

ALASKA LEGISLATURE COMMITTEE FILES, 1989-1990 8672
5883 HOUSE LABOR & COMMERCE

287

HOUSE COMMITTEE REPORT

(7)
Date Referred: January 9, 1989
Date of Committee Action: 3/21/89
FURTHER REFERRALS: RESOURCES
FINANCE

The LABOR & COMMERCE Committee recommends that:

HOUSE BILL NO. 41 [BUSINESS LICENSE EXEMPTION FOR FARMING]
"An Act exempting farming from the business license requirement."

- [] be replaced with _____ [] the same title
- [] have 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
- [] zero fiscal note
- [] zero with analysis

APPROVES PREVIOUS:

- [] fiscal note(s) published:
- [] zero fiscal notes(s) published:

SIGNING DO PASS:

Arew A. Leman

W. M. ...

SIGNING OTHER THAN DO PASS:
(Do Not Pass, No Recommendation, Amend)

David D. ... (NO REC)

Bill ... (no rec)

Thom ... no rec

Ch. B. ... NO REC

Mark Boyer no rec

David D. ...
Chairman's signature

Alaska State Legislature

REPRESENTATIVE
MIKE W MILLER
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District 18
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Salcha

House of Representatives

MEMORANDUM

TO: Representative Dave Donley
Chairman, House Labor & Commerce Committee

FROM: Representative Mike Miller

RE: Scheduling request for HB 41

DATE: 2/9/89

I respectfully request that House Bill 41, An Act exempting farming from the business license requirement, be scheduled before the House Labor and Commerce Committee at your earliest possible convenience.

Following transfer of the business license authority from the Department of Revenue to the Department of Commerce and Economic Development in July of 1988, the governing statutes and regulations were reinterpreted to require business licenses for farmers. This reinterpretation is based on the contention that farmers are exempt from a possible business license tax but not from the license requirement itself. However, this argument does not hold up to a long-standing Attorney General's opinion dating back to February 25, 1959 which is currently referenced by our Alaska Statutes. This opinion states:

"A review of the Alaska Business License Act shows that it is an Act providing for a tax measured by gross receipts. It is nothing more than that. The statute is a tax statute."

Therefore, the Department of Commerce and Economic Development should not be allowed to argue that farmers were once exempt from the business license tax but not the license itself since the two are one in the same.

The House Research Agency has determined that business licenses have never been required by farmers in Alaska. In addition, the Agency could find no state in the country that requires farmers to hold business licenses. I do agree that our statutes are somewhat muddled on this topic and believe House Bill 41 will correct this problem.

Attachments: Backup materials

February 25, 1959

Mr. Robert Stevenson
Commissioner of Taxation
Department of Taxation
Alaska Office Building
Juneau, Alaska

Re: Taxation of Gross Receipts Derived from
Business Done on Military Reservations

Dear Mr. Stevenson:

On February 20, 1959, you requested an opinion as to whether gross receipts derived from business done on military reservations are taxable under the Alaska Business License Tax. In my opinion, such income is clearly taxable. The right to tax income received by businesses for services performed on a military reservation is granted by Title 4, USC §§ 105-110, known as the "Duck Act." Section 106 of this Act reads as follows:

"§ 106. Same; income tax

(a) No person shall be relieved from liability for any income tax levied by any State, or by any duly constituted taxing authority therein, having jurisdiction to levy such a tax, by reason of his residing within a Federal area or receiving income from transactions occurring or services performed in such area; and such State or taxing authority shall have full jurisdiction and power to levy and collect such tax in any Federal area within such State to the same extent and with the same effect as though such area was not a Federal area.

(b) The provisions of subsection (a) shall be applicable only with respect to income or receipts received after December 31, 1940."

