

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672

4794 HLAB HB 43 - HB 45

366

HB

43

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

Steve Kozar

SIGNING OTHER RECOMMENDATIONS:

Walt Furnace *Do not pass without clear committee report*

DO NOT PASS without amendments

Bill needs work

James K. Douley

Chairman's signature

5-0234B ✓
Cramer
1/27/87

Original sponsors: Donley and Koponen

1 IN THE HOUSE

BY THE LABOR AND
COMMERCE COMMITTEE

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
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 AS 23.10.380(a) is repealed and reenacted to read: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 residing outside the
25 state shall notify the person of the person's rights to transportation
26 under this section.

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 resided outside the state when the employer
5 agreed to employ the person for work inside the state.

6 * Sec. 3. The amendments proposed by this Act apply to persons hired on
7 or after the effective date of this Act.

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Original sponsors: Donley and Koponen

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IN THE HOUSE

BY THE LABOR AND
COMMERCE COMMITTEE

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

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - FIRST SESSION

A BILL

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

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

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

(3) the person or the department requests return transportation within 45 days after the termination of employment.

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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

4 (2) the person resided outside the state when the employer
5 agreed to employ the person for work inside the state.

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

8 Sec. 23.10.402. DEFINITION. To AS 23.10.375 - 23.10.401 "em-
9 ployer" means a person who employs at least one other person and
10 includes the state and a political subdivision of the state.

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

Original sponsors: Donley and Koponen

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IN THE HOUSE

BY THE LABOR AND
COMMERCE COMMITTEE

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

IN THE LEGISLATURE OF THE STATE OF ALASKA
FIFTEENTH LEGISLATURE - FIRST SESSION

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9 ployer" means a person who employs at least one other person and
10 includes the state and a political subdivision of the state.

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

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

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

REQUEST _____

Revision Date: _____
Title: An Act Relating to Return
Transportation for Workers
Sponsor: Donley and Koponen
Requestor: _____

Agency Affected: A11
BRU: A11

Components: A11

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: 1/1/87
Agency: Department of Administration

Distribution (by preparer):

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

Rev. 01/23/87

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.

Alaska State Legislature

House of Representatives



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.

H B

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FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act relating to motor vehicle liability insurance and vehicle...
Sponsor: Donley
Requestor: Senate State Affairs

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

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES		14.9	30.7	31.6		
TRAVEL						
CONTRACTUAL		1.4	2.9	3.0		
SUPPLIES		.3	.4	.4		
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	16.6	34.0	35.0	-0-	-0-

CAPITAL						
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REVENUE	-0-	25.0	50.0	51.5	53.0	54.6
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FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	16.6	34.0	35.0	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL	-0-	16.6	34.0	35.0	-0-	-0-

POSITIONS:

FULL-TIME	0	1	1	1	0	0
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

See Page 2.

Prepared by: Charles R. Hosack
Division: Motor Vehicles

Phone: 269-5551
Date: 1-29-88

Approved by Commissioner: Donley H. [Signature]
Agency: Public Safety

Date: 2-2-88

Distribution (by preparer):

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

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. CSHB 44(Fin)am

EXPENDITURES:

The above version of the bill requires the person registering a vehicle to certify they have insurance, and will continue to carry the insurance when the vehicle is in operation.

As a result of experience gained from the Emission Inspection Program it is realized the renewal by mail form will not always be adequately completed in regard to certifying insurance is in existence, thus some will need to be returned to the applicant. Of the 412,000 registrations processed in 1986, 110,000 were renewals by mail. It is estimated 10% of the renewals by mail will be incomplete in regard to insurance. The one position requested is to assist the mail-out renewal program. After the program is in operation for a couple years there will be less rejected applications, and the position will no longer be required.

Personal Services:

1 Motor Vehicle Rep. II, Anchorage, 9B	14.9
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Contractual:

Postage: 6,250 x \$.22	1.4
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Commodities:

Envelopes	.2
Other normal office supplies	.1

TOTAL	16.6
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The above funding is for one-half year because of effective date of January 1, 1989. A 3% inflation factor was used for FY90 and subsequent years.

REVENUES:

Requires a \$1.00 per year increase in registration fees for vehicles under AS 28.10.421(c), of which 49,813 were registered in 1986. Effective date of January 1, 1989, thus \$1.00 fee times 25,000 vehicles is equal to \$25,000 in revenue for FY89.

A 1% growth factor was used for FY91 and subsequent years.

Position Title Motor Vehicle Representative II		No. of Positions 1	Range/Step 9B	Barg. Unit GGU
Time Status PFT	Staff Months 12	Location Anchorage		Election District 7-15
Type of Expenditure		Justification		
1	2	3		
Salary	10,710	Process registration applications received under the mail-out renewal program. Inspect applications returned for completeness. Return applications which are incomplete with instructions on how to correct. Perform data entry for properly completed applications and send renewal registration and tabs to applicant.		
Benefits	4,191			
Premium Pay				
Other				
Total Personal Services		14.9		
Travel				
Contractual		1.4		
Commodities		.3		
Equipment				
Other				
Total Cost		16.6		
Funding Source for Total Cost				
Federal Receipts 1002				
G. F. Match 1003				
General Fund 1004		16.6		
GF Program Receipts 1005				
Other				
		Figures are for one-half year because of effective date of January 1, 1989		

**Request For
New Position**

Agency Public Safety
 BRU Motor Vehicles
 Component Field Services

Page 3 of 3
 Revised Date

FY 89

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act relating to anatomical gifts.
Sponsor: Gruenberg
Requestor: Senate HESS

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

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL						
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REVENUE						
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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: Jay N. Dulany Phone: 269-5551
Division: Motor Vehicles Date: 1-29-88

Approved by Commissioner: Donna Hootch Date: 2-3-88
Agency: Public Safety Dep. Comm.

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

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

CSHB 44 (L&C)

Bill Version: Work Draft dated 3-12-87
Publish Date: _____

REQUEST: _____

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

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

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES		14.9	30.7	31.6		
TRAVEL						
CONTRACTUAL		1.4	2.9	3.0		
SUPPLIES		.3	.4	.4		
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		16.6	34.0	35.0	-0-	-0-
CAPITAL						
REVENUE		206.0	416.1	420.3	424.5	428.7

FUNDING: (Thousands of Dollars)

GENERAL FUND		16.6	34.0	35.0	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL		16.6	34.0	35.0	-0-	-0-

POSITIONS:

FULL-TIME		1	1	1	0	0
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

See Page 2.

Prepared by: Bill Brown Phone: 465-4335
 Division: Motor Vehicles Date: 3-17-87
 Approved by Commissioner: [Signature] Date: 3/17/87
 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. CSHB 44 (L&C)
Work Draft dated 3-12-87

EXPENDITURES:

This fiscal note is prepared under the assumption the person registering a vehicle must affirm they have insurance, and will continue to carry the insurance when the vehicle is in operation. The wording of the draft does not require proof of insurance up front as indicated in the memorandum dated 3-12-87, which accompanied the draft, nor as required in the original bill.

As a result of experience gained from the Emission Inspection Program it is realized the renewal by mail form will not always be adequately completed in regard to certifying insurance is in existence, thus some will need to be returned to the applicant. Of the 412,000 registrations processed in 1986, 110,000 were renewals by mail. It is estimated 10% of the renewals by mail will be incomplete in regard to insurance. The one position requested is to assist the mail-out renewal program. After the program is in operation for a couple years there will be less rejected applications, and the position will no longer be required.

PERSONAL SERVICES:

1 Motor Vehicle Rep. II, Anchorage, 9B	14.9
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CONTRACTUAL:

Postage, 6,250 x \$.22	1.4
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COMMODITIES:

Envelopes	.2
Other normal office supplies	.1
	<hr/>
TOTAL	16.6

The above is funding for one-half year because of effective date of January 1, 1988.

A 3% inflation factor was used for FY89 and subsequent year.

REVENUES:

412,000 vehicles were registered in 1986. Revenue increase for FY88 is for one-half year because of effective date of January 1, 1988.
412,000 divided by one-half = 206,000 x \$1.00 fee increase = \$206,000.

A 1% growth factor was used for FY89 and subsequent years.

Position Title Motor Vehicle Representative II		No. of Positions One	Range/Step 9B	Barg. Unit GGU
Time Status PFT	Staff Months 12	Location Anchorage		Election District 7-15
Type of Expenditure		Justification		
		Process registration applications received under the mail-out renewal program. Inspect applications returned for completeness. Return applications which are incomplete with instructions on how to correct. Perform data entry for properly completed applications and send renewal registration and tabs to applicant.		
Amount		Figures are for one-half year because of effective date of January 1, 1988.		
1	2	3		
Salary	10.710			
Benefits	4.191			
Premium Pay				
Other				
Total Personal Services		14.9		
Travel				
Contractual		1.4		
Commodities		.3		
Equipment				
Other				
Total Cost		16.6		
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004	16.6		
I-A Receipts	1006			
CIP Receipts	1061			
Other				

**Request For
New Position**

Agency Public Safety
 BRU Motor Vehicles
 Component Field Services

Page 3 of 3
 Revised Date

FY 88

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.

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

Distribution (by preparer):

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

JWR
1/22/87

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
SUBCOMMITTEE

FEBRUARY 19, 1987

MEMORANDUM

TO: MEMBERS, HOUSE LABOR AND COMMERCE COMMITTEE

FROM: REPRESENTATIVE DAVE DONLEY

RE: HB 44 - MANDATORY MOTOR VEHICLE INSURANCE

HB 44 AMENDS OUR CURRENT MANDATORY AUTOMOBILE INSURANCE LAW TO REQUIRE PROOF OF INSURANCE BEFORE YOU CAN REGISTER YOUR VEHICLE.

IN ADDITION, HB 44 REPEALS A SUNSET PROVISION IN THE ORIGINAL LAW, AND REQUIRES THAT WHEN A DISPUTE OVER INSURANCE GOES TO ARBITRATION, THE COSTS OF ARBITRATION ARE PAID BY THE LOSING PARTY.

I HAVE PREPARED A PROPOSED COMMITTEE SUBSTITUTE FOR YOUR REVIEW. THE CS ADDS LANGUAGE TO: 1) CREATE A "SHORT TITLE" FOR THE BILL, "ALASKA MANDATORY AUTOMOBILE INSURANCE ACT", AND 2) REQUIRE THAT INSURANCE COMPANIES HAVE TO REPORT CANCELLATIONS OF COVERAGE ONLY DURING THE FIRST SIX MONTHS OF A POLICY.

THE LATTER PROVISION WAS INCLUDED AT THE REQUEST OF THE INSURANCE INDUSTRY IN ORDER TO REDUCE THE COSTS OF ENFORCING MANDATORY INSURANCE.

BEFORE ALASKA ADOPTED MANDATORY AUTOMOBILE INSURANCE IN 1984, IT WAS ESTIMATED THAT BETWEEN 20 AND 40 PERCENT OF THE VEHICLES IN ALASKA WERE UNINSURED. STATISTICS NOW INDICATE THAT BETWEEN 10 AND 20 PERCENT OF OUR VEHICLES ARE UNINSURED.

HB44 WOULD ASSURE THAT VIRTUALLY EVERY VEHICLE ON THE ROAD IN ALASKA WAS INSURED. IF NOT, LACK OF APPROPRIATE TAGS WOULD MAKE THEM EASY TO SPOT, AND THEREFORE EASIER TO GET OFF THE ROAD.

