

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672

4643 HJUD HB 36 - HB 44

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REPRESENTATIVE
BEN GRUSSENDORF

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RULES COMMITTEE
LEGISLATIVE COUNCIL

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Alaska State Legislature



House of Representatives
SPEAKER OF THE HOUSE

WHALE IN JUNEAU
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M E M O R A N D U M

TO: Rep. Ben Grussendorf
FROM: Katherine Buchanan
DATE: February 19, 1987
RE: HB 36

According to Steve Stiles of the National AARP the following state have already passed similar legislation:

Connecticut	Illinois	Rhode Island
Minnesota	New York	North Dakota
Delaware	Arkansas	Kentucky
Louisiana	Virginia	Oklahoma
Florida	Texas	Tennessee
Wyoming	and Washington, D.C.	

The following states recently passed this legislation:

effective July 1, 1986: Washington and West Virginia

effective July 1, 1987: Montana, South Dakota and California

The proposed legislation mandates a 10% premium reduction for a driver over age 55 who requests the reduction and has within the previous three years completed a motor vehicle accident prevention course approved by the Department of Public Safety.

The principal issue of concern with this legislation is not whether persons meeting the conditions in the bill should receive a credit in their automobile insurance for that condition, but whether the amount of credit should be established in legislation. While such an action would be appropriate where the state is the insurer, it is subject to question in those cases where that insurance is provided by private insurers.

The State of Alaska has not previously mandated specific rates, rate levels or rate values for insurance written in this state. To do so conflicts with the insurance rate law (AS 21.39.010 et seq.) which requires that a rate shall be neither excessive, inadequate, nor unfairly discriminatory. If rate reductions or changes occur due to particular conditions, the law now requires that the credit should actually reflect the experience of the insurer or a group of insurers or persons who meet the conditions for the particular credit.

To the degree that a particular level of mandated credit is incorrect, a subsidy is created. When that occurs, the subsidized business finds it difficult to find a standard market. Alaska expends a considerable effort in maintaining a marketplace for a vast variety of kinds of insurance. This is complicated by the fact that Alaska represents about 1/2% of the premium in the United States. To the degree that insurers perceive that Alaska provides a favorable climate and the opportunity for profit (real or imagined), insurers are willing to participate in the Alaska marketplace. When that perception changes due to conditions wrought by regulation or legislation, insurers tend to migrate to more profitable jurisdictions.

A rate reduction may or may not be warranted for the conditions in the bill depending on a number of other factors that a statutorily mandated rate would be unable to consider. An extreme example for sake of illustration would be where an insurer writes only drivers over 55 who meet the conditions set forth in the bill, and whose rates are adequate for that selection of business. In such a case, this proposal would force the insurer to charge a rate that would be inadequate for this class of insured. Further, the selection of age 55 may be unfairly discriminatory if other age groups have a similar experience when meeting similar conditions.

We are concerned that the very group this legislation intends to assist, may be hurt by its presence.

An alternative approach that would likely to be less disruptive in terms of our efforts to promote Alaska as a good place for insurers to do business would be to mandate the rule but not the value of the rule.

AMENDMENTS

On page 1, line 11, remove the words "10 percent reduction," and insert "credit."

⊗ On page 1, line 12, following the word "for," insert the words "bodily injury liability, property damage liability, and collision coverages in" and delete the word "casualty."

Position Paper

Automobile Insurance Discount

The State Legislative Committee of the American Association of Retired Persons proposes that legislative steps be taken to reduce automobile insurance premiums for motor vehicle operators age 55 and older who complete a state-approved driver education course.

Rationale: Motor vehicle operators age 55 and older are a unique population and have specific physiological considerations and driving problems. How do these individuals compare with age brackets in safe driving practice and incidence of accidents?

In order to obtain an accurate picture it is not enough to consider only age and number of accidents, its necessary to factor in the annual number of miles driven per year. Research shows that the number of annual miles driven by motor vehicle operators begins to decline significantly after age 55. Therefore, an important consideration with regard to the safe driving practices and abilities of older persons is the criteria used to determine accident involvement statistics.

The record of the older driver is good when calculated on the basis of accidents per driver. When the same figures are examined on the basis of miles driven annually, a different picture emerges. This more significant and meaningful statistic highlights the urgent need for corrective measures to re-educate older drivers.

Because older persons drive fewer miles, corrections must be made for driving exposure. When this factor is included in accident involvement rates, and the involvement per exposure is determined, a U-shaped curve of accidents versus age results. Violation and accident rates per mile are higher for the youngest and oldest drivers and lower for those in the middle ranges. Although one can quibble over the exact placement of the curve, a general "U" configuration has emerged in every major study undertaken during the past 10 years.

The National Safety Council reports that when the number of miles driven is taken into account, drivers age 55 and over have a poorer accident record than drivers in their middle years.

The U. S. Department of Transportation identifies the older driver as being age 60 and older and in a group which requires special consideration in the development of driver improvement training procedures. The National Highway Safety Forecast points out that the older driver is adjudged at fault more than middle aged drivers, and due to the population age shifting currently underway in America, is perhaps one of the fastest growing highway safety problem areas.

Older drivers have problems when involved in driving situations requiring quick response, full vision and interaction with other drivers. Typical violations include failure to yield right-of-way, improper turning, incorrect lane changing, passing, and entering and leaving expressways.

The older driver learned to drive during the first forty years of this century, well before the advent of formal driver education programs in the public school systems. The older driver that has completed a formal driver training course is the exception rather than the rule.

These individuals may experience physical changes which affect driving abilities and attitudes. People age at different rates, so age alone is not a fair criterion for determining driving competence. There is no question, however, that driving ability can be affected by the aging process. The gradual failure of sensory acuity associated with aging reduces the quantity and accuracy of information capable of being processed. This reduces the ability of the individual to respond or react to his environment with the speed and judgment current traffic often requires.

Eighty-five to ninety percent of all sensory input needed to drive comes via the eye. Unfortunately, as one ages the need for more illumination increases, glare sensitivity rises, dark adaptation lessens, and peripheral vision narrows. Hearing loss also presents problems for older drivers. It is also broadly accepted that as one ages muscles tend to weaken or atrophy.

Primary Objective: By passage of this legislation, will create an economic incentive for older drivers to take a driver improvement course and thereby improve their driving capabilities. This reduces their chances of accident and accident claim filings, and creates a safer driving environment for all. Notably, the proposed legislation brings this about without cost to the state.

The older driver earns the driver improvement discount by taking a preventive step. This incentive discount is given in addition to any other marketing discounts, such as for non-smokers, seat-belt wearers, those reaching a certain age, etc.

The automobile insurance industry writes policies on accidents per age group, and thus considers older drivers to be a reduced risk because of the fewer miles that they drive. In fact, some insurance companies reduce premiums for drivers after age 55 or 65, much the same as they do for drivers after age 25. The issue is not whether some automobile insurance companies may or may not reduce rates for older drivers as a marketing tool. The primary issue is reducing accidents per mile involving drivers age 55 and older.

Action in other states: Legislation has been enacted in ²²16 states and the District of Columbia which require all automobile insurance companies conducting business in those states to provide a premium reduction to graduates of state-approved driver improvement courses. The list now includes:

<u>State</u>	<u>Discount</u>	<u>Age</u>	<u>Effective Date</u>
AR	Approp. 5-20%	55+	1981
CT	Approp. Min. 5%	62+	1983
DE	10% on liab. & personal injury protection	16+	1982
DC	Approp. 5-10%	55+	1985
FL	Approp. reduction	65+	1986
KY	Approp. reduction	55+	1984

<u>State</u>	<u>Discount</u>	<u>Age</u>	<u>Effective Date</u>
IL	Approp. 5-10%	55+	1982
LA	Approp. 5-10%	55+	1984
MN	Approp. reduction	65+	1985
ND	Approp. 8-10%	55+	1983
NY	Min. 10% on liability	16+	1981
OK	Approp. reduction	55+	1986
RI	Approp. reduction	55+	1984
TN	Approp. 8-10%	55+	1984
TX	10% of premium	16+	1974
VA	Approp. reduction	55+	1985
WY	Not less than 10% of premium	60+	1983

Many other state legislatures are considering this legislation. It is hoped that will add this legislation to its statutes.

CONCERNS AND RESPONSES REGARDING OLDER
DRIVER DISCOUNT LEGISLATION

Prepared by AARP's State Legislative Committee

- A. CONCERN: Since statistics seem to show drivers age 55 and older among the safest on the road, what is the rationale for legislation that would encourage participation at a driver improvement course?

RESPONSE: The National Safety Council finds that drivers age 55 and older have a poorer accident record, considering the number of miles driven, than do drivers in their middle years. The U. S. Department of Transportation statistics agree: older drivers are at fault more frequently than middle age drivers in accidents and violations reported by law enforcement officials.

It is not enough to consider only age and the number of accidents. From this limited perspective one sees that drivers 55 and older make up 24% of the driving population, yet are involved in only 18% of the accidents. But when driving exposure is considered, measured by the number of miles driven, older drivers have a higher percentage of accidents than their population warrants. Violation and accident rates per mile is higher for the youngest and oldest drivers, and lower for those in the middle range.

Research shows that the aging processes that affect driving generally become significant when persons reach their fifties. The U. S. Department of Transportation recommends that special consideration be given to older drivers when driver improvement courses are developed.

- B. CONCERN: Since a number of driver improvement courses already exist, why aren't older drivers enrolling?

RESPONSE: Older drivers do enroll in driver improvement courses, nationwide and here in . Many more will do so, however, when an economic incentive is available through legislative mandate. Experience in other states that have passed this type of legislation has shown that most people need an economic incentive to actively seek improvement of their driving skills. In of our neighboring states, experience with this legislation and of older drivers are now enrolling there. Should enact this bill, there will be accident claim reductions and fewer injuries and fatalities on our roads as well.

- C. CONCERN: It seems that older drivers are being singled out for special consideration. Isn't this age discrimination? Why not allow drivers of all ages to participate in any mandated insurance incentive program?

CONCERNS AND RESPONSES

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RESPONSE: The American Association of Retired Persons is interested in resolving problems of older persons. However, if will pass legislation allowing discounts for all drivers attending driver improvement courses, we would not be opposed. We have been informed by numerous insurance companies and insurance trade associations that they are against legislation involving the younger driver. In fact they have fought against including drivers below age 55 in many states where legislation has been enacted for drivers age 55 and over. This legislation does not establish a special category of drivers in any discriminating sense. It simply recognizes an area of need and provides an incentive to help older drivers and the insurance industry reduce accidents and accident claims.

- D. CONCERN: Many automobile insurance companies already offer discounts for older drivers based on accidents per age group. Would this legislation jeopardize these discounts?

RESPONSE:

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~~Sixteen~~ states and the District of Columbia have already enacted similar legislation. The discount provided to graduates of approved driver improvement courses is the last discount applied. The automobile insurance industry writes policies on accidents per age group and thus considers older drivers a good risk, due to the fewer miles that they drive. In fact, some insurance companies reduce premiums for drivers after age 55 or 65, much the same as they do for drivers after age 25.

The goal of mandated legislation, however, is to provide an incentive discount on automobile insurance premiums that encourages older drivers to take a driver improvement course and to reduce the chances of accidents and claim filings. The driver earns the discount by taking a positive prevention step, unrelated to any other discount.

The discount given graduates of approved driver education courses is given in addition to any other marketing discounts provided to non smokers, seat belt wearers, those reaching a certain age, etc. None of these marketing discounts was dropped when states mandated this legislation.

- E. CONCERN: Would drivers not involved in driver improvement courses have to subsidize the discount provided to those who complete one of the approved courses by paying higher premiums?

RESPONSE: This has not been the case in the other mandated states. In Texas where the insurance discount has been in effect for 10 years, the phrase used by insurance companies is that the discount is "fully earned". Although most states recently enacted this legislation, it is our belief that time will show a accident and violation reduction. The insurance companies will save money due

CONCERNS AND RESPONSES

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to fewer accident claim filings. As a consequence drivers not participating in the mandated insurance driver improvement program will not pay a higher premium, but will be encouraged by their insurance companies to enroll in a driver improvement course.

- F. CONCERN: Why must the word mandated to be included in the language? Can't the language be changed to allow voluntary participation?

RESPONSE: Any company may provide a voluntary discount at present. Unfortunately, few have chosen to do so. If all are required to participate, insurance companies have said that they would go along.

- G. CONCERN: The legislation includes the term "appropriate reduction" and contains a retake feature. What does this mean?