Section 110(c) defines "income tax" as follows:

"(c) The term 'income tax' means any tax levied on, with respect to, or measured by, net income, gross income, or gross receipts."
(Italics mine)

I will closely paraphrase the language appearing in Howard v. Commissioners of the Sinking Fund of the City of Louisville, (1953) 344 US 624, 73 S. Ct. 465, 97 L ed 617. This is from page 621 of that case as reported in 97 L ed with references to "Kentucky" and "Louisville" deleted and replaced by "State of Alaska:"

"Thus the right is specifically granted to the (State of Alaska) as a taxing authority of (the State of Alaska) to levy and collect a tax measured by the income or earnings of any party 'receiving income from transactions occurring or services performed in such area . . . to the same extent and with the same effect as though such area was not a Federal area.' In other words, (the State of Alaska) was free to tax earnings just as if the Federal Government were not there."

In the Kentucky case, the City of Louisville started to collect a license tax for the privilege of working in the city, measured by one percent of all salaries, wages and commissions earned in the city by employees of a naval ordnance plant located on federally owned land within the City of Louisville. It was argued that the city's occupational tax or license fee was not an "income tax" within the meaning of the "Buck Act," since in an earlier case the Supreme Court of Kentucky had construed this tax as not being an income tax within the meaning of the Constitution of Kentucky, but rather a tax upon the privilege of working in the City of Louisville. The U. S. Supreme Court was not concerned how the State classified this tax. The court stated on page 621 of 97 L ed:

"But the right to tax earnings within the area was not given Kentucky in accordance with the Kentucky law as to what is an income tax. The grant was given within the definition of the Buck Act, and this was for any tax measured by net income, gross income, or gross receipts."

It will be noted that the term, "measured by . . . gross receipts." is expressly used in this opinion by the United States Supreme Court. See also State v. Pearson Construction

Company, (Ind. 1957) 141 NE 2d 448, where the Court found that the gross income of a Michigan corporation derived from a contract to erect buildings for the United States Government on federally owned property was taxable under the Indiana Gross Income Tax Law.

~~A review of the Alaska Business License Act shows that it is an Act providing for a tax measured by gross receipts. It is nothing more than that. The statute is a tax statute.~~
It has no regulatory features and is not designed to limit the doing of business in Alaska on the basis of any determination of the fitness of the person subject to the tax to engage in his business or profession. The District Court for the District of Alaska recognized the actual nature of the Alaska Business License Tax in Territory of Alaska v. Journal Printing Company, (1955), 135 F. Supp. 109, 15 A 676. The case held among other things that the business of newspaper publishing was not exempt from taxation under the First and Fourteenth Amendments to the Constitution on the ground that such taxation would abridge the freedom of the press. On page 686 of 15 Alaska Reports, the Court observed:

"It is true that Sec. 4 of the Act requires a license for the 'privilege' of engaging in a business in the Territory. But this language does not render it invalid nor destroy the legislative intent that the purpose of the tax is to raise revenue, and not to regulate any business. City of Corona v. Corona Daily Independent, supra; Giragi v. Moore, supra. The tax in question is clearly a revenue measure, as has been held relating to the previous two license taxes mentioned above. Binns v. United States, 194 U.S. 486, 24 S. Ct. 816, 48 L.Ed. 1087, 2 Alaska Fed. 291; Alaska Pacific Fisheries v. Territory of Alaska, 236 F. 52, 4 Alaska Fed. 432."

In Leslie Miller v. State of Arkansas, 1956, 352 U.S. 187, 77 S. Ct. 257, 1 L ed. 2d 231, the Court found that the State could not regulate and limit the Federal Government in its employment of contractors or persons to do work for the Government on federal facilities. The State of Arkansas had convicted a contractor working on a federal facility because he did not have the license required by Arkansas law. The Supreme Court reversed this conviction on the narrow ground that the instrumentalities of the United States are immune from state regulation which would interfere with the performance of their federal duties. Under the standards set forth in the state licensing statute, the state's Licensing Board

Mr. Robert Stevenson
Commissioner of Taxation

February 25, 1959

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would, if the contractor were subject to the licensing statute, have a virtual power of review over the federal determination whether an award of a contract or particular contractor is consonant with the policy that bids be awarded the lowest "responsible" bidder. The Federal Government has extensive rules and regulations concerning the letting of bids to contractors. If Arkansas could also subject the federal contractors to its standards, then the State's Licensing Board would have power to override a federal determination that the contractor is "responsible." This case had nothing to do with the power of the State to tax incomes derived from military reservations. There is no discussion or holding as to that issue. The case is; therefore, of no relevance in any consideration of the power of the State to tax gross business receipts.

