Phone: 465-3850  
 Division: Administrative Services Date: 2-22-85  
 Approved by: *Warren W. Endicott* Date: 2-22-85  
 Agency: Legislative Affairs Agency

**Distribution (by Agency preparing fiscal note):**

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

SECTIONAL ANALYSIS  
LEGISLATIVE ETHICS LEGISLATION  
BY  
REPRESENTATIVE PAT POURCHOT

The attached legislation makes several changes to statutes dealing with legislative ethics and the Select Committee on Legislative Ethics.

**FALSE REPORTING**  
Section 1

This provision reduces the penalty for false reporting of a possible ethics violation from a felony to a misdemeanor. The current penalty has been criticized as extreme and acting as a deterrent to the filing of legitimate complaints of possible violations. It is also ironic that while there exists a felony penalty for "false" accusation, there is no statutory penalty for legislators violating the ethics law.

**EXPANSION OF THE ETHICS LAW TO ALL LEGISLATIVE EMPLOYEES**  
Sections 2 and 11

This change clarifies that staff employees of individual legislators and committees, range 18 and above, must comply with the provisions of the Ethics Act. Presently, it has been interpreted that the only legislative employees covered by the Ethics Act are those employed by a legislative agency--for example, House Research or the Division of Legal Services. There is no clear rationale for this discrepancy in the current law.

**REPORTING DEADLINES**  
Sections 3, 4, 5 and 6

The deadlines for reporting "close economic associations," "representations before state agencies" and "conflicts of interest" are changed from the first to the fifth day of the legislative session. These technical changes will hopefully avoid the confusion that faced those covered by the Act, particularly new legislators and staff, at the beginning of this session as they hurried to comply with the provisions of the Ethics Act. Several notices were published in the Journal beyond the first day of this year's session.

Section 3 stipulates that the list of specified loans to persons covered by the Act be reported in the legislative journals by February 5.

Although agencies are to provide the lists by February 1, there is currently no deadline for printing loan information in the journals.

DELETION OF FAMILY EXEMPTION FOR LOBBYIST DISCLOSURE  
Section 4

The current Act requires the filing of a notice in the Journal if a person covered by the Act has a "close economic association" with a registered lobbyist unless the lobbyist is a member of the person's immediate family. This section removes this exemption for family members. Similar notice requirements of "close economic association" with supervisors, legislators, and public officials currently do not contain this family member exemption. There is no clear rationale for this discrepancy in the current Act.

EXPANSION OF PUBLIC MEMBERSHIP ON THE SELECT COMMITTEE ON  
LEGISLATIVE ETHICS  
Sections 7 and 8

Public membership on the committee is expanded from one to three people. The three would be selected by the Chief Justice of the Alaska Supreme Court and would be confirmed by a two-thirds vote of each house of the Legislature. Presently, there is one public member on the committee, chosen by two-thirds vote of the House subcommittee and two thirds vote of the Senate subcommittee and ratified by two thirds of the full membership of both houses.

The provisions in this legislation accommodate public sentiment to expand public membership on the Ethics Committee and remove the possibility of charges of "legislative bias" by providing that public members are initially selected by the head of the judicial branch of government.

CLEAN-UP PROVISIONS  
Sections 9 and 10

Section 9 drops the requirement for the Committee's semi-annual reports to print "informal advisory opinions." The Ethics Committee as a matter of policy does not issue informal advisory opinions. Thus, the current printing requirement is unnecessary.

Section 10 would allow a person elected to the Legislature, but not yet sworn in, to request an advisory opinion from the Ethics Committee. Newly elected legislators are most often the individuals in need of conflict advice. This change will help newly elected legislators understand and comply with reporting deadlines.

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y STATE CAPITOL  
JUNEAU, ALASKA 99811  
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 5, 1985

MAR 5 1985

SUBJECT: Sectional analysis of HB 218 Ethics

TO: Representative Katie Hurley  
Chair, House State Affairs Committee

FROM: Billy G. Berrier *BGB*  
Director  
Division of Legal Services

You have requested a sectional analysis of House Bill 218 relating to standards of conduct of legislators and legislative employees.

Section 1 amends 11.56.805(b) to reduce the crime of knowingly filing a false accusation with the Ethics Commission from a class C felony to a class A misdemeanor. The maximum fine for a class C felony is \$50,000 for a class A misdemeanor \$5000; the presumptive sentence for a class C felony is 5 years, for a class A misdemeanor 1 year.

Section 2 extends the coverage of the ethics legislation to include persons employed by legislators and legislative committees. The definition added in Section 11 as AS 24.60.190(2) is correlative defining who is added by this section.

Section 3 AS 24.60.050(d) requires the publication of certain loans in the supplemental journal. The amendment provides that this be done before February 5 of each year.

Sections 4, 5 and 6 change the publication date in the journal of required disclosures from the first to the fifth legislative day.

Section 4 also removes the exemption from disclosure of close economic associations of associations with a lobbyist who is a member of the immediate family of the person.

Representative Katie Hurley  
March 5, 1985  
page 2

Section 7 increase the number of public members on the Select Committee on Legislative Ethics from one to three. It also changes the selection of public members from each subcommittee to the Chief Justice of the Supreme Court.

Section 8 provides that not more than one of the public members may be a lawyer admitted to practice.

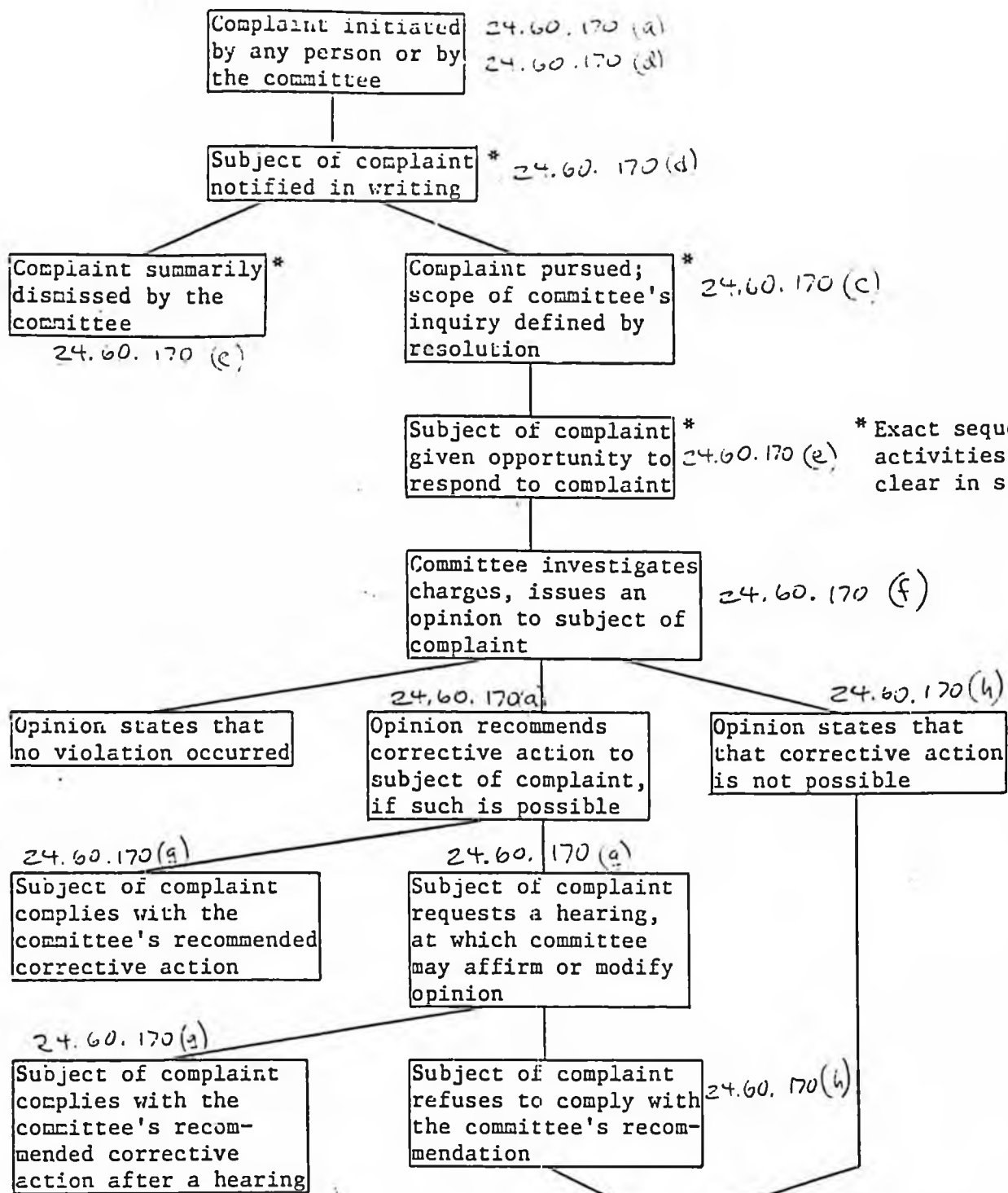
Section 9 makes a technical correction by deleting the requirement the committee publish summaries of informal advisory opinions since the power to issue these was deleted in the course of the original legislation.

Section 10 adds a legislator elect who has not yet taken office to those persons entitled to request advisory opinions.

Section 11 adds the definition of a person employed by a member of the legislature. Employees of members and committees are included.

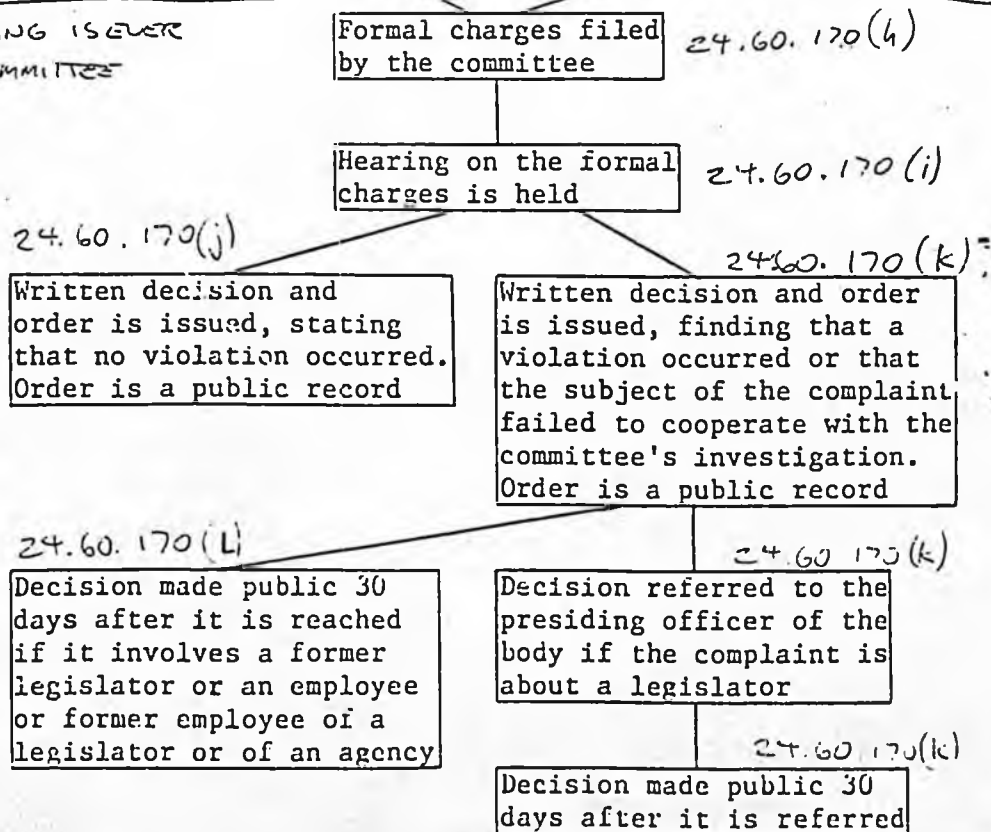
Section 12 provides an immediate effective date.

BGB:csh  
c3/029



\* Exact sequence of these activities is not made clear in statute

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222

STATE OF ALASKA  
THE LEGISLATURE

FEB 27 1985

POUCH Y STATE CAPITOL  
JUNEAU, ALASKA 99811  
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 27, 1985

SUBJECT: Longevity bonus bills -- sectional analysis  
(HB 210 and HB 222))

TO: Representative Katie Hurley  
Chair, House State Affairs Committee

FROM: Keith B. Levy *KBL*  
Legislative Counsel

You have requested a sectional analysis of HB 210 and HB 222, both of which amend the longevity bonus program and establish an annuity program using permanent fund dividends. HB 222 is based on HB 210, which is identical to CSSB 56 (State Affairs). However, there are a number of substantive differences between the two House bills. Therefore, the following is a sectional analysis of HB 210, with a summary of the differences between HB 210 and HB 222 at the end. For your convenience, the discussion of each section of HB 210 contains a reference to the comparable provision of HB 222 and indicates which sections are identical.

ANALYSIS OF HB 210

Section 1. This section sets out legislative findings and states the purposes of the longevity bonus program and the annuity program. (See sec. 1 of HB 222.)

Sections 2, 4, 5, 6, 7, 9, and 14. These are "cleanup" sections that amend existing provisions in the permanent fund dividend chapter (AS 43.23) to refer to either cash payments or annuity credits or both, as appropriate. These changes are necessary because the bill creates the option of taking the permanent fund dividend in the form of cash or an annuity credit (see sections 3 and 16). (Sections 6 and 7 of HB 210 are not contained in HB 222. Sections 2, 4, and 5

of HB 210 are identical to secs. 2, 4, and 5 of HB 222. Sections 9 and 14 of HB 210 are identical to secs. 6 and 10, respectively, of HB 222.)

Section 3. This section provides that a person who is eligible to receive a permanent fund dividend or to claim the dividend on behalf of another will receive an annuity credit unless that person elects to take the dividend in cash. It also provides the option to take a minimum of 25 percent of the dividend in cash and the balance as an annuity credit. However, a person who is 65 years of age before January 1, 1986, has no choice and must take the dividend as cash (AS 43.23.005(d)). (See sec. 3 of HB 222.)

Section 8. This section provides that the permanent fund dividend application must be prepared to allow an individual to elect to receive cash in lieu of an annuity credit (AS 43.23.015(i)). (Section 8 of HB 210 is not contained in HB 222.)

Section 10. This section allows the commissioner of revenue to direct the commissioner of administration to debit a person's annuity account, after notice and an opportunity for hearing, if the account was wrongly credited. The debit must be made within ten years if the credit is the fault of the individual and within three years if it is the fault of the state (AS 43.23.035(c)). (Section 10 of HB 210 is identical to sec. 7 of HB 222.)

Section 11. This section amends the duties of the Department of Revenue with respect to permanent fund dividends to make it clear that cash dividends are to be paid only to individuals who elect cash or are 65 years of age before January 1, 1986. It also requires the Department of Revenue to provide the commissioner of administration with information necessary to administer the annuity program (AS 43.23.055). (See sec. 8 of HB 222.)

Section 12. AS 43.23.065 currently makes 50 percent of the cash permanent fund dividend exempt from attachment to satisfy a debt and provides certain exceptions to the exemption. This section of the bill amends AS 43.23.065 to provide another exception to the exemption. No part of the cash dividend is exempt from attachment to satisfy court ordered restitution under AS 12.55.045 - 12.55.051 or

AS 12.55.100. (Section 12 of HB 210 is identical to sec. 9 of HB 222.)

Section 13. This section amends AS 43.23.065 to allow the Department of Revenue to force an individual who has a past due child support obligation to take the permanent fund dividend in cash. It also allows state courts to exercise the same power as a condition of any civil judgement or order of restitution. (Section 13 of HB 210 is not contained in HB 222.)

Section 15. This section redefines the term "permanent fund dividend" to mean a credit to an annuity account, except with respect to individuals who receive cash, in which case it means the cash payment (AS 43.23.095(6)). (See sec. 11 of HB 222.)

Section 16. This section sets up the annuity program by adding a new article to AS 43.23. An annuity investment fund is established consisting of an amount equal to the permanent fund dividends taken as annuity credits. The money is transferred from the dividend fund to the annuity investment fund annually (AS 43.23.110(a)). The legislature is also authorized to appropriate money to the annuity investment fund from the general fund or the undistributed income account. These extra funds are to be allocated to individual annuity accounts according to a "front-loading" formula that increases the annuity account balance according to age. Under the formula, there is a base credit, depending on the size of the appropriation, that applies to individuals 18 through 35 years old. For each year of age over 35 up to 65 years of age, there is an incremental credit increase, based on "historical and projected permanent fund returns on investment" (AS 43.23.110(b)).

The annuity investment fund is to be invested in the same kinds of investments authorized for the Public Employees Retirement System (AS 39.35.110), except that it may be invested in commercial insurance contracts (AS 43.23.110(f)), and individual annuity accounts are to be credited with the same interest rate that the annuity investment fund earns (AS 43.23.110(c)). The legislature may appropriate money from the annuity investment fund to the Department of Administration to pay annuities (AS 43.23.110(d)) and may also pay administrative costs of the annuity program out of the annuity investment fund, allocating the costs equitably among the individual annuity accounts (AS 43.23.110(f)).

The annuity program is to be administered by the commissioner of administration who must maintain records of individual annuity accounts, make annuity payments, and may adopt regulations to implement the program (AS 43.23.120).

An individual becomes eligible for an annuity payment at age 65 if the individual has received one or more annuity credits (AS 43.23.130(a)). The payment is based on the principal and interest accrued to the individual's annuity account, may not vary on account of the individual's sex, and is paid for the life of the annuitant (AS 43.23.130(b)). An individual does not have to be a resident of the state at the time of payment to be eligible for an annuity payment (AS 43.23.130(c)).

An annuity account may not be transferred to another individual or to the individual's estate and the right to receive an annuity terminates when the individual dies, unless the individual dies before age 65 (AS 43.23.110(d)). If a person dies before age 65, a lump sum payment, subject to appropriation, is to be made to the surviving spouse or other designated beneficiary. The lump sum payment includes permanent fund dividend contributions by the individual and interest on those contributions, but does not include funds credited to the account from legislative appropriations and interest on those funds (AS 43.23.130(e)).

An individual does not receive a vested property right in an annuity payment until that payment is made; the state is not obligated to provide annuity payments for annuity credits granted (AS 43.23.130(f)). This means that the annuity program is not an entitlement. An individual would have no legal recourse if the state decided not to make annuity payments even after the individual credited his or her annuity account for many years. (See sec. 12 of HB 222.)

Section 17. This section amends existing law to remove the language that makes the longevity bonus payment \$250 a month. (Section 17 of HB 210 is identical to sec. 13 of HB 222.)