RESPONSE: The term "appropriate reduction" would allow competition within the insurance industry of to set the reduction percentage. In other words, if the bill becomes law, no one would dictate the terms of an "appropriate reduction" to the state's insurance industry. Each company in the state would set its own discount rate and be able to raise or lower the percentage each year based on the accident claims experience of policyholders that graduate from approve driver improvement courses.

Experience in other states with similar legislation has demonstrated the competitiveness of this feature. Companies have selectively increased refresher course discounts as a marketing tool to attract new clients.

The insurance trade associations also feel that any individual graduating from an approved course should retake an approved curriculum every two or three years. This keeps information current, and also refreshes the driver on necessary skills and techniques to remember.

- II. CONCERN: What research is available to prove driver improvement courses work?

RESPONSE: Numerous studies have been conducted on the well known courses, and the results demonstrate effectiveness. It is worth noting that no state has rescinded this type of legislation, and to remember the 10 years' experience in Texas that finds discounts to be "fully earned".

The insurance industry, however, considers these evaluations to be limited tests that do not demonstrate 'statistical significance' in their accident or violation reduction findings. In order to

CONCERNS AND RESPONSES

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satisfy the insurance industry, and demonstrate 'statistical significance', an older driver course evaluation must involve 20,000-30,000 students, randomly assigned to a control group that doesn't take the course and a treatment group that completes the course. Both groups need to be followed for a period of time via questionnaires and a sample of Department of Motor Vehicle records must be accessed to validate self report forms. Financially and logistically, this has proved impossible for course developers. The insurance industry has not been willing to initiate a study of this size or to work with course developers.

I. CONCERN: Does AARP make money on its driver improvement course?

RESPONSE: No. AARP actually subsidizes approximately two-thirds of overall program costs, and charges each participant a minimal fee to offset the balance of expenses. Sponsors' purpose behind driver improvement courses, at least for the major well-known programs, is education rather than financial reward. But AARP is not in a position to speak conclusively for other organizations.

J. CONCERN: Why is it that several of the states which have passed this legislation have only a small percentage of eligible drivers participating to date?

RESPONSE: Although approved courses are widely publicized, they need help from the insurance companies to notify potential participants. Automobile insurance companies doing business in _____ should be requested to notify their eligible policyholders that the discount can be obtained upon completion of an approved course.

K. CONCERN: How would the legislation be implemented?

RESPONSE: In the proposed legislation, an appropriate state agency is designated to select the courses that will be approved for the mandated insurance discount program. In most states the Department of Motor Vehicles has been selected. Program regulations and guidelines are usually drawn up in consultation with officials of states which have already passed similar legislation.

L. CONCERN: Will this legislation cost the state anything?

RESPONSE: There is no fiscal note for the state.

FOR FURTHER INFORMATION REGARDING THIS PROGRAM WRITE:

AARP
Traffic & Driver Safety Program
1909 K Street, N.W.
Washington, D.C. 20049

Summary Analysis 55 Alive/Mature Driving

Rank Among 52 Jurisdictions

	# of 1983 Graduates	# of 1984 Graduates	# of 1985 Graduates	# + or - 1984-1985	# + or - 1984-1985	Penetration Rate (% Grads to 50+ Driver Population)	# Grads	# +	# +	Penetration
AREA IX	2,208	3,725	6,212	2,487	678	.1128	7	6	6	9
AZ	871	900	1,461	561	628	.2498	12	21	37	15
CA	1,212	2,661	4,599	1,938	738	.0998	6	6	34	26
HI	113	70	76	6	98	.0518	47	47	47	35
NV	12	94	76	-18	-198	.0438	48	48	50	39
AREA X	710	1,087	2,973	1,886	1748	.1858	9	9	3	7
AK	-	28	128	100	3578	.2728	44	38	8	13
ID	33	19	70	51	2688	.0388	49	41	10	44
OR	130	390	1,165	775	1998	.2098	15	12	16	17
WA	547	650	1,610	960	1488	.1978	11	10	25	19
TOTAL	61,179	60,177	98,941	38,764	648	.2188				



55 ALIVE/MATURE DRIVING

Background

The AMERICAN ASSOCIATION OF RETIRED PERSONS was founded in 1958. Today the Association is the nation's leading nonprofit, nonpartisan organization that provides a vital fellowship for men and women age 50 and over whether they are still actively employed, semi-retired or retired.

Currently the Association's membership stands at just over 19 million and continues to grow at a rate of 200,000 new members each month. Approximately 1 out of every 3 Americans age 50 and over belongs to AARP. For interested members there are more than 5,000 chapters nationwide which work for local community welfare, carry on programs to support the goals of the national organization, and provide educational and social programs.

One of AARP's most significant services is to inform and rally members around legislative issues being considered by older persons.

Recognizing the need to help older drivers improve their skills and prevent traffic accidents, AARP offers 55 ALIVE/MATURE DRIVING to all motorists age 50 and over. The eight hour classroom refresher is the first nationwide, comprehensive curriculum designed especially for the older motorist. 55 ALIVE/MATURE DRIVING is available to both Association members and non-members.

AARP's involvement in Driver Improvement education for older Americans began in 1969. In that year the Association commenced teaching the National Safety Council's (NSC) Defensive Driving Course (DDC) to older Americans nationwide. The program grew dramatically each year and by 1979, when the DDC was phased out, more than 400,000 older Americans had completed the course. In addition, the National Safety Council honored AARP as the number one civilian trainer of drivers every year between 1969 and 1979. The ten consecutive awards cite outstanding contributions to adult driver education.

One reason for the program's extraordinary growth rate was the enthusiastic response from Association members who volunteered to become instructors. More than 4,000 instructors age 50 and over were trained by AARP during the involvement with DDC.

Beneficial as this training effort was, the DDC program had some limitations for older motorists. It was felt that another program was needed. The DDC was not geared to compensate for the age-related physical changes of older persons. It was designed for all drivers age 16 and over. As such, areas which are not seen as serious problems for the older driver are given considerable emphasis. Age-related areas of importance are not covered in detail during the DDC presentation. In developing a specific classroom refresher curriculum for older motorists it was concluded that age-related physical changes, declining perceptual skills, rules of the road, local driving problems and license renewal merited prime consideration.

An additional change deemed necessary was in the manner of program presentation. Older adults learn best and have the greatest retention rate when the opportunity to participate in the learning process is maximized.

Convinced that older drivers should have a training program of their own, AARP decided to create one. Data was collected from all the nation's state departments of motor vehicles, state agencies on aging, state offices of highway safety and state departments of transportation. Along with that canvassing, materials were reviewed and contributions received from Safety Councils, Associations, Universities and various agencies of the federal government. Discussions were held with many of the nation's distinguished traffic safety educators to obtain their views regarding the needs of older drivers. During this process a total of 12 older driver courses were uncovered that had been developed since 1961. Most were shortlived but they were examined for their successes and failures. The result is the first comprehensive driver education program fashioned specifically to meet the needs of older motorists. The new program is titled 55 ALIVE/MATURE DRIVING.

Development

55 ALIVE/MATURE DRIVING concentrates on those driver education concerns important for older Americans.

In the United States, there are approximately 45 million registered drivers age 50 and over. This constitutes 30% of all drivers on the nation's roadways. According to U.S. Government figures this is expected to increase significantly by 1990. It is anticipated that women drivers over age 65 will increase 129% over the next five years.

Drivers over age 50 are a unique population and have specific physiological considerations and driving problems. **55 ALIVE/MATURE DRIVING** is aimed at this target population. How do these individuals compare with other age brackets in safe driving practice and incidence of accidents? In order to obtain an accurate picture it is not enough to consider only age and number of accidents, it is necessary to factor in the annual number of miles driven per year. Research shows that the number of annual miles driven by motor vehicle operators begins to decline significantly after age 55. Therefore, an important consideration with regard to the safe driving practices and abilities of older persons is the criteria used to determine accident involvement statistics. The record of the older driver is good when calculated on the basis of accidents per driver. When the same figures are examined on the basis of miles driven annually a different picture emerges. This more significant and meaningful statistic highlights the urgent need for corrective measures to re-educate older drivers.

Since older persons drive fewer miles, corrections must be made for driving exposure. When this factor is included in accident involvement rates, and the involvement per exposure is determined, a U-shaped curve of accidents versus age results. Violation and accident rates per mile are higher for the youngest and oldest drivers and lower for those in the middle ranges. Although one can quibble over the exact placement of the curve, a general "U" configuration has emerged in every major study undertaken during the past 30 years.

The National Safety Council reports that when the number of miles driven is taken into account, drivers age 55 and over have a poorer accident record than drivers in their middle years.

The U.S. Department of Transportation identifies the older driver as being age 60 and older and a group which requires special consideration in the development of driver improvement training procedures. The National Highway Safety Forecast points out that the older driver is adjudged at fault more frequently than middle aged drivers, and due to the population age shifting currently underway in America, is perhaps *one of the fastest growing highway safety problem areas*.

Older drivers do not commit traffic violations such as speeding, drunk driving or reckless driving to any significant degree.

Older drivers do have problems when involved in driving situations requiring quick response, full vision and interaction with other drivers. Typical violations include failure to yield right-of-way, improper turning, incorrect lane changing, passing, and entering and leaving expressways.

The older driver learned to drive during the first forty years of this century, well before the advent of formal driver education programs in the public school systems. The older driver that has completed a formal driver training course is the exception rather than the rule.

These individuals may experience physical changes which affect driving abilities and attitudes. People age at different rates so age alone is not a fair criterion for determining driving competence, and there is no question that driving ability can be affected by the aging process. The gradual failure of sensory acuity associated with aging reduces the quantity and accuracy of information capable of being processed. This reduces the ability of the individual to respond or react to his environment with the speed and judgement current traffic often requires.

Eighty-five to ninety percent of all sensory input needed to drive comes via the eye. Unfortunately, as one ages the need for more illumination increases, glare sensitivity rises, dark adaptation lessens, and peripheral vision narrows. Hearing loss also presents problems for older drivers. It is also broadly accepted that as one ages muscles tend to weaken or atrophy.

Research shows that normal age related physical changes begin to accelerate at age 55. Accidents per mile driven begin to increase at this same age. This is the reason we call the course **55 ALIVE/MATURE DRIVING**. The course title has nothing to do with the 55 mph speed limit.

We accept all motor vehicle drivers age 50 and over because this action allows the 50-54 year old age group to prepare for the normal age related physical changes and anticipate accident behavior. It gives them a head start.

Curriculum: Edition II

The 55 ALIVE/MATURE DRIVING curriculum consists of six separate sessions. The course is given three sessions at a time over a two day period. Each three session segment lasts four hours.

Session One: Overview

To define course content, a series of slides describes the characteristics of the driver age 55 and over and establishes the relevance of the curriculum that will follow. Group discussion centers on driving frustrations and effects of aging on individual driving behavior.

Session Two: Physical Changes

Discussion is held on the many unrecognized but normal losses in vision, hearing and reaction time as they relate to driving performance. The session concludes with an examination of the effects of alcohol and medication on driving.

Session Three: Interacting with Traffic

Basic rules of driving particularly pertinent to the 55+ driver are discussed. These include right-of-way, intersections, turning and passing. A review of the shapes, colors and types of road signs as well as pavement markings is featured.

Session Four: Interacting with Traffic Continued . . . and Safety Belts

A discussion of the rules of the road continues with entering and leaving freeways, parking and backing. Safety belt usage and nonusage is considered as well as what a driver can expect if involved in an accident while not wearing a safety belt.

Session Five: Accident Prevention Measures, Adverse Driving Conditions, Other Road Users and Auto Maintenance

Accident prevention measures and the effect of adverse driving conditions such as night, inclement weather and rush hour driving are considered. Discussion of other road users spotlights pedestrians, bicycles, trucks, motorcycles, towed vehicles, and stray animals. Proper techniques for handling unexpected driving emergencies are reviewed. Fuel economy measures are recommended. Suggestions are made regarding comparison shopping for automobile insurance. The proper way to maintain your automobile is discussed.

Session Six: Perception and Course Wrap-up

A series of slides present perceptual problems likely to be encountered in various driving environments. Group discussion focuses on major driving hazards in specific driving environments. A brief review of the previous sessions conclude the course.

Conduct Of Courses

Courses are conducted by volunteers aged 50 and over utilizing the peer concept. These volunteers are recruited and trained by AARP in a three phase process. An Instructor Training Session provides the overall training to conduct educational discussion groups and review educational learning skills. In the second phase the Instructor's first course is conducted as a practice teaching session in that it is monitored by the trainer. The last phase is an on-going supervision process supplemented by in-service training workshops held regularly. All of these costs are subsidized by the Association.