In City of Chicago v. L. J. Sheridan and Co., Inc.,
(Ill. 1958) 151 N. E. 2d 451, the Court, on page 455, pinpointed the basic distinction between the Howard case and the Miller case as follows:

"The cases cited . . . turn on the question . . . whether or not the Federal Government can achieve its objective within the framework of the local law. If it can, it becomes subject to such laws; if it cannot, such laws must yield to the superior interest of the Federal Government . . . The reasoning in the Howard decision is pertinent to the circumstances here: 'The sovereign rights in this dual relationship are not antagonistic. Accommodation and cooperation are their aim.'"

There is nothing in the Alaska Business License Act which is in conflict with any interest of the Federal Government. It does not restrict the powers or activities of the Federal Government in any way. It is a tax act which clearly falls within the ambit of the "Buck Act." Any other interpretation of the "Buck Act" would frustrate the intent of Congress to equalize the state tax burdens of those doing business outside of military property with those doing business on military property.

Very truly yours,

J. GERALD WILLIAMS
ATTORNEY GENERAL

By:

Gary Thurlow
Assistant Attorney General

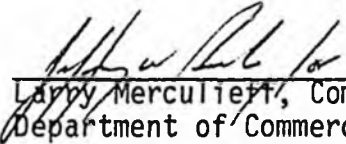
GT:bb

HB 41: An Act exempting farming from the business license requirement.

The bill proposes to exempt farming from the Alaska business license requirement. Although licensing requirements have not been enforced on farmers who commercially sold their products, current regulations do not exempt commercial farmers/farms from having to hold a business license. Many of the regulations are no longer applicable since they referenced a tax liability which has been long since removed; 15 AAC 70.080 entitled "Farmers," which succinctly states, "Farmers not liable under the Alaska Business License Act" clearly references a tax liability exemption, and not an exemption for the need to hold a business license. Farmers have been incorrectly exempted from the business licensing requirement for some years.

The department feels that the requirement for farmers to obtain business licenses is, above all else, an equity issue. Any person engaging in a business in the state is first required to have a business license. Some 51,000 businesses are licensed in the state; farmers who sell their products, goods and services commercially should also be licensed.

In the absence of a statutory amendment as proposed in the bill, the department intends to require the farming community to meet the business licensing requirement.


Larry Merculieff, Commissioner
Department of Commerce and
Economic Development

Date: 1/27/89

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act exempting farming from the business license requirement.
Sponsor: Representative Miller
Requestor: House Labor & Commerce

Agency Affected: Commerce & Economic Dev.
BRU: Occupational Licensing

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

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

REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Jennifer Strickler, Administrative Officer
Division: Occupational Licensing

Phone: 465-2144
Date: January 20, 1989

Approved by Commissioner: Larry Mercurieff
Agency: Commerce and Economic Development

Date: 1/21/89

Distribution (by preparer):

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

Alaska State Legislature

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House of Representatives

MEMORANDUM

TO: Representative Dave Donley
Chairman, House Labor & Commerce Committee

FROM: Representative Mike Miller

RE: Scheduling request for HB 41

DATE: 2/9/89

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Therefore, the Department of Commerce and Economic Development should not be allowed to argue that farmers were once exempt from the business license tax but not the license itself since the two are one in the same.