Section 18. This section provides that, except for people who are 65 years of age before January 1, 1985, the monthly longevity bonus payment equals \$250 a month, increased by three percent a year beginning in fiscal year 1987, minus the maximum possible annuity payment a person would receive if they elected an annuity credit each year from the

beginning of the annuity program (AS 47.45.015(a)). For those people who are 65 years of age before January 1, 1986, the longevity bonus is \$250 a month, increased by three percent a year, but without the reduction for the maximum possible annuity payments (AS 47.45.015(b)). This means that, except for those who turn 65 before January 1, 1986, as the maximum possible monthly annuity payment increases, the longevity bonus payments will decrease, regardless of whether the particular individual elected to receive annuity credits. This will have the effect of phasing out the longevity bonus over time, since the annuity payment will eventually exceed the longevity bonus payment. Those who turn 65 before January 1, 1986, will continue to receive the full longevity bonus, increased by three percent annually, since they will be ineligible to receive annuity credits (see sec. 3 of the bill). (See sec. 15 of HB 222.)

Section 19. This section amends existing law to provide that a person residing in a nursing home is ineligible to receive a longevity bonus, unless the person provided the principal support of a spouse when the person entered the nursing home (AS 47.45.070). In that case, the person may continue to receive the longevity bonus until the spouse qualifies to receive a bonus. (Section 19 of HB 210 is identical to sec. 16 of HB 222.)

Section 20. This section amends the provision of chapter 38, SLA 1984, that would have repealed the existing longevity bonus program on June 30, 1985, to provide that the program is not repealed. (Section 20 of HB 210 is identical to sec. 18 of HB 222.)

Section 21. This section repeals the provision of existing law (AS 43.23.045(c)) that allowed the Department of Revenue to adopt a plan to permit an individual to elect a payment plan under the permanent fund dividend program that would minimize the federal tax consequences of the program. (Section 21 of HB 210 is identical to sec. 19 of HB 222.)

Section 22. This section provides that, even if the bill is enacted in 1985, it applies only to permanent fund dividends beginning in 1986 and the dividend for 1985 would be paid under the law as it existed before the bill was enacted. (Section 22 of HB 210 is identical to sec. 20 of HB 222.)

Section 23. This section provides for an immediate effective date. (Section 23 of HB 210 is identical to sec. 21 of HB 222.)

SUBSTANTIVE DIFFERENCES BETWEEN HB 210 and HB 222

Section 1 of HB 222, the purpose and findings clause, has been changed from sec. 1 of HB 210 to reflect the substantive differences in the bill. It also contains a paragraph not found in HB 210 that indicates legislative intent to maintain the annuity program even if the PFD program is eventually repealed.

Section 3 of HB 222 provides that the PFD must be taken half in the form of cash and half as an annuity credit. This differs from sec. 3 of HB 210 which allows an individual to elect to take between 25 and 100 percent of the PFD in cash. This difference is also reflected in other sections of HB 222 that make technical amendments to existing provisions of law. Sections 6, 7, 8, and 13 of HB 210, which reflect the ability to make the election between cash and an annuity credit, are not contained in HB 222. Both bills provide that a person who is 65 or older before a certain date must take all of the dividend in cash, but HB 222 makes that date July 1, 1986 whereas HB 210 makes the date January 1, 1986. This difference is reflected throughout the bill.

Section 3 of HB 222 also provides that a person with a gross income over \$25,000 in a single year who is eligible for the PFD and longevity bonus programs must choose between the two and may not receive both for that year. Section 14 of HB 222 contains the same clause. This provision is not contained in HB 210.

AS 43.23.130(e), added by sec. 12 of HB 222, provides that if a person leaves the state permanently before the age of 65, that person may elect to take the money contributed to the annuity account plus interest in the form of a lump sum payment. Section 16 of HB 210 only allows lump sum payment if the annuitant dies before reaching age 65.

Section 18 of HB 210 provides for the \$250 monthly longevity bonus payment to be increased by three percent a year beginning in fiscal year 1987. HB 222 does not include this provision.

Representative Katie Hurley  
February 27, 1985  
Page 7

Finally, section 17 of HR 222 provides that the longevity bonus program is to be funded only through automatic annual transfers from the undistributed income account in the Alaska permanent fund, and no other source. In contrast, HB 210 leaves the longevity bonus funded in the current manner, through general fund appropriations.

If I may be of further assistance, please feel free to contact me.

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STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

MAR 4 1985

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

Page 1 of 2

REQUEST

Bill/Resolution No.: HB 222  
 Title: An Act amending the longevity bonus program  
 Sponsor: Larson  
 Requestor: \_\_\_\_\_  
 Date of Request: \_\_\_\_\_

FISCAL DETAIL

Agency Affected: Department of Administration  
 Program Category Affected: Centralized Administrative Services  
 BRU, Program or Subprogram(s) Affected: BRU, Program or Subprogram(s) Affected:  
 Data Processing services/Annuity Management

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
Operating						
100 Personal Svcs		60.0	63.0	66.2	69.5	72.9
100 Rtmnt & Bnfts						
200 Travel						
300 Contractual		40.0	42.0	44.0	46.4	48.6
400 Supplies		.5	.5	.6	.6	.6
500 Equipment		4.0				
600 Land & Struct						
700 Grants, Claims						
700 TRS Match						
TOTAL OPERATING	-0-	104.5	105.5	110.8	116.5	122.1
CAPITAL		750.0				
REVENUE						

FUNDING: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
GENERAL FUND						
FEDERAL FUNDS						
OTHER		854.5	105.5	110.8	116.5	122.1
TOTAL	-0-	854.5	105.5	110.8	116.5	122.1

POSITIONS: -0-

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
FULL-TIME		1	1	1	1	1
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Prepared By: J.K. Humphreys, Director Phone: 465-4470  
 Division: Retirement & Benefits Date: 3/7/85  
 Approved by Commissioner: Lisa Rudd Date: 3-13-85  
 Agency: Department of Administration

Distribution (by Agency preparing fiscal note):

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

*Naville*

House Bill 222  
Fiscal Note Analysis  
Prepared by Division of Retirement & Benefits  
Department of Administration

March 7, 1985

IV Analysis: This Fiscal Note addresses costs in the Data Processing Services BRU. We estimate that the annuity program will be fully automated to reduce the need for staff. We estimate that system analysis, development and construction costs would be \$750,000 and would be a capital appropriation from "other funds".

We anticipate the need for one full-time programmer/analyst IV to provide guidance in the development of the annuity systems with the contractors and, after implementation, to provide ongoing maintenance. We also estimate a cost of \$40.0 for computer records storage.

We estimated an inflation rate of 5%. Further, we assumed that "other funds" would be available for FY 86 costs.

STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

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

Page 1 of 2

**REQUEST**

Bill/Resolution No.: HB 222  
 Title: Longevity Bonus/Annuity  
Program  
 Sponsor: Larson  
 Requestor: \_\_\_\_\_  
 Date of Request: \_\_\_\_\_

**FISCAL DETAIL**

Agency Affected: Administration  
 Program Category Affected: Social and  
Economic Assistance for the Aged  
 BRU, Program or Subprogram(s) Affected: Longevity Bonus Program

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

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<b>OPERATING</b>						
100 PERSONAL SERVICES	0	0	0	0	0	0
200 TRAVEL						
300 CONTRACTUAL	0	10.0	0	0	0	0
400 SUPPLIES	0	0	0	0	0	0
500 EQUIPMENT	0	0	0	0	0	0
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0	10.0	0	0	0	0
<b>CAPITAL</b>	0	0	0	0	0	0
<b>REVENUE</b>	0	0	0	0	0	0

**FUNDING: (Thousands of Dollars)**

GENERAL FUND	0	10.0	0	0	0	0
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	0	10.0	0	0	0	0

**POSITIONS:**

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

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

Prepared By: E. David Keller, Director  
 Division: Pioneers' Benefits

Phone: 465-4400  
 Date: March 1, 1985

Approved by Commissioner: Lisa Rudd  
 Agency: Department of Administration

Date: 3/2/85

Distribution (by Agency preparing fiscal note):

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

HB 222  
 Fiscal Note Analysis  
 Prepared by Division of Pioneers' Benefits  
 Department of Administration  
 March 1, 1985

ASSUMPTIONS

This fiscal note addresses administrative costs only for the Longevity Bonus Program.

Two payment systems will be run in the Division of Pioneers' Benefits. The first would pay \$250 per month for those eligibles age 65 before July 1, 1986, except that those with annual incomes exceeding \$25,000 may receive either a longevity bonus or a permanent fund dividend for that year, but not both.

The second would pay monthly payments, varying each year, for those reaching age 65 after July 1, 1986. The second system would be impacted by information from the Annuity program.

The Longevity Bonus program would need additional resources for modifications to data processing files.

FY 86 Administrative Costs (Start-up)

Contractual Services	\$10,000
Computer System Modification by Contractor	

Printing Costs already in 86 Budget

FY 87 Administrative Costs (Operations)

No Additional Cost

Department of Revenue  
Administrative Services Division  
Bill Analysis  
HB 222  
March 4, 1985

Analysis of Bill/Program Effects

This bill does two things that affect the Department of Revenue.

- 1) It modifies the Permanent Fund Dividend program, with attendant changes to the computerized dividend system, and to the review process that each application goes through; and
- 2) It establishes a new fund to be invested by the Treasury Division.

The effects on the PFD system are summarized as follows:

1. The PFD form will be modified to stress the fact that those applicants who are under 65 on 7/1/86 will get a reduced dividend, with the other half being applied to an annuity account in the Department of Administration.
2. The PFD form will be modified to require, for those over 65 on 7/1/86, a copy of their federal tax return for the preceding year showing gross income. For couples filing jointly for tax purposes, one half of the gross income will be attributed to each person.
3. For all persons 65 or over on 7/1/86 with gross income greater than \$25,000, the Department of Revenue will match against Longevity Bonus files for the first 6 months of the PFD year. If a person has opted for Longevity Bonus payments, they will be denied a dividend.
4. PFD programs will be written to enable the Department of Revenue to provide information on dividend recipients to the Department of Administration on an as-paid basis.

Amendments Proposed

Page 3, line 25

After "me," delete "including" and insert:

"general fund appropriations allocated to my annuity account in accordance with AS 43.23.110(b). and"

STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date \_\_\_\_\_

**REQUEST**

Bill/Resolution No: HB 222  
 Title: Amending the Longevity Bonus  
 and Permanent Fund Dividend programs  
 Sponsor: Larson  
 Requestor: House State Affairs  
 Date of Request: 2/25/85

**FISCAL DETAIL**

Agency Affected: Revenue  
 Program Category Affected: General Government  
 BRU, Program of Subprogram(s) Affected: PFD - Administrative Services  
 PFD - Administrative Services DWP

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

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<b>OPERATING</b>						
100 PERSONAL SERVICES	-	74.8	74.8	74.8	74.8	74.8
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	5.6	5.6	5.6	5.6	5.6
400 SUPPLIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
<b>TOTAL OPERATING</b>	-	80.4	80.4	80.4	80.4	80.4
<b>CAPITAL</b>	-	-	-	-	-	-
<b>REVENUE</b>	-	-	-	-	-	-

**FUNDING: (Thousands of Dollars)**

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	80.4	80.4	80.4	80.4	80.4
<b>TOTAL</b>	-	80.4	80.4	80.4	80.4	80.4

**POSITIONS:**

FULL-TIME	-	1	1	1	1	1
PART-TIME	-	2	2	2	2	2
TEMPORARY	-	-	-	-	-	-

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

See attached

Prepared By: Ervin B. Jones, Director  
 Division: Administrative Services

Phone: 465-2313  
 Date: 3/4/85

Approved by Commissioner: [Signature]  
 Agency: Department of Revenue

Date: 3/4/85

Distribution (by Agency preparing fiscal note):

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

Department of Revenue  
Administrative Services Division  
Fiscal Note Analysis  
HB 222  
March 4, 1985

Assumptions

1. The Department of Revenue does not need to require proof of birth documentation from applicants to support claimed birthdate.
2. The Department of Revenue will require a copy of the federal tax return for the preceding year for those over 65 on 7/1/86.
3. For those over 65 on 7/1/86 who submit jointly filed tax returns, one half of their gross income will be attributed to each person for purposes of determining gross income under AS 43.23.005(d).
4. If upon inquiry, the Department of Revenue finds that an individual who was over 65 on 7/1/86 and who had gross income of over \$25,000 for the preceding year did in fact elect a Longevity Bonus payment in either of the first six months of the dividend year, that will be reason for denial of the of the Permanent Fund Dividend for that year.

Program Summary

The effects on the PFD system are summarized as follows:

1. The PFD form will be modified to stress the fact that those applicants who are under 65 on 7/1/86 will get a reduced dividend, with the other half being applied to an annuity account in the Department of Administration.
2. The PFD form will be modified to require a copy of a federal tax return for the preceding year showing gross income.
3. For all persons 65 or over on 7/1/86 with gross income greater than \$25,000, the Department of Revenue will match against Longevity Bonus files for the first 6 months of the PFD year. If a person has opted for Longevity Bonus payments, they will be denied a dividend. For couples filing jointly for tax purposes, one half of the gross income will be attributed to each person.
4. PFD programs will be written to enable the Department of Revenue to provide information on dividend recipients to the Department of Administration on an as-paid basis.

Positions

1 PFT Analyst/Programmer IV, 12 Mos,  
R 19, at \$4,100.75/Mo including  
salary and benefits = \$49,209

This position will modify the PFD program as necessary to implement the changes and will design and program the new program to provide regular reporting to the Department of Administration.

2 PPT Document Processor II's, 6 Mos, R 8, at  
\$2,134.00/Mo including salary and benefits for  
6 Mos = \$25,608

These two positions will review applications for  
those over 65, review federal tax returns for  
gross income, and check against Longevity Bonus  
records.

TOTAL Personal Services \$74,817

Other Expenses

1 Wang 4250 Workstation rented for 12 Mos,  
at \$398/Mo including emulator board  
@ \$805 so it may be used as an IBM  
of Wang terminal = \$5,581

Funding

It is assumed that these changes will be funded as part of the PFD program and  
will be funded from the dividend fund.

Section Cost Analysis: N/A

Computations: N/A

Economic Impact: N/A

Impact on Local Government: N/A

Attachments

Suggested Amendments: See attachment.

Department of Revenue  
Administrative Services Division  
Suggested Amendment  
HB 222  
March 4, 1985

Page 3, line 25

After "me," delete "including" and insert:

"general fund appropriations allocated to my annuity account in accordance with AS 43.23.110(b). and"

STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date \_\_\_\_\_

**REQUEST**

Bill/Resolution No: HB 222  
 Title: Longevity Bonus, Permanent Fund Dividend, and Annuity Programs  
 Sponsor: Larson  
 Requestor: House State Affairs  
 Date of Request: February 25, 1985

**FISCAL DETAIL**

Agency Affected: Department of Revenue  
 Program Category Affected: \_\_\_\_\_  
 BRU, Program of Subprogram(s) Affected: Treasury

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

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<b>OPERATING</b>						
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	10.1	18.3	28.6	40.3	53.4
400 SUPPLIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
<b>TOTAL OPERATING</b>	-	10.1	18.3	28.6	40.3	53.4
<b>CAPITAL</b>	-	-	-	-	-	-
<b>REVENUE</b>	-	-	-	-	-	-

**FUNDING: (Thousands of Dollars)**

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER <i>Annuity Investment Fund</i>	-	10.1	18.3	28.6	40.3	53.4
<b>TOTAL</b>	-	10.1	18.3	28.6	40.3	53.4

**POSITIONS:**

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

**ANALYSIS:** See attached analysis.

Prepared By: Milt Barker MB  
 Division: Treasury

Phone: 465-2350  
 Date: February 27, 1985

Approved by Commissioner: Milt Barker for  
 Agency: Department of Revenue

Date: 2-27-85

**Distribution (by Agency preparing fiscal note):**

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

HB 222  
Fiscal Note Analysis

Based on the following assumptions,

<u>Fiscal Year</u>	<u>Total Dividend Applicants</u>	<u>Dividend Applicants Over 65 Before 1986</u>	<u>Total Dividends (\$ Millions)</u>	<u>Front-loading (\$ Millions)</u>
86	484,710	15,039	214	25
87	489,600	14,349	257	26
88	499,720	13,660	286	28
89	510,060	12,974	318	
90	520,630	12,293	352	

the contribution (in addition to front-loading), balances, and custodian costs for the annuity investment fund would be as follows, assuming a 12% rate of return:

<u>Fiscal Year</u>	<u>Contributions to Annuity Fund (\$ Millions)</u>	<u>Fund Balance End of Year (\$ Millions)</u>	<u>Average Fund Balance (\$ Millions)</u>	<u>Securities Custodian Fees (\$ 000)</u>
86	104	137	68	10.1
87	125	314	225	18.3
88	139	529	421	28.6
89	155	758	643	40.3
90	172	1,031	894	53.4

The calculated balances and fees ignore fund payouts for monthly annuity payments or, in the alternative, purchase of commercial annuities for those over 65 as well as for administrative costs. These considerations would produce only very minor alteration in estimated custodian fees. Total dividends are based on Department of Revenue mean revenue estimates.

STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

Revision Date \_\_\_\_\_

**REQUEST**

Bill/Resolution No: HB 222  
 Title: An Act amending the longevity bonus program and the permanent fund dividend programs; establishing an annuity program  
 Sponsor: Larson  
 Requestor: House State Affairs Committee

**FISCAL DETAIL**

Agency Affected: Revenue  
 Program Category Affected: General Government  
 BRU, Program of Subprogram(s) Affected: Permanent Fund Dividend - Enforcement  
 Date of Request: February 25, 1985

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

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<b>OPERATING</b>						
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 SUPPLIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
<b>TOTAL OPERATING</b>	-	-0-	-0-	-0-	-0-	-0-
<b>CAPITAL</b>	-	-	-	-	-	-
<b>REVENUE</b>	-	-	-	-	-	-

**FUNDING: (Thousands of Dollars)**

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
<b>TOTAL</b>	-	-0-	-0-	-0-	-0-	-0-

**POSITIONS:**

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

**ANALYSIS:** Please see attached analysis.

Prepared By: Thomas C. Williams  
 Division: Enforcement Division

Phone: 465-2366  
 Date: March 1, 1985

Approved by Commissioner: [Signature]  
 Agency: Revenue

Date: 3/4/85

Distribution (by Agency preparing fiscal note):

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

Alaska Department of Revenue  
Enforcement Division  
Analysis of HB 222  
March 1, 1985

The fiscal impact of HB 222 is \$-0- given the following assumptions.

1. Any necessary Garnishment EDP programming changes can be accomplished at least three months before the 1986 payment schedule begins.
2. Orders of Restitution are served on the Division just as any other garnishment document, such as writs or Orders to Withhold.
3. Deposit and fund crediting procedures for collections of erroneously paid annuities are kept simple and/or allocation between funds are determined by the Department of Administration.

STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

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

**REQUEST**

Bill/Resolution No: HB222  
 Title: An Act Amending the Longevity Bonus Program & Permanent Fund Dividend Program Establishing an Annuity Program and Providing an Effective Date.  
 Sponsor: Larson  
 Requestor:  
 Date of Request: February 25, 1985

**FISCAL DETAIL**

Agency Affected: Revenue  
 Program Category Affected: Revenue Collections  
 BRU, Program or Subprogram(s) Affected: Public Services

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

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<b>OPERATING</b>						
100 PERSONAL SERVICES	-	78.3	164.3	174.2	184.7	195.8
200 TRAVEL	-	13.5	25.2	27.2	28.8	31.1
300 CONTRACTUAL	-	404.5	414.6	138.5	138.7	139.0
400 SUPPLIES	-	2.0	.8	.9	1.0	1.1
500 EQUIPMENT	-	5.0	-0-	-0-	-0-	-0-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
<b>TOTAL OPERATING</b>	-	503.3	604.9	340.8	353.2	367.0
<b>CAPITAL</b>	-	-	-	-	-	-
<b>REVENUE</b>	-	-	-	-	-	-

**FUNDING: (Thousands of Dollars)**

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	503.3	604.9	340.8	353.2	367.0
<b>TOTAL</b>	-	503.3	604.9	340.8	353.2	367.0

**POSITIONS:**

FULL-TIME	-	5	5	5	5	5
PART-TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

**SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:**

**ANALYSIS:** See attached.

Prepared By: Sally Smith, Director  
 Division: Public Services

Phone: 465-2392  
 Date: March 1, 1985

Approved by Commissioner: [Signature]  
 Agency: Department of Revenue

Date: 3/7/85

Distribution (by Agency preparing fiscal note):

Legislative Finance

Legislative Sponsor

Requestor

Office of Management and Budget

Impacted Agency(ies)

ASSUMPTIONS

490,000 eligible individuals  
1986 application period, beginning April 1

PROGRAM SUMMARY

Public education and application assistance will be provided in rural and urban areas. Phone, letter and computer response to inquiries as well as application assistance will be provided at Public Service Centers in Anchorage, Fairbanks and Juneau, and forms distribution and application assistance will be available at various Legislative Information and Governor's Offices throughout the state.

Hearings on regulations to be promulgated for the new law will be conducted in various cities (Juneau, Anchorage, Fairbanks, Nome, Kotzebue, Barrow, Kodiak and Ketchikan).

Technical training will be provided for those individuals who will be assisting the general public.

EXPENDITURES

FY '86      FY '87

Personal Services

2 FT Document Proc. Clk 3 in Anchorage	30.5	64.1
2 FT Document Proc. Clk 3 in Juneau	30.5	64.1
1 FT Document Proc. Clk 3 in Fairbanks	17.3	36.1

The experience with the Permanent Fund Dividend start-up was that we had an insufficient number of telephone lines and insufficient personnel to handle the volume of "walk-ins." Being available to explain the program adequately could prevent the need to reopen filing as happened with 1982 and 1983 PFD's. Figures are calculated based on a hire date of January 1986.

Travel

Regulation Hearings		
Two employees to Anchorage, Fairbanks, Nome, Kotzebue, Kodiak, Barrow and Ketchikan	3.1	-0-
Administrative		
Anchorage, Fairbanks, and Legislative Information and Governor's Offices	10.4	25.2

Contractual

*1/Advertising Campaign	250.0	50.0
Postage	10.0	11.0
*2/Long Distance Charges	100.0	250.0
Computer Terminals (2)	8.5	17.2
Space Rental (Anchorage, Juneau)	36.0	86.4

<u>Office Supplies</u>	FY '86	FY '87
Supplies	2.0	.8
<u>Office Equipment</u>		
Desk, chair, filing cabinet, etc. for five new positions at 1.0	5.0	-0-

\*1/Advertising

The experience of the Permanent Fund Dividend program is an indication of the need for adequate advertising. Because of inadequacies, the PFD filing period was reopened for both 1982 and 1983 filing years. Public Services currently spends \$50,000 on contracts to work in and with rural Alaska for filing assistance. Communities which no longer receive assistance would again need this contact.

A public awareness campaign would provide basic information on the change in program expectations while providing the public with phone numbers and names of contractors for further information.

\*2/Long Distance Charges

Major telephone impact with the PFD was during check distribution in November and December. The figure for FY '86 is proportionately smaller than for FY '87 not only to reflect a six month period, but because that first six months is not during the high impact period.

POSITION TITLE Document Processing Clerk III				RANGE/STEP 10B	BARS. UNIT G	PAGE/LINE	CON.	APPROV.	DATE
TYPE OF POSITION PFT		STAFF MONTHS 6	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION JBA	ELECTION DISTRICT	LEG.	
CLASSIFICATION LEVEL				JUSTIFICATION					
ADDITION									
Type of Expenditure				AMOUNT					
1		2		3					
PERSONAL SERVICES									
Salary		12,810							
Benefits		4,394							
Supplemental Benefits									
Fixed Benefits									
TOTAL PERSONAL SERVICES		01		17,204					
Travel		02							
Contractual		03							
Commodities		04							
Equipment		05		1,000					
Other									
TOTAL COST				18,204					
RECEIPT CODE				FUNDING SOURCE					
				Federal Receipts 1002					
				C.F. Hatch 1003					
				General Funds 1004					
				I-A Receipts 1005					
				Program Receipts 1028					
				Other					
				18,204					
FOR BSM USE ONLY									
KEY NUMBER _____									

REQUEST FOR  
NEW POSITION

AGENCY Revenue

PROGRAM Revenue Collections & Management

BRU PFD

COMPONENT Public Services Operating

Page 1 of 1

Revised Date

FY 86

POSITION TITLE Document Processing Clerk III				RANGE/STEP 10B	BARG. UNIT G	PAGE/LINE	COV.	APPROV.	DATE
TYPE OF POSITION PFT	STAFF MONTHS 12	RP NUMBER	PCN NUMBER	BID PRIORITY	LOCATION EBA	ELECTION DISTRICT	LEG.		
CONTINUATION LEVEL				JUSTIFICATION					
ADDITION									
TYPE OF EXPENDITURE				AMOUNT					
1		2		3					
PERSONAL SERVICES									
Salary		22,716							
Benefits		7,792							
Supplemental Benefits									
Fixed Benefits									
TOTAL PERSONAL SERVICES		01		30,508					
Travel		02							
Instructional		03							
Utilities		04							
Equipment		05		2,000					
Other									
TOTAL COST				32,508					
RECEIPT CODE				FUNDING SOURCE					
				Federal Receipts 1002					
				C.F. Match 1003					
				General Funds 1004					
				I-A Receipts 1005					
				Program Receipts 1028					
				Other					
				32,508					
FOR BSN USE ONLY									
KEY NUMBER									

REQUEST FOR  
NEW POSITION

AGENCY Revenue  
PROGRAM Revenue Collections & Management  
BRU PFD  
COMPONENT Public Services Operating

Page 1 of 1

Revised Date

FY 86

POSITION TITLE Document Processing Clerk III				RANGE/STEP 10B	DARG. UNIT G	PAGE/LINE	COV.	APPROV.	DATE																																																														
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REQUEST FOR  
NEW POSITION

AGENCY Revenue  
PROGRAM Revenue Collections & Management  
BRU PF0  
COMPONENT public Services Operating

Page 1 of 1

Revised Date

FY 86

Assumptions:

1. The Longevity Bonus Program is good public policy, and -
2. The Longevity Bonus Program should be continued for all present recipients and -
3. If the present program is good public policy and should be continued for present recipients, it is therefore reasonable to assume that we should establish a new good public policy Longevity Bonus Program that will provide similar benefits to our future elderly, and -
4. That we should continue this unique Alaskan program in the spirit of the original Longevity Bonus Program by establishing a new program that recognizes long term contributions to our Alaskan society, and -
5. That the program should provide benefits to individuals based upon contributions made over a period of years and should not discriminate against long time Alaskans, and -
6. That any new program must meet guidelines set forth by the U.S. Supreme Court in relation to residency and not leave any future Longevity Bonus Program subject to legal litigation, or limit the benefits to individuals on the basis of need, and -
7. That we need to find a permanent long term method of funding for the Longevity Bonus Program that covers both the present recipients and the future recipients, and -
8. With our decline in State oil revenues, we should consider alternative funding sources, for the Longevity Bonus Program, other than the General Fund, and -
9. That the Permanent Fund Dividend Program was established by Alaskans to provide each individual Alaskan with a share of the wealth derived by the state of Alaska from our oil revenues, and -
10. That all individual Alaskans should assume some responsibility for their own future well being, and therefore each individual Alaskan should contribute toward a program that will provide them future benefits and security.

It is for these reasons that I present the following concepts for consideration by the House State Affairs Committee and the citizens of Alaska. I believe that we have many public policy decisions to make.

They are: What type of Longevity Program should we establish? Should we continue to use General Fund revenue at 50 million plus per year? or, Should we consider using portions of the Permanent Fund Dividend to fund the Longevity Bonus program? If we choose using the P.F.D. should this participation be mandatory or voluntary? What about using the interest earnings of the Undistributed Income Account? Who should make these decisions, the Legislature or the voters?

by REP. RON LARSON

- I. 65 years of age, and over: Grandfathered into present program with the following provisions:
  - a. Gross Income under \$25,000 = \$250/month and retain Permanent Fund Dividend.
  - b. Gross Income over \$25,000 = \$250/month and forfeit Permanent Fund Dividend.
  - c. Program payed for out of interest earnings from the Undistributed Income Account, thereby relieving the Longevity Bonus Program from its annual dependency upon funding by the Legislature from the declining General Fund revenues.
- II. Those presently under 65 years of age:
  - a. HB 222 would establish a declining Longevity Bonus Program (A form of stairstepping, but with declining Bonus amounts, not by increasing the age of eligibility) and a Mandatory Annuity Program.
  - b. The Annuity Program would be funded by mandatory deductions from each individual's Permanent Fund Dividend check. This money would then go to the individual's Annuity Account. An individual would be eligible to start receiving Annuity payments once they reach age 65. The amount they receive would depend upon the number of annual annuity contributions they made and upon whatever matching contributions or front loading the Legislature may wish to make to improve the Program.
  - c. If a person leaves Alaska they would no longer be eligible to purchase annual Annuities. However, they could leave their Annuities in the Program and be eligible for benefits, according to the number of Annuities they had purchased, regardless of where they live, once they reach Age 65 or they could withdraw their money, plus interest when they are no longer a resident of Alaska.
  - d. This Annuity Program would require a mandatory deduction from each individual's Permanent Fund Dividend check and would place that money into their individual Annuity Accounts.
  - e. The declining Longevity Bonus Program under this concept would be funded from the interest earnings from the Undistributed Income Account.
- III, Special Comments:
  - a. The present Longevity Bonus Program that was grandfathered in and the declining Longevity Bonus Program will eventually fade away.
  - b. The Annuity program, funded by deductions from the Permanent Fund Dividend Account would completely take over in the future and thereby entirely freeing any dependency on General Fund revenues, or interest earnings from the Undistributed Income Account.
  - c. Provision for increasing the size of Bonus or Annuities would be left up to future Legislatures.
  - d. Hold harmless decisions would be the same regardless of what type of program the Legislature decides upon, except for a need base program.

In closing I want to stress that this is being presented to you as another alternative for your consideration. It contains many Public Policy decisions, some of which you may feel should be more properly be made by the Voters, but I think this is the place and the time to start discussing them.

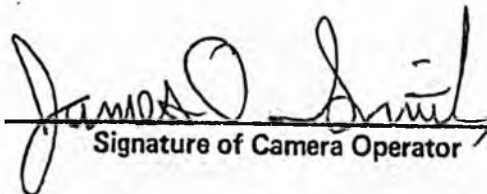
I would also like to state that, I am refining this concept even further. If the committee is interested I would like to discuss with you still another idea within this concept. An idea that can accomplish all we have been discussing, but in a much more direct approach and with a much reduced cost figure. To do this it would require a sponsore substitute or a committee substitute Bill. Please let me know if you feel that you would be interested in helping me pursue this idea further. Thank you!

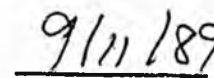


# RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

  
Signature of Camera Operator

  
Date

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STATE OF ALASKA  
THE LEGISLATURE

POUCH Y STATE CAPITOL  
JUNEAU, ALASKA 99811  
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 8, 1985

SUBJECT: Sectional Analysis of HB 224  
(Work Order No. 14-0198)

TO: Representative M. Mike Miller

FROM: George W. Edwards *GWE*  
Legislative Counsel

This is in response to your request for a sectional analysis of HB 224 concerning mandatory use of safety devices.

Section 1 AS 28.05.095 is repealed and reenacted. Sub-section (a) contains new language that prohibits a person from occupying an operating motor vehicle unless restrained by a seatbelt, except as noted in subsection (c).

Subsection (b) contains the same language currently found in AS 28.05.095(a). It provides that except as noted in subsection (c) a driver may not transport a child under seven years of age in a motor vehicle unless the child is properly secured. A child less than four years of age must be secured in a child safety device. A child between four and six must be secured in a child safety device or in a seatbelt, whichever is appropriate for the particular child. A child safety device must be approved by the US Department of Transportation for the particular size and age of the child using it.

Subsection (c) provides that subsections (a) and (b) do not apply to

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

(2) a person or class of persons for whom the commissioner determines under AS 28.05.096 that the use of a safety device is impractical because of a medical or physical condition;

(3) a person otherwise required to be restrained if the motor vehicle is not equipped with seatbelts; or

(4) a motor vehicle exempt under AS 28.10.011(11) as it is driven on a highway or vehicular way not connected to the state highway system established under AS 19.10.020.

Subsection (d) prohibits a person from removing vehicle seatbelts to qualify for an exception under this law.

Section 2 AS 28.05.096(a) is amended to authorize the commissioner of public safety to adopt regulations beyond those already in place for children that may exempt any person from a safety device requirement if impractical because of a medical or physical condition.

Section 3 AS 28.05.099(a) is amended to indicate the appropriate subsection designations under the proposed legislation. There is no substantive change in this section which makes violation of this law an infraction and subjects an offender to a point assessment.

Subsection (b) is amended to indicate the appropriate subsection designation under the proposed legislation. There is no substantive change in this section which permits dismissal of a charge when the absence of a required safety device is remedied within 30 days unless the offender violated the same law on a previous occasion.

GWE:csh  
c3/032

Position Paper

House Bill 224

For an Act entitled: "An Act relating to mandatory use of safety devices."

This act repeals and reenacts AS 28.05.095 to require that "a person may not occupy a motor vehicle while in operation unless restrained by a safety belt," except that a child under four years of age shall be properly secured in a child safety device meeting U.S. DOT standards. (This latter section was included in CS SB 163, which passed the Legislature in 1984.)

This bill also would exempt passengers in school buses or emergency vehicles, passengers in vehicles not equipped with seat belts, or persons exempted by public safety regulations if a safety device is impractical because of physical or mental disorders.

The Department of Health and Social Services strongly supports passage of this bill for the following reasons:

- 1) Motor vehicle accidents are a leading cause of death, injury, and long-term disability;
- 2) Numerous studies have shown that seat belts and other approved vehicle restraint systems, such as child safety devices, substantially reduce the likelihood of death or injury to motor vehicle occupants involved in crashes.
- 3) Efforts to educate the public about the benefits of seat belts have resulted in fewer than 2 of every 10 vehicle occupants voluntarily using safety belts while occupying motor vehicles in operation.

BACKGROUND

Motor vehicle crashes are the leading cause of death of persons between 1-34 years of age. For teenagers, car crash fatalities outnumber the next five causes of death combined.

Nationwide, a total of 470,000 persons have died on America's highways in the past decade. Every year 40,000-50,000 persons are killed in auto accidents in the United States, and more than 300,000 persons suffer moderate to critical injuries, many of them young people who will never work again and who will be dependent for the rest of their lives. Motor vehicle crashes have resulted in significantly more deaths and injuries to Americans than all of the wars that have been fought by American troops since the American Revolution.

In Alaska, accidental death has been the leading cause of death for the past several years. Motor vehicle accidents have alternated with drowning as the leading cause of accidental death, with 132 in 1978, 91 in 1979, 88 in 1980, 100 in 1981, 107 in 1982, 150 in 1983, and 134 in 1984.

During the past year New York, New Jersey, and Illinois have passed mandatory seat belt legislation, and several other states have similar bills under consideration.

Worldwide, about 30 countries have mandated seat belt use. In Canada, four provinces have enacted mandatory seat belt use laws. According to Canadian researchers, without high levels of enforcement, use rates of about 50 percent prevail where mandatory use laws have been enacted, significantly higher than where no seat belt use law is in force. With intense enforcement, rates of 80% have been achievable. Belt use in provinces without seat belt laws remained at approximately 10-15 percent, about the same as observed rates in the United States in areas where belt use is still voluntary.

The overall relative fatality reduction was 11 percent in the four Canadian provinces studied. Reductions in British Columbia and Saskatchewan were 24 percent and 22 percent respectively.

Great Britain's mandatory seat belt law, which took effect in 1983, resulted in an increase in use rates from 40 percent before the law to 95 percent after the law. Front seat occupant fatalities reportedly were reduced by 23 percent, injuries by 26 percent.

According to the the Division of Insurance, Department of Commerce and Economic Development, bodily injury claims payments for private passenger non-fleet automobile liability in Alaska, in 1983, totaled \$6,711,670. For the first 3 quarters of 1984, the total was over \$7,873,680, reflecting a significant increase in paid losses. These figures do not include paid losses from other third party payers, such as Medicare, Medicaid, General Relief Medical, Indian Health Service, or Workers Compensation. Clearly, in addition to the unacceptable losses from premature death and disabilities, auto crashes create a significant financial burden, shared by all citizens.

Nationwide, in 1983, 10 children died in school bus crashes and thousands were injured. Therefore, we recommend that this bill be amended to require that all new school buses include seat belts, which are estimated to cost approximately \$965.00 extra in a 66 passenger bus.

Driving on publicly funded streets and highways is a privilege, regulated by governments through licensing of drivers, traffic laws, and law enforcement. Therefore, the Department of Health and Social Services does not believe it is unreasonable to require drivers and passengers to use approved safety devices while driving or riding in motor vehicles on public roads. Fastening a seat belt takes less time than stopping at a stop light. Once people get into the habit of wearing seat belts, we believe they will routinely fasten seat belts regardless of the likelihood of being detected by law enforcement officers.

**POSITION PAPER/Department of Health & Social Services**

Mandatory seat belt legislation is needed to complement laws against driving while intoxicated and other law enforcement measures, emergency medical services, and highway safety design, in order to significantly reduce deaths and injuries on Alaska's highways.

POSITION

The Department of Health and Social Services strongly supports this bill because we believe it will result in significant decreases in deaths and injuries from motor vehicle accidents on Alaska's highways. However, we recommend that only school buses currently in use be exempted, and that new school buses be required to have seat belts.

Recommended by: Robert I. Fraser  
Robert I. Fraser, M.D.  
Director  
Division of Public Health

Date: 3/21/85

Approved by: John R. Pugh  
John R. Pugh, Commissioner  
Department of Health and  
Social Services

Date: 3/22/85

STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

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

REQUEST

Bill/Resolution No.: HB 224  
 Title: An act relating to mandatory use of safety devices  
 Sponsor: M.M. Miller  
 Requestor: \_\_\_\_\_  
 Date of Request: \_\_\_\_\_

FISCAL DETAIL

Agency Affected: Health & Social Services  
 Program Category Affected: Health; Social Services  
 BRU, Program or Subprogram(s) Affected: State Health Services BRU, Administrative Services, Emergency Medical Services, and Medical Assistance BRU

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<b>OPERATING</b>						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
<b>TOTAL OPERATING</b>	-0-	-0-	-0-	-0-	-0-	-0-
<b>CAPITAL</b>	-0-	-0-	-0-	-0-	-0-	-0-
<b>REVENUE</b>	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

Enactment of HB 224 would have no fiscal impact on the Department of Health and Social Services.