Each participant in 55 ALIVE/MATURE DRIVING is charged a minimal fee to help offset overall program costs which include instructor recruitment and training, instructor out-of-pocket expenses, ongoing supervisory training nationwide, and program materials and their distribution. AARP subsidizes the remaining expenses amounting to 50%. Each Instructor volunteers his/her time and recruits sponsors who provide a rental free facility and slide projector.

Evaluation

Between 1979 and 1981 55 ALIVE/MATURE DRIVING was subjected to one of the most exhaustive, independent and penetrating evaluations of any driver education curriculum on the market today by the U.S. Department of Transportation.

The two-year evaluation included random assignment of participants into a control group and treat-

ment group. The control group did not take the course but filled out a series of questionnaires, at one year intervals, on their driving behavior and attitudes; personal accident and violation data were requested for the last three years. The control group also completed several knowledge tests during this same period.

The treatment group completed 55 ALIVE/MATURE DRIVING and filled out the same questionnaires as the control group in the same one-year intervals over a two-year period. Project staff accessed state DMV records on a good sample of treatment and control group members to validate the self-report questionnaires completed by both groups.

Evaluation staff members have been concerned from the outset that, due to reduced annual mileage after age 55, older drivers take longer to have accidents, and it would be difficult in this limited evaluation to demonstrate statistical significance in accident and violation reduction. This proved to be the case.

Project researchers found a large and statistically significant increase in knowledge in the treatment group that was retained during the entire evaluation period. Drivers taking the 55 ALIVE/MATURE DRIVING course showed a trend in violation reduction; although numbering several thousand, the evaluation participants were not large enough in numbers to demonstrate statistical significance regarding accidents.

Insurance Reduction

Currently several automobile insurance companies voluntarily provide premium reductions to graduates of 55 ALIVE/MATURE DRIVING in selected states. In addition legislation has been enacted in 14 states and the District of Columbia which require all Automobile Insurance companies conducting business in those states to provide a premium discount to graduates of state-approved Driver Improvement courses. AARP's 55 ALIVE/MATURE DRIVING is approved in every state.

The list now includes:

State	Discount	Age	Effective Date
AR	Approp. 5-20%	55 +	1981
CT	Approp. Min. 5%	62 +	1983
DE	10% on liab. & personal injury protection	16 +	1982
DC	Approp. 5-10%	55 +	1985
KY	Approp. reduction	55 +	1984
IL	Approp. 5-10%	55 +	1982
LA	Approp. 5-10%	55 +	1984
MN	Approp. reduction	65 +	1985
ND	Approp. 8-10%	55 +	1983
NY	Min. 10% on liability	16 +	1981
RI	Approp. reduction	55 +	1984
TN	Approp. 8-10%	55 +	1984
TX	10% of premium	16 +	1974
VA	Approp. reduction	55 +	1985
WY	Not less than 10% of premium	60 +	1983

Many other states are currently considering this mandated legislation.

We know that 55 ALIVE/MATURE DRIVING will substantially improve the driving skills of older motorists. We're convinced the program will help older drivers update driving knowledge, sharpen skills and remain on the road longer. Under this program we will be able to reach out to the entire community and offer the services to all people age 50 and over, not just Association members. As a result, a lot more people will benefit. In fact, we believe in time the program could emerge as a national model for traffic safety officials.

For Further Information Regarding This Program Write:

AARP
 Traffic & Driver Safety Program
 Program Department
 1909 K Street, N.W.
 Washington, DC 20049

STATE OF ALASKA THE LEGISLATURE

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

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May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. JUD.	3-9-87	1:30 p.m.
H. JUD.	3-3-87	1:30 p.m.

HOUSE COMMITTEE REPORT

(7)

Date referred 2/20/87

FURTHER REFERRALS:

DATE: 3-9-87

The Judiciary Committee has considered HB 36

"An Act requiring certain motor vehicle insurance policies to provide reduced rates for certain persons."

RECOMMENDS:

- replace with HB 36 (Judiciary) the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published 2-20-87
- zero with analysis

SIGNING DO PASS:

SIGNING OTHER RECOMMENDATIONS:

Chairman's signature

Offered: 2/20/87
Referred: Judiciary

5-0267B

Original sponsor: Grussendorf

Bodily injury liability, property damage liability, and collision coverages ins.

BY THE LABOR AND
COMMERCE COMMITTEE

1 IN THE HOUSE

2 CS FOR HOUSE BILL NO. 36 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

A BILL

6 For an Act entitled: "An Act requiring certain motor vehicle insurance
7 policies to provide reduced rates for certain per-
8 sons."

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

10 * Section 1. AS 21.89.020 is amended by adding new subsections to read:

11 (f) An insurer shall provide an appropriate reduction of not
12 less than five percent in the premium charged for a motor vehicle
13 casualty insurance policy when the principal operator of the motor
14 vehicle covered by the insurance policy

15 (1) is 55 years of age or older;

16 (2) requests the insurer to provide the reduction;

17 (3) provides the insurer with proof satisfactory to the
18 director that the operator has within the three years before request-
19 ing the reduction taken and successfully completed a motor vehicle
20 accident prevention course approved by the Department of Public Safety
21 under AS 28.05.035; and

22 (4) did not take and complete the accident prevention
23 course described in (3) of this subsection as a result of an order or
24 sentence imposed by a court.

25 (g) An insurer may cancel a rate reduction provided under (f) of
26 this section if during the policy period the principal operator of the
27 insured motor vehicle is

28 (1) involved in an accident caused by the operator; or

29 (2) convicted of a moving traffic violation.

"appropriate reduction"

21.39

issue

rule of coverage

Set note for rule

HB0036B

Intent of Bill is to result in safer drivers

CSHB 36(L&C)

BILL NO: CSHB 36(L & C)

DATE: February 27, 1987

TITLE: An Act requiring certain
motor vehicle insurance
policies to provide reduced
rates for certain persons

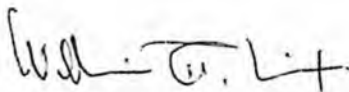
CONTACT: Bill Brown
465-4335

DEPARTMENT OF
PUBLIC SAFETY

The bill requires an insurance company to reduce motor vehicle casualty insurance premiums if an applicant is 55 years of age or older, has recently taken an accident prevention course approved by the Department of Public Safety, and asks for the reduction.

The department currently approves driver improvement courses for a reduction of points under AS 28.15.241(b). Since these courses must meet the criteria set out in Section 2 of this bill, there will be little impact on the department as the same courses would be applicable for the premium reduction.

The department is neutral on this bill.



WILLIAM R. NIX
Acting Commissioner

POSTMASTER / RETURN TO: DEPARTMENT OF PUBLIC SAFETY

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST: _____

Bill Version: CSHB 36 (L&C)
Publish Date: _____

Revision Date: _____
Title: An Act requiring certain motor
vehicle insurance policies to provide...

Agency Affected: Public Safety
BRU: Motor Vehicles

Sponsor: Grussendorf
Requestor: House Judiciary

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

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

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

No fiscal impact on this department.

Prepared by: Bill Brown
Division: Motor Vehicles

Phone: 465-4335
Date: 2-24-87

Approved by Commissioner: [Signature]
Agency: Public Safety

Date: 2/27/87

Distribution (by preparer):

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

JML
2/27/87

AMENDMENTS PROPOSED TO HB 36

- 1) Section 1. Page 1, line 15: Delete (1) - (IS 55 YEARS OF AGE OR OLDER;).

- 2) Section 1. Page 2, line 5: Add a new section (i) to read:
An insurer must inform the principal operator of the insured motor vehicle that the reduced rate is available and the qualifications to receive the reduced rate.

REASONS FOR AMENDMENTS:

1) If our desired result in HB 36 is to improve traffic safety through driver education, we should not limit the incentive for that result to older persons. Of the 16 states that have enacted similar legislation, three do not limit the age qualification. Texas, which does not limit the age, has had the reduction in effect for 10 years and offers the best history on the success of the program. Texas has found no adverse results of the program and insurance companies describe the discount as "fully earned." The discount can actually save money for the insurance companies because fewer claims may be filed. (See backup titled "Concerns and Responses Regarding Older Driver Discount Legislation" bottom page 2 and top page 3.)

2) Why establish this program if no one knows about it? As the present bill reads, it is the insured's responsibility to obtain the discount. The bill will be more effective, and we will have more well-educated drivers if insurers must inform their clients of the availability of the rate reduction. It is then the insured's choice whether to take advantage of the program.

MAD 07 1007

HUGHES THORSNESS GANTZ
POWELL & BRUNDIN

ATTORNEYS AT LAW
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JUNEAU, ALASKA 99801
TELEPHONE (907) 586-5912

OF COUNSEL
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ANCHORAGE, ALASKA 99501
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TELEX: 090-28367

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TELECOPIER: 479-8478

200 CHENEGA STREET
P.O. BOX 767
VALDEZ, ALASKA 99686
TELEPHONE (907) 835-2988

DAVID H. THORSNESS
JAMES M. POWELL
BRIAN J. BRUNDIN
MARCUS R. CLAPP*
KENNETH R. JACOBUS
GARY W. GANTZ
JERRY E. MELCHER
JOE M. HUDDLESTON
SIGURD E. MURPHY
RICHARD D. THALER
CARL J. D. BAUMAN
FRED B. ARVIDSON
DENNIS M. BUMP*
MARY K. HUGHES
FRANK A. PFIFFNER
RALPH R. BEISTLINE*
GORDON J. TANS
R. CRAIG HESSER
ROBERT L. MANLEY
JAMES M. GORSKI
TIMOTHY R. BYRNES
JAMES M. SEEDORF
RONALD E. NOEL*
FREDERICK J. ODSEN
MICHAEL L. LESSMEIER**
STEVEN S. TERVOOREN
MATTHEW H. PETERSON

JOSEPH R. D. LOESCHER
KENNETH D. LOUGEE*
EARL M. SUTHERLAND
JOHN B. THORSNESS
GREGORY W. LESSMEIER*
JOHN V. ACOSTA*
DONNA P. WALKER***
WILLIAM M. WALKER***
DANIEL M. WOLD
DAVID S. CARTER
MARILYN MAY
LAWRENCE V. ALBERT
JOHN G. FRANK**
ANN S. BROWN*
BRIAN D. BJORKQUIST
JAMES N. BARKELEY
THOMAS R. LUCAS
TIMOTHY R. REDFORD
SHELDON E. WINTERS**
DOUGLAS R. SMITH
JOHN J. NOVAK
JOHN H. TINDALL
DAVID H. KNAPP
MICKALE C. CARTER
JOSEPH S. SLUSSER*
JAMES F. KLASEN

* FAIRBANKS OFFICE
** JUNEAU OFFICE
*** VALDEZ OFFICE

March 4, 1987

Representative John Sund
Alaska State Legislature
Pouch V (MS 3100)
Juneau, Alaska 99811

Re: House Bill 36

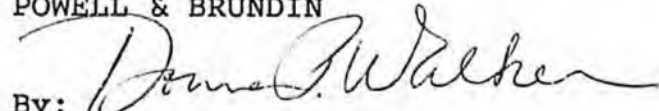
Dear Representative Sund:

As requested by Representative Fran Ulmer of the House Judiciary Committee, I am enclosing a copy of my testimony before that committee at the March 3, 1987 hearing on behalf of Allstate and State Farm Insurance Companies in opposition to House Bill 36.

Please feel free to contact me if there is additional information I may be able to provide to the Committee.

Sincerely,

HUGHES THORSNESS GANTZ
POWELL & BRUNDIN

By: 
Donna P. Walker

Enclosure
DPW/mh
1559A

cc: Members of the House Judiciary Committee

TESTIMONY BEFORE THE HOUSE JUDICIARY COMMITTEE
ON HOUSE BILL 36

Chairman Sund, Members of the House Judiciary Committee:

I am Donna Walker, a local attorney and I'm speaking to you today on behalf of my clients State Farm and Allstate Insurance Companies.

At the outset, I should explain that we did not testify when this bill was before the House Labor and Commerce Committee. At that time, our clients had only recently received a copy of House Bill 36 and our preliminary indications were that they had no strong sentiments regarding the bill. However, since its passage by that committee, State Farm and Allstate have had an opportunity to take a closer look and to fully assess the ramifications of House Bill 36 and as a result are opposed to its passage, particularly as currently drafted.

While driver improvement programs for the elderly, should be encouraged, legislatively mandated insurance rate discounts should not. Not only does a mandated rate run the risk of being in contravention of our rate laws which require that rates not be excessive, inadequate, nor unfairly discriminatory, it also ignores the realities of the competitive market. Our clients believe that in a competitive

market, the price of automobile insurance will reflect costs more quickly and more accurately than in a non-competitive or controlled market. If accident prevention courses for the elderly have a significant impact on insurance company costs, and if an insurer has not already accounted for that effect through some combination of rating variables, the insurer will tend to lose market share to other insurance companies who do account for it. Where a competitive market exists, mandatory discounts may actually create inequities.