The House Research Agency has determined that business licenses have never been required by farmers in Alaska. In addition, the Agency could find no state in the country that requires farmers to hold business licenses. I do agree that our statutes are somewhat muddled on this topic and believe House Bill 41 will correct this problem.

Attachments: Backup materials



ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

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

January 26, 1989

MEMORANDUM

TO: Representative Mike Miller

ATTN: Gene Therriault

FROM: Maria Gladyszewski *M. Gladyszewski*
Legislative Analyst

RE: Business Licenses for Farmers: 15 AAC 70.080
Research Request 89.145

You asked us to provide 1) a history of 15 AAC 70.080, which has been the basis for exempting Alaska farmers from business license requirements, 2) information about business license requirements for farmers since statehood, and 3) information about licensing farmers in other states. According to Steven M. White, Assistant Attorney General, 15 AAC 70.080 is in direct conflict with the interpretation of the statute from which its authority comes (AS 43.70.090). As far as I can determine, business licenses have never been required of farmers in Alaska. Sources that I contacted knew of no state which requires farmers to have business licenses. ¶

15 AAC 70.080 and AS 43.70.090

The authority to issue business licenses was transferred from the Alaska Department of Revenue to the Alaska Department of Commerce and Economic Development in July, 1988. The subject of business licenses and farmers came to the attention of the Director of the Division of Occupational Licensing, Randall Burns. Mr. Burns said that he then looked up the current regulation about farmers written by the Department of Revenue and in place before Statehood (15 AAC 70.080 -- Attachment A). "Farmers not liable under the Alaska Business License Act" is the entire text of the regulation. Since he was unsure of the meaning of the regulation, Mr. Burns called for an interpretation from the Attorney General. The opinion of Steven M. White, Assistant Attorney General, is that a person can be liable for a tax but not for a license. The regulation, then, would exempt farmers from taxes collected under the Business License Act. Mr. White also said, however, that the regulation conflicts with its statutory authority so is superseded by the statute.

Representative Miller
January 26, 1989
Page 2

The statutory authority (AS 43.70.090 -- Attachment B) cited in the regulation (15 AAC 70.080) says the "department may adopt regulations necessary to determine and collect the fees imposed by this chapter." The regulation exempting farmers presumably exempts them from license fees. Because the statute specifically defines business to exclude certain well-defined activities (fisheries businesses, fishermen, liquor licenses, insurance businesses, mining, and coin-operated amusement and gaming machines), it implies that all others not excluded are included. Since farmers are not mentioned, farming is defined as a business subject to licensing.

According to the regulation, "Farmers [were determined] not liable." I was unable, however, to determine how farmers came to be determined not liable by the Department of Revenue. Farmers are not mentioned in the territorial license tax provisions¹ (in effect before 1949) or in the original Alaska Business License Act (approved March 18, 1949).²

Business Licenses for Farmers in Alaska and Elsewhere

As far as I can determine, business licenses have never been required of farmers in Alaska. Farmers may be required to hold licenses for conducting certain activities (e.g., pesticide application, vegetable dealership, etc.) and their products are inspected by the USDA.

Several sources reported that they knew of no states that required farmers to obtain business licenses.³ No one knew why farmers were not required to hold business licenses.

I hope this information is helpful. Please call if you have additional questions.

Attachments

¹See §§ 35-1-1--35-1-3 and §§ 35-1-11--35-1-22 (Attachment C).

²See § 12 Ch. 43 SLA 1949 (Attachment D).

³Persons versed in agricultural issues at the Council of State Governments and the National Conference of State Legislatures; representatives from the office of public information at the U.S. Department of Agriculture and the National Association of State Departments of Agriculture in Washington, D.C.