THE DEPARTMENT OF PUBLIC SAFETY IS OPPOSED TO THIS MEASURE BECAUSE THEY FEEL THE COSTS OF IMPLEMENTING THE PROGRAM ARE NOT WORTH THE ANTICIPATED RESULTS. ACCORDINGLY, A LARGE FISCAL NOTE FROM THE DEPARTMENT IS ATTACHED TO HB 44.

I DISAGREE WITH THE DEPARTMENTS POSITION. THE COSTS OF A SINGLE UNINSURED MOTOR VEHICLE ACCIDENT, TO THE STATE AS WELL AS TO THE VICTIMS, IS STAGGERING. AN ACCIDENT MAY WELL RESULT IN LIFETIME INTENSIVE MEDICAL CARE FOR INJURED PASSENGERS. WHO PAYS THE BILL WHEN NEITHER VEHICLE OR PASSENGER IS INSURED?

I WAS ASKED TO INTRODUCE HB 44 BY CONCERNED CONSTITUENTS WHO WERE FEARFUL OF BEING VICTIMIZED BY AN UNINSURED DRIVER. IT IS ENDORSED BY MOTHERS AGAINST DRUNK DRIVING AND OTHER HIGHWAY SAFETY GROUPS.

Alaska State Legislature



House of Representatives

March 12, 1987

M E M O R A N D U M

To: Members, House Labor and Commerce Committee

From: Representative Dave Donley

Re: Proposed CS for HB 44 - Mandatory Automobile Insurance

Last week, the Committee asked that two versions of a proposed CS for HB 44 be drafted for your review. There are three versions in your bill file, the first being the CS the Committee adopted for discussion purposes during our February meeting.

The three versions are dated at the top right-hand corner. The different elements in the bills are as follows:

	VERSION OF PROPOSED CS		
	3/6/87	3/9/87	3/12/87
1. Proof of Insurance up front	X		X
2. Affirmation under oath that you have insurance		X	
3. Affirmation under oath to maintain insurance		X	X
4. Arbitration Clause	X	X	X
5. Notification of Cancellation	YES	YES	NO
6. SR 22 Language		X	X
7. Definitions		X	X
8. Raise registration fees			X

1. Proof of Insurance "up front" means that you have to bring proof to the Department that you have liability insurance in order to register your vehicle.
2. Affirmation that you have insurance means that you sign a form under oath that you have insurance, but you will not have to provide proof.
3. Affirmation that you will maintain insurance means that you sign an affirmation under oath that you will maintain liability insurance until the vehicle is sold.
4. Arbitration clause provides that the cost of arbitration should be covered as part of the settlement (all versions have this language).
5. Notification of Cancellation means that an insurance company has to notify the Department if a policy is cancelled within 6 months of registration. Removal of this section means there will be no enforcement by the Department and will result in substantially less fiscal impact.
6. SR 22 Language - SR22 - "proof of financial responsibility" must be filed when you have been involved in an accident. There is a problem with the existing statute in that you are only required to show proof of insurance on a vehicle, not all vehicles you may drive. Drafts dated 3/9/87 and 3/12/87 contain language that corrects this defect and requires insurance on every vehicle you may drive.
7. Definitions - Drafts dated 3/9/87 and 3/12/87 contain definitions that include language to correct problems with the SR22 (see #6).
8. Raise registration fees - Draft dated 3/12/87 raises the cost of registration by \$1.00 to cover any costs to the Department for implementing the proof/affirmation system.

5-0340L ✓
 Ford
 3/9/87

Original sponsors: Donley and Collins

1 IN THE HOUSE

BY THE LABOR AND
 COMMERCE COMMITTEE

2 CS FOR HOUSE BILL NO. 44 (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 motor vehicle liability insurance
 7 and the insurance requirements for obtaining and
 8 maintaining motor vehicle registration; and providing
 9 for an effective date."

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

11 * Section 1. AS 28.10.021(a) is amended to read:

12 (a) The owner of a vehicle subject to registration shall apply
 13 for registration under this chapter by properly completing the form
 14 prescribed by the commissioner under AS 28.05.041. Before the issu-
 15 ance of a certificate of registration by the department, the owner
 16 shall

17 (1) pay all registration fees and taxes required under this
 18 chapter and federal heavy vehicle use taxes required under 26 U.S.C.
 19 4481 (Internal Revenue Code of 1954);

20 (2) unless the owner qualifies as a self-insurer under
 21 AS 28.22.400, or is exempted from obtaining liability insurance under
 22 AS 28.22.200, certify to the department the existence of a motor
 23 vehicle liability policy that complies with AS 28.22.200 for the
 24 vehicle being registered and certifies that the liability policy will
 25 remain in effect for the term the vehicle is registered or until the
 26 vehicle is sold; and

27 (3) [SHALL] comply with [ANY] other applicable statutes and
 28 regulations.

29 * Sec. 2. AS 28.10.041(a) is amended to read:

1 (a) The department may refuse to register a vehicle if

2 (1) the application contains a false or fraudulent state-
3 ment;

4 (2) the applicant fails to furnish information required by
5 the department;

6 (3) the applicant is not entitled to the issuance of a
7 certificate of title or registration under this chapter;

8 (4) the vehicle is determined to be mechanically unsafe to
9 be driven or moved on a highway, vehicular way or area, or other
10 public property in the [THIS] state;

11 (5) the department has reasonable grounds to believe that
12 the vehicle was stolen or fraudulently acquired or that the granting
13 of registration would be a fraud against the rightful owner or other
14 person having a valid lien upon the vehicle;

15 (6) the registration of the vehicle has been suspended or
16 revoked for any reason under the laws of the [THIS] state;

17 (7) the required fees or taxes have not been paid;

18 (8) the vehicle or applicant fails to comply with this
19 chapter or regulations authorized by this section;

20 (9) the vehicle is without a certificate of inspection
21 required under AS 28.32.010;

22 (10) the vehicle is subject to a state-approved local
23 emission inspection program adopted by municipal ordinance under
24 AS 46.03.210, and the vehicle does not meet the standards of that
25 program, unless the vehicle uses a fuel source that does not primarily
26 emit carbon monoxide;

27 (11) the applicant fails to certify to the department the
28 existence of a motor vehicle liability policy that complies with
29 AS 28.22.010 for the vehicle being registered, unless the owner of the

1 vehicle qualifies as a self-insurer under AS 28.20.400, or is exempted
2 from obtaining liability insurance under AS 28.22.200.

3 * Sec. 3. AS 28.10.051 is amended by adding a new subsection to read:

4 (b) Unless the owner qualifies as a self-insurer under AS 28.-
5 20.400, or is exempted from obtaining liability insurance under
6 AS 28.22.200, the department may suspend or revoke the registration of
7 a vehicle that is not insured by a motor vehicle liability policy that
8 complies with AS 28.22.010.

9 * Sec. 4. AS 28.10.111 is amended by adding a new subsection to read:

10 (c) Unless the owner of the vehicle qualifies as a self-insurer
11 under AS 28.20.400, or is exempted from obtaining liability insurance
12 under AS 28.22.200, the department may not renew the registration of a
13 vehicle without receiving certification from the owner that the vehi-
14 cle is insured by a motor vehicle liability policy that complies with
15 AS 28.22.010.

16 * Sec. 5. AS 28.10 is amended by adding a new section to read:

17 Sec. 28.10.115. NOTIFICATION OF CANCELLATION. An insurer shall
18 notify the department within 10 days after the cancellation of a motor
19 vehicle liability policy issued by the insurer within the preceding
20 six months for a vehicle that is registered under this chapter.

21 * Sec. 6. AS 28.15.255(c) is amended to read:

22 (c) In this section, the term "proof of financial responsibility
23 for the future" has the meaning given in AS 28.20.630 [AS 28.20.-
24 230(b)] and may be established as provided in AS 28.20.

25 * Sec. 7. AS 28.20.630 is amended to read:

26 Sec. 28.20.630. DEFINITIONS [DEFINITION]. In this chapter,
27 unless the context otherwise requires,

28 (1) "judgment" ["JUDGMENT"] means a judgment that [WHICH]
29 is final by expiration without appeal of the time within which an

1 appeal may be taken, or final by affirmation on appeal, given by a
2 court of a [ANY] state or of the United States, upon a cause of action
3 arising out of the ownership, maintenance, or use of a vehicle of a
4 type subject to registration under the laws of this state, for dam-
5 ages, including damages for care and loss of services, because of
6 bodily injury to or death of a person, or for damages because of
7 injury to or destruction of property, including the loss of use of
8 property, or upon a cause of action on an agreement of settlement for
9 such damages;

10 (2) "proof of financial responsibility for the future"
11 means an owner's motor vehicle liability policy that covers all vehi-
12 cles owned by the person that are subject to registration in this
13 state, or if the person does not own a vehicle, proof required under
14 AS 28.20.390.

15 * Sec. 8. AS 28.22.010 is amended by adding a new subsection to read:

16 (g) A motor vehicle liability policy must provide that all
17 expenses and fees, not including counsel fees, incurred because of
18 arbitration or mediation shall be paid as a part of the arbitration
19 award.

20 * Sec. 9. AS 28.22 is amended by adding a new section to read:

21 Sec. 28.22.610. SHORT TITLE. This chapter may be cited as the
22 Alaska Mandatory Automobile Insurance Act.

23 * Sec. 10. Section 8 of this Act applies to motor vehicle liability
24 insurance policies entered into or renewed after the effective date of this
25 Act.

26 * Sec. 11. AS 28.20.230(b) and secs. 17, 18, 19, 20, and 23 of ch. 70,
27 SLA 1984 are repealed.

28 * Sec. 12. This Act takes effect July 1, 1987.

29

5-0340X
Ford
3/12/87

Original sponsors: Donley and Collins

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IN THE HOUSE

BY THE LABOR AND
COMMERCE COMMITTEE

CS FOR HOUSE BILL NO. 44 (L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

FIFTEENTH LEGISLATURE - FIRST SESSION

A BILL

For an Act entitled: "An Act relating to motor vehicle liability insurance and motor vehicle registration; and providing for an effective date."

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

* Section 1. AS 28.10.021(a) is amended to read:

(a) The owner of a vehicle subject to registration shall apply for registration under this chapter by properly completing the form prescribed by the commissioner under AS 28.05.041. Before the issuance of a certificate of registration by the department, the owner shall

(1) pay all registration fees and taxes required under this chapter and federal heavy vehicle use taxes required under 26 U.S.C. 4481 (Internal Revenue Code of 1954);

(2) unless the owner qualifies as a self-insurer under AS 28.20.400, or is exempted from obtaining liability insurance under AS 28.22.200, certify to the department the existence of a motor vehicle liability policy that complies with AS 28.22.200 for the vehicle being registered and certify that the liability policy will remain in effect for the term the vehicle is registered or until the vehicle is sold; and

(3) [SHALL] comply with [ANY] other applicable statutes and regulations.