Passage of House Bill 36 could adversely impact the elderly drivers it now seeks to assist. For example, effective May 1, 1987 State Farm will offer in Alaska a 10% discount to drivers between the ages of 50 and 65 with good driving records and no youthful drivers. This 10% discount is based on current actuarial data. Allstate already provides a similar discount. If this bill passes, it is possible that these programs with higher discounts to seniors would be abandoned in order to comply with the statutory minimal discount of 5%. This would be detrimental to the elderly drivers who could have had a 10% discount without the legislation.

Other inequities can result from mandated credits. Consider the situation where the elderly driver has a 19

year-old son with a horrendous driving record who is listed on the elderly person's policy as an occasional driver. The actuarial data and statistics simply would not justify a credit in this instance and the result would be that other policy holders would subsidize this risk. As the bill is currently written, a subsidy would likewise be created if the minimal 5% credit could not be actuarially supported. This is particularly ironic in light of the fact that this class of persons is considered by the industry to be one of the classes if not the class most able to afford this coverage.

If it is inevitable that this bill pass, in order to prevent these inequities and the risks of creating a subsidy, no specific rate of percentage should be specified. Rather, as the Division of Insurance has recommended and we concur, section 1 in subsection f should be amended to require that the insurer provide an "appropriate" or alternatively, an "actuarially justified" discount. The overwhelming majority of states which have enacted laws of this nature have used language similar to this rather than establishing a fixed or minimal percentage. Further, in order to minimize the risk of subsidy, the discount should be limited to apply only to bodily injury and property damage liability, medical payments and collision coverages as these are the coverages that correlate to the insured's driving ability. In section f(3),

we would request that an amendment be made requiring that the course be taken within two years rather than three years prior to seeking the reduction. Finally, in order to have sufficient lead time and properly implement this legislation should it pass, we would request that the effective date of the law be at least 120 days after its enactment.

Thank you for the opportunity to address you this afternoon. I will attempt to answer any questions any of you may have.

DPW/pl
0147B

JOHN SUND, REPRESENTATIVE

*2504 2nd Avenue
Ketchikan, Alaska 99901
(907) 225-5552*

*While in Juneau
P. O. Box V
Juneau, Alaska 99811
(907) 465-4919*

PROPOSED AMENDMENT TO HB 36

On page 1, line 12 , insert the word personal after "less than five percent in the premium charged for a . . ."

Reason: The bill does not now clearly define that this would apply only to personal auto insurance, and not commercial insurance.

HOUSE COMMITTEE REPORT

(7)

Date referred: 1/19/87

FURTHER REFERRALS: Judiciary

DATE: 2/19/87

The Labor & Commerce Committee has considered HB 36

"An Act requiring certain motor vehicle insurance policies to provide reduced rates for certain persons."

RECOMMENDS:

- replace with CSHB36 (L+C) the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis

SIGNING DO PASS:

Dave Douley

[Signature]

[Signature]

Cliff Dawidson

[Signature]

[Signature]

SIGNING OTHER RECOMMENDATIONS:

W. Furnace

Dave Douley
Chairman's signature

Introduced: 1/19/87
Referred: Labor & Commerce
and Judiciary

1 IN THE HOUSE

BY GRUSSENDORF

2

HOUSE BILL NO. 36

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act requiring certain motor vehicle insurance
7 policies to provide reduced rates for certain per-
8 sons."

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

10 * Section 1. AS 21.89.020 is amended by adding new subsections to read:

11 (f) An insurer shall provide a 10 percent reduction in the
12 premium charged for a motor vehicle casualty insurance policy when the
13 principal operator of the motor vehicle covered by the insurance
14 policy

15 (1) is 55 years of age or older;

16 (2) requests the insurer to provide the reduction; and

17 (3) provides the insurer with proof satisfactory to the
18 director that the operator has within the three years before request-
19 ing the reduction taken and successfully completed a motor vehicle
20 accident prevention course approved by the Department of Public Safety
21 under AS 28.05.035, unless a court sentenced the operator to take the
22 course because the operator was convicted of a moving traffic viola-
23 tion.

24 (g) An insurer may cancel a rate reduction provided under (f) of
25 this section if during the policy period the principal operator of the
26 insured motor vehicle is

27 (1) involved in an accident caused by the operator; or

28 (2) convicted of a moving traffic violation.

29 (h) The reduced rate provided for an operator under (f) of this

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

Bill Version : HB 36
Publish Date : _____

REQUEST: _____

Revision Date: _____
Title : An Act requiring certain motor vehicle
policies to provide reduced rates for certain persons.
Sponsor : Grussendorf
Requestor : _____

Agency Affected: Commerce & Econ. Dev.
Insurance
Components : Public Protection

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-


FUNDING: (Thousands of Dollars)

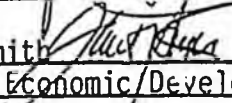
GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Prepared by: John L. George, Director  Phone: 465-2515
Division: Division of Insurance Date: February 2, 1987

Approved by Commissioner: J. Anthony Smith  Date: February, 1987
Agency: Commerce and Economic/Development

Distribution (by preparer):

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

0455K2287a

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

REQUEST: _____

Bill Version : HB 36
Publish Date : _____

Revision Date: _____
Title: An Act requiring certain motor
vehicle insurance policies to provide...
Sponsor: Grussendorf
Requestor: House Labor & Commerce Comm.

Agency Affected: Public Safety
BRU: Motor Vehicles
Components : _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

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

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

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

No fiscal impact on this department.

Prepared by : Bill Brown Phone : 465-4335
Division : Motor Vehicles Date : 1-23-87
Approved by Commissioner : [Signature] Date : 1/23/87
Agency : Public Safety

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

JNR
1/23/87

H B

4 3

REPRESENTATIVE DAVE DONLEY

ALASKA STATE LEGISLATURE
DISTRICT ELEVEN • SPENARD

P.O. BOX V, JUNEAU 99811
(907) 465-3892



CHAIRMAN
LABOR AND COMMERCE
COMMITTEE

MEMBER
STATE AFFAIRS COMMITTEE
HEALTH, EDUCATIONAL
AND SOCIAL SERVICES COMMITTEE
INTERNATIONAL TRADE
SUB-COMMITTEE

FEBRUARY 12, 1987

M E M O R A N D U M

TO: REPRESENTATIVE JOHN SUND, CHAIR
HOUSE JUDICIARY COMMITTEE

FROM: REPRESENTATIVE DAVE DONLEY

RE: AMENDMENTS TO CS HB 43 (L&C)

MANY THANKS FOR PROMPTLY SCHEDULING HB 43, RELATING TO RETURN TRANSPORTATION FOR WORKERS, FOR A HEARING BEFORE THE JUDICIARY COMMITTEE.

ATTACHED IS A COPY OF AN AMENDMENT TO HB 43 I'D LIKE THE JUDICIARY COMMITTEE TO CONSIDER. THE AMENDMENT ADDRESSES CONCERNS VOICED BY HOUSE LABOR AND COMMERCE COMMITTEE MEMBERS ABOUT POSSIBLE CONSTITUTIONAL AND ADMINISTRATIVE PROBLEMS WITH THE BILL.

SPECIFICALLY, THE AMENDMENT NEUTRALIZES LANGUAGE IN THE BILL THAT COULD BE INTERPRETED TO DISCRIMINATE AGAINST NONRESIDENTS AND REMOVES LANGUAGE DEFINING AN EMPLOYER.

THE REASON FOR THE FIRST PART OF THE AMENDMENT IS THAT RESIDENCY OF ANY GIVEN WORKER IS NOT THE ISSUE. THE PURPOSE OF THIS MEASURE IS TO ASSURE THAT WORKERS ARE NOT LEFT AS "STRANGERS IN A STRANGE LAND". IT DOESN'T MATTER WHERE THEY RESIDE, ONLY THAT THEY GET RETURN TRANSPORTATION TO THEIR POINT OF HIRE, HOME, OR A POINT AGREED UPON BY BOTH PARTIES.

THE SECOND PART OF THE AMENDMENT DELETES LANGUAGE DEFINING AN EMPLOYER. THIS LANGUAGE WAS ADDED IN THE HOUSE LABOR AND COMMERCE COMMITTEE TO ASSURE THAT THE STATE EXTENDS THE SAME RIGHTS TO WORKERS THAT THE LAW DEMANDS OF THE PRIVATE SECTOR. WE HAVE SINCE FOUND OUT THAT THE STATE DOES OFFER RETURN TRANSPORTATION FOR WORKERS AND THAT THIS LANGUAGE IS UNNECESSARY.

REPRESENTATIVE DAVE DONLEY

ALASKA STATE LEGISLATURE

DISTRICT ELEVEN: SPENARD

P.O. BOX V, JUNEAU 99811

(907) 465-3892



CHAIRMAN
LABOR AND COMMERCE
COMMITTEE

FEBRUARY 16, 1987

TO: MEMBERS, HOUSE JUDICIARY COMMITTEE

FROM: REPRESENTATIVE DAVE DONLEY

RE: HB 43 - RETURN TRANSPORTATION FOR WORKERS

MEMBER
STATE AFFAIRS COMMITTEE
HEALTH, EDUCATIONAL
AND SOCIAL SERVICES COMMITTEE
INTERNATIONAL TRADE
SUB COMMITTEE

HOUSE BILL 43 AMENDS AS 23.10.380 TO ASSURE THAT WORKERS EMPLOYED IN ALASKA ARE PROVIDED WITH RETURN TRANSPORTATION TO THEIR POINT OF HIRE AS A CONDITION OF EMPLOYMENT.

UNDER EXISTING STATUTE, FIRST ADOPTED IN 1949, IT WAS RECOGNIZED THAT THE WELFARE OF THE STATE (THEN THE TERRITORY) DEMANDED THAT ADEQUATE PROVISION BE MADE FOR FINANCING THE RETURN TRANSPORTATION OF WORKERS TO THEIR PLACE OF RECRUITMENT ON TERMINATION OF EMPLOYMENT. (AS 23.10.375).

THE REASON FOR THIS POLICY WAS OBVIOUS. WORKERS RECRUITED FROM OUTSIDE ALASKA WERE OFTEN STRANDED HERE WITHOUT ADEQUATE FUNDS TO CARE FOR THEMSELVES AND THEIR FAMILIES ON TERMINATION OF EMPLOYMENT. THE STATE WAS OBLIGATED MORALLY AND LEGALLY TO PROVIDE PUBLIC ASSISTANCE FOR THESE INDIVIDUALS, AN EXPENSE THAT SORELY TAXED OUR MEAGER RESOURCES.

HB 43 MAKES THREE MAJOR CHANGES TO EXISTING LAW: 1) REQUIRES EMPLOYERS TO NOTIFY EMPLOYEES OF THEIR RIGHT TO RETURN TRANSPORTATION, 2) PUTS A ONE YEAR (THE DEPARTMENT OF LABOR SUGGESTS TWO YEARS) LIMIT ON THE RIGHT TO RETURN TRANSPORTATION AND, 3) ENTITLES EMPLOYEES TO RETURN TRANSPORTATION IF THEY WERE RECRUITED FROM OUTSIDE THE STATE, REGARDLESS OF WHETHER THEIR TRANSPORTATION TO THE STATE WAS PAID BY THEIR EMPLOYER.

HB 43 ALSO ALLOWS MORE OPTIONS FOR RETURN TRANSPORTATION; POINT OF HIRE, PLACE OF RESIDENCE, OR A POINT MUTUALLY AGREED UPON BY EMPLOYER AND EMPLOYEE. THE DEPARTMENT OF LABOR, IN THEIR POSITION PAPER, ASKS THAT HB 43 BE AMENDED TO PROVIDE THAT AN AGREEMENT ABOUT RETURN TRANSPORTATION BE MADE PRIOR TO EMPLOYMENT. I SUPPORT THIS AMENDMENT.

FURTHER, UNDER A SEPARATE MEMORANDUM, I'VE ASKED THE HOUSE JUDICIARY COMMITTEE TO CONSIDER AMENDING HB 43 TO ELIMINATE LANGUAGE THAT IS EITHER UNNECESSARY OR SUBJECT TO A POSSIBLE CONSTITUTIONAL CHALLENGE.

ALTHOUGH HB 43 MAY HAVE THE EFFECT OF ENCOURAGING EMPLOYERS TO HIRE LOCALLY RATHER THAN OUTSIDE THE STATE, ITS PURPOSE IS TO PROTECT WORKERS AND TO ASSURE THAT THEY ARE AWARE OF THEIR RIGHTS TO RETURN TRANSPORTATION.