HB

44

HOUSE LABOR AND COMMERCE COMMITTEE

ALASKA STATE LEGISLATURE

P.O. BOX Y, JUNEAU 99811

(907) 465-3892

January 10, 1989

M E M O R A N D U M

To: Members, House Labor and Commerce Committee

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

Re: HB 44 (1989) - Alaska's Mandatory Automobile Insurance Program

HB 44 reinstates Alaska's Mandatory Automobile Insurance Program, which sunsetted on January 1, 1989. In addition to reinstating the program, HB 44 contains the same changes to current law that were included in the Senate Finance Committee Substitute for HB 44 (1988 version):

1. Proof of insurance "up front" - Requires persons to certify by a check-off on the annual vehicle registration form that they have insurance or will purchase insurance when required by law. (Section 7 - AS 28.10.021(a)(2)).
2. Amends arbitration policy - Requires that arbitration clauses allow the arbitrator to award all or part of costs to either side as opposed to current policies that require arbitration costs to be shared equally by both parties, regardless of the outcome of the arbitration decision. (Section 6 - AS 21.89.020(f)).
3. Generates revenue to pay for administration - Raises the registration fee for commercial vehicles that do not carry passengers by one dollar, thereby generating about \$50,000 a year which the Department estimates is enough to fund the position required to handle any problems with mail-in registrations caused by the new insurance check-off requirement. (Section 10 - AS 28.10.421(c)).
4. Program receipts - Requires the Department to separately account for program receipts so that they may be appropriated by the Legislature from the General Fund. (Section 11 - AS 28.10.421(g))
5. Clarifies financial responsibility law - Corrects a loophole in the existing financial responsibility law identified by recent court cases. Clarifies that insurance must cover all vehicles owned and/or operated by a person required to satisfy the financial responsibility restrictions. (Section 16 - AS 28.20.630(2)).
6. Consumer notification - Requires insurance policies to state in bold face type if a policy does not satisfy requirements of Alaska's Mandatory Automobile Insurance Law. (Section 2 - AS 21.36.045(a)).

7. Protects employees - Places responsibility for obtaining and maintaining automobile insurance on an employer/vehicle owner as opposed to an employee/driver. (Section 1 - AS 28.22.011(c)).
8. Repeal redundant language - Repeals language defining "proof of financial responsibility for the future". This definition is now contained in AS 28.20.630(2). (Section 18 - AS 28.20.230(b)).
9. Self-Insurers - Expands the conditions under which an individual or small company can become a self-insurer and still meet the minimum liability requirements under the law. (Section 15 - AS 28.20.400(a)).
10. Rental cars - Requires insurers to extend policy coverage to their customers for rental cars in the United States and Canada. (This language is new to the 1989 version of HB 44). (Section 1 - AS 28.22.101(g)).
11. Minimum policy times - Requires insurers to offer a minimum seven day policy for customers who want to purchase short-term coverage. (This language is new to the 1989 version of HB 44 - Current limit is 30 days). (Section 6 - AS 21.89.020(g)).
12. Short Title - Creates a short title of "Alaska Mandatory Automobile Insurance Law". (Section 1 - AS 28.22.321).
13. Effective dates - Section 2 (Notice when policy fails to provide required coverage) and Section 6 (Changes in arbitration clause and establishing a 7 day minimum policy) are effective for policies renewed or entered into on or after January 1, 1990. (Section 17) The rest of the act is effective immediately. (Section 19).

Introduced: 1/9/89
Referred: Labor & Commerce and
Finance

6-0101A

1 IN THE HOUSE

BY DONLEY, BOUCHER, GRUENBERG,
COLLINS, MARTIN, ULMER, KOPONEN
AND BARNES

2 HOUSE BILL NO. 44

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

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

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

10 * Section 1. AS 28 is amended by adding a new chapter to read:

11 CHAPTER 22. MANDATORY MOTOR VEHICLE INSURANCE.

12 ARTICLE 1. INSURANCE REQUIRED.

13 Sec. 28.22.011. MOTOR VEHICLE LIABILITY INSURANCE REQUIRED:
14 EXEMPTIONS. (a) The operator or owner of a motor vehicle subject to
15 registration under AS 28.10.011 when driven on a highway, vehicular
16 way or area, or on other public property in the state, shall be in-
17 sured under a motor vehicle liability policy that complies with this
18 chapter or a certificate of self-insurance that complies with AS 28.-
19 20.400 unless