* Sec. 2. AS 28.10.041(a) is amended to read:

(a) The department may refuse to register a vehicle if

1 (1) the application contains a false or fraudulent state-
2 ment;

3 (2) the applicant fails to furnish information required by
4 the department;

5 (3) the applicant is not entitled to the issuance of a
6 certificate of title or registration under this chapter;

7 (4) the vehicle is determined to be mechanically unsafe to
8 be driven or moved on a highway, vehicular way or area, or other
9 public property in the [THIS] state;

10 (5) the department has reasonable grounds to believe that
11 the vehicle was stolen or fraudulently acquired or that the granting
12 of registration would be a fraud against the rightful owner or other
13 person having a valid lien upon the vehicle;

14 (6) the registration of the vehicle has been suspended or
15 revoked for any reason under the laws of the [THIS] state;

16 (7) the required fees or taxes have not been paid;

17 (8) the vehicle or applicant fails to comply with this
18 chapter or regulations authorized by this section;

19 (9) the vehicle is without a certificate of inspection
20 required under AS 28.32.010;

21 (10) the vehicle is subject to a state-approved local
22 emission inspection program adopted by municipal ordinance under
23 AS 46.03.210, and the vehicle does not meet the standards of that
24 program, unless the vehicle uses a fuel source that does not primarily
25 emit carbon monoxide;

26 (11) the applicant fails to certify to the department the
27 existence of a motor vehicle liability policy that complies with
28 AS 28.22.010 for the vehicle being registered, unless the owner of the
29 vehicle qualifies as a self-insurer under AS 28.20.400, or is exempted

1 from obtaining liability insurance under AS 28.22.200.

2 * Sec. 3. AS 28.10.051 is amended by adding a new subsection to read.

3 (b) Unless the owner qualifies as a self-insurer under AS 28.-
4 20.400, or is exempted from obtaining liability insurance under
5 AS 28.22.200, the department may suspend or revoke the registration of
6 a vehicle that is not insured by a motor vehicle liability policy that
7 complies with AS 28.22.010.

8 * Sec. 4. AS 28.10.111 is amended by adding a new subsection to read:

9 (c) Unless the owner of the vehicle qualifies as a self-insurer
10 under AS 28.20.400, or is exempted from obtaining liability insurance
11 under AS 28.22.200, the department may not renew the registration of a
12 vehicle without receiving certification from the owner that the vehi-
13 cle is insured by a motor vehicle liability policy that complies with
14 AS 28.22.010.

15 * Sec. 5. AS 28.10.421(b) is amended to read:

16 (b) The annual registration fees under this subsection are
17 imposed within the following classifications for:

18 (1) a passenger vehicle or motor home not used or main-
19 tained for the transportation of persons or property for hire or for
20 other commercial use \$36 [\$35];

21 (2) a pick-up truck or a van not exceeding 6,000 pounds
22 unladen weight and not used or maintained for the transportation of
23 persons or property for hire or for other commercial use
24 \$41 [\$40];

25 (3) a taxicab \$71 [\$70];

26 (4) a motor bus with a seating capacity for 20 or more
27 persons and used exclusively for commercial purposes in the transport-
28 ing of visitors or tourists \$86 [\$85];

29 (5) a motorcycle or a motor-driven cycle \$21 [\$20];

1 (6) a two- or four-wheeled trailer not used or maintained
 2 for the transportation of persons or property for hire or for other
 3 commercial use, including, but not limited to, a boat trailer, baggage
 4 trailer, box trailer, utility trailer or house trailer . . . \$6 [\$5].

5 * Sec. 6. AS 28.10.421(c) is amended to read:

6 (c) The annual registration fees under this subsection are
 7 imposed and are based upon the actual unladen weight as established by
 8 the manufacturer's advertised weight or upon the actual weight which
 9 the owner shall furnish, subject to the approval of the commissioner
 10 or the commissioner's representative, for a vehicle, including a motor
 11 vehicle pulling a trailer or semi-trailer, used or maintained for the
 12 transportation of passengers for hire, excepting taxicabs and buses
 13 under (b) of this section, or for the transportation of property for
 14 hire or for other commercial use, including a commercial vehicle such
 15 as a trailer, semi-trailer, truck, wrecker, tow car, hearse, ambu-
 16 lance, and tractor, as follows:

- 17 (1) up to and including 5,000 pounds \$51 [\$50];
- 18 (2) more than 5,000 pounds to and including 12,000 pounds .
 19 \$86 [\$85];
- 20 (3) more than 12,000 pounds to and including 18,000 pounds
 21 \$156 [\$155];
- 22 (4) more than 18,000 pounds \$221 [\$220].

23 * Sec. 7. AS 28.15.255(c) is amended to read:

24 (c) In this section, the term "proof of financial responsibility
 25 for the future" has the meaning given in AS 28.20.630 [AS 28.20.-
 26 230(b)] and may be established as provided in AS 28.20.

27 * Sec. 8. AS 28.20.630 is amended to read:

28 Sec. 28.20.630. DEFINITIONS [DEFINITION]. In this chapter,
 29 unless the context otherwise requires,

1 (1) "judgment" ["JUDGMENT"] means a judgment that [WHICH]
2 is final by expiration without appeal of the time within which an
3 appeal may be taken, or final by affirmation on appeal, given by a
4 court of a [ANY] state or of the United States, upon a cause of action
5 arising out of the ownership, maintenance, or use of a vehicle of a
6 type subject to registration under the laws of this state, for dam-
7 ages, including damages for care and loss of services, because of
8 bodily injury to or death of a person, or for damages because of
9 injury to or destruction of property, including the loss of use of
10 property, or upon a cause of action on an agreement of settlement for
11 such damages;

12 (2) "proof of financial responsibility for the future"
13 means an owner's motor vehicle liability policy that covers all vehi-
14 cles owned by the person that are subject to registration in this
15 state, or if the person does not own a vehicle, proof required under
16 AS 28.20.390.

17 * Sec. 9. AS 28.22.010 is amended by adding a new subsection to read:

18 (g) A motor vehicle liability policy must provide that all
19 expenses and fees, not including counsel fees, incurred because of
20 arbitration or mediation shall be paid as a part of the arbitration
21 award.

22 * Sec. 10. AS 28.22 is amended by adding a new section to read:

23 Sec. 28.22.610. SHORT TITLE. This chapter may be cited as the
24 Alaska Mandatory Automobile Insurance Act.

25 * Sec. 11. Section 9 of this Act applies to motor vehicle liability
26 insurance policies entered into or renewed after the effective date of this
27 Act.

28 * Sec. 12. AS 28.20.230(b) and secs. 17, 18, 19, 20, and 23 of ch. 70,
29 SLA 1984 are repealed.

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* Sec. 13. This Act takes effect July 1, 1987.

5-0340B ✓
Ford
3/6/87

Original sponsors: Donley and Collins

1 IN THE HOUSE

BY THE LABOR AND
COMMERCE COMMITTEE

2 CS FOR HOUSE BILL NO. 44 (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 motor vehicle liability insurance
7 and the insurance requirements for obtaining and
8 maintaining motor vehicle registration; and providing
9 for an effective date."

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

11 * Section 1. AS 28.10.021(a) is amended to read:

12 (a) The owner of a vehicle subject to registration shall apply
13 for registration under this chapter by properly completing the form
14 prescribed by the commissioner under AS 28.05.041. Before the issu-
15 ance of a certificate of registration by the department, the owner
16 shall

17 (1) pay all registration fees and taxes required under this
18 chapter and federal heavy vehicle use taxes required under 26 U.S.C.
19 4481 (Internal Revenue Code of 1954);

20 (2) unless the owner qualifies as a self-insurer under
21 AS 28.20.400, or is exempted from obtaining liability insurance under
22 AS 28.22.200, provide evidence satisfactory to the department of the
23 existence of a motor vehicle liability policy that complies with
24 AS 28.22.010 for the vehicle being registered; and

25 (3) [SHALL] comply with [ANY] other applicable statutes and
26 regulations.

27 * Sec. 2. AS 28.10.041(a) is amended to read:

28 (a) The department may refuse to register a vehicle if

29 (1) the application contains a false or fraudulent

1 statement;

2 (2) the applicant fails to furnish information required by
3 the department;

4 (3) the applicant is not entitled to the issuance of a
5 certificate of title or registration under this chapter;

6 (4) the vehicle is determined to be mechanically unsafe to
7 be driven or moved on a highway, vehicular way or area, or other
8 public property in the [THIS] state;

9 (5) the department has reasonable grounds to believe that
10 the vehicle was stolen or fraudulently acquired or that the granting
11 of registration would be a fraud against the rightful owner or other
12 person having a valid lien upon the vehicle;

13 (6) the registration of the vehicle has been suspended or
14 revoked for any reason under the laws of the [THIS] state;

15 (7) the required fees or taxes have not been paid;

16 (8) the vehicle or applicant fails to comply with this
17 chapter or regulations authorized by this section;

18 (9) the vehicle is without a certificate of inspection
19 required under AS 28.32.010;

20 (10) the vehicle is subject to a state-approved local
21 emission inspection program adopted by municipal ordinance under
22 AS 46.03.210, and the vehicle does not meet the standards of that
23 program, unless the vehicle uses a fuel source that does not primarily
24 emit carbon monoxide;

25 (11) the applicant fails to provide evidence satisfactory to
26 the department of the existence of a motor vehicle liability policy
27 that complies with AS 28.22.010 for the vehicle being registered,
28 unless the owner of the vehicle qualifies as a self-insurer under
29 AS 28.20.400, or is exempted from obtaining liability insurance under

1 AS 28.22.200.

2 * Sec. 3. AS 28.10.051 is amended by adding a new subsection to read:

3 (b) Unless the owner qualifies as a self-insurer under AS 28.-
4 20.400, or is exempted from obtaining liability insurance under
5 AS 28.22.200, the department may suspend or revoke the registration of
6 a vehicle that is not insured by a motor vehicle liability policy that
7 complies with AS 28.22.010.

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11 under AS 28.22.200, the department may not renew the registration of a
12 vehicle without receiving evidence satisfactory to the department that
13 the vehicle is insured by a motor vehicle liability policy that com-
14 plies with AS 28.22.010.

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17 notify the department within 10 days after the cancellation of a motor
18 vehicle liability policy issued by the insurer within the preceding
19 six months for a vehicle that is registered under this chapter.

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22 expenses and fees, not including counsel fees, incurred because of
23 arbitration or mediation shall be paid as a part of the arbitration
24 award.

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26 Sec. 28.22.610. SHORT TITLE. This chapter may be cited as the
27 Alaska Mandatory Automobile Insurance Act.

28 * Sec. 8. Section 6 of this Act applies to motor vehicle liability
29

1 insurance policies entered into or renewed after the effective date of this
2 Act.

3 * Sec. 9. Sections 17, 18, 19, 20, and 23 of ch. 70, SLA 1984 are
4 repealed.