ADDITIONALLY, DUE TO ALASKA'S GEOGRAPHICAL SITUATION AND THE EXPENSE OF TRANSPORTATION TO AND FROM THE CONTINENTAL UNITED STATES, OUR STATE HAS A UNIQUE INTEREST IN PROVIDING SUCH PROTECTION FOR WORKERS.

HB 43 IS A REASONABLE WAY TO PROTECT WORKERS RIGHTS AND IS IN THE BEST INTEREST OF THE STATE. I URGE YOU TO CONSIDER THE MEASURE FAVORABLY AND TO PASS IT OUT OF COMMITTEE WITH YOUR HEARTY RECOMMENDATION.

Alaska State Legislature

House of Representatives

Pouch V
Juneau, Alaska 99811

Phone:
(907) 465-3892



Labor and Commerce Committee

January 26, 1987

To: Members, House Labor and Commerce Committee

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

Re: HB 43 - Return transportation for workers

House Bill 43 amends AS 23.10.380 to assure that workers employed in Alaska are provided with return transportation to their point of hire as a condition of employment.

Under existing statute, first adopted in 1949, it was recognized that the welfare of the state (then the Territory) demanded that adequate provision be made for financing the return transportation of workers to their place of recruitment upon termination of employment. (AS 23.10.375)

The reason for this policy was obvious. Workers recruited from outside Alaska were often stranded here without adequate funds to care for themselves and their families on termination of employment. The State was obligated morally and legally to provide public assistance for these individuals, an expense that sorely taxed our meager resources.

In 1949, the primary problem was cannery workers. In 1987 the jobs have changed, but the problem remains the same. In spite of our current unemployment crisis, workers are still being recruited and hired from outside the State for what too often turns out to be short-term jobs.

HB 43 makes two major changes to existing law: 1) requires employers to notify employees of their right to return transportation, and 2) entitles employees to return transportation if they were recruited from outside the State, regardless of whether their transportation to the State was paid by their employer.

I have prepared a Committee Substitute for HB 43 for your consideration. The CS adds language that removes the requirement for return transportation if a worker is employed for one year or more. In addition, the CS amends AS

23.10.380(b), so that an employers obligation to provide subsistence (room and board), after termination and until return transportation is available, is clearly stated. This section applies only if the employer originally provided subsistence as part of the job.

Although HB 43 may have the effect of encouraging employers to hire locally rather than outside the State, its purpose is to protect workers and to assure that they are aware of their rights to return transportation.

Additionally, due to Alaska's geographical situation and the expense of transportation to and from the continental United States, our State has a unique interest in providing such protection for workers.

HB 43 is a reasonable way to protect workers rights and is in the best interest of the State. I urge you to consider the measure favorably and to pass it out of Committee with your hearty recommendation.

STATE OF ALASKA THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

H. JUD.	3-5-87	1:30 p.m.
H. JUD.	2-20-87	1:30 p.m.
H. JUD.	2-16-87	1:30 p.m.

HOUSE COMMITTEE REPORT

(7)

Date referred: 2/4/87

FURTHER REFERRALS:

DATE: 3-5-87

The Judiciary Committee has considered HB 43

"An Act relating to return transportation for workers."

RECOMMENDS:

- replace with CS 11343 (T. L. ...) the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(s):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis

SIGNING DO PASS:

[Signature]

Sen Git

Mike Gavane

~~Robert L. Taylor~~

James W. Barnes

Walter J. Greenberg

SIGNING OTHER RECOMMENDATIONS:

[Signature]

Do Not Pass Robin L. Taylor

No Lee - Sorry Wrenghine

Needs Amendment

Chairman's signature

5-0234L
Cramer
2/25/87

Original sponsors: Donley, Koponen
and Davidson

1 IN THE HOUSE

BY THE JUDICIARY COMMITTEE

2 CS FOR HOUSE BILL NO. 43 (Judiciary)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to return transportation for
7 workers."

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

9 * Section 1. AS 23.10.380(a) is repealed and reenacted to read:

10 (a) An employer shall furnish a person entitled to transporta-
11 tion under this section with return transportation to the place of
12 hire from which transportation was furnished or financed, to the
13 person's place of residence at the time of hire, or to a destination
14 agreed upon by the parties if

15 (1) the employment terminated within one year after the
16 person's first day of employment with the employer in the state;

17 (2) the department determines that the termination of
18 employment was for a good and sufficient cause beyond the control of
19 the person, or if the contract of employment or a renewal of the
20 contract terminates; and

21 (3) the person or the department requests return transpor-
22 tation within 45 days after the termination of employment.

23 * Sec. 2. AS 23.10.380 is amended by adding new subsections to read:

24 (c) An employer who agrees to hire a person shall notify the
25 person of the person's rights to transportation under this section.

26 ~~The notice shall be in writing or by posting.~~

27 (d) A person is entitled to return transportation rights under
28 this section if

29 (1) an employer furnished, financed, agreed to furnish or

1 finance, or in any way provided transportation for the person from the
 2 place of hire to a point inside or outside the state to employ the
 3 person; or

4 (2) the person ^{is located} resided outside the state when the employer
 5 agreed to employ the person for work inside the state and the person
 6 has not established residency in the state after agreeing to work for
 7 the employer.

8 * Sec. 3. AS 23.10 is amended by adding a new section to article 5 to
 9 read:

10 Sec. 23.10.402. DEFINITION. In AS 23.10.375 - 23.10.402 "em-
 11 ployer" means a person who employs at least one other person and
 12 includes the state and a political subdivision of the state.

13 * Sec. 4. The amendments proposed by this Act apply to persons hired on
 14 or after the effective date of this Act.

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Original sponsors: Donley, Koponen
and Davidson

1 IN THE HOUSE

BY THE JUDICIARY COMMITTEE

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13 person's place of residence at the time of hire, or to a destination
14 agreed upon by the parties at the termination of employment if

15 (1) the employment terminated within one year after the
16 person's first day of employment with the employer in the state;

17 (2) the department determines that the termination of
18 employment was for a good and sufficient cause beyond the control of
19 the person, or if the contract of employment or a renewal of the
20 contract terminates; and

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28 this section if

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1 finance, or in any way provided transportation for the person from the
2 place of hire to a point inside or outside the state to employ the
3 person; or

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5 ployer agreed to employ the person for work inside the state and the
6 person has not established residency in the state after agreeing to
7 work for the employer.

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14 or after the effective date of this Act.
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Introduced: 1/19/87
Referred: Labor & Commerce and
Judiciary

1 IN THE HOUSE

BY DONLEY AND KOPONEN

2

HOUSE BILL NO. 43

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to return transportation for
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13 person's place of residence at the time of hire, or to a destination
14 agreed upon by the parties

15 (1) on or after the termination of employment for a cause
16 considered good and sufficient by the department, beyond the control
17 of the person, or on or after the termination of the contract of
18 employment or a renewal of the contract; and

19 (2) upon the request of the person or the department made
20 within 45 days after the termination of employment.

21 * Sec. 2. AS 23.10.380 is amended by adding new subsections to read:

22 (c) An employer who agrees to hire a person residing outside the
23 state shall notify the person of the person's rights to transportation
24 under this section.

25 (d) A person is entitled to return transportation rights under
26 this section if

27 (1) an employer furnished, financed, agreed to furnish or
28 finance, or in any way provided transportation for the person from the
29 place of hire to a point inside or outside the state to employ the

Offered: 2/4/87
Referred: Judiciary

Original sponsors: Donley and Koponen

at the time of termination if:

BY THE LABOR AND
COMMERCE COMMITTEE

1 IN THE HOUSE

2

CS FOR HOUSE BILL NO. 43 (L&C)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to return transportation for workers."

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agreed upon by the parties *if Amended*

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See new → (1) the employment terminated within one year after the

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24

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25

Donley amendment *sk* ~~state~~ shall notify the person of the person's rights to transportation

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under this section. *in writing or by posting*

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(d) A person is entitled to return transportation rights under

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this section if

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(1) an employer furnished, financed, agreed to furnish or

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU, ALASKA 99811
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M

February 27, 1987

SUBJECT: CSHB 43(Judiciary)
Return transportation for workers

TO: Representative John Sund
Chairman, House Judiciary Committee

FROM: Teresa B. Cramen *TBC*
Legislative Counsel

You have requested an opinion concerning whether there are constitutional problems inherent in CSHB 43(Judiciary), which requires that an employer furnish return transportation to two different classes of employees: employers who provide transportation from the place of hire to the worksite and employers who agree to employ a person who resided outside the state for employment inside the state. In my opinion, the second requirement, which applies only to employers who hire nonresidents, may be constitutionally infirm under either the equal protection clause of the state constitution or the privileges and immunities clause of the federal constitution.

Under HB 43, employers who choose to employ a nonresident have a potential liability for transportation costs after a job ends that employers without nonresident employees do not have. The Alaska Supreme Court has held that under the state's equal protection clause, in cases not involving fundamental rights or suspect classifications, legislation must be based on a legitimate public purpose and the classification must 'be reasonable, not arbitrary, and . . . rest upon some ground of difference having a fair and substantial relation to the object of the legislation. Wilson v. Municipality of Anchorage, 669 P.2d 569, at 572, (1983) (citations omitted). The employer's interest in freedom from an economic burden is an economic one. The court stated in Wilson, 669 P.2d at 572, that

(e)conomic interests have traditionally been afforded minimal protection under equal protection analyses. . . . accordingly although the relationship between the classification and the legitimate governmental objective must be fair and substantial, a less than perfect fit between the means and ends will be tolerated.

A possible objective of the bill is to assist nonresident workers whose employment has ended to return to their home states, and to help insure that Alaskan communities are not harmed by their presence. Factually, this may be hard to support since a nonresident entitled to the return transportation may plan to remain in Alaska without establishing residence here regardless of being employed (an example would be a family member of someone stationed here because of military service). Unless there is some showing that the continued presence of people who were hired as nonresidents creates a problem for the state, it is hard to support this justification.

Another possible objective is to discourage the hiring of nonresidents. In Lynden Transport, Inc. v. State, 532 P.2d 700, at 711, (Alaska 1975), the court held that benefiting economic interests of residents over nonresidents is not a purpose which may constitutionally vindicate discrimination against nonresidents under either the federal or the state equal protection clauses.

While HB 43 grants nonresidents rights that are not granted to residents, it can also be viewed as placing the nonresident worker at a disadvantage when competing with a resident for employment in the state because of the extra cost to the employer. Either the person or the department may request transportation. The bill does not address whether or to what extent the nonresident may waive the right. If a nonresident is able to waive rights to return transportation, then the bill would not place nonresidents at a disadvantage in the competition for employment. However, because the department can make the request for return transportation on behalf of a nonresident, it is not clear that an employee would be held to have waived his rights under the statute.

To the extent that the added cost of employing nonresidents discourages employers from hiring nonresidents, a court might find that the legislation infringed on the nonresident

job applicant's fundamental right to travel and therefore violated the equal protection clause of the state and federal constitutions. Under the state constitution, to justify an infringement of a fundamental right, the state would bear a higher burden of showing a fair and substantial relation between the problem posed by nonresidents and the remedy implemented by the legislation.

The legislation is also subject to scrutiny under the privileges and immunities clause of the federal constitution, Article IV, Section 2. The clause provides:

The citizens of each state shall be entitled to all privileges and immunities of citizens in the several states.

As noted by the Alaska Supreme Court in Francis v. Robison, 713 P.2d 259 (Alaska 1986), the primary purpose of the privileges and immunities clause is to prevent states from discriminating against nonresidents for reasons of economic protectionism. The clause does not prohibit all discrimination against a nonresident. It protects fundamental rights, and employment has been held to be such a right. If a statute impairs a fundamental right of nonresidents, discrimination is only permitted where there is a substantial reason that justifies it. To find a substantial reason, there must be a showing that nonresidents are 'a peculiar source of the evil' which the state's action is meant to remedy. There must also be a close relationship between the means employed by the statute to remedy the problem and the goal the statute seeks to accomplish. The availability of less restrictive means to accomplish that goal is relevant.

The first question to be considered is whether there is a substantial justification for the requirement for return transportation. A nonresident who provided his own transportation to the place of employment would ordinarily expect to get himself elsewhere at the conclusion of the job. To support the bill, the state would have to point to serious problems caused to the community or to workers by these nonresident employees who failed to leave after the end of their employment. It would also have to show that granting all nonresidents the right to return transportation was the best available way to solve the problem. A serious problem in a single industry, for example, would not validate the extensive reach of the bill.