Prepared By: <sup>RIF/DD</sup> Robert I. Fraser, M.D.  
 Division: Public Health

Phone: 465-3090  
 Date: March 6, 1985

Approved by Commissioner: [Signature]  
 Agency: Department of Health & Social Services

Date: 3/22/85 JCC

Distribution (by Agency preparing fiscal note):  
 Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget

STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

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

REQUEST

Bill/Resolution No.: HB 224  
 Title: Mandatory Use of Safety  
           Devices  
 Sponsor: M.M. Miller  
 Requestor: House State Affairs  
 Date of Request: 2-28-85

FISCAL DETAIL

Agency Affected: Public Safety  
 Program Category Affected: Life and  
                                   Property Protection  
 BRU, Program or Subprogram(s) Affected:  
                                   Highway Safety

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<b>OPERATING</b>						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
<b>TOTAL OPERATING</b>	-0-	-0-	-0-	-0-	-0-	-0-

<b>CAPITAL</b>						
----------------	--	--	--	--	--	--

<b>REVENUE</b>						
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FUNDING: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<b>GENERAL FUND</b>						
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<b>FULL-TIME</b>						
<b>PART-TIME</b>						
<b>TEMPORARY</b>						

ANALYSIS: Attach a separate page if necessary

Prepared By: T. Michael Lewis Phone: 465-4374  
 Division: Highway Safety Date: 2/26/85  
 Approved by Commissioner: *T. Michael Lewis* Date: 2-28-85  
 Agency: Public Safety

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



# Alaska State Legislature

## House

Official Business

Pouch V  
State Capitol  
Juneau, Alaska 99811

MEMORANDUM  
February 19, 1985

TO: Rep. Mike Miller

FROM: denise zachary

RE: Mandatory Seat Belt Law F A C T S H E E T

---

Federal Rule:

Secretary Dole (1984) ordered automatic protection in all new 1990 model cars, unless 2/3 of nation's population adopts state mandatory use laws by April 1, 1989. (this means a minimum of 16 states) Laws must be in effect and enforced by September 1, 1988.

D.O.T. stipulated that states implementing M.U.L. (Mandatory Use Laws) must provide that penalties for violator's not be less than \$25.00.

To encourage air bag, and other technological development, D.O.T. will provide auto companies a credit of 1.5 cars for using technology other than automobile seat belts toward their incremental percentage requirements for auto restraint production.

Dole also announced a joint private sector- U.S. Department of Transportation education campaign on belt use and passive restraints to total \$40 million (\$20 million from private sector, \$20 million of U.S. DOT).

States and State Legislatures:

New York: First state to pass adult mandatory use law, effective Jan. 1, 1985. (Bill was signed into law the day Sec. Dole announced revised rule.)

Bill Provides:

- . all back seat passengers under 4 yrs. shall be restrained in safety seat which meets Federal Motor Vehicle Safety Standards; passengers under 10 yrs. shall be restrained in safety belt
- . all front seat passengers under 16 yrs. shall be restrained in safety belt, or if under 4 yrs. child safety seat - driver pays fine
- . motor vehicle operators shall be restrained by safety belt
- . penalty for violation is civil fine up to \$50.00
- . does not apply to passenger or operator with a physically disabling condition that would prevent appropriate safety restraint
- . Governor's Traffic Safety Committee shall initiate educational program to encourage safety belt and safety seat usage

New Jersey: Signed by Governor on Nov. 8, 1984; effective March 1, 1985.

Bill Provides:

- . each driver and front seat passenger shall wear seat belt; child under 5 yrs. shall be fastened in safety seat
  - . act does not apply to driver or front seat passenger if automobile was manufactured before July 1, 1966; if they possess written verification from licensed physician stating inability to wear because of physical or medical conditions; automobile is not required to be equipped with safety belt system under federal law; automobile is operated by a rural letter carrier of U.S. postal service
  - . violations: 1st offense = warning;  
2nd offense = \$5.00 fine  
3rd & subsequent offense = \$20.00
- persons violating act 5 or more times in 3 yr. period shall not be granted driver's license renewal
- . state employees who drive state owned vehicles shall wear seat belts
  - . Director of Div. of Motor Vehicles shall study effectiveness of this act and submit report of Legislature
  - . Office of Highway Safety shall seek out any funds available from federal government for implementation of this act; funds should be directed to Div. of Motor Vehicles
  - . F.N. = \$25,000.00 from G.F. (for implementation)

Illinois: Third state to pass mandatory seat belt use law. Signed by Governor on January 8, 1985; effective July, 1985.

Bill Provides:

- . requires drivers and front-seat passengers to wear seat belt
- . maximum fine is \$25.00
- . offenders will be charged only when stopped for another traffic violation

Outlook in Other States: (9/8/84)

Michigan: 4 votes short of passage in House; plans to reintroduce next legislative session

Pennsylvania: several belt use laws introduced; amendment adopted to House PASSED bill requiring learner permit holders to wear belts

Texas: major educational program is underway to increase belt use among state employees; child restraint bill passed last year (only Wyoming remains w/out such a requirement)

California: Governor has taken no position on belt use; is studying proposal to raise state's child restraint law to cover children up to 7 yrs.; Senate is pushing legislation to require state vehicles to be equipped with airbags

Massachusetts: Governor promoting educational campaign to increase voluntary belt use; E.O. issued to require public employees to wear seat belts when driving on state business

Other States, cont.

Ohio: Governor E.O. requiring state employees to wear seat belts while on state business

\* Brooklin, Ohio: only U.S. municipality with mandatory seat belt law; enacted in 1966 by unanimous city council vote; penalties =  
1st violation: oral reprimand; 2nd violation: \$2.00; 3rd: \$5.00

Virginia: bill died in committee last year

Private Sector:

Auto Industry: \$20 million educational campaign managed by Motor Vehicle Manufacturer's Association was formed to encourage enactment of safety belt use

Ford Motor mandated that automakers equip 5% of their production with automatic seat belts or air bags

Ford Motor Company will offer airbags on two 1986 model cars; will provide 5000 driver bag cars for government's fleet

Mercedes-Benz is only car currently offering driver's air bags; purchase is optional: \$880.00

Insurance Industry: State Farm, Nationwide, American Insurance Assn., National Assn. of Independent Insurers, and others filed suit (September 1984) claiming Dole Decision illegally makes Federal auto safety standards dependent on state action and violates congressional requirement that national safety standards be uniform

Case Arguments:

- . does not cover all new car production until 1990 causing "intolerable time lag"
- . do not agree with recinding Dole Rule if 2/3 of states enact seat belt use legislation
- . if only 16 states pass legislation, 75 million people in 34 states will be without seat belt requirements

Many insurers offer a 30% discount on 1st party medical premiums for owners of cars equipped with airbags and give slightly lower discounts for automatic seat belts

Other Interest Groups: Health and consumer groups are in strong support of automatic protection and support passive and mandatory seat belt use laws

EXPECTED IN 1985:

many states working on different versions of model laws and amendments to be offered to bills already introduced

U.S. Court of Appeals to hear insurance v. Dole lawsuit

U.S. DOT's plan for educational campaign likely to be closely scrutinized by Congress, especially House Appropriations Committee

Statistics:

Belt Use:

Deaths and injuries declined in four Canadian provinces (Ontario, Quebec, Saskatchewan, British Columbia) after mandatory seat belt use laws were enacted, but reductions in deaths and injuries were not as much as anticipated.

. driver seat belt use rate increased in B.Columbia and Saskatchewan to 60%; and 68% in Quebec

. rates were found to be highly dependent on enforcement levels

\* belt use in provinces without seat belt laws remained virtually unchanged

Fatality and Injury Rates:

. in Quebec and Saskatchewan, no significant changes were found in fatality rates

. Ontario has had a reduction in motor vehicle occupant injury rate and fatality rates

. injury rates did not change in Quebec or B.Columbia, but there was a reduction in Saskatchewan's injury rate

\* provinces without laws also experienced reductions in both fatality and injury rates

The overall fatality reduction was 11% in the four provinces studied. The overall reduction in motor vehicle occupant injuries was calculated at 6%.

Great Britain's mandatory seat belt law, which took effect in 1983, reduced fatality rate by 23% and injuries by 26%.

Other Facts:

30 countries have seat belt laws. Victoria, Australia, in 1970, became the first major jurisdiction in the world to mandate seat belt use.

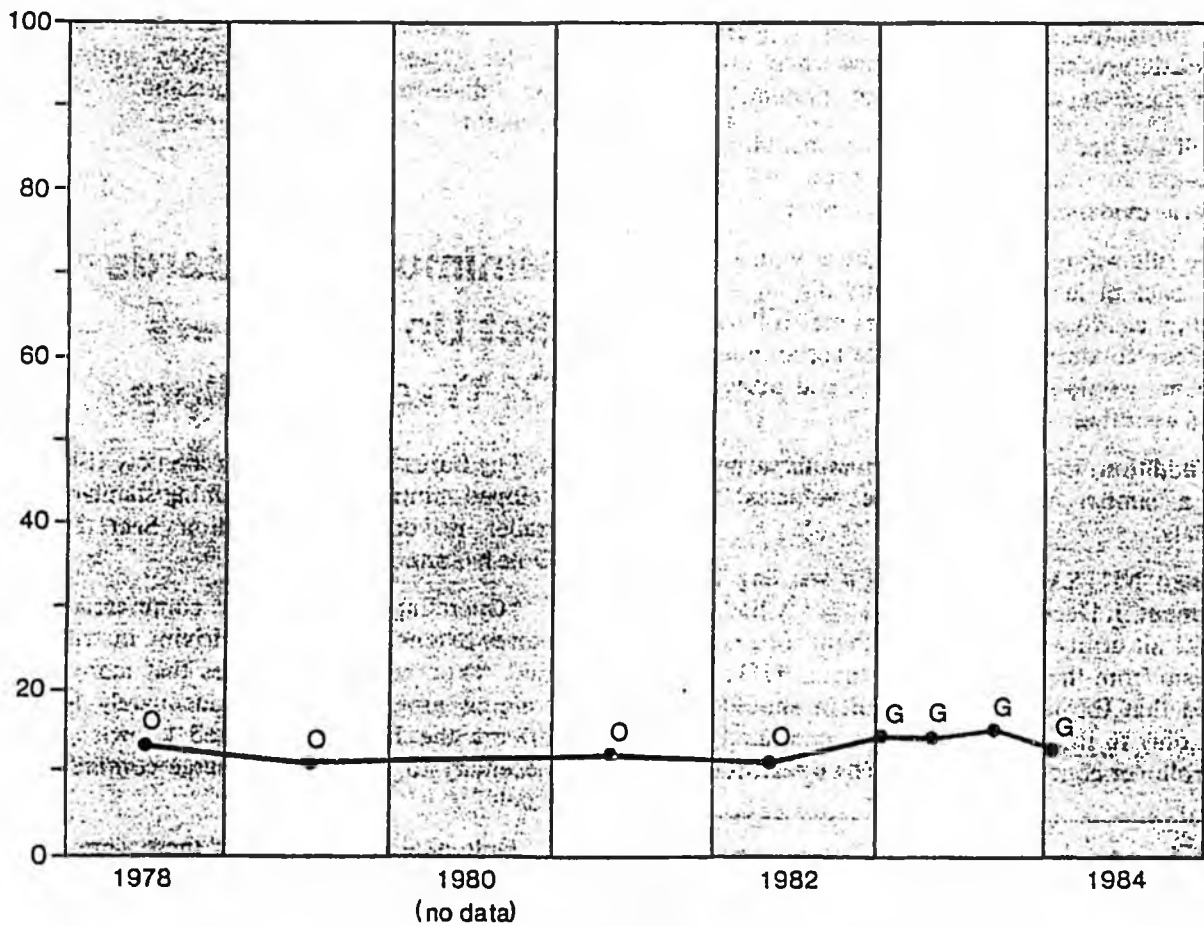
Some states are inserting provisions to prevent their laws from being counted toward the 2/3 qualifying U.S.D.O.T. Rule

- . using less than the \$25.00 required fine
- . inserting language that mandatory seat belt use law would cease to effective immediate upon date that Secretary of U.S. Dept. of Transportation recinds rule requiring installation of automobile restraints

\* State mandatory usage laws are not an alternative to automatic restraint crash protection, rather, they are a compliment. If only 16 states pass legislation, 75 million people in 34 states will be without seat belt requirements.

## No Increase Seen in Seat Belt Use

The latest results from government surveys between December 1983 and February 1984 show that, if anything, belt use has dropped slightly to 13 percent, down from 14 and 15 percent in 1983. This was despite the federal government's \$27 million campaign and private sector efforts to increase seat belt use. (The 1983 increase coincided with a change in contractor from the Opinion Research Corp. to Goodell-Grivas and new observation methods.) The National Highway Traffic Safety Administration has told Congress that it hopes to raise belt use to at least 25 percent by the end of 1986.



**Percent of Drivers Wearing Seat Belts  
NHTSA National Surveys  
From 1978 — 1984**



# Growing Number Of Americans Concerned About Auto Safety

By George Gallup

PRINCETON, N.J. — The enormous attention recently given drunken driving may have caused many Americans to become concerned about the hazards of driving and more attentive to safety measures:

1. More people today are buckling up, with 25% today, compared to 17% two years ago, saying they used a seat belt the last time they got into a car.

2. A growing number of Americans favor a law that would fine non-seat belt users, with 30% in the latest survey in favor of hitting offenders with a \$50 fine, a law now in effect in New York State.

3. By a 2-to-1 ratio, Americans favor a law that would require all new cars to be equipped with air bags. Also support slightly outweighs opposition 50% to 44%, on a law that would require all new cars to have automatic seat belts.

4. The growing concern of Americans about auto safety is reflected in the fact that 79% favor a national law that would raise the legal drinking age to 21 in all states. Backers claim the law would significantly reduce drunk driving.

5. Gallup surveys over the last decade have shown that majorities of 70% or more consistently have favored keeping the present 55-mile-per-hour national speed limit.

Here is the question on seat belt usage:

*Thinking about the last time you got into a car, did you use a seat belt, or not?*

Here is the trend, showing a steady decline from 1973 until this year's upturn:

	Seat Belt Use (Percent using)
May 18-21.....	25%
1982.....	17
1977.....	22
1973.....	28

A comparison of the latest and 1982 findings shows the recent increase in seat belt use to have been "across the board," that is, about equally by age, sex, and education.

Use in the West, however, has shot up from 24% two years ago to 35% today.

This question was also asked:

*Would you favor or oppose a law that would fine drivers and front seat passengers \$50 if they did not wear seat belts when riding in a car?*

Opposition prevails, by 65% to 30%, but support is 11 points higher today than in 1982 when a similar question was asked.

The percentage backing the proposed law is higher among women (33%) than men (26%) and among the college-educated (35%) than those with less formal education (26%).

### Air Bags Favored By 2-To-1

Air bags are favored by a 2-to-1 margin, 60% to 31%, with support highest among Easterners (71%) and persons 18 to 29 years old (75%).

The question and national findings:

*Would you favor or oppose a law that would require all new cars to be equipped with air bags that would inflate to protect the occupants of the front seats on impact in an accident?*

### Air Bag Requirement

Favor.....	60%
Oppose.....	31
No opinion.....	9
	<hr/> 100%

Here is the question on automatic seat belts and the national results:

*Would you favor or oppose a law that would require all new cars to be equipped with seat belts that, without any action on the part of the driver, would lock automatically in place when the doors are closed?*

**Automatic Seat Belts**

Favor .....	50%
Oppose.....	44
No opinion .....	6
	<hr/>
	100%

The question about fining non-users of seat belts was asked in an in-person survey of 1,256 adults, 18 and older, interviewed June 29-July 1, in scientifically selected localities across the nation. The other questions are based on 1,516 in-person interviews conducted during the period May 18-21.

For results based on the smaller sample, one can say with 95% confidence that the error attributable to sampling and other random effects could be 4 percentage points in either direction. For the other findings, the sampling error could be plus or minus 3 points.

insurance  
institute  
for  
highway  
safety

the highway loss reduction

# Status Report

Vol. 19, No. 9

May 26, 1984

## Dole Issues Another Notice Seeking Data On Automatic Restraints

Transportation Secretary Elizabeth Dole has issued a new notice of proposed rule making on the issue of whether or not new cars should be equipped with automatic seat belts or air bags.

Dole said she still intends to issue a final rule in July, but Neil Eisner, assistant general counsel for regulation and enforcement, said the department's July 11 goal may be unattainable. (See *Status Report*, Vol. 19, No. 8, May 12, 1984.) In any event, the department must announce some decision soon — even another delay — because the automatic restraint provisions of Federal Motor Vehicle Safety Standard (FMVSS) 208 have been postponed only until September 1. (See *Status Report*, Vol. 18, No. 13, Sept. 20, 1983.)

General Robert F. McDermott, chairman of the National Association of Independent Insurers and head of United Services Automobile Association, called the supplemental notice a "stall."

"By opening up the record for 30 more days for additional 'comments,' DOT seems almost certain to be guaranteeing another delay from its previous 'delay date' " of July 11, McDermott said. "Moreover, the new alternatives suggested by DOT further indicate a desire to stall implementation, if not eliminate completely the possibility of their use in saving lives," he added.

In the supplemental notice, published in the May 14 issue of the *Federal Register*, Dole said that despite the 6,000 comments received in response to the department's October notice, "there remains significant uncertainty concerning the very issues the Supreme Court directed the agency to assess and explain further."

She complained about the "paucity of hard data" on the question of public acceptability and usage of au-

tomatic seat belts, and the "suitability of air bags as a mandatory crash protection system."

The notice also asked for comments on four new alternatives to reinstating the automatic restraint rule. They are:

- Adoption of a "mandatory demonstration" program modeled on a Ford Motor Co. proposal to require automakers to produce air bags or automatic seat belts for 5 percent of their annual production over a four-year period. (See *Status Report*, Vol. 18, No. 18, Dec. 19, 1983.)

(Cont'd on page 2)

## Motor Vehicle Crashes Are a Major Cause Of Emergency Room Visits

A comprehensive study providing population based injury statistics by cause, age, and sex shows that injuries — particularly those caused by motor vehicle crashes — are a major cause of emergency room visits, hospital admissions, and death.

The study is based on more than 8,000 emergency room visits to 41 of 42 acute care hospitals in five northeast Ohio counties in 1977; it follows another conducted by the Case Western Reserve University with support from the Insurance Institute for Highway Safety. (See *Status Report*, Vol. 18, No. 11, July 27, 1983.)

Overall, the annual rate of emergency room visits for injuries of all kinds was 194 per 1,000 residents, the researchers reported. For both sexes, total injury rates were highest in the 15 to 24 age group. The main causes of injury for this age group were motor vehicle crashes, cuts, falls, over exertion, and assault. Injuries caused by falls were highest among the very young and the very old.

Up to age 55, injury rates for males exceeded those for females.