5 * Sec. 10. This Act takes effect July 1, 1987.
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5-0340X ✓
 Ford
 3/10/87

Original sponsors: Donley and Collins

1 IN THE HOUSE

BY THE LABOR AND
 COMMERCE COMMITTEE

2 CS FOR HOUSE BILL NO. 44 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

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 15 shall

16 (1) pay all registration fees and taxes required under this
 17 chapter and federal heavy vehicle use taxes required under 26 U.S.C.
 18 4481 (Internal Revenue Code of 1954);

19 (2) unless the owner qualifies as a self-insurer under
 20 AS 26.20.400, or is exempted from obtaining liability insurance under
 21 AS 28.22.200, provide evidence satisfactory to the department of the
 22 existence of a motor vehicle liability policy that complies with
 23 AS 28.22.010 for the vehicle being registered; and

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1 (2) the applicant fails to furnish information required by
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3 (3) the applicant is not entitled to the issuance of a
4 certificate of title or registration under this chapter;

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6 be driven or moved on a highway, vehicular way or area, or other
7 public property in the [THIS] state;

8 (5) the department has reasonable grounds to believe that
9 the vehicle was stolen or fraudulently acquired or that the granting
10 of registration would be a fraud against the rightful owner or other
11 person having a valid lien upon the vehicle;

12 (6) the registration of the vehicle has been suspended or
13 revoked for any reason under the laws of the [THIS] state;

14 (7) the required fees or taxes have not been paid;

15 (8) the vehicle or applicant fails to comply with this
16 chapter or regulations authorized by this section;

17 (9) the vehicle is without a certificate of inspection
18 required under AS 28.32.010;

19 (10) the vehicle is subject to a state-approved local
20 emission inspection program adopted by municipal ordinance under
21 AS 46.03.210, and the vehicle does not meet the standards of that
22 program, unless the vehicle uses a fuel source that does not primarily
23 emit carbon monoxide;

24 (11) the applicant fails to ^{certify} provide evidence satisfactory to
25 the department of the existence of a motor vehicle liability policy
26 that complies with AS 28.22.010 for the vehicle being registered,
27 unless the owner of the vehicle qualifies as a self-insurer under
28 AS 28.20.400, or is exempted from obtaining liability insurance under
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2 (b) Unless the owner qualifies as a self-insurer under AS 28.-
3 20.400, or is exempted from obtaining liability insurance under
4 AS 28.22.200, the department may suspend or revoke the registration of
5 a vehicle that is not insured by a motor vehicle liability policy that
6 complies with AS 28.22.010.

7 * Sec. 4. AS 28.10.111 is amended by adding a new subsection to read:

8 (c) Unless the owner of the vehicle qualifies as a self-insurer
9 under AS 28.20.400, or is exempted from obtaining liability insurance
10 under AS 28.22.200, the department may not renew the registration of a
11 vehicle without receiving certification from the owner that the vehi-
12 cle is insured by a motor vehicle liability policy that complies with
13 AS 28.22.010.

14 * Sec. 5. AS 28.10.421(b) is amended to read:

15 (b) The annual registration fees under this subsection are
16 imposed within the following classifications for:

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18 tained for the transportation of persons or property for hire or for
19 other commercial use \$36 [\$35];

20 (2) a pick-up truck or a van not exceeding 6,000 pounds
21 unladen weight and not used or maintained for the transportation of
22 persons or property for hire or for other commercial use
23 \$41 [\$40];

24 (3) a taxicab \$71 [\$70];

25 (4) a motor bus with a seating capacity for 20 or more
26 persons and used exclusively for commercial purposes in the transport-
27 ing of visitors or tourists \$86 [\$85];

28 (5) a motorcycle or a motor-driven cycle \$21 [\$20];

29 (6) a two- or four-wheeled trailer not used or maintained

1 for the transportation of persons or property for hire or for other
2 commercial use, including, but not limited to, a boat trailer, baggage
3 trailer, box trailer, utility trailer or house trailer . . . \$6 [\$5].

4 * Sec. 6. AS 28.10.421(c) is amended to read:

5 (c) The annual registration fees under this subsection are
6 imposed and are based upon the actual unladen weight as established by
7 the manufacturer's advertised weight or upon the actual weight which
8 the owner shall furnish, subject to the approval of the commissioner
9 or the commissioner's representative, for a vehicle, including a motor
10 vehicle pulling a trailer or semi-trailer, used or maintained for the
11 transportation of passengers for hire, excepting taxicabs and buses
12 under (b) of this section, or for the transportation of property for
13 hire or for other commercial use, including a commercial vehicle such
14 as a trailer, semi-trailer, truck, wrecker, tow car, hearse, ambu-
15 lance, and tractor, as follows:

- 16 (1) up to and including 5,000 pounds \$51 [\$50];
- 17 (2) more than 5,000 pounds to and including 12,000 pounds .
- 18 \$86 [\$85];
- 19 (3) more than 12,000 pounds to and including 18,000 pounds
- 20 \$156 [\$155];
- 21 (4) more than 18,000 pounds \$221 [\$220].

22 * Sec. 7. AS 28.15.255(c) is amended to read:

23 (c) In this section, the term "proof of financial responsibility
24 for the future" has the meaning given in AS 28.20.630 [AS 28.20.-
25 230(b)] and may be established as provided in AS 28.20.

26 * Sec. 8. AS 28.20.630 is amended to read:

27 Sec. 28.20.630. DEFINITIONS [DEFINITION]. In this chapter,
28 unless the context otherwise requires,

- 29 (1) "judgment" ["JUDGMENT"] means a judgment that [WHICH]

1 is final by expiration without appeal of the time within which an
2 appeal may be taken, or final by affirmation on appeal, given by a
3 court of a [ANY] state or of the United States, upon a cause of action
4 arising out of the ownership, maintenance, or use of a vehicle of a
5 type subject to registration under the laws of this state, for dam-
6 ages, including damages for care and loss of services, because of
7 bodily injury to or death of a person, or for damages because of
8 injury to or destruction of property, including the loss of use of
9 property, or upon a cause of action on an agreement of settlement for
10 such damages;

11 (2) "proof of financial responsibility for the future"
12 means an owner's motor vehicle liability policy that covers all vehi-
13 cles owned by the person that are subject to registration in this
14 state, or if the person does not own a vehicle, proof required under
15 AS 28.20.390.

16 * Sec. 9. AS 28.22.010 is amended by adding a new subsection to read:

17 (g) A motor vehicle liability policy must provide that all
18 expenses and fees, not including counsel fees, incurred because of
19 arbitration or mediation shall be paid as a part of the arbitration
20 award.

21 * Sec. 10. AS 28.22 is amended by adding a new section to read:

22 Sec. 28.22.610. SHORT TITLE. This chapter may be cited as the
23 Alaska Mandatory Automobile Insurance Act.

24 * Sec. 11. Section 9 of this Act applies to motor vehicle liability
25 insurance policies entered into or renewed after the effective date of this
26 Act.

27 * Sec. 12. AS 28.20.230(b) and secs. 17, 18, 19, 20, and 23 of ch. 70,
28 SLA 1984 are repealed.

29 * Sec. 13. This Act takes effect July 1, 1987.

5-0340B ✓
Ford
2/18/87

Original sponsors: Donley and Collins

1 IN THE HOUSE

BY THE LABOR AND
COMMERCE COMMITTEE

2 CS FOR HOUSE BILL NO. 44 (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 motor vehicle liability insurance
7 and the insurance requirements for obtaining and
8 maintaining motor vehicle registration; and providing
9 for an effective date."

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

11 * Section 1. AS 28.10.021(a) is amended to read:

12 (a) The owner of a vehicle subject to registration shall apply
13 for registration under this chapter by properly completing the form
14 prescribed by the commissioner under AS 28.05.041. Before the issu-
15 ance of a certificate of registration by the department, the owner
16 shall

17 (1) pay all registration fees and taxes required under this
18 chapter and federal heavy vehicle use taxes required under 26 U.S.C.
19 4481 (Internal Revenue Code of 1954);

20 (2) unless the owner qualifies as a self-insurer under
21 AS 28.20.400, or is exempted from obtaining liability insurance under
22 AS 28.22.200, provide evidence satisfactory to the department of the
23 existence of a motor vehicle liability policy that complies with
24 AS 28.22.010 for the vehicle being registered; and

25 (3) [SHALL] comply with [ANY] other applicable statutes and
26 regulations.

27 * Sec. 2. AS 28.10.041(a) is amended to read:

28 (a) The department may refuse to register a vehicle if

29 (1) the application contains a false or fraudulent

1 statement;

2 (2) the applicant fails to furnish information required by
3 the department;

4 (3) the applicant is not entitled to the issuance of a
5 certificate of title or registration under this chapter;

6 (4) the vehicle is determined to be mechanically unsafe to
7 be driven or moved on a highway, vehicular way or area, or other
8 public property in the [THIS] state;

9 (5) the department has reasonable grounds to believe that
10 the vehicle was stolen or fraudulently acquired or that the granting
11 of registration would be a fraud against the rightful owner or other
12 person having a valid lien upon the vehicle;

13 (6) the registration of the vehicle has been suspended or
14 revoked for any reason under the laws of the [THIS] state;

15 (7) the required fees or taxes have not been paid;

16 (8) the vehicle or applicant fails to comply with this
17 chapter or regulations authorized by this section;

18 (9) the vehicle is without a certificate of inspection
19 required under AS 28.32.010;

20 (10) the vehicle is subject to a state-approved local
21 emission inspection program adopted by municipal ordinance under
22 AS 46.03.210, and the vehicle does not meet the standards of that
23 program, unless the vehicle uses a fuel source that does not primarily
24 emit carbon monoxide;

25 (11) the applicant fails to provide evidence satisfactory to
26 the department of the existence of a motor vehicle liability policy
27 that complies with AS 28.22.010 for the vehicle being registered,
28 unless the owner of the vehicle qualifies as a self-insurer under
29 AS 28.20.400, or is exempted from obtaining liability insurance under

1 AS 28.22.200.

2 * Sec. 3. AS 28.10.051 is amended by adding a new subsection to read:

3 (b) Unless the owner qualifies as a self-insurer under AS 28.-
4 20.400, or is exempted from obtaining liability insurance under
5 AS 28.22.200, the department may suspend or revoke the registration of
6 a vehicle that is not insured by a motor vehicle liability policy that
7 complies with AS 28.22.010.

8 * Sec. 4. AS 28.10.111 is amended by adding a new subsection to read:

9 (c) Unless the owner of the vehicle qualifies as a self-insurer
10 under AS 28.20.400, or is exempted from obtaining liability insurance
11 under AS 28.22.200, the department may not renew the registration of a
12 vehicle without receiving evidence satisfactory to the department that
13 the vehicle is insured by a motor vehicle liability policy that com-
14 plies with AS 28.22.010.

15 * Sec. 5. AS 28.10 is amended by adding a new section to read:

16 Sec. 28.10.115. NOTIFICATION OF CANCELLATION. An insurer shall
17 notify the department within 10 days after the cancellation of a motor
18 vehicle liability policy issued by the insurer within the preceding
19 six months for a vehicle that is registered under this chapter.

20 * Sec. 6. AS 28.22.010 is amended by adding a new subsection to read:

21 (g) A motor vehicle liability policy must provide that all
22 expenses and fees, not including counsel fees, incurred because of
23 arbitration or mediation shall be paid as a part of the arbitration
24 award.

25 * Sec. 7. AS 28.22 is amended by adding a new section to read:

26 Sec. 28.22.610. SHORT TITLE. This chapter may be cited as the
27 "Alaska Mandatory Automobile Insurance Act".

28 * Sec. 8. Section 6 of this Act applies to motor vehicle liability
29

1 insurance policies entered into or renewed after the effective date of this
2 Act.

3 * Sec. 9. Sections 17, 18, 19, 20, and 23 of ch. 70, SLA 1984 are
4 repealed.