Representative Sund
February 27, 1987
Page 4

There may be justifications not addressed in this memorandum that satisfy the constitutional standards. Whether the legislation would survive scrutiny depends on what the problem is and how closely the legislation is tailored to answer that problem.

If I may be of further assistance, please advise.

TC:mkr
m9/061



Official Business

Alaska State Legislature

House

P.O. BOX V
State Capitol
Juneau, Alaska 99811

April 2, 1987

M E M O R A N D U M

TO: Representative *W*first*W*last*W*
FROM: Representative Dave Donley *DD*
RE: HB 43 - Return Transportation for Workers

HB 43, relating to return transportation for workers, will be before the full House for a vote on Friday, April 3.

For your information I've attached a recent Attorney General's opinion drafted in response to my questions about possible constitutional concerns with the measure.

As you can see, the AG finds no constitutional problems with HB 43 and further states the measure is defensible and will withstand a court challenge.

I would appreciate your support for HB 43 on Friday. If you would like to join as a co-sponsor on the measure, please call my office at 3892.

MAR 26 1987

STEVE COWPER, GOVERNOR

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

March 25, 1987

REPLY TO:

1031 W 4th AVENUE
SUITE 200
ANCHORAGE, ALASKA 99501
PHONE: (907) 276-3550

1st NATIONAL CENTER
100 CUSHMAN ST.
SUITE 400
FAIRBANKS, ALASKA 99701
PHONE: (907) 452-1568

P.O. Box K
JUNEAU, ALASKA 99811
PHONE: (907) 465-3600

465-3603

The Honorable Dave Donley
Alaska House of Representatives
P.O. Box V
Juneau, Alaska 99811

Re: CS HB 43 (Judiciary), Return
Transportation for Workers

Dear Representative Donley:

By memorandum dated March 16, 1987, you requested our advice on whether CS HB 43 (Judiciary) could withstand a court challenge on constitutional grounds. In general, the bill provides that under proper circumstances, workers are entitled to return transportation when hired at a place different from that of the place of actual employment.

This bill amends a law which has been in effect for more than 35 years. During that 35 years, the law has not been challenged on constitutional or other legal grounds. We understand your concern to be that the current bill modifies that law by making the payment of return transportation mandatory for a worker who is located outside of the state at the time of hire and who does not establish residency in the state after agreeing to work for that particular employer, assuming of course that the person is otherwise entitled to return transportation rights under the statute.

We do not think that this or any other portion of the bill raises constitutional problems on its face. To the extent that we may opine about the constitutionality of a particular bill with certainty, in our opinion CS HB 43 (Judiciary) is defensible and can withstand a court challenge.

The Honorable Dave Donley
Re: CS HB 43(Judiciary), Return
Transportation for Workers

March 25, 1987
Page 2

If you have further questions please feel free to
contact this office at your convenience.

Sincerely yours,

GRACE BERG SCHAIBLE
ATTORNEY GENERAL

By:



Gary I. Amendola
Assistant Attorney General

GIA:jh

AMENDMENT #1

BY: SUND

Offered in the House Judiciary Committee
TO: CSHB 43(L&C)

Page 1, line 27:
Delete subsection (d)

AMENDMENT #2

BY: SUND

Offered in the House Judiciary Committee
TO: CSHB 43(L&C)

Page 2, line 6:
Delete Section 3

AMENDMENT #3

BY: SUND

Offered in the House Judiciary Committee

TO: CSHB 43(L&C)

Page 1, line 14:

After "parties" add: "at the time of termination"

Page 1, line 15:

Delete "one" insert "two"

Page 1, line 25:

After "person" insert "in writing"

2/14/87
DONLEY

A M E N D M E N T

OFFERED IN THE HOUSE JUDICIARY COMMITTEE

BY.....

To: CSHB43 (L&C)

PAGE 1, LINE 24, AFTER "PERSON", DELETE:

"RESIDING OUTSIDE THE STATE"

AND INSERT:

"TO WHOM THIS SECTION APPLIES"

PAGE 2, LINE 4, DELETE THE WORD "RESIDED" AND INSERT "SITED"

PAGE 2, DELETE LINES 8-10, SEC.23.10.402. DEFINITION.

RENUMBER REMAINING BILL SECTIONS ACCORDINGLY.

Taylor and Barnes

AMENDMENT HR 43 *

* CSHB 43(L&C)

On page 1 line 26 add the following sentence:

The employer shall at the same time inform the person that the employee's right to return transportation under this section shall be forfeited if the person takes any act to establish residency in the state as defined in subsection (e) of this act.

Page 1 line 29 - delete the "(1)" and move the sentence following the (1) to the end of line 28.

~~Page 2 line 3 - delete "; or" and replace with a period.~~

~~Page 2 lines 4-5 - delete.~~

Page 2 after line 3 add the following subsection:

(e) An employee claiming a right to return transportation under this section shall forfeit the right to return transportation if the person takes any act to establish residency in the state. Acts which shall be interpreted as establishing residency in the state include but are not limited to the following: application for a permanent fund dividend payment, application for an Alaskan drivers license or a resident Alaska vehicle registration, application for a resident Alaska fishing or hunting license, application for an individual post office box, registering to vote, claiming Alaska residency when applying for work in the state, any act or combination of acts which gives rise to the objective implication that the person is claiming residency or any benefit as the result of that person's length of domicile in the state.

is punishable by a fine of not more than \$500, or by imprisonment for not more than 90 days, or by both. (§ 7 ch 73 SLA 1949)

NOTES TO DECISIONS

Cited in Whitney-Fidalgo Seafoods, Inc. v. Beukers, Sup. Ct. Op. No. 1277, file No. 2654, 554 P.2d 250 (1976).

Article 5. Transportation of Employees.

<p>Section 375. Policy 380. Right to return transportation 385. Enforcement by civil action</p>	<p>Section 390. Construction of contracts 395. Orders and regulations 400. Penalty</p>
---	--

Collateral references. — 51B C.J.S., Labor Relations, § 1158.

Sec. 23.10.375. Policy. The welfare of the state demands that adequate provision be made for financing the return transportation of certain persons to their place of recruitment inside and outside the state upon termination of employment. (ch 67 SLA 1949)

Sec. 23.10.380. Right to return transportation. (a) An employer who furnishes, finances, agrees to furnish or finance, or in any way provides transportation for a person from the place of hire to a point inside or outside the state to employ the person shall provide the person with return transportation to the place of hire from which transportation was furnished or financed, or to a destination agreed upon by the parties, with transportation to be furnished or financed

(1) on or after the termination of employment for a cause considered good and sufficient by the department, beyond the control of the person, or on or after the termination of the contract of employment or a renewal of the contract; and

(2) upon the request of the person or the department made within 45 days after the termination of employment.

(b) Upon the termination of employment the subsistence of the employee may not continue longer than 10 days after the termination or until transportation is available, whichever occurs first. (§ 1 ch 67 SLA 1949; am § 1 ch 136 SLA 1959; am § 1 ch 164 SLA 1960)

Sec. 23.10.385. Enforcement by civil action. (a) The department may take a written assignment of a right of action provided by AS 23.10.380, and may prosecute the action. The department may join

various emp action.

(b) The ge brought by t brought und

Sec. 23.10.390. 23.10.400 ar transportatio of the state t

Sec. 23.10.395. 23.10.400 ar issue orders a — 23.10.400.

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Arti

Section
405. Legislative
410. Limitation of
in mines
415. Penalties

Cross referen
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Collateral refe
New Topic Servic
and Safety Acts, §

Sec. 23.10.400. in underground placer mines, i other undergro gerous to life a

Sec. 23.10.400. (a) A person r underground le lode or placer v more than eigh shift is made, ex otherwise going

imprisonment for (1949)

various employees in one claim and in case of suit may join them in one action.

(b) The general provisions of law respecting wage collection suits brought by the department in behalf of employees apply in an action brought under this section. (§ 2 ch 67 SLA 1949)

Sec. 23.10.390. Construction of contracts. AS 23.10.375 — 23.10.400 are considered a part of every contract of hire involving transportation of an employee to and from this state or from one part of the state to another. (§ 2(a) ch 67 SLA 1949)

Sec. 23.10.395. Orders and regulations. The department may issue orders and adopt regulations necessary to carry out AS 23.10.375 — 23.10.400. (§ 4 ch 67 SLA 1949)

Sec. 23.10.400. Penalty. An employer who violates AS 23.10.375 — 23.10.400 is, in addition to any civil liability, guilty of a misdemeanor and upon conviction is punishable by a fine of not more than \$1,000. (§ 3 ch 67 SLA 1949)

Article 6. Employment in Underground Mines.

Section

- 405. Legislative declaration of hazard
- 410. Limitation on period of employment in mines
- 415. Penalties

Cross references. — For industrial safety generally, see AS 18.60. 48A Am. Jur. 2d. Labor and Labor Relations, § 2640.
 Collateral references. — Am. Jur. 2d, 51B C.J.S., Labor Relations, § 1065.
 New Topic Service, Occupational Health and Safety Acts, §§ 27-36.

Sec. 23.10.405. Legislative declaration of hazard. Employment in underground coal mines, underground lode mines, underground placer mines, in underground coal, lode or placer workings, or in all other underground mines or workings is injurious to health and dangerous to life and limb. (§ 43-2-1 ACLA 1949)

Sec. 23.10.410. Limitation on period of employment in mines. (a) A person shall not be employed in an underground coal mine, underground lode mine, underground placer mine, underground coal, lode or placer workings, or other underground mine, or workings for more than eight hours in 24 hours, except on a day when a change of shift is made, excluding, however, an intermission of time for meals, or otherwise going to or from the place where the work is actually carried

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST

Revision Date: _____
 Title: "An Act relating to return
 transportation for workers."
 Sponsor: Rep. Donley & Koponen
 Requestor: House Judiciary

Bill Version: CSHB 43 (L&C)

Publish Date: _____

Agency Affected: Public Safety
 BRU: All

Components: All

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING:: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

We do not expect an immediate fiscal impact based on fewer new hires anticipated.

Prepared by: Kathy Niles, Admin Assistant

Phone: 465-4336

Division: Commissioner's Office

Date: 2/17/87

Approved by Commissioner: [Signature]

Date: 2/17/87

Agency: Public Safety

Distribution (by preparer):

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

JNL
2/17/87

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

REQUEST: _____

Bill Version: HB 43

Publish Date: _____

Revision Date: _____

Agency Affected: Labor

Title: "An Act relating to return
transportation for workers."

BRU: Labor Standards and Safety

Sponsor: Donley and Koponen

Components: wage and hour

Requestor: Labor and Commerce

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Tom Stuart *TS*

Phone: 465-4870

Division: Labor Standards and Safety

Date: 1/23/87

Approved by Commissioner: Jim Sampson *JS*

Date: 1/23/87

Agency: Labor

Distribution (by preparer):

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

Bill No.

House Bill 43

Date

January 23, 1987

Title

"An Act Relating to the
Transportation of Workers"

Contact:

Eileen Plate
465-2700

Tom Stuart
465-4870

Section 1: AS 23.10.380(a). This section simplifies the wording of the repealed section and adds a third option to the points to which an employee may be returned upon termination of employment. The third option, added, is "to the person's place of residence at the time of hire". Subsections AS 23.10.380(a)(1) and (a)(2) all not affected by this act.

Section 2: AS 23.10.380(c) added, requires that a person to be hired and transported into this state for the purpose of employment be notified of the employee's right to return transportation.

AS 23.10.380(d)(1) added, incorporates, essentially, the language repealed in AS 23.10.380(a).

AS 23.10.380(d)(2) added, makes an employee eligible for return transportation if the employee resided outside of Alaska when the employment offer was tendered. In the past many employees were given job offers, but told they would not be hired when they arrived in Alaska unless they paid their own travel expenses.

Section 3: Makes this act prospective as opposed to retroactive.

FISCAL NOTE

Bill Version : CSHB 43 (L&C)

Publish Date : _____

REQUEST: _____

Revision Date: _____

Agency Affected: Labor

Title: "An Act relating to return transportation for workers."

BRU: Labor Standards and Safety

Sponsor: Donley and Koponen

Components: Wage and Hour

Requestor: Judiciary

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

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

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: ^{AB} Tom Stuart, Director *Tom Stuart* Phone: 465-4870
 Division: Wage and Hour Division Date: 2/9/87

Approved by Commissioner: ^{AB} Jim Sampson *Jim Sampson* Date: 2/9/87
 Agency: Labor

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

Bill No. Committee Substitute for
House Bill 43 (L&C)

Date February 13, 1987

Title "An Act relating to return
transportation for workers."