(Cont'd on page 4)

## **Dole Issues Another Notice Seeking Data on Automatic Restraints (Cont'd from page 1)**

- A requirement that small cars be equipped with air bags on the driver side only.
- An automatic restraint requirement for all cars manufactured after a certain date; however, such a requirement would be waived for vehicles sold to residents of a state that had enacted a mandatory seat belt use law.
- An automatic restraint requirement for all cars manufactured after a set date unless three-fourths of the states have enacted mandatory belt use laws prior to that date.

Some officials of the National Highway Traffic Safety Administration (NHTSA) said they were embarrassed by the latest proposed alternatives. Some said Dole's proposals to tie automatic restraints to state passage of mandatory belt use laws were unworkable, while others noted that state action cannot be a substitute for the agency's legislative mandate to regulate auto safety.

Although NHTSA has provided analytical data to the decision makers, staffers say its top-ranking officials have been excluded from the latest rule making activity. According to these sources, the matter has been handled almost exclusively by Dole's general counsel, Jim Burnley and his staff. Said one official, who noted that many NHTSA officials have been intimately involved with FMVSS 208 over its 15-year-history, "Perhaps they didn't ask us because they knew what our recommendation would be."

Dole said the main issues upon which the department still has outstanding questions are the following:

**Public acceptability** — Noting that State Farm Mutual Automobile Insurance Co. had submitted a legal rationale for incorporating consideration of the "public acceptability" of an automatic restraint rule (see *Status Report*, Vol. 19, No. 8, May 12, 1984), Dole asked for public comment on State Farm's view that the government need only consider whether the public will tolerate and use the systems, not whether they are popular.

**Benefits** — Dole also criticized insurance companies, saying that they have been "generally reluctant to commit to any specific premium reduction because, they stress, premiums are based on actual loss experience. Therefore, we cannot be certain that consumers would receive any reductions."

Dole asked insurers to provide information on the entire amount of insurance savings — not just reduc-

### **Quoted Without Comment**

Impact protection benefits for air bags do not depend on usage since the occupant does not have to do anything. However, for maximum protection, a lap belt should also be used....As to whether air bags will deploy when they should, the department believes that air-bag technology is reliable and that air bags function properly (they will not activate inadvertently and they will activate when they should) in virtually all instances. The automobile manufacturers agree.

—Excerpted from the Department of Transportation's Docket No. 74-14, Supplemental Notice 35, on occupant crash protection.

tions in medical coverages but liability coverages as well — and whether all of the insurance savings accrued from a universal automatic restraint rule would be passed on to consumers. Many insurers already offer a 30 percent discount on first party medical premiums for owners of cars equipped with air bags and slightly lower discounts for automatic belts.

Dole also asked why insurers fail to provide incentives for use of manual belt systems. (See accompanying story on Nationwide's incentive program, Page 3.)

A 1980 report to Congress by the National Academy of Sciences concluded that reductions in insurance premiums for belt use or increases in benefits are "easy to rationalize and difficult to apply." Because a 10 or 20 percent reduction in first party medical coverages would be a relatively small dollar amount, the Academy said it would appear that such incentives "provide little incentive to change behavior."

In addition, offering increased medical benefit payments to crash victims also would seem to offer little incentive to drivers, the Academy said, because "policyholders may perceive that their chances of being involved in an injury producing crash are very small," and they may perceive that such a benefit "is more apparent than real" because most injuries to belted occupants are of a minor nature. (See *Status Report*, Vol. 15, No. 7, May 6, 1980.)

**Test Procedures** — As a result of repeatability crash tests conducted as part of NHTSA's new car assessment program, the agency has revised its dummy positioning test procedures to lower the variability of crash test results. Dole said it would adopt those test procedures for FMVSS 208.

Dole also said the agency proposes to eliminate a 30 degree oblique test requirement now required under FMVSS 208 crash test procedures, in response to a

Ford Motor Co. request. Such a revision would have a minimal impact on safety, while saving manufacturers money and lead time, Dole said.

She also asked for comments on whether a different head injury criterion value would provide adequate protection for occupants who do not experience head contact with the vehicle interior.

**Effectiveness** — Since the department issued its first rule making notice, estimates of the effectiveness of automatic seat belts, manual belts, and air bags have been revised by a special task force. (See *Status Report*, Vol. 18, No. 16, Nov. 7, 1983.)

Dole asked for comments on the task force's new evaluation and also said she is seeking additional data concerning the likely usage rates for automatic seat belts.

Comments on the new proposals should be filed by June 13, although late comments will be accepted and, to the extent possible, considered by DOT. All comments must not exceed 15 pages in length, although appendices may be attached. They should be sent to Docket Section, Rm. 5109, 400 Seventh St., SW, Washington, D.C. 20590.

## **Study Shows Insurance Incentive Does Not Increase Seat-Belt Use**

A new study to assess the effects of increased benefits to Nationwide policyholders who are injured or killed in crashes while wearing their seat belts shows the longstanding incentives have had no effect on belt use.

The independent study, conducted by Yale researcher Leon Robertson, was submitted to Transportation Secretary Elizabeth Dole, who has — as part of her latest rule-making notice on Federal Motor Vehicle Safety Standard (FMVSS) 208 — questioned insurers about providing economic incentives for belt use. (See , Page 1.)

In his letter to Dole, Robertson noted General Motors' recently publicized \$10,000 death benefit for drivers of new GM cars who die while wearing a seat belt in a crash. "I am confident," said Robertson, "in view of the results of the Nationwide benefit, that future research will find the GM offer has no effect on belt use."

Robertson noted that since 1963, Nationwide Insurance Co. has offered a 50 percent increase in compen-

sation to clients who are injured or killed while wearing their seat belts. In early 1983, Nationwide announced it would double its compensation for injuries to belted clients, and would pay out an additional \$10,000 death benefit to anyone insured by the company who died in a crash while wearing a belt.

### **Nationwide Mailing to Policyholders**

Nationwide conducted mailings to policyholders throughout the country; and in Connecticut, where Robertson conducted the study, advertisements were placed in local media. In addition, Nationwide sent notices about the increased benefits to policyholders with their bills.

Shortly thereafter, a January 1984 survey at sites in New Haven and the Hartford area was conducted. Drivers at the sites were observed for belt use and their licenses were traced for declaration of insurer.

Belt use and insurance data were available for 1,049 drivers. Belt use among Nationwide's drivers was 9 percent compared with 13 percent for those insured by other companies, a figure within the range of fluctuation expected in a sample of that size, Robertson reported. Thus, belt use among the Nationwide policyholders cannot be considered significantly different.

"It is doubtful that insurance incentives have an effect on belt use," he reported. "Despite the advertising and notices of Nationwide's increased incentive, belt use among drivers insured by the company is no greater than that of drivers insured by other companies."

### **'Most Likely Effect Is No Effect'**

He noted that data on belt use prior to the increased incentives was not available, but concluded, "it is unlikely that belt use by drivers insured by Nationwide was less prior to the announced increment. The most likely effect is no effect."

In his letter to Dole, Robertson said, "As one who has followed the proceedings regarding FMVSS 208 since 1971, and has done more belt use studies than anyone else in the world, I continue to be amazed that there are those who believe that substantial and sustained increases in belt use can be obtained sufficient to forego the need for improved automatic restraint protection in cars."

He urged Dole to reinstate the rescinded rule "without further delay."

## Belt Use in Britain

Britain's experience with its new belt use law has brought about an "impressive" change in belt use habits and important reductions in fatalities. However, the reduction has fallen "far short of expectations," the Insurance Institute for Highway Safety has reported.

In the first 11 months since the United Kingdom's belt use law has been in effect, seat belt use has climbed from less than 40 percent to 95 percent, the Parliamentary Advisory Council for Transport Safety has reported. Along with it has come a 23 percent lowering in fatalities among front seat occupants of cars and light vans.

That figure falls short of the expected 34 percent reduction in fatalities that — given the observed usage rates — should have followed.

In studies from other countries, researchers have found that belt use laws — even with widespread compliance — often fail to live up to expectations because those most likely to be involved in crashes, for example, the very young and the inebriated, are least likely to wear their belts.

## Luxury, Sports Models Have Worst Theft Record

As in previous years, luxury and sports cars have the worst overall theft loss record among 1981 through 1983 models, the Highway Loss Data Institute (HLDI) has reported.

Although luxury and sports models make up 18 percent of the total 1983 model year insurance exposure, HLDI said the cars account for 52 percent of the dollars insurers paid out for theft claims.

The Chevrolet Corvette topped the list of cars with the highest average loss payment per insured vehicle

*(Cont'd on page 6)*

## Institute Urges Dole To End Delays On Automatic Restraints

The Department of Transportation's own work reports the benefits of air bags and seat belts, yet the agency still delays on making a ruling that could save tens of thousands of lives, the Insurance Institute for Highway Safety has told Transportation Secretary Elizabeth Dole.

In comments on DOT's latest proposals offered as possible alternatives to reinstatement of a rule requiring automakers to install automatic restraints in new cars, William Haddon, Jr., M.D., president of the Institute, said Dole's mandate "is to ensure the best possible occupant restraints for the greatest number of people in motor vehicle crashes."

The "logical outcome" of the current rule making effort "would be to mandate air bags for *all* front seat occupants," Haddon told Dole.

An "acceptable first step" toward reaching that goal, he added, would be to require driver side air bags in all future new cars "if such an option would accelerate this rule making and lead to an early effective date for a full front-seat air bag requirement." Dole had said that one of the four additional alternatives offered in the latest rule making notice would be a requirement for driver side air bags in small cars only. (See *Status Report*, Vol. 19, No. 9, May 28, 1984.)

"Air bags for drivers is a far better option than the present situation of virtually no air bags in cars sold in the United States," Haddon said. A driver side air bag requirement for all cars, not just small cars, would be acceptable as a first step to "accelerate this rule making and lead to an early effective date for a full front-seat air bag requirement." Haddon said.

Another alternative offered by Dole would be to require 5 percent of all new cars to be equipped with either automatic seat belts or air bags over a four-year period.

*(Cont'd on page 2)*

## **Institute Urges Dole to End Delays on Automatic Restraints** (Cont'd from page 1)

However, Haddon told Dole the Transportation Department cannot "meet its statutory responsibility by implementing a limited demonstration program involving the sale of a relatively few cars equipped with automatic restraints." Such a program would leave most people unprotected in car crashes, he said, and "because economies of scale would not be achieved, a limited demonstration program would result in unnecessarily expensive price tags on the small number of automatic restraints produced."

Even so, Haddon said, "if a demonstration program could be implemented very quickly, it might serve as a useful *supplement* to this rule making."

The Institute told Dole that the other two alternatives proposed — that of requiring automatic restraints only in cars sold in states that have not adopted mandatory belt use laws or, alternatively, requiring automatic restraints by a certain date only if three-fourths of the states fail to enact such laws — are both unworkable and irresponsible.

"The Department's statutory responsibility is ... to provide the best possible crash protection for the greatest number of motor vehicle occupants," the Institute said. "Such an 'either-or' policy is contrary to the Department's legislative mandate and authority, and it would be largely meaningless because of the frequent movement of motor vehicles among states."

The Institute also commented on other questions raised by Dole. Briefly:

- **Public Acceptability** — IIHS and others have submitted "extensive evidence that car owners and drivers firmly support automatic occupant restraints, especially air bags," the Institute said. An IIHS survey showed that when the public was asked to choose between automatic restraints or mandatory belt use laws, 48 percent chose the automatic restraints, while 21 percent chose the laws.

A General Motors survey showed that 45 percent of those surveyed said the government regulation they would most like to see enforced would be an automatic restraint requirement. Only 16 percent preferred belt use laws. An additional 28 percent said they would opt for belt use laws coupled with a 65 mph speed limit — and it is likely many of those respondents were voting for a higher speed limit, the Institute said.

- **Seat Belt Use Laws** — Mandatory belt use laws in the United States might increase usage by 50 to 70 percent, the Institute said, but only if they were

vigorously enforced. "Enacting such laws quickly, or at all, is improbable in most states." The Institute cited the Canadian experience in which it took almost a decade to enact such laws in seven provinces — in the United States, 50 such laws would have to be passed.

Even where belt laws are in force, experience has shown that reductions in fatalities are not commensurate with the increase in usage. In Britain, where a new law has achieved a 95 percent compliance rate, reductions in deaths and injuries have fallen short of expectations. (See Page 1.)

- **Compliance Test Procedures** — The Institute's research indicates that a suggested lowering of the head injury criteria standard of 1,000 contained in the compliance requirements for FMVSS 208 should not be implemented. (See "Baseball Tests," Page 4.) However, the Institute agreed with DOT's suggestion that a 30 degree oblique frontal test requirement be dropped if its elimination would speed the introduction of air bags.

Dole has said she will issue a decision on FMVSS 208 in July.

## **Insurers Press Dole To Require Automatic Seat Belts or Air Bags**

Major insurers have urged Transportation Secretary Elizabeth Dole to stop "game playing" and implement a federal rule requiring automakers to equip new cars with either automatic seat belts or air bags.

In sharply worded comments to the docket on Federal Motor Vehicle Safety Standard (FMVSS) 208, Nationwide Mutual Insurance Co. said the latest alternative proposals issued by Dole "succumb to the auto manufacturers' stubborn opposition to proven safety technology." (See *Status Report*, Vol. 19, No. 9, May 26, 1984.)

### **Why DOT Exists**

"Instead of watered-down proposals, the agency would best serve the public — which is the reason DOT exists — by ordering automatic safety equipment in all cars," Nationwide said.

In her latest rule making notice, Dole criticized auto insurers for having been "generally reluctant to commit to any specific premium reduction because,

they stress, premiums are based on actual loss experience. Therefore, we cannot be certain that consumers would receive any reductions."

Nationwide called Dole's assertion "both incomprehensible and preposterous ... a diversionary tactic." DOT's own docket shows that 40 to 70 percent of all automobile insurance policies already give discounts of up to 30 percent on cars equipped with some type of automatic restraint systems. Some insurers have not settled on precise reductions for cars equipped with automatic seat belts because their usage rates would not be in the 100 percent range predicted for air bags.

#### **Premiums Would Come Down**

Lowell Beck, president of the National Association of Independent Insurers (NAII) said the insurance industry is too competitive to be able to avoid lowering premiums as costs associated with death claims and injuries decline.

Beck said that Dole's assertion that little data had been provided is "grossly misleading" and ignores the record. However, State Farm says that any reductions in premiums must be based on actual experience, well after automatic restraints become mandatory.

All the insurers rejected Dole's suggestion that an automatic restraint rule be tied to whether or not the states enact mandatory belt use laws, calling it illegal and impractical.

#### **'A Constructive Step'**

State Farm praised Ford Motor Co. for taking "a constructive step forward" when it proposed a mandatory field test of automatic restraints that would require automakers to equip 5 percent of their production with either automatic belts or air bags. However, such a program would deny most consumers the benefits of automatic restraints for many more years and wind up costing the nation from \$12 to \$14 billion in costs associated with injuries and deaths, the insurer said.

Separately, Ed Herschler, governor of Wyoming, told DOT that opposition to child restraint use legislation in his state's legislature makes him question whether it is possible to enact mandatory belt use laws in rural areas.

Despite "volumes of information on the effectiveness" of child restraint usage provided by proponents of a child restraint use law, Herschler said they were unable to overcome "concerns about enforcement and driving habits in a rural state such as Wyoming. Given this strong opposition," said Herschler, "I can see little or no chance for enactment of a mandatory seat belt law."

## **Cost Analysis**

A new economic analysis of the costs and benefits of automatic restraint systems shows that failure to require them will cost the nation at least \$24 billion over 10 years.

In comments on the Department of Transportation's (DOT) latest round of proposals, Yale University Professor William Nordhaus, former member of the Council of Economic Advisors, said at least half of the cost will be borne by society as a whole.

#### **More Than \$2 Billion a Year**

Nordhaus' comments were submitted to the docket on Federal Motor Vehicle Safety Standard (FMVSS) 208, and they follow up several earlier analyses.

Nordhaus said the yearly cost of delay would run from \$2 to \$2.5 billion each year. His \$24 to \$29 billion cost figure is based on a projected 1986 model year fleet of about 10 million units over its anticipated lifetime of 10 years.

#### **The Price in Lives**

Nordhaus also found, while utilizing DOT's estimates of the benefits of automatic seat belts and air bags, that every year of delay wastes 4,000 to 8,000 lives, and increases the number of moderate to critical injuries sustained in automobile crashes by 60,000 to 120,000.

"Even using NHTSA's [National Highway Traffic Safety Administration] own data and methodology, automatic crash protection provides net benefits even if automatic belts increased incremental usage by [only] 11 percentage points and even if air bags cost \$650 per car," Nordhaus said. (Actual observed usage rates for automatic belts are much higher.)

#### **Protesting the Passengers**

Nordhaus also said that whatever the technology selected by automakers to comply with the automatic restraint provisions of FMVSS 208, his analysis shows that it is more beneficial to require automatic protection for all front seat passengers — not just drivers. DOT had proposed driver side only air bags as a possible alternative. (See *Status Report*, Vol. 18, No. 16, Nov. 7, 1983.)



*Dole plans \$40 million safety campaign.*

## Dole Sets Deadline For All New Cars to Have Automatic Restraints

Unless two-thirds of the nation's population is covered by state laws requiring seat belt use within the next five years, automobile manufacturers will be required to install either automatic air bags or seat belts in all new cars beginning with the 1990 model year, the federal government has said.

In the meantime, Transportation Secretary Elizabeth Dole has ordered that 10 percent of all 1987 models be equipped with automatic restraints, 25 percent of the 1988 models, and 40 percent of the 1989 models. A special credit will be given to manufacturers who comply by using technology other than automatic seat belts.

Front seat occupants account for almost half of all motor vehicle related deaths, an average of 22,000

people annually. The National Highway Traffic Safety Administration figures that about 300,000 front seat occupants receive moderate to severe injuries in crashes each year. A little over half of all the injuries and fatalities occur in frontal impacts.

Dole said her plan "will save as many lives as possible, as soon as possible. It also looks to the future, encouraging technology that could provide even greater safety in the years ahead."

*(Cont'd on page 2)*

## Rule Could 'Hasten Day' Americans Benefit From Automatic Protection

The Insurance Institute for Highway Safety has praised Transportation Secretary Elizabeth Dole for her decision to require automatic restraint protection in new cars, but it has warned that her decision may create public confusion.

Dole's decision "could substantially hasten the day when millions of Americans can begin to benefit from having automatic crash protection — air bags or other automatic protection technologies — in their cars," said William Haddon, Jr., M.D., president of IIHS. "At the same time," said Haddon, "it is critical that her decision not create further public confusion concerning the best way to protect automobile occupants against serious death and injury in crashes."

Haddon said the Secretary's decision to tie rescission of the rule to state passage of mandatory seat belt use laws "appears to set air bags and other automatic restraints" against mandatory belt use laws. "Yet the fact is," said Haddon, "that the use of manual belts, whether required or voluntary, is a very desirable complement to the availability of air bags, which are the best of the automatic systems yet developed."