5 * Sec. 10. This Act takes effect July 1, 1987.
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5-0340B ✓
Ford
2/18/87

Original sponsors: Donley and Collins

1 IN THE HOUSE

BY THE LABOR AND
COMMERCE COMMITTEE

2 CS FOR HOUSE BILL NO. 44 (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 motor vehicle liability insurance
7 and the insurance requirements for obtaining and
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17 (1) pay all registration fees and taxes required under this
18 chapter and federal heavy vehicle use taxes required under 26 U.S.C.
19 4481 (Internal Revenue Code of 1954);

20 (2) unless the owner qualifies as a self-insurer under
21 AS 28.20.400, or is exempted from obtaining liability insurance under
22 AS 28.22.200, provide evidence satisfactory to the department of the
23 existence of a motor vehicle liability policy that complies with
24 AS 28.22.010 for the vehicle being registered; and

25 (3) [SHALL] comply with [ANY] other applicable statutes and
26 regulations.

27 * Sec. 2. AS 28.10.041(a) is amended to read:

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29 (1) the application contains a false or fraudulent

1 statement;

2 (2) the applicant fails to furnish information required by
3 the department;

4 (3) the applicant is not entitled to the issuance of a
5 certificate of title or registration under this chapter;

6 (4) the vehicle is determined to be mechanically unsafe to
7 be driven or moved on a highway, vehicular way or area, or other
8 public property in the [THIS] state;

9 (5) the department has reasonable grounds to believe that
10 the vehicle was stolen or fraudulently acquired or that the granting
11 of registration would be a fraud against the rightful owner or other
12 person having a valid lien upon the vehicle;

13 (6) the registration of the vehicle has been suspended or
14 revoked for any reason under the laws of the [THIS] state;

15 (7) the required fees or taxes have not been paid;

16 (8) the vehicle or applicant fails to comply with this
17 chapter or regulations authorized by this section;

18 (9) the vehicle is without a certificate of inspection
19 required under AS 28.32.010;

20 (10) the vehicle is subject to a state-approved local
21 emission inspection program adopted by municipal ordinance under
22 AS 46.03.210, and the vehicle does not meet the standards of that
23 program, unless the vehicle uses a fuel source that does not primarily
24 emit carbon monoxide;

25 (11) the applicant fails to provide evidence satisfactory to
26 the department of the existence of a motor vehicle liability policy
27 that complies with AS 28.22.010 for the vehicle being registered,
28 unless the owner of the vehicle qualifies as a self-insurer under
29 AS 28.20.400, or is exempted from obtaining liability insurance under

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10 under AS 28.20.400, or is exempted from obtaining liability insurance
11 under AS 28.22.200, the department may not renew the registration of a
12 vehicle without receiving evidence satisfactory to the department that
13 the vehicle is insured by a motor vehicle liability policy that com-
14 plies with AS 28.22.010.

15 * Sec. 5. AS 28.10 is amended by adding a new section to read:

16 Sec. 28.10.115. NOTIFICATION OF CANCELLATION. An insurer shall
17 notify the department within 10 days after the cancellation of a motor
18 vehicle liability policy issued by the insurer within the preceding
19 six months for a vehicle that is registered under this chapter.

20 * Sec. 6. AS 28.22.010 is amended by adding a new subsection to read:

21 (g) A motor vehicle ^{insurance} ~~liability~~ policy must provide that all
22 expenses and fees, not including counsel fees, incurred because of
23 arbitration or mediation shall be paid as a part of the arbitration
24 award. 21.89.020

25 * Sec. 7. AS 28.22 is amended by adding a new section to read:

26 Sec. 28.22.610. SHORT TITLE. This chapter may be cited as the
27 "Alaska Mandatory Automobile Insurance Act".

28 * Sec. 8. Section 6 of this Act applies to motor vehicle liability
29

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3 * Sec. 9. Sections 17, 18, 19, 20, and 23 of ch. 70, SLA 1984 are
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This proposal removes the sunset provision in the mandatory motor vehicle liability insurance law (AS 28.22.010 et seq.) and would require that proof of insurance under that law be given at the point of registration of a motor vehicle. This would be in addition to the current requirement of proof at the point of an accident or serious violation. The bill provides that in the event of cancellation, the insurer shall send notice to the Department of Public Safety within 10 days after the cancellation. The proposal also requires that the insurer provide coverage for the cost of arbitration or mediation.

The proposed legislation has three impacts on entities regulated by the Division of Insurance. The cost of this impact on the public is not calculable at present. It will however be borne by purchasers of coverage.

The first impact arises from the requirement that the owner of the vehicle to be registered must produce evidence of coverage (point of proof). The provider of that evidence will be the insurer or its representative. To give some idea of the significance of this change, there were on average, 30,000 points of proof per year required during the first two years of operation under the Alaska mandatory motor vehicle liability insurance law. This proposal will require at least 450,000 points of proof per year based on registration alone, and this does not count changes due to transfer of title or points of proof resulting from accidents or violations.

The second impact arises from Section 5 of the bill which introduces the requirement for the insurer to send a notification to the Department of Public Safety within 10 days after cancellation of a motor vehicle liability insurance policy. This is a requirement that the insurer does not now have and which does have an impact on the expense of writing motor vehicle liability insurance. The proposal does not discuss the effect of failure to comply with the requirement. It is not clear in the bill whether the intent is to have a notification given to the state 10 days after notice of cancellation to the insured or 10 days after the cancellation is effective.

The third impact arises from Section 6 of the bill which introduces a change in the motor vehicle liability policy that requires the cost of arbitration or mediation, except for counsel fees, be borne by the insurer. This section has been placed in the mandatory motor vehicle liability law (AS 28.22). Typically, arbitration or mediation features in a motor vehicle insurance policy do not respond to third party actions. It almost always responds only to first party actions. The only first party coverage addressed by AS 28.22 is the uninsured/underinsured motorists' coverage. The problem that exists relating to arbitration and mediation features is found in the comprehensive and collision coverages, which is not reached by AS 28.22. To reach all arbitration and mediation features, the change should be addressed in AS 21.89.020, and the reference to motor vehicle liability policy should be changed to automobile insurance

policy. This feature will have an impact on insurance rates that will be dictated by utilization.

This bill places a particularly heavy burden on the Department of Public Safety. It represents a quantum leap in the amount of paper that will flow into that agency. If the intent is to increase the number of insured motorists in this state, the lack of enforcement provisions leaves the probability of any appreciable change as unlikely.

AMENDMENTS

AS 21.89.020 is amended by adding a new subsection to read:

(f) An automobile insurance policy must provide that all expenses and fees, not including counsel fees, incurred because of arbitration or mediation shall be paid as a part of the arbitration award.

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

REQUEST: _____

Bill Version: HB 44
Publish Date: _____

Revision Date: _____
Title: An Act relating to motor vehicle liability insurance & the requirements for obtaining and maintaining motor vehicle registration
Sponsor: Donley
Requestor: _____

Agency Affected: Commerce & Econ. Dev.
BRU: 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	0.0	0.0	0.0
CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
REVENUE	0.0	0.0	0.0	0.0	0.0	0.0

FUNDING: (Thousands of Dollars)

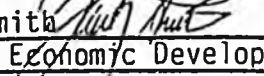
GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME	0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

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

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

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

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

TO: All Representatives
FROM: Representative Dave Donley
DATE: May 1, 1987
RE: HB 44 - Mandatory Auto Insurance

CSHB 44 (Judiciary), which I sponsored, amends Alaska's current mandatory automobile insurance law to require proof of insurance prior to registering a vehicle.

The current mandatory automobile insurance law will sunset January 1, 1989. Before Alaska adopted mandatory automobile insurance in 1984, it was estimated that between 20 to 40 percent of the vehicles in Alaska were uninsured. Statistics now indicate that between 10 and 20 percent of our vehicles are uninsured and that figure is expected to drop to less than five percent if CSHB 44 (Judiciary) is enacted.

The costs of a single uninsured motor vehicle accident, to the state as well as to the victim, are staggering. An accident may well result in lifetime intensive medical care for injured passengers. If neither the vehicle nor the passenger are insured, the State pays the bill.

The Judiciary version of HB 44 raises the vehicle registration fee \$5 per year which will generate \$2.4 million per year. Costs to the Department of Public Safety to administer the program are estimated at approximately \$290,000. HB 44 is therefore a revenue generating measure.

Currently CSHB 44 (Judiciary) is in the House Finance committee. I ask your support of this measure. Thank you.

STATE OF ALASKA
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

May 4, 1987

SUBJECT: Sectional analysis - CSHB 44(Judiciary)
TO: Representative Dave Donley
FROM: Michael F. Ford *m.f.*
Legislative Counsel

The following is a section by section analysis of CSHB 44(Jud):

Section 1 - Requires automobile insurance policies to provide for payment of arbitration or mediation expenses and fees, not including counsel fees, as a part of the arbitration award.

Section 2 - Requires an owner of a motor vehicle to certify and provide proof of adequate liability insurance when registering the vehicle, unless the owner is a self-insurer or is exempt from the insurance requirement. Also requires that the owner certify that the insurance policy will remain in effect while the vehicle is registered and being driven, or until sold.

Section 3 - Provides authority for the department to refuse to register a vehicle if the owner fails to provide proof of motor vehicle liability insurance as required by law.

Section 4 - Provides authority for the department to suspend or revoke registration for a vehicle not insured as required by law.

Section 5 - Prohibits the department from renewing the registration of a motor vehicle unless the vehicle is insured as required by law.

Section 6 - Increases certain annual motor vehicle registration fees.

Section 7 - Increases certain annual motor vehicle registration fees.

Representative Donley
Page 2
May 4, 1987

Section 8 - Amends the definition of "proof of financial responsibility".

Section 9 - Definition.

Section 10 - Short title.

Section 11 - Applicability section.

Section 12 - Repealers.

Section 13 - Effective date.

MFF:mkr
m11/110



ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

P.O. Box Y, State Capitol
Juneau, Alaska 99811-3100
Mail Stop 3100
(907) 465-3991

April 24, 1987

MEMORANDUM

TO: Representative Dave Donley

ATTN: Lynn Collins

FROM: Karla Hart *KAL*
Legislative Analyst

RE: Mandatory Auto Insurance--Provisions For Vehicles Not In Use
Research Request 87.274

You asked the House Research Agency to examine how other states with mandatory auto insurance laws address insurance exemptions for vehicles which are not in use. Specifically, you asked us to provide information on provisions in North Carolina, Hawaii, and Oregon.

In North Carolina, an individual must submit proof of insurance when registering a vehicle. When the insurance policy is cancelled or not renewed, the insurance company is required to notify the Division of Motor Vehicles (DMV). The DMV then notifies the individual that the vehicle is no longer insured and the license plates must be returned to DMV. Although not in statute, the policy is to honor the entire registration period of the license plate. For example, if an individual decides to store a vehicle for the months of May to September, and the registration expires in February, the individual turns in the vehicle's license plates in May and in September is issued new license plates, valid through February, at no additional charge.

In Hawaii, an individual is also required to submit proof of insurance when registering a vehicle. However, the insurance company is not required to notify the Motor Vehicle Licensing office when the insurance is no longer in effect. An individual is required to return the license plates of a vehicle which is not currently insured to the Motor Vehicle Licensing office. The individual may then apply for a refund for the unused portion of the registration time. When the vehicle is placed back on insurance, a new registration fee must be paid before the vehicle may be driven.