Contact: Tom Stuart
465-4870

Eileen Plate
465-2700

Committee Substitute for House Bill 43 (L&C) clarifies and strengthens provisions in AS 23.10.380 which deal with workers' rights to return transportation.

Specifically CSHB 43:

- (1) adds a third option to the destinations to which an eligible worker may be returned upon termination of employment. Under current law, an employer is responsible for return transportation to either the place of hire from which transportation was originally furnished or to another destination agreed upon by the employer and the worker. Under CSHB 43, transportation to the worker's place of residence at the time of hire is also included as an option;
- (2) limits an employer's liability for payment of return transportation to those workers terminated within one year of the date they were employed. The current law is silent in this regard;
- (3) adds a new provision requiring employers who hire workers residing outside of the state to notify such workers of their rights to return transportation;
- (4) provides that a worker who was residing outside the state when the employer tendered an offer of employment is entitled to return transportation. Under current law, a worker is entitled to return transportation only if the employer provided transportation to the place of employment at the time of hire; and
- (5) clarifies that the return transportation provisions are applicable to the State of Alaska as well as all other employers. This is consistent with the Department's present application of this law.

In its enforcement of the return transportation law, the Department has observed the following practices which are aimed at circumventing the overall intent of the return transportation law.

- Some employers offer employment to workers residing outside the state and advise them to report to a designated location in the state. When the workers arrive, they are then informed that they will not be hired unless they pay their own travel expenses. Since under the current law return transportation is required only in those situations where the employer paid transportation to the place of employment, this practice effectively exempts the employer from his responsibilities under the return transportation law. The provisions in Section 2 of CSHB 43 would preclude employers from circumventing their obligations in this regard.

POSITION PAPER/Department of Labor

- Some employers also use the practice described above to reduce their liability for return transportation. For example, under current law a worker residing inside or outside the state can be offered a job in Nome and told to report to Anchorage or Fairbanks. The employer then pays the worker's transportation costs only from Anchorage or Fairbanks to Nome; and thereby reduces his liability for return transportation. The amendment in Section 1 of this bill which entitles the worker to return transportation to his place of residence would prevent circumvention of the intent of the law in this way.

The notification requirement in Section 2 of the bill is appropriate in order that a workers' right to return transportation is not forfeited solely because he was not aware of his entitlement. This is particularly important since a worker's right to request return transportation must be exercised within 45 days after termination of employment.

The one year limitation on rights to return transportation provided in Section 1 of the bill is an effort to apply a standard of reasonableness to the return transportation law. The law is aimed at providing return transportation to workers who incur such costs in connection with employment on a particular assignment or project that is not of a permanent or on-going nature. However, to assure its applicability to perhaps somewhat longer term but nonetheless non-permanent employment, such as could be encountered on a larger construction project, the Department would recommend that return transportation be required for terminations occurring within two years, instead of the one year period proposed.

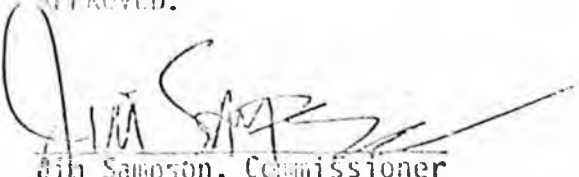
The Department would also request an additional clarification of the current law. AS 23.10.380(a) permits an employer and a worker to mutually agree upon the destination to which return transportation will be paid. A clarification is needed to assure that this negotiation takes place at the time of termination in order that workers' rights to return transportation are not diminished as a condition of employment.

The following amendments to CSIB 43 (L&C) would incorporate the Department's recommendations:

1. Amend line 14 on page 1 to read:
agreed upon by the parties at the time of termination if
2. Amend line 15 on page 1 to read:
(1) the employment terminated within two years after the

The Department supports CSIB 43, which is designed to assist in preventing the exploitation of workers. It will not have a fiscal impact on the Department.

APPROVED:


Jim Sampson, Commissioner
Department of Labor

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: CSHB 43 (L&C)
Publish Date: _____

REQUEST _____

Revision Date: _____

Agency Affected: A11

Title: An Act Relating to Return
Transportation for Workers

BRU: A11

Sponsor: Donley and Koponen

Components: A11

Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

CSHB 43 deals with paying return transportation costs for workers whose employment is terminated within the first year.

Provision for financing the return transportation of new employees to their original place of residence upon termination of employment has been public policy since 1949. The significance of CSHB 43 is that the proposed definition of "employer" would, for the first time, make the law applicable to State employees.

Prepared By: Diana DeSimone *Diana DeSimone* Phone: 465-4430
Division: Personnel Date: 1/30/87

Approved by Commissioner: Garrey Peska *Garrey Peska* Date: 1/31/87
Agency: Department of Administration

Distribution (by preparer):

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

CONTINUATION of FISCAL NOTE ANALYSIS

For CSHB 43

In FY 86, the State expended \$1,232,000 for moving and relocation costs. This figure includes legislative relocation costs which totaled \$219,100 in FY 86. Deducting costs for legislative moves leaves approximately \$1,000,000 for moving other State employees. The average cost of moving these employees is between \$10,000 and \$15,000. (Costs are higher because these are permanent versus temporary moves.) At an average of \$12,500 per move, this equates to about 80 moves of "regular" State employees.

We estimate that only about 10 percent of these paid moves are to entice new employees to join the State workforce, the only situation to which CSHB 43 would apply. (Paying moves of "on-board" State employees is usually associated with getting a seasoned, trained employee to change their location for the good of the service.)

In the eight situations to which CSHB 43 is applicable, it is unlikely that more than one or two of the employees would terminate within the first year. Therefore, the associated moving costs could be absorbed with existing resources.

A M E N D M E N T

Offered in the LABOR AND COMMERCE COMMITTEE

By Furnace

TO: HB 43

Page 2, after line 3, insert:

"* Sec. 3. AS 23.10 is amended by adding a new section to article 5 to read:

— Sec. 23.10.402. DEFINITION. In AS 23.10.375 - 23.10.402 'employer' means a person who employs at least one other person and includes the state and a political subdivision of the state."

Renumber remaining bill section accordingly.

HOUSE COMMITTEE REPORT

(7)

Date referred: 1/19/87

FURTHER REFERRALS: Judiciary

DATE: TUESDAY, JAN 27, 1987

The Labor and Commerce Committee has considered HB 43

"An Act relating to return transportation for workers."

RECOMMENDS:

- replace with CS HB 43 (L+C) the same title
- attached amendment(s) a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):

- fiscal impact same as previous fiscal note published _____
- zero fiscal note same as previous zero fiscal note published _____
- zero with analysis

SIGNING DO PASS:

James K. Douley

Ellis

Cliff Davidson

Walt Furnace

Steve Kozman

SIGNING OTHER RECOMMENDATIONS:

Walt Furnace *Do not pass without clear constitutional opinion*

Do not pass without amendments

Bill needs work

James K. Douley
Chairman's signature

H B

4 4

NOTES TO DECISIONS

Cited in *Paulson v. National Indem. Co.*, Sup. Ct. Op. No. 806 (File No. 1462), 498 P.2d 731 (1972).

Sec. 28.20.230. Proof of financial responsibility for the future. (a) The provisions of this chapter requiring the deposit of proof of financial responsibility for the future apply to persons who are convicted of or forfeit bail for certain offenses under motor vehicle laws or who, by ownership or operation of a vehicle of a type subject to registration under AS 28.10, are involved in an accident in this state which results in bodily injury or death of a person or damage to the property of any one person exceeding \$500.

(b) The term "proof of financial responsibility for the future" in this chapter means proof of ability to respond in damages for liability, on account of an accident occurring after the effective date of proof, that arises out of the ownership, maintenance or use of a vehicle subject to registration under the laws of this state, in the amount of \$50,000

because of bodily injury to or death of one person in any one accident, and, subject to the same limit for one person, in the amount of \$100,000 because of bodily injury to or death of two or more persons in any one accident, and in the amount of \$25,000 because of injury to or destruction of property of others in any one accident. In this chapter the terms "proof of financial responsibility" or "proof" mean proof of financial responsibility for the future. (§ 25 ch 163 SLA 1959; am § 59 ch 69 SLA 1970; am § 2 ch 202 SLA 1975; am § 14 ch 144 SLA 1977; am § 9 ch 70 SLA 1984)

Cross references. — For provisions requiring proof of financial responsibility for the future as a condition for reinstating a revoked or suspended driver's license, see AS 28.15.255.

Effect of amendments. — The 1984 amendment, effective January 1, 1985, in

subsection (b), in the first sentence deleted "as used" preceding "in this chapter" and substituted "that" for "which," "\$50,000" for "\$25,000," "\$100,000" for "\$50,000," and "\$25,000" for "\$10,000" and in the second sentence substituted "In" for "As used in."

NOTES TO DECISIONS

A person convicted of operating a motor vehicle while under the influence of intoxicating liquor is required to furnish proof of his financial responsibility for the future. *Paulson v. National Indem. Co.*, Sup. Ct. Op. No. 806 (File No. 1462), 498 P.2d 731 (1972).

Reliance by insurer on policy defenses. — A policy of automobile liability insurance, voluntarily carried by an operator who has never been required to

furnish proof of financial responsibility under the provisions of the Safety Responsibility Act, and not certified as such proof, is not required by such law and the insurer is not precluded from relying on policy defenses. *Hart v. National Indem. Co.*, Sup. Ct. Op. No. 387 (File No. 722), 422 P.2d 1015 (1967).

Cited in *Anderson v. Municipality of Anchorage*, Ct. App. Op. No. 89 (File No. 5318), 645 P.2d 205 (1982).

Sec. 28.20.240. Proof required when driving privilege is restricted. Whenever under a law of this state the license of a person is suspended, revoked, limited under AS 28.15.201, or canceled for any reason, the department may not issue to that person a new or renewal of license until permitted to do so under the motor vehicle laws of this state. A period of suspension, revocation, or cancellation continues until proof of financial responsibility for the future is provided. Upon expiration of a period of limitation, the license remains revoked until proof of financial responsibility for the future is provided. (§ 26 ch 163 SLA 1959; am § 7 ch 78 SLA 1982; am § 12 ch 77 SLA 1983)

Effect of amendments. — The 1982 amendment substituted "suspended, revoked, limited under AS 28.15.201, or canceled for any reason" for "suspended or revoked for conviction or forfeiture of bail" and "may not issue" for "shall not issue" in

from the end of the first sentence, and added the second sentence.

The 1983 amendment in the first sentence deleted "in his name" following "renewal of license," in the second sentence deleted "limitation," preceding "or

TITLE: An Act relating to motor vehicle liability insurance and motor vehicle registration

CONTACT: Bill Brown 465-4335

DEPARTMENT OF PUBLIC SAFETY / ALASKA / POLICE

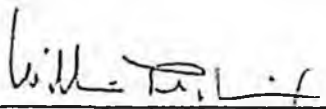
This bill will require a person to sign a statement, prior to registering a motor vehicle, certifying that the vehicle is insured, and will continue to be insured until it is sold. The bill also increases motor vehicle registration fees, changes a definition, and repeals the repealer section of the current mandatory insurance law. Requiring people to sign a statement that they have insurance on a vehicle prior to registering it, and continue to maintain that insurance, will probably have little impact on reducing the number of uninsured if the current mandatory insurance program were to remain in effect. Since the current program is not funded in the FY88 operating budget, this bill may have greater impact.

Section 1, as worded, would either require DMV to refuse registration, or the applicant to file a false certification, when the owner knows the vehicle will not continually be insured until sold. An example being someone who spends summers in Alaska and winters in Arizona. If they put the vehicle on blocks during the winter, when absent from the State, there is no reason to continue to carry liability insurance. It is recommended a change be made to Section 1, line 24, to read "remain in effect whenever the vehicle is in operation," or similar language. This section will have a slight impact on DMV field offices, and a greater impact on the mail-out registration renewal program.

Section 8 changes the definition of "proof of financial responsibility for the future". It was previously defined in AS 28.20.230(b), which is repealed in Section 12 of this bill. It is recommended the last sentence in current AS 28.20.230(b) be added to the definition in Section 8. Otherwise, the words "proof of financial responsibility" and "proof", will be left undefined, and DMV may be unable to require SR-22 when an uninsured person enters into a settlement agreement (AS 28.20.120); after a judgment (AS 28.20.330); etc.

Section 12, repeals the repealer date of the current mandatory insurance law. That program is not funded in the proposed FY88 operating budget. The legislature may want to look at funding that program through use of the increased revenues generated by this bill. The cost to fully fund that program is \$260,400 for FY88. Otherwise it is recommended Section 12 be changed to repeal Section 17 of chapter 70, SLA 1984, effective July 1, 1987.