Haddon urged that the Secretary use at least part of her estimated \$40 million public education program to

*(Cont'd on page 6)*

## **Dole Sets Deadline for All New Cars to Have Automatic Restraints (Cont'd from page 1)**

However, Dole said, "the rule for 100 percent compliance is subject to only one condition. If states representing two-thirds of the U.S. population enact mandatory seat belt usage laws by April 1, 1989, the automatic crash protection requirement will be rescinded." Dole said she plans to undertake a \$40 million public relations campaign to encourage passage of such laws.

The rescission would not take place, Dole said, if the state laws become effective after 1989.

Only one state, New York, has adopted a mandatory seat belt use law. (See *Status Report*, Vol. 19, No. 11, June 23, 1984.) There, safety proponents were dismayed at Dole's decision to make it an either/or proposition. At signing ceremonies, Governor Mario Cuomo said, "To the extent that she says it's air bags or two-thirds of the population of the country following us into seat belt use laws, I don't like that at all. I believe that we ought to move ahead apace on air bags."

New York State Sen. Norman Levy, who sponsored the state's belt legislation, said he will soon introduce a bill that will be modeled on the DOT rule and will require newly manufactured automobiles sold in New York to be equipped with air bags.

### **Credit Offered to Automakers**

To encourage air bag and other technological development, Dole said the department would provide auto companies a credit of 1.5 cars for using technology other than automatic seat belts toward their incremental percentage requirements for automatic restraint production.

DOT had considered rescinding the automatic restraint requirement once again, but in its final rule, the agency declared: "We have concluded that the Supreme Court decision in the State Farm case precludes us from rescinding the automatic occupant protection requirements at this time based on the present record in this rulemaking." Unless there is a very great increase in the use of seat belts, DOT said, rescission "cannot be justified."

Safety activist Ralph Nader called the decision "a bloody snare and mischievous delusion" that would actually prevent the introduction of air bags because automakers would hold out for seat belt use laws.

Joan Claybrook, president of Public Citizen and former head of the National Highway Traffic Safety Administration, called the plan "somewhat Byzantine and illegal."

"The problem is," said Claybrook, "that the auto industry will not invest the funds [for air bag development] if there is a five year contingency. They won't put a major effort into designing safer cars."

Instead, she charged, they would put most of their economic resources into lobbying for state passage of belt use laws.

Claybrook said she expects most automakers to install automatic seat belts in order to comply with the percentage requirements of what may amount to a demonstration program.

The order is illegal, said Claybrook, because the department lacks the statutory authority to set automobile standards that depend upon state action.

### **Ford 'Went to Work Today'**

Helen Petrauskas, a Ford Motor Co. official, denied that company would delay air bag development. Ford "went to work today," said Petrauskas on July 11, the day the rule was issued, "to try to meet the 10 percent requirement because we only have 24 months" [in which to meet the deadline]. She said the automaker will offer air bags to auto fleet buyers in the next model year.

Nonetheless, Petrauskas said Ford "strongly endorses...major federal incentives for enactment of state belt use laws."

Chrysler's Lee Iacocca called the DOT rule "costly, complicated, and cumbersome." And the Automobile

## **New York Drivers to Get Discount on Air Bags**

New York has enacted a statute requiring a mandatory discount on automobile insurance for cars equipped with automatic restraints such as air bags or automatic belts.

The law limits the discount to those systems that meet federal safety standards and applies to noncommercial insurance coverages for personal injury protection and medical payments.

James Corcoran, superintendent of insurance for New York, had requested the bill's passage, and will provide a report on the effectiveness of the premium discounts by January 1988. He predicts consumers will save 30 percent on their no fault coverage with annual savings of up to \$66 in some areas of the state.

Importers Association filed an appeal in California.

General Motors said it would "work wholeheartedly for the adoption of belt use laws by the states" and would continue its work on "passive interiors" for unrestrained front seat occupants.

Dole said that if she had simply reinstated Federal Motor Vehicle Safety Standard (FMVSS) 208, "the air bag technology and other technology would be stopped." Reinstatement "would only have resulted in detachable belts" being used as the compliance mechanism by most auto manufacturers, she asserted.

She also said that state laws would "immediately bring results without additional cost and time." Asked whether she had accepted a White House compromise, Dole denied it, saying, "It [the rule] came back from OMB [Office of Management and Budget] intact and this is Elizabeth Dole's proposal."

Dole said some of the \$40 million to promote state belt use laws will be used to educate the public about automatic seat belts and air bags. Once the public appreciates air bags, she predicted, consumer demand will ensure their availability — with or without a federal requirement.

Under FMVSS 208, which has been modified slightly, auto manufacturers must certify that the cars will automatically provide front seat occupants protection in a 30 mph frontal, and frontal oblique, impact into a solid barrier.

\* The government dropped a requirement that middle front seat passengers be automatically protected, in part because the percentage of middle front seat occupants killed in crashes has declined to about 1.8 percent of all front seat deaths in 1982.

Auto manufacturers may meet the standard as they choose — including the use of "passive interiors" now under development by GM. But DOT rejected GM's proposal to amend FMVSS 208 to allow cars equipped with manual belts to pass the rule if they comply with the standard's injury criteria in a 25 mph crash with unbelted dummies. DOT said the proposed change would not provide the equivalent safety benefits of a 30 mph rule.

Nonetheless, DOT said, "nothing in FMVSS 208 precludes compliance through the use of 'passive interiors' being developed by GM. But such compliance must be demonstrated at 30 mph, not 25 mph as GM has suggested."

DOT said it would consider a number of possible changes to the standard in future rulemaking. (See "Secretary Dole Settles," Page 4.)

## Appeal Notices Filed Following Dole's Ruling On Automatic Restraints

In a race to the courthouse, State Farm Mutual Automobile Insurance Co. filed an appeal notice to Transportation Secretary Elizabeth Dole's final rule on automatic restraints shortly after it was issued.

The Automobile Importers of America (AIA) has also filed suit in California's Ninth Circuit Court of Appeals.

James Fitzpatrick, of the law firm of Arnold and Porter, said the notice was filed July 11 on behalf of State Farm and the National Association of Independent Insurers (NAII) to keep the case in the U.S. Court of Appeals for the District of Columbia, which has already amassed an enormous record on the subject.

Fitzpatrick found two basic flaws with the rule: First, it will not cover all new car production until 1990, which he sees as an "intolerable" time lag.

Second, Secretary Dole has imposed a condition that would rescind the rule itself if states representing two-thirds of the population enact seat belt use legislation.

"We think that is clearly unlawful," said Fitzpatrick. "This is an impermissible condition." However, Fitzpatrick said the questions to be clarified are narrow. "Broadly, State Farm and NAII have applauded her decision to implement a mandatory rule," said Fitzpatrick, adding that the lawsuit should not cause further delays.

Because the record on automatic restraints is so voluminous, Fitzpatrick said, it would be "fully appropriate" to go back to the same panel [of judges] that had overturned the federal government's rescission of the rule in 1982. (See *Status Report*, Vol. 17, No. 8, June 9, 1982.)

An AIA spokesman said the organization filed suit in California because that is where most of the companies it represents are based. AIA filed on the day of Dole's announcement of the rule, but was told it had filed too early to be responsive to the rule's publication. The organization then filed its appeal the following day, he said. The legal basis for the suit has not yet been agreed upon, he added.

The legal cases will be consolidated in whichever circuit the appeal of the rule was filed first.

## Secretary Dole Settles Some Technical Issues, But Others Remain

In her July 11 final rule on the automatic restraint provisions of Federal Motor Vehicle Safety Standard 208, Transportation Secretary Elizabeth Dole settled several technical issues and indicated more to be resolved in future rulemaking.

They include:

- Elimination of a requirement for automatic restraints for middle passengers seated on automobile bench seats. The center seat requirement was dropped because less than 2 percent of all front seat fatalities occur to persons in that location, and because of limitations associated with automatic seat belt technology that could have led manufacturers to stop producing bench seats.
- Dismissal of manufacturer complaints that tests required under FMVSS 208 produce excessive variability in their results. The manufacturers based their claims on twelve 35 mph crash tests of Chevrolet Citations under the National Highway Traffic Safety Administration's (NHTSA) New Car Assessment Program.

The tests involved 36 percent more energy being dissipated in the crashes than will be the case under the 30 mph crash test procedures set under FMVSS 208 for automatic crash protection, DOT said. It added that that means that the design limits of the cars' various structural components had been exceeded.

Furthermore, the Citation is not representative of all cars and variations in the manufacturing of the Citation probably resulted in most of the vehicle-to-vehicle differences seen in the 35 mph test results, DOT said.

For now, DOT will continue to require manufacturers to utilize the Hybrid II test dummy. But NHTSA will undertake new rulemaking to decide whether or not to permit a third generation dummy developed by General Motors to be used as an alternative test device. (See *Status Report*, Vol. 19, No. 11, June 23, 1984.)

DOT will continue to require that the head injury criterion (HIC) measurement of 1,000, originally set forth in standard 208, not be exceeded. Although the adoption of specific neck injury criteria may be covered in the rulemaking concerning the new dummy, DOT has said it has not decided whether it will grant manufacturer proposals to begin rulemaking on raising the allowable HIC measurement to 1,500 for actual dummy head strikes during the crash test sequence.

A proposal to drop the standard's current 30 degree oblique crash test requirement was not granted by DOT and will be the subject of further rulemaking, the agency said.

DOT rejected a manufacturer request to subject automatic seat belts to static rather than dynamic (actual) crash tests. "The Department agrees with Allstate that dynamic testing ... is superior to static testing...." the agency said.

A Ford proposal to exempt convertibles from the crash test requirements of FMVSS 208 will also be decided later.

## Final Rule Draws Mixed Reaction From Legislators and Insurers

Transportation Secretary Elizabeth Dole's final rule on automatic restraints has brought mixed reactions from auto insurers and congressional leaders.

Rep. Tim Wirth, Colorado Democrat and chairman of the House Subcommittee on Telecommunications, Consumer Protection, and Finance, said he is pleased that the "administration has finally conceded that a federal automatic crash protection standard is imperative."

Nonetheless, he added, "I am deeply concerned that this decision allows [the] requirements for air bags or automatic belts to be waived if mandatory seat belt use laws are implemented by some states." (See "Dole Sets Deadline," Page 1.) Wirth said belt use and automatic restraints such as air bags are not mutually exclusive and that "critical, lifesaving technology should not be withheld from the American public just because some states may require belt use laws."

Sen. Daniel Moynihan, Democrat of New York, charged the Dole decision unduly delays implementation of the rule.

"For three years, this Administration tried to delay and avoid implementation of the passive restraint rule sought by the Carter Administration," said Moynihan. "Having come to its senses on the subject, they now want to wait five more years for full implementation. Where is the logic? Lives are at stake."

Moynihan has introduced a bill, S. 2828, which would amend the National Traffic and Motor Vehicle Safety Act of 1966 to require manufacturers to install air bags on all cars on or after Sept. 1, 1986.

Sen. Jack Danforth, Missouri Republican and chairman of the Senate Surface Transportation Subcommittee, was more sanguine. "I expected a whimper," said Danforth. "This rule is a bang. Secretary Dole has singlehandedly injected lifesaving vitality into the Department of Transportation's commitment to auto safety."

Gen. Robert McDermott, chairman of the National Association of Independent Insurers and chief officer of the United Services Automobile Association, said he is pleased that Dole has recognized the "lifesaving value of the air bag."

He added: "We would have preferred that all new cars be equipped with air bags as soon as possible. And we are disappointed that the DOT order makes it possible that the use of seat belts could cancel the installation of passive restraints."

Nationwide Insurance Chairman John E. Fisher called the decision "deplorable" because it is weighted down with "bureaucratic 'ifs' and unnecessary delay."

Fisher said that while Nationwide has long advocated belt use laws, they represent only an "interim solution" because many people — including those most at risk — will not use belts.

American Insurance Association head T. Lawrence Jones said he is encouraged by Dole's decision but also disappointed. Belt use laws "are no substitute for equipping cars with automatic restraint devices," he said.

The National Safety Council also commended Dole for her decision. T.C. Gilcrest, president of the council, said, "While the decision is not everything we asked for, it does represent a major step in the right direction, which could result in the savings of thousands of lives a year when fully implemented."

### Quoted Without Comment

"[Secretary] Dole called their [GM's] hand and said, 'If you can do it, prove it.' The whole point of air bags is to provide the ultimate friendly interior."

— William Haddon, Jr., in a *Wall Street Journal* article on GM's attempt to meet new federal standards without air bags or automatic restraints

## Mercedes-Benz Taps Sizable Market With Air Bag Equipped Cars

Customers are snapping up new Mercedes-Benz models equipped with driver side air bags, a company official has reported.

"You cannot get a car [with air bags]," Gebhard Hespeler, manager of safety engineering for Mercedes-Benz of North America, told *Status Report*. "They are all sold out."

For four months, Mercedes-Benz has intensively marketed its "supplemental restraint system," sold as an \$880 option in addition to seat belts in S class and "Baby Benz" 190 models.

The company, Hespeler said, has already sold about 2,000 of the systems, which include a driver side air bag and special passenger side seat belt tensioner. It is activated only in a severe frontal impact. (See *Status Report*, Vol. 19, No. 5, March 24, 1984.) The company hopes to sell 5,000 air bag equipped cars during the 1984 model year, but the program received a temporary production setback as a result of a six-week strike in Germany.

In April, the company began advertising its air bag option on prime time television and in national magazines, such as *Time*, *Newsweek*, and *Fortune*. Mercedes-Benz has also developed a seminar package for dealership sales personnel and supplemental buyer information tape and video packages.

Since 1980, Mercedes-Benz has sold 33,000 of the driver side air bags in Europe, Hespeler said. There have been 20 deployments in Europe and the United States, and in each case, the systems worked well. Nineteen of the deployments involved the European system, which differs slightly from the U.S. version. Consumer reaction to the deployments has been very positive, he said.

"It's been: 'Gee, it's great. It worked,'" said Hespeler. He cited a European crash in which a car driven by a belted motorist and traveling at about 120 kilometers per hour left the road and "bottomed out" several times. The car hit a boulder and the air bag deployed, protecting the driver from serious injury. Despite the bottoming out, Hespeler noted, the air bag did not deploy until the frontal impact occurred.

Customer cars have logged 880 million kilometers, and not one air bag has deployed inadvertently, Hespeler said.

## **Mercedes-Benz Taps Sizable Market With Air Bag Equipped Cars (Cont'd from page 5)**

"We feel very confident it won't happen," he said.

Hespeler said he expects company engineers to prepare a scientific paper sometime next year on the supplemental restraint system's performance.

During the 1985 model year, the supplemental restraint system will also be available on the company's 107 SL line.

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From *Newsday*, June 27, 1984

## **NY's Safety Belt Law Won't Eliminate Need For Air Bag Devices**

By William Haddon, Jr.

The New York State Legislature recently became the nation's first to pass a bill requiring automobile drivers and front-seat passengers to wear safety belts. Children under 10 will be required to wear safety belts even in the back seat. (The present law's requirement that children under 4 be in safety seats continues.)

...[T]he law will go into effect Dec. 1, with a one-month warning period before \$50 fines begin to be imposed on Jan. 1. (The driver pays the fine for an unbuckled passenger under 16.) But without vigorous enforcement, the law will be little more than an empty gesture.

Research on mandatory belt-use laws in Canada, the United Kingdom, and New York State itself—which has a belt-wearing regulation for learners-permit holders—indicates that strong sustained enforcement of such rules by the police is absolutely necessary for the rules to be effective in reducing highway crash fatalities and injuries.

Seven Canadian provinces have belt-use laws in effect. Yet even with vigorous enforcement efforts, only about 60 percent of motorists in those provinces are belted—in the daytime, under ideal observation conditions. At night, the figure is much lower. An 11 percent reduction in deaths and a 6 percent drop in injuries in the belt-law provinces has been achieved.

The United Kingdom recently put in place a national belt law that is very successful in inducing high use rates. Yet those who are most likely to be involved in motor vehicle crashes—teenagers, alcohol impaired drivers, and nighttime drivers—are least likely to be wearing belts.

In early 1983, New York imposed a rule that holders of learners permits—mostly teenagers—must wear belts. Non-wearers face fines and possible loss of driving privileges. The Insurance Institute for Highway Safety observed belt use by such permit holders at three widely separated locations in the

## **Reagan Signs '21' Bill**

On July 17, President Ronald Reagan signed into law a measure to cut states' highway funds if they fail to enact laws setting the minimum age for the purchase of alcohol at 21.

state. At two of the locations belt use by permit holders somewhat exceeded use by other drivers; 32 percent vs. 12 percent at White Plains, and 39 percent vs. 7 percent at Albany. At Bay Shore there was no difference: only 6 percent of permit holders and 6 percent of regular drivers were wearing belts.

Without the expectation that not using the belt can mean a ticket and a fine, the majority of motorists simply will ignore a belt law.

Use laws must be understood in the broader context of reducing crash deaths and injuries. Unlike belts, which require motorists to constantly "buckle up," the basic systems for preventing or moderating crash injuries work *automatically*. Examples include laminated windshields that cushion heads in forward crashes, steering columns that absorb energy if drivers are thrown against them, and fuel tanks that resist rupture. The best automatic system of all, the inflatable crash cushion known as the air bag, is now available on only a few cars.

Manual safety belts supplement these basic automatic features. They should be worn by every motorist, and their use should be required by law.

But until adequate automatic protection such as air bags is in place on all cars, no motorist, whether belt wearer or not will have the best possible chance of escaping serious injury in a car crash.

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## **Rule Could 'Hasten Day' Americans Benefit From Automatic Protections (Cont'd from page 1)**

address public misunderstandings about air bags and automatic seat belts.

He noted that just recently, General Motors Vice President Betsy Ancker-Johnson, in a television interview, had characterized air bags as being of no help in frontal crashes where a car strikes not one, but two or more objects.

Haddon noted that GM's own crash tests and real world crash experience with air bag equipped cars refute Ancker-Johnson's contention. In a letter submitted along with a videotaped GM crash test to Dole, Haddon noted several crashes in which air bag equipped cars experienced multiple impacts. The air bags installed in the 1973-1975 model GM cars cushioned the occupants "very effectively" throughout Haddon said.

## **Gallup Finds Americans Favor Air Bag Law By a Margin of 2 to 1**

By a margin of two to one, Americans favor a law that would require all new cars to be equipped with air bags, according to a recent Gallup Poll.

The poll results, which George Gallup said reflected growing concern across the nation about auto safety, also showed that Americans would support—50 percent to 44 percent—a law requiring all new cars to have automatic seat belts. Furthermore, the public now favors a national law that would raise the legal drinking age to 21 in all states, Gallup stated.

Although 65 percent of those surveyed opposed a \$50 fine for drivers and front seat passengers who failed to wear seat belts, Gallup noted that 30 percent did support such a law, which was an increase of 11 percent favorably responding to that question in two years. More women (33 percent) than men (26 percent) backed the proposal as did those with college educations (35 percent) compared to those with less formal education (26 percent).

Of the 1,516 adults interviewed, 25 percent said they had worn a seat belt the last time they rode in a car. However, such self-reported belt use has always been much higher than actual figures.

In the poll, 60 percent favored air bags in all new cars, 31 percent were opposed, and 9 percent had no opinion. Of those 18 to 29 years old, 75 percent were in favor of air bags.