Representative Donley

April 24, 1987

Page 2

In Oregon, an individual registering a vehicle must provide the name of his or her insurance company, and the policy number of the vehicle being registered. Oregon enforces its mandatory insurance law, in part, through a computer-generated random sampling of names of registered vehicle owners, who are then required to submit proof of insurance to the Motor Vehicles Division. Unless an individual's name is selected in the random survey, or an individual is stopped for a traffic violation or involved in an accident, there is little control over mandatory insurance coverage in Oregon, as compared with North Carolina and Hawaii. An individual may complete an affidavit stating that a vehicle is not insured because it is not being driven and have his or her name removed from the list of names used to generate the random sample. In Oregon, there are no provisions for refunding registration fees or returning the license plates of unused vehicles. A representative of the Motor Vehicles Division said that returning license plates was a more effective method of enforcing mandatory insurance laws, but also more expensive.

I hope this information is helpful. If you have additional questions, please call.

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST: _____

Bill Version : CSHB 44(Jud)
Publish Date : _____

Revision Date: _____

Agency Affected: Public Safety

Title: An Act relating to motor vehicle liability insurance and vehicle...

BRU: Motor Vehicles

Sponsor: Donley

Components: Field Services

Requestor: House Judiciary

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES		92.0	189.4	195.1	201.0	207.0
TRAVEL						
CONTRACTUAL		83.1	71.8	74.0	76.2	78.5
SUPPLIES		.6	1.2	1.3	1.3	1.3
EQUIPMENT		1.4				
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	177.1	262.4	270.4	278.5	286.8
CAPITAL						
REVENUE		1,050.0	2,163.0	2,227.9	2,294.7	2,363.5

FUNDING: (Thousands of Dollars)

GENERAL FUND		177.1	262.4	270.4	278.5	286.8
FEDERAL FUNDS						
OTHER						
TOTAL		177.1	262.4	270.4	278.5	286.8

POSITIONS:

FULL-TIME		6	6	6	6	6
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Effective date of January 1, 1988. Therefore, expenditures and revenue are for half of FY88, with first full year being FY89.

A 3% inflation factor, and increase in vehicles, was used for FY89 and subsequent years.

Prepared by: Charles R. Hosack Phone: 269-5551
Division: Motor Vehicles Date: 4-8-87

Approved by Commissioner: [Signature] Date: 1/8/87
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. CSHB 44(Jud)

ANALYSIS:

There are approximately 450,000 motor vehicles for which proof of insurance will be required prior to registration, and for which the owner must certify coverage will remain in effect. The checking and processing of the insurance papers, and the certification, will require extra time at the field offices, and for the mail-out renewal 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 at time of application. This will require a second trip to division offices when the proper proof is obtained.

EXPENDITURES:

<u>Personal Services</u>		
4 MVR II, Range 9, Anchorage	59.6	
2 MVR II, Range 9, Fairbanks	32.4	
		92.0
<u>Contractual</u>		
<u>Professional Services</u>		
DP program modification (contract)	36.0*	
<u>Communications</u>		
Postage - return mailing for incorrect renewals, and general correspondence	4.4	
<u>Printing and Advertising</u>		
Forms	1.5	
Advertising	5.0	
<u>Data Processing</u>		
DP Network Connect - 6 terminals @ \$1,500 each	9.0*	
DPS Info Systems chargeback @ \$475 per month per terminal	17.1	
CRT maintenance @ \$900 annually each	2.7	
<u>Equipment Lease</u>		
6 CRT terminals and printers @ \$206 per month each	7.4	
		83.1
<u>Commodities</u>		
Normal office supplies	.6	.6
<u>Equipment</u>		
4 counter stools @ \$350	1.4	1.4
		TOTAL 177.1

REVENUE:

\$5.00 per year increase in registration fees for vehicles under AS 28.10.421(b) and (c). $210,000 \times \$5.00 = \$1,050,000$ for FY88.

*One time charges - first year only.

Position Title Motor Vehicle Representative II		No. of Positions 4	Range/Step 9B	Barg. Unit GGU
Time Status PFT	Staff Months 48	Location Anchorage		Election District 7-15
Justification				
Type of Expenditure			Amount	
1	2	3		
Salary	42,840			
Benefits	10,710			
Premium Pay				
Other	6,055			
Total Personal Services		59.6		
Travel				
Contractual		21.2		
Commodities		.4		
Equipment		1.1		
Other				
Total Cost		82.3		
Funding Source for Total Cost				
Federal Receipts	1002			
G. F. Match	1003			
General Fund	1004	82.3		
I-A Receipts	1006			
CIP Receipts	1061			
Other				
<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 verifications of insurance.</p> <p>(Figures are for one-half of FY88 due to effective date of 1-1-88.)</p>				

Request For
New Position

Agency Public Safety
 BRU Motor Vehicles
 Component Field Services

Page 3 of 4
 Revised Date

FY 88

Position Title Motor Vehicle Representative II		No. of Positions 2	Range/Step 9E	Barg. Unit GGU
Time Status PFT	Staff Months 24	Location Fairbanks	Election District 19-21	
Justification				
Type of Expenditure			Amount	
1	2	3		
Salary	23,460			
Benefits	5,865			
Premium Pay				
Other	3,027			
Total Personal Services			32.4	
Travel				
Contractual			10.6	
Commodities			.2	
Equipment			.4	
Other				
Total Cost			43.6	
Funding Source for Total Cost				
Federal Receipts 1002				
G. F. Match 1003				
General Fund 1004			43.6	
I-A Receipts 1006				
CIP Receipts 1061				
Other				
<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>(Figures are for one-half of FY88 due to effective date of 1-1-88.)</p>				

**Request For
New Position**

Agency Public Safety
 BRU Motor Vehicles
 Component Field Services

Page 4 of 4
 Revised Date

FY 88

Sent to MIKE FORD
4/22/87

BILL NO: CS HB 44(Jud)

DATE: April 13, 1987

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

CONTACT: Bill Brown
465-4335

DEPARTMENT OF
PUBLIC SAFETY

POSTOFFICE

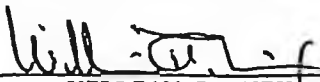
This bill will require a person to sign a statement, prior to registering a motor vehicle, certifying that the vehicle is insured, and will continue to be insured until it is sold. It also requires the person to provide proof of the existence of insurance prior to registering the vehicle. The bill also 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. Requiring proof of insurance such as a copy of an insurance policy or binder, will not guarantee the vehicle is insured, or will remain insured.

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. Recommend on Page 1, line 27, delete "and provide proof of".

Section 9 changes the definition of "proof of financial responsibility". Two possible legal questions arise concerning this section. First, the proposed AS 28.20.630(2) only mentions "proof of financial responsibility". The section it replaces, AS 28.20.230(b), which is repealed in Section 12 of this bill, also refers to "proof" and "proof of financial responsibility for the future". The different wording is interspersed throughout the Chapter, however, with the same meaning. If two of them are deleted from the definition it is questionable whether or not they continue to have the same meaning. It is recommended all three items be included in the definition. Second, proposed AS 28.20.630(2) may conflict with current AS 28.20.410 and AS 28.20.440(b)(1). Those sections indicate a policy and certificate are to "designate by description or appropriate reference all vehicles covered by it". The proposed section reflects the proof is to cover "all vehicles owned by the person". It is felt this needs to be looked at, and possibly amend those two sections also.

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.


WILLIAM R. NIX
Acting Commissioner

Introduced: 1/17/83
Referred: State Affairs and
Judiciary

BY HAYES, BARNES, PHILLIPS,
FURNACE, LINDAUER, ABOOD,
JEHLING, LISKA, COWDERY,
SZYMANSKI AND FRITZ

1 IN THE HOUSE

2

HOUSE BILL NO. 7

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act requiring evidence of motor vehicle liability

7

insurance to be furnished to the Department of Public

8

Safety when motor vehicle registration is made or

9

renewed; and providing for an effective date."

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

11

* Section 1. DECLARATION OF PURPOSE. The legislature is concerned over

12

the rising toll of motor vehicle accidents and the suffering and loss in-

13

flicted by them. The legislature determines that it is a matter of grave

14

concern that motorists be financially responsible for their negligent acts

15

so that innocent victims of motor vehicle accidents may be recompensed for

16

the injury and financial loss inflicted upon them. The legislature finds

17

and declares that the public interest can best be served by the requirement

18

that the owner of a motor vehicle be required to furnish evidence of the

19

existence of a motor vehicle liability policy issued in conformity with

20

AS 28.22.010 when the vehicle registration is made or renewed as a pre-

21

requisite to the exercise of the privilege of registering and operating a

22

motor vehicle in the state.

23

* Sec. 2. AS 28.10.011 is amended by adding a new subsection to read:

24

(b) An owner of a vehicle may not register a vehicle in the

25

state and may not renew the registration of a vehicle in the state

26

without providing evidence satisfactory to the department of the

27

existence of a motor vehicle liability policy that complies with

28

AS 28.22.010.

29

* Sec. 3. AS 28.10.021 is amended by adding a new subsection to read:

1 (b) A certificate of registration may not be issued under this
2 section unless the owner complies with AS 28.10.011(b).

3 * Sec. 4. AS 28.10.051 is amended by adding a new subsection to read:

4 (b) The department shall suspend the registration of a vehicle,
5 the certificate of registration or registration plates for a vehicle,
6 or a special permit when the department is advised that the motor
7 vehicle liability policy issued under AS 28.22.010 for the vehicle has
8 terminated.

9 * Sec. 5. AS 28.10.111 is amended by adding a new subsection to read:

10 (c) The department may not renew the registration of a vehicle
11 under this section unless the owner complies with AS 28.10.011(b).

12 * Sec. 6. AS 28 is amended by adding a new chapter to read:

13 CHAPTER 22. MOTOR VEHICLE LIABILITY INSURANCE.

14 Sec. 28.22.010. MOTOR VEHICLE LIABILITY POLICY. (a) In AS 28.-
15 10.011 and this chapter "motor vehicle liability policy" means an
16 "owner policy" or an "operator's policy" containing an agreement or
17 endorsement as provided in this section and issued by an insurance
18 carrier authorized to transact business in the state to or for the
19 benefit of the person named as insured.

20 (b) The owner's policy of liability insurance shall

21 (1) designate by description or appropriate reference all
22 vehicles that it covers;

23 (2) insure the person named and every other person using
24 the vehicle with the express or implied permission of the named insur-
25 ed, against loss from the liability imposed by law for damages arising
26 out of the ownership, maintenance, or use of the vehicle in the United
27 States or the Dominion of Canada, subject to limits exclusive of
28 interests and costs, with respect to each vehicle, as follows:

29 (A) \$25,000 because of bodily injury to or death of

1 one person in any one accident, and, subject to the same limit
2 for one person, \$50,000 because of bodily injury to or death of
3 two or more persons in any one accident; and

4 (B) \$10,000 because of injury to or destruction of
5 property of others in any one accident;

6 (3) contain coverage in the amounts set out in (2) of this
7 subsection for the protection of the persons insured under the policy
8 who are legally entitled to recover damages from the owner or operator
9 of an uninsured motor vehicle because of bodily injury or death aris-
10 ing out of the ownership, maintenance, or use of the uninsured motor
11 vehicle, except that this coverage may be waived in writing by the
12 insured on or before the effective date of the policy.