The department does not support this bill because of the problems outlined above.


WILLIAM R. NIX
Acting Commissioner

BILL NO: HB44

DATE: January 21, 1987

TITLE: An Act relating to motor vehicle liability insurance and the insurance requirements . . . CONTACT: Bill Brown 465-4335

DEPARTMENT OF PUBLIC SAFETY

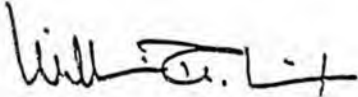
This bill requires owners of motor vehicles to provide proof of motor vehicle liability insurance prior to registering a motor vehicle. The bill also requires insurance companies to notify the department when a motor vehicle liability policy is "cancelled" at which time the department would suspend the registration for the vehicle. The bill does not require notification by insurance companies when a policy expires, thus no action would be taken by the department when a policy expires, but is not renewed, as the department would be unaware of these situations.

Requiring proof of insurance at the time of registration will impact DMV at its field offices, and the mail-out program. The time involved in the registration process will increase. Such work increases will create long lines at major field offices.

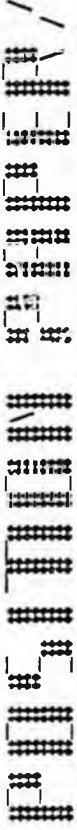
The requirement of notification placed on insurance companies will create additional workload on the companies, of which the cost will probably be passed on to the public by increasing premiums. Keeping track of the notifications and suspending registrations by DMV with all the "due process" requirements will create a costly administrative burden.

The cost of the extra workload could be justified if such a program were extremely effective. The experience of other states has shown this is not the case. It is relatively easy for a person to obtain a binder, register a vehicle, and then immediately cancel the policy without making any payments. States with requirements similar to this bill estimate that between 3 and 10 percent of their registered vehicles are uninsured.

The Department of Public Safety opposes this bill because it is not cost effective.



WILLIAM R. NIX
Acting Commissioner



**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

Bill version : HB 44
Publish Date : _____

REQUEST: _____
Revision Date: _____
Title: An Act relating to motor vehicle liability insurance and the.....
Sponsor: Donley & Collins
Requestor: House Labor & Commerce

Agency Affected: Public Safety
BRU: Motor Vehicles
Components: Vehicle Services
& Field Services

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES		449.6	472.1	495.7	520.5	546.5
TRAVEL		8.5	8.9	9.3	9.8	10.3
CONTRACTUAL		177.4	143.2	150.4	157.9	165.8
SUPPLIES		6.0	6.3	6.6	6.9	7.2
EQUIPMENT		14.4	-0-	-0-	-0-	-0-
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		655.9	630.5	662.0	695.1	729.8

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

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

FUNDING: (Thousands of Dollars)

GENERAL FUND		655.9	630.5	662.0	695.1	729.8
FEDERAL FUNDS						
OTHER						
TOTAL		655.9	630.5	662.0	695.1	729.8

POSITIONS:

FULL-TIME		15	15	15	15	15
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

See attached pages.

JWR
1/22/87

Prepared by: Bill Brown Phone: 465-4335
Division: Motor Vehicles Date: 1-22-87
Approved by Commissioner: [Signature] Date: 1/23/87
Agency: Public Safety

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

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. HB 44

ANALYSIS:

There are approximately 450,000 motor vehicles for which proof of insurance will be required prior to registration. The checking and processing of the insurance papers will require extra time at the field offices, and for the mail-out program. It is estimated that approximately 20-30% of these vehicles will be refused registration upon first application because the owner does not have proper proof. This will require a second trip to division offices when the proper proof is obtained.

It is estimated that 10% of the vehicles (45,000) will have policy cancellations due to non-payment, sale of vehicle, leaving state, etc. Suspension notices would be sent to 90% of those owners (40,500). No notice would be sent when registration is expiring within 30 days. The notices must be sent by certified mail as required by law. Approximately 2,500 hearings will be requested annually as a result of the suspension notices.

71000 Personal Services

Anchorage

1 Driver Imp. Spec. (Hearing Officer)		
Range 16	43.8	
1 Document Proc. Clk III, Range 10	31.4	
4 MVR II, Range 9	119.2	
2 Document Proc. Clk II, Range 8	56.4	
3 Document Proc. Clk I, Range 7	80.5	
2 Clerk Typist II, Range 7	53.6	

Fairbanks

2 MVR II, Range 9	64.7	
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449.6

72000 Travel

Travel and per diem for hearing officer
to conduct hearings

8.5

8.5

73000 Contractual

Professional Services

DP program modification	36.0*	36.0
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Communications

Postage

Return mailing for incorrect renewals	8.8	
Certified suspension letters		
40,500 @ \$1.75	70.9	
Certified hearing letters		
2,500 @ \$1.75	4.4	
General correspondence	2.5	
Telephones and tolls	3.0	

39.6

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. HB 44

Promotion and Advertising			
Forms	7.5		
Advertising	<u>5.0</u>	12.5	
DP Network Connect - 9 terminals	9.0		
CRT maintenance	<u>8.1</u>	17.1	
Equipment lease			
9 CRTs and printers @\$206 per month each	22.2	<u>22.2</u>	177.4
74000 Supplies			
Normal office supplies, computer paper, microfilm supplies, etc.	6.0		6.0
75000 Equipment			
5 desks @ \$468	2.3		
4 typewriters @ 1369	5.5		
5 chairs @ \$272	1.4		
4 counter stools @ \$350	1.4		
3 CRT tables @ \$225	.7		
6 file cabinets @ \$308	1.8		
1 storage cabinet @ \$300	.3		
Recording equipment	<u>1.0</u>		
			<u>14.4</u>
			TOTAL 655.9

* initial programming charge - first year only.

5% inflation factor used for FY89 and subsequent years.

Position Title Driver Improvement Specialist (Hearing Off.)		No. of Positions 1	Range/Step 16A	Barg. Unit GGU
Time Status PFT	Staff Months 12	Location Anchorage		Election District 7-15
Justification				
Type of Expenditure		Amount		
1	2	3		
Salary	32,424			
Benefits	8,106			
Premium Pay				
Other	3,027			
Total Personal Services		43.8		
Travel		8.5		
Contractual		5.0		
Commodities		.7		
Equipment		1.0		
Other				
Total Cost		59.0		
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004	59.0		
I-A Receipts	1006			
CIP Receipts	1061			
Other				

This position will hold hearings under the motor vehicle administrative suspension program. Each time an individual's motor vehicle registration has been suspended the owner has the right to ask for a hearing. The position would prepare the records for each hearing and maintain the appropriate records of the hearing.

Travel for FY88 is based on trips to the Kenai Peninsula, Palmer, Kodiak and areas in Southeast.

**Request For
New Position**

Agency Department of Public Safety
 BRU Division of Motor Vehicles
 Component Vehicle Services

Page 4 of 10
 Revised Date

FY 88

Position Title Document Processing Clerk III		No. of Positions 1	Range/Step 10B	Barg. Unit GGU	
Time Status PFT	Staff Months 12	Location Anchorage		Election District 7-15	
Type of Expenditure		Justification			
Amount		<p>This position would process correspondence concerning oral and written communications or statements from motor vehicle owners following notification of suspension.</p> <p>Would be sub-supervisor of the mandatory insurance section. When necessary would prepare suspension notices for those whose insurance cancellation notices have been received. These actions would be data entered in the computer system to verify for accuracy of status, and to prevent legal repercussions.</p>			
1	2				3
Salary	22,716				
Benefits	5,679				
Premium Pay					
Other	3,027				
Total Personal Services					31.4
Travel					
Contractual					2.0
Commodities					.4
Equipment		2.1			
Other					
Total Cost		35.9			
Funding Source for Total Cost					
Federal Receipts	1002				
G. F. Match	1003				
General Fund	1004	35.9			
I-A Receipts	1006				
CIP Receipts	1061				
Other					

**Request For
New Position**

Agency Department of Public Safety
 BRU Division of Motor Vehicles
 Component Vehicle Services

Page 5 of 10
 Revised Date

FY 88

Position Title Motor Vehicle Representative II		No. of Positions 4	Range/Step 9B	Barg. Unit GGU
Time Status FFT	Staff Months 48	Location Anchorage		Election District 7-15
Type of Expenditure		Justification		
1	2	3		
Salary	85,680			
Benefits	21,420			
Premium Pay				
Other	12,110			
Total Personal Services		119.2	<p>These positions would work the public counter to issue motor vehicle registrations and titles. Would assist the public by responding to inquiries concerning motor vehicle insurance requirements.</p> <p>When necessary these positions will assist the mail out section in processing renewals and verification of insurance.</p>	
Travel				
Contractual		17.5		
Commodities		.8		
Equipment		1.1		
Other				
Total Cost		138.6		
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004	138.6		
I-A Receipts	1006			
CIP Receipts	1061			
Other				

**Request For
New Position**

Agency Department of Public Safety
 BRU Division of Motor Vehicles
 Component Field Services

Page 6 of 10
 Revised Date

FY 88

Position Title Document Processing Clerk II		No. of Positions 2	Range/Step 8B	Barg. Unit GGU
Time Status PFT	Staff Months 24	Location Anchorage		Election District 7-15
Type of Expenditure		Justification		
1	2	3		
Salary	40,272	<p>These positions will process notifications from insurance carriers that a policy has been cancelled. Will research files and match cancellation with registration record and refer to suspension desk when appropriate.</p> <p>Will prepare certified copies of suspension notices and supporting documents for use by prosecutors, courts, law enforcement officers, etc.</p>		
Benefits	10,068			
Premium Pay				
Other	6,054			
Total Personal Services	56.4			
Travel				
Contractual				
Commodities		.8		
Equipment		4.8		
Other				
Total Cost		62.0		
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004	62.0		
I-A Receipts	1006			
CIP Receipts	1061			
Other				

**Request For
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Position Title Document Processing Clerk I		No. of Positions 3	Range/Step 7B	Barg. Unit GCU																																				
Time Status PFT	Staff Months 36	Location Anchorage		Election District 7-15																																				
<table border="1"> <thead> <tr> <th colspan="2">Type of Expenditure</th> <th>Amount</th> </tr> <tr> <th>1</th> <th>2</th> <th>3</th> </tr> </thead> <tbody> <tr> <td>Salary</td> <td>57,096</td> <td rowspan="4"></td> </tr> <tr> <td>Benefits</td> <td>14,274</td> </tr> <tr> <td>Premium Pay</td> <td></td> </tr> <tr> <td>Other</td> <td>9,082</td> </tr> <tr> <td colspan="2">Total Personal Services</td> <td>80.5</td> </tr> <tr> <td colspan="2">Travel</td> <td></td> </tr> <tr> <td colspan="2">Contractual</td> <td>13.1</td> </tr> <tr> <td colspan="2">Commodities</td> <td>.6</td> </tr> <tr> <td colspan="2">Equipment</td> <td>1.4</td> </tr> <tr> <td colspan="2">Other</td> <td></td> </tr> <tr> <td colspan="2">Total Cost</td> <td>95.6</td> </tr> </tbody> </table>		Type of Expenditure		Amount	1	2	3	Salary	57,096		Benefits	14,274	Premium Pay		Other	9,082	Total Personal Services		80.5	Travel			Contractual		13.1	Commodities		.6	Equipment		1.4	Other			Total Cost		95.6	Justification These positions will provide computer entry of microfilmed items for subsequent retrieval. They will also assist in preparation of documents for microfilming. The new law will generate thousands of pieces of paper which will need to be microfilmed in order to reduce storage costs.		
Type of Expenditure		Amount																																						
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Position Title Clerk Typist II		No. of Positions 2	Range/Step 7B	Barg. Unit CGU
Time Status PFT	Staff Months 24	Location Anchorage		Election District 7-15
Justification				
Type of Expenditure		Amount		
1	2	3		
Salary	38,064			
Benefits	9,516			
Premium Pay				
Other	6,054			
Total Personal Services		53.6		
Travel				
Contractual				
Commodities		.4		
Equipment		3.6		
Other				
Total Cost		57.6		
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004	57.6		
I-A Receipts	1006			
CIP Receipts	1061			
Other				
<p>These positions would process the necessary paperwork for scheduling hearings, notifying individuals fo hearing date, time and location, and maintain files. Would also assist in preparing suspension notices and mailing to those whose insurance has been cancelled. Would field inquiries, and refer technical items to supervisor or hearing officer.</p> <p>Would prepare correspondence and transcribe hearing tapes when necessary. Prepare appeal records when hearing officers decision is appealed by the owner to the court.</p>				

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