## **FHWA Seeks Comments On Skid Resistance**

The Federal Highway Administration (FHWA) is seeking comments on whether or not the agency should improve its skid crash reduction program and upgrade its criteria for skid resistant pavement design.

In a notice of proposed rulemaking, FHWA said it is particularly interested in comments on recommendations offered by the National Transportation Safety Board (NTSB) in 1980. At that time, the NTSB, along with the Insurance Institute for Highway Safety, criticized FHWA for proposing a rule calling for adequate skid resistance "without defining what it meant." (See *Status Report*, Vol. 15, No. 10, June 25, 1980.)

NTSB said that for a "rational" skid crash reduction program to be instituted by FHWA, the agency would

have to set minimum criteria for skid resistance. The safety board also recommended that FHWA promote full lane width surface treatments, such as grooving pavement on curves, in order to prevent skidding; improvement in skid testing equipment and procedures; and evaluation of new antiskid surface treatments for highway pavement.

Instead of responding to the safety board's 1980 recommendations, FHWA shut down the rulemaking, saying it was not needed.

FHWA's own research conducted in 1978 had shown that on repaving projects conducted with federal funds, about half resulted in pavements with lowered resistance to skidding crashes.

The NTSB warns that skid crashes are dangerous. According to its 1980 study, although precipitation occurs only about 3 to 3.5 percent of the time in the United States, about 13.5 percent of all fatal crashes—involving an estimated 5,400 to 7,000 deaths annually—occur on wet pavement.

## **Cost of Crash Parts More Than Triples Price of '84 Model**

The cost of reconstructing a demolished 1984 model car using manufacturer parts is over three and a half times new car cost, the Alliance of American Insurers (AIA) has reported.

Each year, AIA does a study to ascertain the expense of reconstructing a totally demolished car. This year, the Alliance reviewed a 1984 four-door Plymouth Reliant equipped with an AM/FM radio, automatic transmission, and other standard options.

AIA found the unibody car's replacement parts and a paint job would cost \$32,548, plus labor.

"Only a fraction of a new car's parts need to be damaged before repair costs become greater than the value of the car," AIA said. "At that point — not when an automobile is impossible to repair — is the car considered by insurance companies to be a total loss."

AIA noted that the cost of replacement parts is the principal reason for the high cost of crash repairs and auto insurance rates.

"Car owners can help reduce auto crash repair costs, as well as their insurance premiums, by purchasing automobiles with better than average repair records and with 5 mph bumper protection," the AIA said.

the highway loss reduction

# Status Report

Vol. 19, No. 14

September 8, 1984

## A Special Issue

### SEAT BELT USE LAWS: WHAT TO EXPECT

Seat belts substantially reduce the likelihood of death or injury to motor vehicle occupants involved in crashes — if the belts are used. Since belts first became standard equipment, the problem has been that they are used by fewer than 2 of every 10 vehicle occupants in the United States.

About 30 countries throughout the world have mandated seat belt use in an effort to reduce deaths and injuries in motor vehicle crashes. New York recently became the first state in this country to pass such a law; it will take effect in 1985. In addition, the U.S. Department of Transportation has ruled that all new 1990 model cars must have automatic restraints such as air bags or automatic seat belts unless state legislatures covering two-thirds of the U.S. population enact and enforce mandatory seat belt use laws by 1989. (Covering two-thirds of the population will require a minimum of 16 state legislatures to pass seat belt laws; see story on page 10.)

In the wake of DOT's ruling, questions about the effectiveness of mandatory seat belt use laws are becoming increasingly relevant to public policy decisions in every state: Do such laws result in more people using their belts? Do they result in fewer people dying and being injured in motor vehicles? This special issue of *Status Report* reviews evidence about the effects of mandatory seat belt laws on belt use rates and on occupant deaths and injuries in Canada and other countries.

### Canadian Laws Increase Belt Use; Mixed Results In Reducing Deaths

Seat belt use increased and motor vehicle occupant deaths and injuries declined in four Canadian provinces after mandatory seat belt use laws were enacted, but the reductions in deaths and injuries were not as much as anticipated, Canadian researchers have reported. They speculated that the laws "succeeded in getting mainly the law-abiding, low risk-taking drivers to wear seat belts," while others continue to drive without restraints.

Researchers Brian Jonah and John Lawson of Transport Canada (a Canadian government agency) studied the effects of seat belt laws on occupant deaths and injuries in British Columbia, Ontario, Quebec, and Saskatchewan because, the researchers said, "the effectiveness of seat belt legislation has been cast into doubt." These provinces were chosen for the study be-

cause their seat belt laws had been in effect long enough for the researchers to analyze both belt use data and occupant injury and death data since passage of the laws.

(Cont'd on page 3)

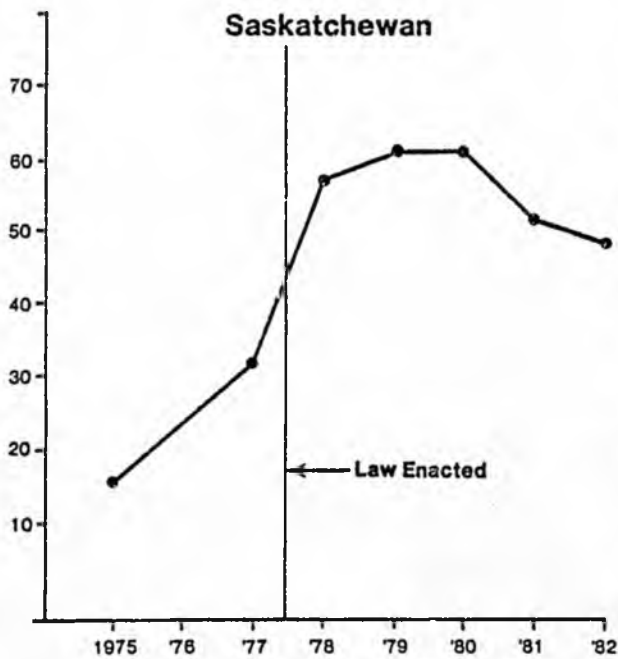
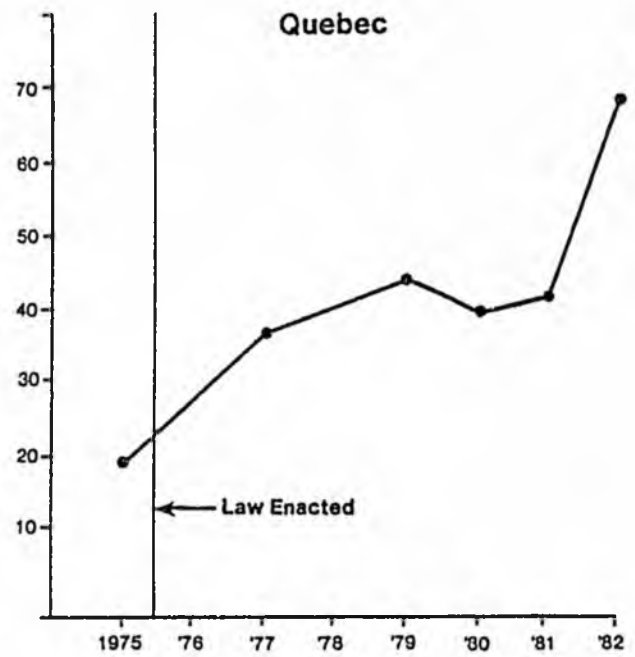
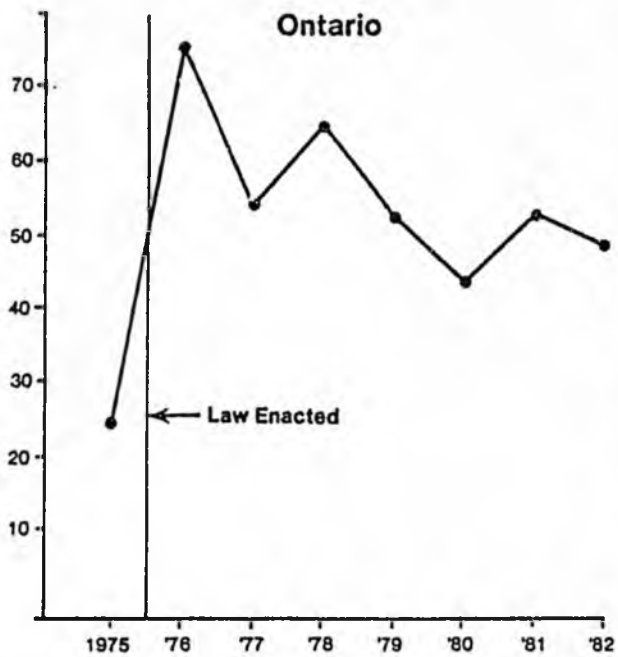
### Enforcement Key to Seat Belt Law Effectiveness

Sustained police enforcement of seat belt laws — not just enactment of such laws — is the key to increasing belt use, Canadian researchers have reported. Without high levels of enforcement, use rates of about 50 percent prevail in most Canadian provinces. With intense enforcement, rates of 80 percent are achievable.

Brian Jonah and Brian Grant of Transport Canada evaluated the effects of seat belt law enforcement programs conducted in Ottawa during 1979 and 1981-82.

(Cont'd on page 8)

**Figure 1**  
**Belt Use in Four Canadian Provinces**  
**Before and After Passage of Seat Belt Laws**



## Canadian Laws Increase Belt Use; Mixed Results In Reducing Deaths

(Cont'd from page 1)

Seat belt legislation in the four provinces resulted in an overall doubling of belt use rates during the years after the laws were enacted. From initial use rates of 20 to 30 percent before the laws, rates peaked as high as 77 percent in Ontario immediately after the law took effect (figure 1).

The observed driver seat belt use rate increased in British Columbia and Saskatchewan to 60 percent after seat belt laws went into effect; and to 68 percent in Quebec after the seat belt law had been in effect for six years.

Belt use rates in the four provinces studied by Jonah and Lawson were found to be highly dependent on enforcement levels. In Ontario, "increased enforcement of the legislation in 1978 [resulted in] a 65 percent use rate," which was up from 54 percent the previous year, the researchers said. They added that fines "may have contributed to a substantial increase" in driver belt use to 68 percent in Quebec during 1982, compared to about 40 percent during previous years before the fines were imposed.

Belt use in provinces without seat belt laws remained virtually unchanged at 10 to 15 percent — about the same rates as have been observed in the United States, where belt use is voluntary in virtually all jurisdictions.

### Fatality, Injury Reductions Measured

Occupant fatality rates per 100 million vehicle kilometers traveled were found by Jonah and Lawson to be lower in British Columbia and Ontario following the enactment of seat belt laws, compared to rates observed before the laws. In Quebec and Saskatchewan, no significant changes were found in fatality rates after seat belt use legislation.

Ontario experienced a reduction in the motor vehicle occupant injury rate, as well as the fatality rate, during the post-law period. Injury rates did not change in Quebec or British Columbia, but there was a reduction in Saskatchewan's injury rate.

These findings were not solely the result of seat belt laws, however, because provinces without such laws also experienced reductions in both fatality and injury rates during the same period. "To the extent that the factors operating in unlegislated provinces to reduce the [fatality and injury] rates were also operating in the legislated provinces, the reductions in the legislated

jurisdictions may not have been due to the introduction of seat belt laws," the researchers said. Lower speed limits, shifting driving patterns, and other factors could have affected the rates.

To remove the effects of factors other than the laws, Jonah and Lawson computed relative fatality and injury rate changes using nonoccupant fatalities as a comparison. The overall relative fatality reduction was 11 percent in the four provinces studied. There was a 14 percent relative reduction in fatalities in Ontario, 4 percent in Quebec. Reductions in British Columbia and Saskatchewan were much larger — 24 percent and 22 percent, respectively — but these figures were probably caused by dramatic increases in nonoccupant fatalities, which were the basis for comparison. In particular, motorcycle registrations and fatalities increased in both provinces.

### Other Evaluations Yield Similar Findings

In an evaluation of Canadian seat belt laws conducted prior to the study by Jonah and Lawson, researchers found that "... the loss reductions associated with efforts to increase seat belt wearing rates in Canada have been extremely disappointing. Reductions in injuries and deaths from various measures to promote increased wearing of seat belts have consistently fallen short of initial expectations. In one respect this apparent failure may be attributable to the overly optimistic expectations that preceded efforts to increase wearing rates."

— R.A. Warren and H.M. Simpson  
"Seat Belts and Traffic Safety"  
Ottawa: Traffic Injury Research  
Foundation, 1980

The overall relative reduction in motor vehicle occupant injuries was calculated at 6 percent. A smaller reduction (3 percent) was found in Ontario, and in Quebec an *increase* of 15 percent was recorded.

Based on the observed increases in belt use, researchers Jonah and Lawson estimated what the reductions in motor vehicle occupant fatalities and injuries should have been after the laws. Actual reductions were not as great as expected. In Ontario, for example, the expected reduction in fatalities was 18 percent; the actual reduction was 14 percent. In Quebec, the ex-

(Cont'd on page 4)

## Canadian Laws Increase Belt Use; Mixed Results In Reducing Deaths

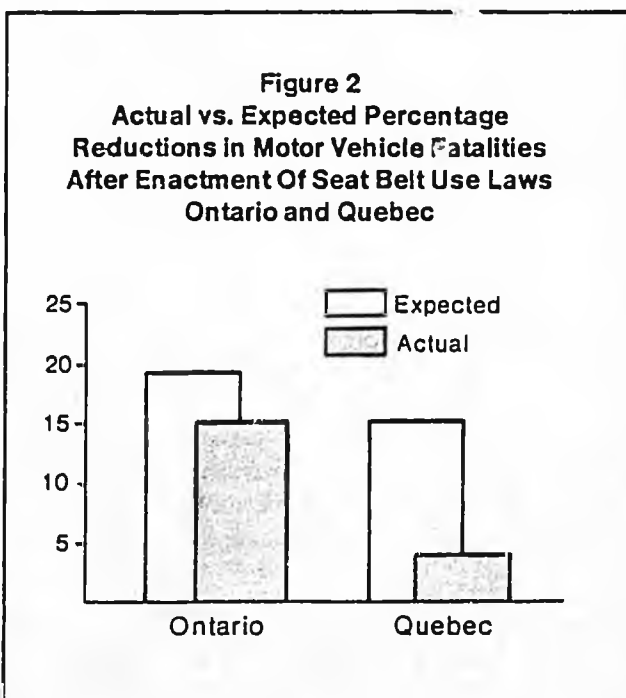
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pected fatality reduction was 14 percent; the actual reduction was 4 percent (figure 2). Differences between actual and expected injuries were even greater: an expected 10 percent vs. an actual 3 percent in Ontario; in Quebec, an expected 8 percent reduction vs. a 15 percent increase.

The reduction magnitudes were "not as much as anticipated," Jonah and Lawson noted, adding that Quebec "did not appear to enjoy any benefits of seat belt legislation."

The researchers cited the unevenness of compliance with seat belt laws by various population groups as the most plausible reason for the less-than-expected reductions in deaths and injuries. "The seat belt laws resulted in safe drivers wearing their belts more than the unsafe drivers, the result of which was the reduced effectiveness of the laws," the researchers said. They added that intensified police enforcement of seat belt laws would be needed to achieve use rates of 80 percent, "at which point the observed occupant casualty reductions should be more in line with" expectations.

"The Effectiveness of the Canadian Mandatory Seat Belt Use Laws" by Brian Jonah and John Lawson will appear in *Accident Analysis and Prevention*, Vol. 16, No. 5 (1984).



## 30 Countries Have Seat Belt Laws

In 1970, Victoria, Australia, became the first major jurisdiction in the world to mandate seat belt use. Since then, more than 30 other jurisdictions have followed suit:

<u>Country</u>	<u>Effective Date of Seat Belt Use Law</u>
Australia	
Capital Territory	1972
New South Wales	1971
Northern Territory	1972
Queensland	1972
South Australia	1971
Tasmania	1971
Victoria	1970
Western Australia	1971
Austria	1976
Belgium	1976
Brazil	1977
Bulgaria	1976
Canada	
British Columbia	1977
Newfoundland	1982
New Brunswick	1983
Manitoba	1984
Ontario	1976
Quebec	1976
Saskatchewan	1977
Czechoslovakia	1975
Denmark	1976
Finland	1975
France	1973/1979*
Great Britain	1983
Greece	1979
Hungary	1977
Ireland	1979
Israel	1975
Japan	1971
Luxembourg	1975
Malaysia	1979
Netherlands	1975
New Zealand	1972
Norway	1975
Portugal	1978
Puerto Rico	1974
South Africa	1977
Spain	1974
Sweden	1975
Switzerland	1975/1980*
USSR	1975
West Germany	1977
Yugoslavia	1975

\* repealed, subsequently re-enacted

Source: Highway Users Federation For Safety and Mobility

## Summary of Facts About Seat Belt Use Laws

- Belt use rates in four Canadian provinces with seat belt laws — British Columbia, Ontario, Quebec, and Saskatchewan — increased dramatically during the year after the laws took effect. In Ontario, for example, the rate rose from 24 percent to 77 percent. Belt use rates in provinces without seat belt use laws remained virtually unchanged at 10-15 percent.
- The estimated overall fatality reduction as a result of seat belt laws in these four Canadian provinces was 11 percent. The injury reduction was 6 percent. These reductions were not as great as anticipated, based on observed increases in belt use.
- The latest observed use rates among front-seat occupants in five Canadian cities with seat belt laws are as follows: 59 percent in Montreal, 73 percent in Ottawa, 62 percent in Toronto, 72 percent in Vancouver, and 41 percent in Windsor.
- Belt use rates in Canadian cities vary by age and sex, with females and older drivers more likely to use belts. Drivers are more likely to use seat belts than passengers, and both are more likely to use belts during the day than at night.
- Great Britain's mandatory seat belt law, which took effect in 1983, resulted in an increase in use rates from 40 percent before the law to 95 percent after the law. Front-seat occupant fatalities reportedly were reduced by 23 percent, injuries by 26 percent.
- Belt use rates in jurisdictions with seat belt laws — in Canada, the United States and throughout the world — are highly dependent on enforcement. During a three-stage police enforcement program in Ottawa, the use rates rose to 76 percent immediately after the first stage, to 79 percent after the second stage, and to a high of 84 percent after the third enforcement stage. In a comparison community, the belt use rate remained about 44 percent.
- Males younger than 25 years old had the lowest rates of belt use before, during, and at the end of Ottawa's seat belt use law enforcement program.
- In Puerto Rico, the first major jurisdiction in the United States to enact a seat belt law (in 1974), the current belt use rate is about three percent. Puerto Rico's law is not enforced. Elsewhere in the United States, belt use is voluntary and the use rate has remained virtually unchanged at 10-15 percent of drivers since 1978.
- New York is the only state that has passed a seat belt use law; it will take effect in 1985. Prospects for passage of such laws in other states are brightest where the economy is dependent on the automobile industry. In Michigan, for example, this industry and its suppliers dominate the economy, and the Secretary of State predicts a bill to require the use of seat belts "has a better than 50 percent chance of passage after the November election." But in Texas, any attempt to pass a seat belt law would be "difficult," according to a transportation aide in the governor's office.