13 (c) The operator's policy of liability insurance shall insure
14 the person named as insured against loss from the liability imposed on
15 the operator by law for damages arising out of the use by the operator
16 of a motor vehicle not owned by the operator, within the same territo-
17 rial limits and subject to the same limits of liability as are re-
18 quired for an owner's policy of liability insurance.

19 (d) The motor vehicle liability policy shall state the name and
20 address of the named insured, the coverage, the premium charges, the
21 policy period and the limits of liability, and shall contain an agree-
22 ment or an endorsement that insurance is provided in accordance with
23 the coverage defined in (b)(2) of this section for bodily injury and
24 death or property damage, or both.

25 (e) The motor vehicle liability policy need not insure liability
26 under a workers' compensation law nor liability for damage to property
27 owned by, rented to, in charge of, or transported by the insured.

28 (f) Every motor vehicle liability policy is subject to the
29 following provisions but these provisions need not be contained in the

1 policy:

2 (1) The liability of the insurance carrier becomes absolute
3 whenever injury or damage covered by the policy occurs. The policy
4 may not be cancelled or annulled as to this liability after the occur-
5 rence of the injury or damage. No statement made by the insured or on
6 behalf of the insured and no violation of the policy defeats or voids
7 the policy.

8 (2) The satisfaction by the insured of a judgment for
9 injury or damages is not a condition precedent to the right or duty of
10 the insurance carrier to make payment on account of injury or damage.

11 (3) The insurance carrier may settle a claim covered by the
12 policy, and if settlement is made in good faith, the amount of settle-
13 ment is deductible from the limits of liability specified in (b) of
14 this section.

15 (4) The policy, the written application for the policy, if
16 any, and every rider or endorsement that does not conflict with the
17 provisions of this chapter constitute the entire contract between the
18 parties.

19 (g) A policy that grants the coverage required for a motor
20 vehicle liability policy may also grant lawful coverage in excess of
21 or in addition to the coverage specified for a policy and the excess
22 or additional coverage is not subject to the provisions of this chap-
23 ter. With respect to a policy that grants excess or additional cover-
24 age the term "motor vehicle liability policy" applies only to that
25 part of the coverage that is required by this section.

26 (h) A motor vehicle liability policy may provide that the in-
27 sured shall reimburse the insurance carrier for any payment the insur-
28 ance carrier would not have been obligated to make under the terms of
29 the policy except for the provisions of this chapter.

1 (i) A motor vehicle liability policy may provide for proration
2 of the insurance with other valid and collectible insurance.

3 (j) The requirements for a motor vehicle liability policy may be
4 fulfilled by the policies of one or more insurance carriers who to-
5 gether meet the requirements.

6 (k) A binder issued pending the issuance of a motor vehicle
7 liability policy fulfills the requirements for a policy.

8 (l) The insurance carrier shall provide notice to the department
9 of the termination of a policy issued under (a) of this section. If
10 the person whose coverage terminates fails to provide the department
11 with evidence satisfactory to it of the existence of a motor vehicle
12 liability policy issued in conformity with this section, the depart-
13 ment shall suspend the driver's license and all registration certifi-
14 cates and registration plates issued to the owner of the motor vehicle
15 until the owner has complied with this section.

16 (m) The insurance carrier authorized to transact business in the
17 state who issues a motor vehicle liability policy to the owner of a
18 motor vehicle under this section shall provide the owner with a card
19 indicating the existence of the policy. The operator of the vehicle
20 shall at all times carry in the motor vehicle the card indicating the
21 existence of the policy.

22 Sec. 28.22.020. REQUIREMENTS OF POLICY. (a) A policy is not
23 effective under AS 28.22.010 unless it is issued by an insurance
24 company or surety company authorized to do business in this state,
25 except as provided in (b) of this section, and unless it complies with
26 the limit requirements established in AS 28.22.010(b)(2).

27 (b) A policy is not effective under AS 28.22.010 with respect to
28 a vehicle not registered in the state or a vehicle that was registered
29 in another jurisdiction at the effective date of the policy or the

1 most recent renewal of it, unless the insurance or surety company
2 issuing the policy is authorized to do business in the state, or if
3 the company is not authorized to do business in the state, unless it
4 executes a power of attorney authorizing the director of the division
5 of insurance to accept service on its behalf of notice or process in
6 an action upon the policy arising out of the accident.

7 Sec. 28.22.500. DRIVING VEHICLE WITHOUT EVIDENCE OF MOTOR VEHI-
8 CLE LIABILITY POLICY. (a) A person may not drive or move nor may an
9 owner knowingly permit to be driven or moved on a highway or vehicular
10 way or area a vehicle required to be insured under a motor vehicle
11 liability policy that complies with AS 28.22.010 unless a motor vehi-
12 cle liability policy is in effect for the motor vehicle.

13 (b) A person who violates (a) of this section commits a class B
14 misdemeanor. The court shall impose the maximum fine established by
15 AS 12.55.035 for a person convicted of a class B misdemeanor. The
16 court may not suspend the fine imposed under this subsection and
17 probation may not be granted until the fine has been paid. Imposition
18 of a sentence imposed under AS 12.55.135 may not be suspended except
19 upon the condition that the fine is paid.

20 (c) In addition to the sanctions for a violation of (a) of this
21 section established by (b) of this section, a person who violates (a)
22 of this section is subject to

23 (1) suspension or revocation of an operator's license;

24 (2) suspension or revocation of the registration of the
25 motor vehicle; and

26 (3) impoundment of the vehicle.

27 * Sec. 7. AS 21.89.020 is repealed and reenacted to read:

28 Sec. 21.89.020. REQUIRED MOTOR VEHICLE COVERAGE. A motor vehi-
29 cle liability policy that insures an owner or operator of a motor

1 vehicle against loss resulting from liability for bodily injury or
2 death, or for property injury or destruction, or both, which is sold
3 in the state after June 30, 1983, by an insurance carrier authorized
4 to transact business in the state shall contain limits no less than
5 those prescribed for a motor vehicle liability policy in AS 28.22.-
6 010(b)(2) and meet the requirements of AS 28.22.010(b)(3).

7 * Sec. 8. AS 28.20 is repealed.

8 * Sec. 9. The provisions of AS 28.20 in effect on and before the effec-
9 tive date of this Act apply to an accident or judgment arising from an
10 accident or violation of the motor vehicle laws of this state occurring
11 between September 1, 1959, and June 30, 1983. The provisions of AS 28.10
12 and AS 28.22 as enacted in secs. 2 - 6 of this Act apply on and after
13 July 1, 1983.

14 * Sec. 10. This Act takes effect July 1, 1983.

fine established by AS 12.55.035 for a person convicted of a class B misdemeanor. The court may not suspend the minimum fine imposed under this subsection. Imposition of a sentence imposed under AS 12.55.135 may not be suspended except upon the condition that the fine is paid in accordance with AS 12.55.051(a).

(d) In addition to the sanctions for a violation of (a) of this section established by (b) of this section, the court shall impose the following sanctions on a person

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(1) reimbursement of the petitioner's interest in the motor vehicle; or

(2) the petitioner's repossession of the motor vehicle and that petitioner may obtain title to the motor vehicle from the department.

Sec. 28.22.540. UNUSED MOTOR VEHICLES. A person may terminate or suspend a motor vehicle liability policy covering a vehicle that is unused. A person exercising this option shall remove the unused vehicle plates and deliver them to the nearest department office. When the vehicle is to be used the person shall present evidence satisfactory to the department of a motor vehicle liability policy that complies with AS 28.22.010 covering the vehicle and person, at which time the department shall reissue vehicle plates to the person.

Sec. 28.22.550. ANNUAL REPORT. Beginning in 1986, the Department of Commerce and Economic Development shall submit a report to the legislature no later than February 1 of each year on the administration of this chapter. The report shall include

SSHB7

DOCUMENT= 1 OF 1 PAGE = 27 OF 29

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Sec. 28.22.550. ANNUAL REPORT. Beginning in 1986, the Department of Commerce and Economic Development shall submit a report to the legislature no later than February 1 of each year on the administration of this chapter. The report shall include

* Sec. 15. AS 28.2J.440 is amended by adding new subsections to read:

(1) The insurance carrier shall provide notice to the department of the termination of coverage commenced during the preceding 180 days under (a) of this section within 10 days of actual knowledge of the termination or written notice of intent to terminate. The department may notify the insurance carrier of a person with previous policy abuses and require notice of termination of coverage

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of others in any one accident;

* Sec. 14. AS 28.20.440(b)(3) is amended to read:

(3) contain coverage in the amounts set out in (2) of this subsection for the protection of the persons insured under the policy who are legally entitled to recover damages from owners or operators of uninsured motor vehicles because of bodily injury or death arising out of the ownership, maintenance or use of the uninsured or underinsured motor vehicle, except that this coverage may be waived in writing by the insured on or before the effective date of the policy.

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SSHB7

DOCUMENT= 1 OF 1 PAGE = 10 OF 29
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(1) The insurance carrier shall provide notice to the department of the termination of coverage commenced during the preceding 180 days under (a) of this section within 10 days of actual knowledge of the termination or written notice of intent to terminate. The department may notify the insurance carrier of a person with previous policy abuses and require notice of termination of coverage

for the person after the person is given an opportunity for a department hearing. If the person whose coverage terminates fails to provide the department with evidence satisfactory to it of the existence of a motor vehicle liability policy issued in conformity with this section, the department shall suspend the driver's license and all registration certificates and registration plates issued to the owner of the motor vehicle until the owner has complied with this section.

(m) The insurance carrier authorized to transact business in the state who issues a motor vehicle liability policy to the owner of a motor vehicle under this section shall provide the owner with a card indicating the existence of the policy. The operator of the vehicle shall at all times carry in the motor vehicle the card indicating the existence of the policy.

* Sec. 16. AS 28.20.490 is amended to read:

Sec. 28.20.490. MONEY OR SECURITIES AS PROOF. Proof of financial responsibility may be evidenced by the deposit of \$100,000 O\$25,000E in cash, or securities

for the person after the person is given an opportunity for a department hearing. If the person whose coverage terminates fails to provide the department with evidence satisfactory to it of the existence of a motor vehicle liability policy issued in conformity with this section, the department shall suspend the driver's license and all registration certificates and registration plates issued to the owner of the motor vehicle until the owner has complied with this section.

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(m) The insurance carrier authorized to transact business in the state who issues a motor vehicle liability

policy to the owner of a motor vehicle under this section shall provide the owner with a card indicating the existence of the policy. The operator of the vehicle shall at all times carry in the motor vehicle the card indicating the existence of the policy.

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(b) A policy is not effective under AS 28.22.010 with respect to a vehicle not registered in the state or a vehicle that was registered in another jurisdiction at the effective date of the policy or the most recent renewal of it, unless the insurance or surety company issuing the policy is authorized to do business in the state, or if the company is not authorized to do business in the state, unless it executes a power of attorney authorizing the director of the division of insurance to accept service on its behalf of notice or process in an action upon the policy arising out of the accident.

Sec. 28.22.500. DRIVING VEHICLE WITHOUT EVIDENCE OF MOTOR VEHICLE LIABILITY POLICY. (a) A person may not drive or move nor may an owner knowingly permit to be driven or moved on a highway or vehicular way or area a vehicle required to be insured under a motor vehicle liability policy that complies with AS 28.22.010 unless a motor vehicle liability policy is in effect for the motor vehicle.

(b) If a peace officer has probable cause to

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(b) A policy is not effective under AS 28.22.010 with respect to a vehicle not registered in the state or a vehicle that was registered in another jurisdiction at the effective date of the policy or the most recent renewal of it, unless the insurance or surety company issuing the policy is authorized to do business in the state, or if the company is not authorized to do business in the state, unless it executes a power of attorney authorizing the director of the division of insurance to accept service on its behalf of notice or process in an action upon the policy arising out of the accident.

Sec. 28.22.500. DRIVING VEHICLE WITHOUT EVIDENCE OF MOTOR VEHICLE LIABILITY POLICY. (a) A person may not drive or move nor may an owner knowingly permit to be driven or moved on a highway or vehicular way or area a vehicle required to be insured under a motor vehicle liability policy that complies with AS 28.22.010 unless a motor vehicle liability policy is in effect for the motor vehicle.

(b) If a peace officer has probable cause to

DOCUMENT= 1 OF 1 PAGE = 20 OF 29
believe a motor vehicle was used in the commission of an offense under (a) of this section, a citation will be issued as prescribed in AS 28.05.151 for a bail amount of not less than \$250. The charge and fine will be dismissed and bail amount refunded if evidence is presented to the court within five days showing insurance policy coverage as required by AS 28.22.010 was in effect at the time the citation was issued.

(c) A person who violates (a) of this section commits a class B misdemeanor. The court shall impose a fine of not less than \$250 and may impose up to the maximum fine established by AS 12.55.035 for a person convicted of a class B misdemeanor. The court may not suspend the minimum fine imposed under this subsection. Imposition of a sentence imposed under AS 12.55.135 may not be suspended except upon the condition that the fine is paid in accordance with AS 12.55.051(a).

(d) In addition to the sanctions for a violation of (a) of this section established by (b) of this section, the court shall impose the following sanctions on a person

DOCUMENT= 1 OF 1 PAGE = 20 OF 29
believe a motor vehicle was used in the commission of an offense under (a) of this section, a citation will be issued as prescribed in AS 28.05.151 for a bail amount of not less than \$250. The charge and fine will be dismissed and bail amount refunded if evidence is presented to the court within five days showing insurance policy coverage as required by AS 28.22.010 was in effect at the time the citation was issued.

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(c) A person who violates (a) of this section commits a class B misdemeanor. The court shall impose a fine of not less than \$250 and may impose up to the maximum

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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 5, 1987

M E M O R A N D U M

To: All Members, Alaska State House of Representatives
From: Representative Dave Donley
Re: HB 45 - Alaska Bidder's Preference

HB 45, relating to an Alaska Bidder's Preference, will be heard Tuesday, February 10, at 1:30 p.m. before the House Labor and Commerce Committee.

HB 45, raises the existing bidder's preference given to Alaska companies. Current law allows contracts to be awarded to Alaska firms if their bid was not more than 5 percent higher than the lowest bid by a nonresident company.

HB 45 increases the preference through a sliding scale to 10 percent on bids over \$100,000 and less than \$500,000, 15 percent on contracts more than \$25,000 and less than \$100,000 and 20 percent on bids of \$25,000 or less.

The purpose of the bidder's preference is to reduce state administrative costs, strengthen our tax and revenue base, encourage local industry, and reduce our staggering unemployment rate and the social ills it creates.

HB 45 has been carefully drafted to avoid possible Constitutional problems. First, the courts have recognized that when a state operates as a market participant they are free to exercise their own independent discretion as to the parties with whom they deal and the conditions they set.

Second, the state has a legitimate and compelling interest in assuring that local businesses have an equitable chance to compete for public contracts. The findings section in HB 45 carefully identifies the public purpose at issue, then proposes a solution that is narrowly tailored to correct inequities in our competitive bidding process.

Finally, Alaskans have the right to get the best deal possible for their public money. There are extra administrative costs involved when the State contracts with nonresident bidders. Our current contracting procedures fail to recognize those extra costs, thus placing Alaska businesses at an unfair disadvantage.

Dealing with nonresident firms is more expensive for Alaska because there is more likely to be costly change orders and problems with long distance communication. In addition, the State has little recourse to collect on improper or incomplete contracts when we are dealing with nonresident businesses.

We've had some real problems in the past with "fly-by-night" contractors and HB 45 should help avoid those problems and assure that Alaska gets full benefit from our public dollars.

HB 45 will help boost our economy and protect the public from the extra costs involved in doing business with nonresident firms. I urge you to support this measure.

Please call me or my aide, Ginger Baim, at 3892 if you have any questions or need additional information.

5-0307B
 Levy/
 Bannister
 3/2/87

Original sponsors: Donley and Grussendorf

1 IN THE HOUSE

BY THE LABOR AND
 COMMERCE COMMITTEE

2 CS FOR HOUSE BILL NO. 45 (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 an Alaska business bidder prefer-
 7 ence; and providing for an effective date."

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

9 * Section 1. FINDINGS AND PURPOSE. (a) The legislature finds that due
 10 to the state's noncontiguous geographic location and unique climate, busi-
 11 ness dealings with non-Alaskan firms produce administrative expenses not
 12 commonly incurred in business dealings with resident businesses.

13 (b) The purpose of the Alaska business bidder preference when the
 14 state acts as a market participant is to reduce state administrative costs,
 15 strengthen the state's tax and revenue base, encourage local industry,
 16 reduce unemployment and the social ills it creates, and to strengthen and
 17 stabilize the state's economy.

18 * Sec. 2. AS 36.30.170(a) is amended to read:

19 (a) Except as provided in (b) and (c) of this section, the
 20 procurement officer shall award a contract based on the solicited bids
 21 with reasonable promptness by written notice to the lowest responsible
 22 and responsive bidder whose bid conforms in all material respects to
 23 the requirements and criteria set out in the invitation to bid.

24 * Sec. 3. AS 36.30.170(b) is repealed and reenacted to read:

25 (b) The procurement officer shall award a contract based on
 26 solicited bids to the lowest responsible and responsive Alaska bidder
 27 if the bid, after receiving a preference applicable to the bid under
 28 AS 36.30.322 - 36.30.338, is not more than

29 (1) five percent higher than the lowest nonresident

1 bidder's and the contract is \$500,000 or more;

2 (2) 10 percent higher than the lowest nonresident bidder's
3 and the contract is more than \$100,000 and less than \$500,000;

4 (3) 15 percent higher than the lowest nonresident bidder's
5 and the contract is more than \$25,000 and \$100,000 or less; or

6 (4) 20 percent higher than the lowest nonresident bidder's
7 and the contract is \$25,000 or less.

8 * Sec. 4. AS 36.30.170(c) is amended to read:

9 (c) Notwithstanding (b)(1) of this section, if [IF] a bidder
10 qualifies under (d) [(b)] of this section as an Alaska bidder, is
11 offering services through an employment program as defined under
12 AS 36.30.100(c), [AND] is the lowest responsible and responsive bidder
13 with a bid that is not more than 10 percent higher than the lowest bid
14 of a nonresident, and the contract is \$500,000 or more, the procure-
15 ment officer shall award the contract to that bidder. If the contract
16 is less than \$500,000, the provisions of (b)(2) - (4) of this section
17 apply to the contract.

18 * Sec. 5. AS 36.30.170 is amended by adding a new subsection to read:

19 (d) In this section, "Alaska bidder" means a person who

20 (1) holds a current Alaska business license;

21 (2) does more than \$1,000,000 worth of annual business in
22 the state or performs more than 50 percent of the person's annual
23 business in the state, whichever is less;

24 (3) has maintained a permanent place of business in the
25 state staffed by the bidder or an employee of the bidder for a period
26 of six months immediately preceding the date of the bid;

27 (4) submits a bid for goods or services under the name that
28 appears on the person's current Alaska business license;

29 (5) is incorporated or qualified to do business under the

1 laws of the state, is a sole proprietorship and the proprietor is a
2 resident of the state, or is a partnership and all partners are resi-
3 dents of the state; and

4 (6) if a joint venture, is composed entirely of persons
5 who qualify under (1) - (5) of this subsection.

6 * Sec. 6. AS 36.30.336 is amended to read:

7 Sec. 36.30.336. APPLICATION. Notwithstanding other provisions
8 of this chapter, AS 36.30.322 - 36.30.338 apply to all procurements
9 subject to AS 36.30, except as provided in AS 36.30.322(b) [AS 36.30.-
10 170(b) AND 36.30.322(b)].

11 * Sec. 7. AS 36.30.900 is amended to read:

12 Sec. 36.30.900. PREFERENCE FOR ALASKA PRODUCTS. This chapter
13 does not modify, amend, or alter AS 36.15.010 and 36.15.020 regarding
14 preference for Alaska forest products, or AS 36.20.010 regarding
15 preference to producers or dealers in Alaska [EXCEPT AS PROVIDED IN
16 AS 36.30.170(b) AND (c)].

17 * Sec. 8. This Act takes effect July 1, 1987.
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5-0307B

Levy
2/18/87

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23 the requirements and criteria set out in the invitation to bid.

24 * Sec. 3. AS 36.30.170(b) is repealed and reenacted to read:

25 (b) In addition to an Alaska product preference under AS 36.-
26 30.322 - 36.30.338, the procurement officer shall award a contract
27 based on solicited bids to the lowest responsible and responsive
28 Alaska bidder if the bid is not more than

29 (1) five percent higher than the lowest nonresident

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23 business in the state, whichever is less;

24 (3) has maintained a permanent place of business in the
25 state for a period of six months immediately preceding the date of the
26 bid; and

27 (4) submits a bid for goods or services under the name that
28 appears on the person's current Alaska business license.

29 * Sec. 4. This Act takes effect July 1, 1987.

ALTERNATIVE LANGUAGE TO PROPOSED CS FOR HB 45 (L&C)

Page 2, beginning on Line 24

(3) has maintained a permanent place of business within the state staffed by the bidder or an employee of the bidder for a period of six months immediately preceding the date of the bid;

1
2 Page 2, Line 18, Sec.6 AS.36.30.170(d), add new paragraph (5)

3
4 (5) is incorporated or qualified to do business under the laws of
5 the state, is a sole proprietorship, and the proprietor is a resident
6 of the state or is a partnership, and all partners are residents of
7 the state; and

8 (6) if a joint venture, is composed entirely of ventures that qualify
9 under (1) - (5) of this subsection.

10
11 * Alternative language taken from State Procurement Code (AS.36.30.170(b))

12 ** Highlighted language makes this paragraph identical to language
13 in the State Procurement Code (AS.36.30.170(b)).

HOUSE AMENDMENT

Rep. Boucher

TO: HB 45

BY: _____

Page Page 2 Line _____ after line 15. insert a new bill section.

"Sec. 4 . AS 36.30.930 is amended by adding a new subsection to read:

(3) A person may file a civil action against a person or entity, including the state, an instrumentality of the state, or an officer or employee of the state acting in an official capacity, for damages due to failure to carry out a policy established under this section. A court, in issuing a final order in an action brought under this section, may award costs and expert witness fees to the prevailing party."

**Submit original amendment to the Chief Clerk.
It will then be numbered and duplicated.**