## Belt Use Rates Vary Widely In Canadian Cities

Mandatory seat belt use laws result in widely varying compliance rates, a recent Insurance Institute for Highway Safety survey of belt use in five Canadian cities has indicated. Variations in belt use by city, age, sex, and time of day were observed.

The observational survey of shoulder belt use by more than 100,000 drivers and right front-seat passengers was conducted during August 1984 in Montreal, Ottawa, Toronto, Vancouver, and Windsor. The researchers found use rates varying from 40 percent to more than 70 percent among front-seat occupants in these cities (figure 3a). Such rates indicate substantial increases in Canadian seat belt use since Institute researchers conducted observations in the same cities during 1979. (See *Status Report*, Vol. 14, No. 10, June 21, 1979.)

Observed belt use was slightly higher during morning hours (7 to 9 a.m.) than during the evening (9:30 p.m. to 12:30 a.m.) (figure 3b).

### Enforcement Affects Use Rates

In Ottawa, where a recent seat belt law enforcement program was conducted, the observed belt use rate was highest among the five cities. (See related stories on

page 1.) The rate was lowest in Windsor, the city closest to the United States. In all five Canadian cities, belt use was higher among drivers than among passengers.

Belt use among young drivers was lower than among older drivers (figure 3c). The use rate among drivers estimated to be under 20 years old was 54 percent; among drivers 20-24 years old, 63 percent; and among drivers 25 years and older, 66 percent. Thus, young drivers, who have substantially higher fatal crash rates than older drivers, receive less protection under mandatory seat belt use laws.

### Belt Use Higher Among Females

Females are more likely than males to use seat belts, both as drivers and passengers, the Canadian survey indicated (figure 3d). In all five cities combined, 70 percent of female drivers and 62 percent of female passengers used belts; for males, the corresponding rates were 64 and 52 percent.

Six survey sites were included in each of the five Canadian cities. At every site, seat belt use observations were conducted during the week and on the weekend in the morning, at midday, and in the evening.

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## Seat Belt Laws Successful In Great Britain And Australia

Great Britain's mandatory seat belt use law, which took effect in January 1983, has resulted in use rates more than doubling during the first year of the law. The "savings in life and serious injury have been on the order of 20-25 percent, despite a one percent increase in car and light van traffic," Great Britain's Department of Transport has reported.

Belt wearing rates "remained consistently high" during 1983, increasing from 40 percent before the seat belt law took effect to 95 percent among front-seat occupants after the law. Occupants in the rear seat are not required to use belts, but, according the Department of Transport, "there is no indication ... that, overall, occupants moved to the rear to avoid wearing seat belts."

The number of front-seat occupant fatalities during the 11 months after the law was 23 percent lower than during the same months of the prior year. Injuries were 26 percent lower. Great Britain's Department of Transport estimated that "around 500 lives and 7,000 serious injuries" were saved during 1983.

Although these casualty reductions in Great Britain were impressive, they were not as great as anticipated.

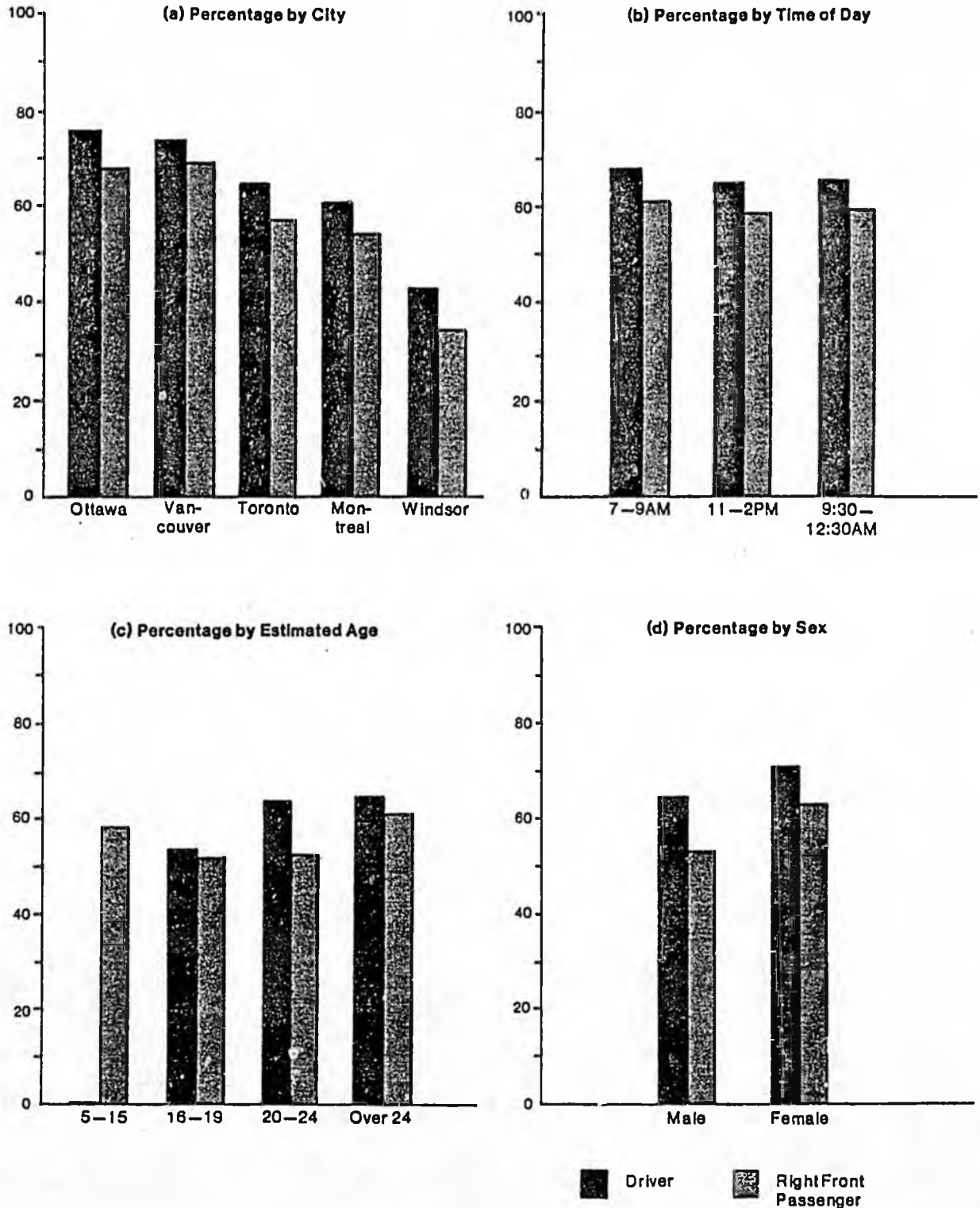
The fatality reduction, for example, should have been 34 percent in Great Britain during the first year of the seat belt law, given the observed increase in belt use to 95 percent and assuming that belts reduce the likelihood of serious and fatal injuries by 50 percent. The actual reduction was 23 percent.

### Belt Use Up, Fatalities Reduced In Australia

In 1971, the Insurance Institute for Highway Safety sponsored an evaluation of the first seat belt law in a major jurisdiction, passed in 1970 in Victoria, Australia. This study, the first scientific evaluation of the effects of such a law on fatalities, reported that in the first six months of the law there was a significant reduction of about 18 percent in deaths in the city of Melbourne. However, the legislation had no significant effect on fatalities in rural areas.

Subsequent evaluation of the belt use law in another Australian state, New South Wales, concluded that occupant deaths were about 20 percent below what would have been expected if the seat belt law had not been in effect.

**Figure 3**  
**Percentage of Drivers and Front-Seat**  
**Passengers Wearing Belts in Five Canadian Cities**  
**With Seat Belt Use Laws, August 1984**



## IIHS's Decade of Support For Seat Belt Laws

A decade ago, the Insurance Institute for Highway Safety voiced strong support for mandatory seat belt use laws as well as automatic occupant restraints in new cars as compatible means of reducing deaths and injuries. "The two approaches are complementary," Institute president William Haddon, Jr., M.D., wrote in 1974, adding that "the continued toll of men, women, and children, whose injuries in highway crashes would be lessened or eliminated by these now well-proved approaches, cries for the implementation of both."

In 1978, the Institute added that "mandatory safety belt use laws do increase belt use and do reduce death and injury. Belt use laws will have, if enacted and enforced, a very, very beneficial effect."

### Enforcement Key to Seat Belt Law Effectiveness

(Cont'd from page 1)

The researchers looked at belt use before, during, and after the periods of intensified enforcement. For comparison purposes, belt use observations were conducted concurrently in Kingston, Ontario, where a seat belt law was in effect but no special enforcement activities were conducted.

The Ottawa program conducted during 1981-82 consisted of three enforcement periods of varying lengths — a one-month period of heightened police activity to enforce seat belt laws, a subsequent two-day period of enforcement, and a later one-week period of enforcement. During these periods, four times as many charges of noncompliance with seat belt laws were issued as during previous months when the enforcement program was not in effect. Considerable publicity stressing the importance of seat belts in saving lives and reducing injuries accompanied each enforcement period.

#### Dramatic Increases in Belt Use

Seat belt use in Ottawa increased 18 percentage points — from 66 to 84 percent — during the three

periods of heightened police enforcement. The use rate rose to 76 percent after the first period, to 79 percent after the second, and to 84 percent after the third period of enforcement. In the comparison community of Kingston, the belt use rate at the beginning and end of Ottawa's enforcement program was 44 percent.

Belt use increased among males and females and among all age groups during Ottawa's enforcement program (figures 4a and 4b). Use among males younger than 25 years old increased by about the same amount as use among other age and sex groups, but the young males had the lowest levels of seat belt use before, during, and at the end of the enforcement program.

An earlier seat belt law enforcement program, conducted in Ottawa during 1979 and subsequently evaluated by Jonah and others, had the effect of increasing belt use from 58 percent to 80 percent — and some of this increase was still in evidence two years after the program concluded. During the same years, belt use declined 10 percentage points in Kingston, the comparison community.

#### Lower Injury Rates

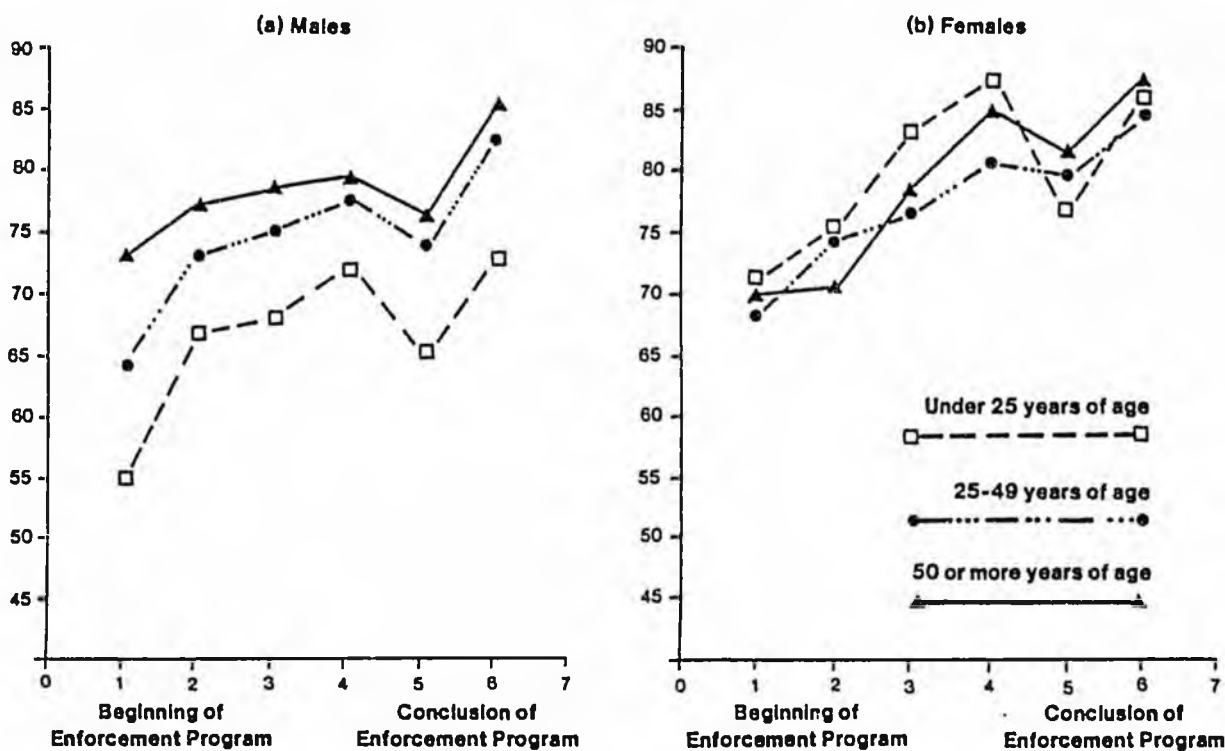
The increase in belt use in Ottawa was accompanied by a 10 percent reduction in motor vehicle-related injuries. In Kingston, a 44 percent increase in injuries was recorded. "Clearly, [enforcement programs] can have profound and long-lasting effects not only on seat belt use but also on the ultimate criterion, accident casualties," Jonah noted. He hypothesized that with each successive period of enforcement "seat belt use ... will permanently remain 10 percent above the baseline, so that ultimately a relatively stable 80 percent use rate can be achieved."

#### Eighty Percent Use Rate May be Maximum

Jonah further noted that "an 80 percent wearing rate may be all that can be expected of enforcement alone. The other 20 percent of drivers seem to be willing" to pay fines for nonuse of belts. That 20 percent may include disproportionately high numbers of young drivers, nighttime drivers, and alcohol-impaired drivers who are known to be overinvolved in severe motor vehicle crashes. "This problem needs to be resolved," Jonah concluded.

Single copies of "Long-Term Effectiveness of Selective Traffic Enforcement Programs for Increasing Seat Belt Use" may be obtained from Brian Jonah, Road Safety Directorate, Transport Canada, Place de Ville, Tower C, Ottawa, Ontario, Canada K1A 0N5.

**Figure 4**  
**Percentage of Drivers Using Seat Belts, by Age and Sex,**  
**During Ottawa's Special Enforcement Program, 1981-82**



## DOT Report Underscores Importance Of Vigorous Enforcement

In 1980, the U.S. Department of Transportation published an exhaustive evaluation of seat belt use laws in 17 jurisdictions including Canada, Australia, and France. Among the major findings of this study were the following:

- "Countries that have enacted seat belt laws seem to have evolved to a state where mandatory seat belt legislation was considered acceptable by the majority of the public prior to actual enactment. Where this is not the case the law has either been repealed, has no penalty associated with it, or is not rigorously enforced by the police."
- "Enforcement of seat belt laws appears to be essential to a high seat belt usage rate. In several countries it was determined that the usage rate was directly

related to the level of enforcement, with high usage rates usually associated with stringent enforcement."

- "... studies conducted in the countries with seat belt laws reveal that 60 to 80 percent of people interviewed prior to enactment of the law indicated that they were in favor of mandatory seat belt usage. However, the usage rate was so much lower that it bore no relationship to the results of the attitudinal studies."
- "Several countries have reported a 15 to 30 percent reduction in fatalities and injuries following passage of the seat belt law. Unfortunately, many countries enacted other safety legislation at the same time the seat belt laws became effective, thereby obscuring the decline in fatalities due to the seat belt law."
- "Researchers from several countries indicated that the change in fatalities and injuries that could be attributed to the seat belt law was less than had been expected."

## Without Enforcement, U.S. Belt Laws Fail to Increase Use

Three jurisdictions in the United States have laws or regulations requiring seat belt use. Everywhere else, belt use is voluntary. Across the United States, use rates have remained virtually unchanged at 10 to 15 percent of drivers since 1978, and even fewer passengers use belts.

The following is a summary of the limited experience in the United States with mandatory seat belt laws:

Puerto Rico was the first major U.S. jurisdiction to pass a seat belt use law, which took effect on January 1, 1974. The law applies to virtually everyone riding in a belt-equipped vehicle.

A 1974 survey of belt use in Puerto Rico by the U.S. Department of Transportation indicated a use rate of 18 percent, about the same rate as was being observed elsewhere in the country during that year. At that time, an official in Puerto Rico told *Status Report* that the law was not being enforced because citizens "made such a stink about it." (See *Status Report*, Vol. 9, No. 14, July 26, 1974.)

In late 1983, Insurance Institute for Highway Safety researchers observed seat belt use in Puerto Rico and found a compliance rate of about three percent.

Brooklyn, Ohio, a Cleveland suburb, is the only U.S. municipality with a mandatory seat belt use law, enacted in 1966 by a unanimous city council vote. Signs advising motorists of the law are posted at Brooklyn's city limits, and the police chief has said that citations for nonuse of belts are issued with those for other violations — but *only* with those for other violations. The penalty for a first violation is an oral reprimand; second and third violations carry fines of \$2 and \$5, respectively.

A law similar to the one in Brooklyn, Ohio, was adopted in early 1984 by the council of Richland, Michigan. However, residents subsequently rejected the measure by a 3 to 1 margin in a voter referendum.

New York recently became the first state to pass a mandatory seat belt use law, which will take effect on January 1, 1985. In addition, New York currently has in effect an administrative regulation requiring holders of learners permits to use seat belts. Research sponsored by the Insurance Institute for Highway Safety indicates higher belt use among New York's permit holders than other drivers at some locations — 39 percent

among the learners compared to 7 percent among other drivers at one survey location; 32 percent and 12 percent, respectively, at another location; and 6 percent for both learners and drivers at a third location. "If the regulation has increased use rates, these rates are still quite low," the researchers concluded, and most learners are ignoring the requirement.

## Outlook for Seat Belt Laws in the U.S.

Prospects for passage of seat belt use laws are, for the most part, strongest in states whose economies are dependent on the automobile industry, an informal survey by the Insurance Institute for Highway Safety shows.

In interviews with governors' representatives and others, the Institute focused on states with large population centers and obtained a profile of the immediate outlook for action on belt use laws. The automatic restraint rule as presently worded will be rescinded if two-thirds of the nation's population is covered by such laws as of April 1989. (See *Status Report*, Vol. 19, No. 13, July 28, 1984.)

Covering two-thirds of the population would require a minimum of 16 state legislatures to pass seat belt laws. If California, the most populous state, is not among them, 22 states would be required. If neither California nor Texas is among the states passing belt use laws, 26 states would be required.

### Outlook in Selected States

**Michigan:** In this state where the auto industry and its suppliers dominate the economy, Secretary of State Richard Austin said a bill to require the use of seat belts "has a better than 50 percent chance of passage after the November election."

**Pennsylvania:** Governor Richard Thornburgh is "studying" the issue of a seat belt law in this state, where steel production levels are heavily affected by domestic auto production. State Senator Edward M. Early, who has introduced several belt use bills, said: "I feel very confident" that eventually the state will enact belt use legislation — either incrementally or all at once.

Early said his bill to require front-seat occupants to wear seat belts "has a pretty good chance because there are 19 cosponsors." Early succeeded in getting the state senate to adopt an amendment to a house-passed bill that would require learners permit holders and junior license holders to wear belts. That measure will be worked out in a conference between the two