20 (1) the motor vehicle is being driven or moved on a high-
21 way, vehicular way, or a public parking place in the state that is not
22 connected by a land highway or vehicular way to

23 (A) the land-connected state highway system, or

24 (B) a highway or vehicular way with an average daily
25 traffic volume greater than 499; and

26 (2) the operator has not been cited within the preceding
27 five years for a traffic law violation with a demerit point value of
28 six or more on the point schedule determined under regulations adopted
29 by the department under AS 28.15.221.
H

1 (b) The department shall annually publish a list of areas that
2 meet the requirements of (a)(1) of this section. This list shall be
3 available for public inspection at each office of the department.

4 (c) In this section, "operator" does not include an employee who
5 operates, during the course and within the scope of employment, a
6 motor vehicle that is owned or leased by the operator's employer.

7 Sec. 28.22.021. REQUIREMENT OF PROOF OF MOTOR VEHICLE LIABILITY
8 INSURANCE. The owner or operator of a motor vehicle required to have
9 motor vehicle liability insurance that complies with this chapter or a
10 certificate of self-insurance that complies with AS 28.20.400, shall
11 show proof of this insurance when that person is

12 (1) involved in an accident that results in bodily injury
13 to or death of a person, or damage to the property of a person exceed-
14 ing \$500; or

15 (2) charged with a traffic law violation with a demerit
16 point value of six or more on the point schedule determined under
17 regulations adopted by the department under AS 28.15.221.

18 Sec. 28.22.031. METHOD OF PROOF FOLLOWING AN ACCIDENT. (a) A
19 person involved in an accident who is required under AS 28.22.021(1)
20 to prove that a motor vehicle liability policy or a certificate of
21 self-insurance was in effect shall, within 15 days after the accident,

22 (1) present a copy of the insurance policy, certificate,
23 bond, or insurance binder that was in effect at the time of the acci-
24 dent to the department for inspection;

25 (2) provide the department with written certification from
26 an insurance company, insurance agent, insurance broker or surplus
27 lines broker confirming that a valid motor vehicle liability policy
28 issued in conformity with this chapter was in effect at the time of
29 the accident; or

1 (3) advise the department in writing that a certificate of
2 self-insurance was in effect at the time of the accident.

3 (b) The department shall develop and implement a program to
4 check the veracity of the documents filed for proof under this sec-
5 tion.

6 Sec. 28.22.041. METHOD OF PROOF FOLLOWING A CHARGE OF A MOVING
7 TRAFFIC VIOLATION. (a) A person charged with a traffic law violation
8 who is required under AS 28.22.021(2) to prove that a motor vehicle
9 liability policy or a certificate of self-insurance was in effect
10 shall, at the time of that person's initial appearance in court or
11 within 15 days after the date of the charge of a traffic law viola-
12 tion, whichever is later,

13 (1) present a copy of the insurance policy, certificate,
14 bond, or insurance binder that was in effect at the time of the vio-
15 lation to the court for inspection;

16 (2) provide the court with written certification from an
17 insurance company, insurance agent, insurance broker, or surplus lines
18 broker confirming that motor vehicle liability insurance issued in
19 conformity with this chapter was in effect at the time of the vio-
20 lation; or

21 (3) advise the court in writing that a certificate of self-
22 insurance was in effect at the time the violation was charged.

23 (b) The court shall immediately report to the department a
24 failure to present proof of insurance as provided in this section.

25 Sec. 28.22.051. ADMINISTRATIVE SUSPENSION OF DRIVERS' LICENSES.
26 (a) If a person fails to provide proof required under AS 28.22.021 -
27 28.22.041, the department shall suspend the driver's license of that
28 person for the following periods:

29 (1) not less than 90 days if, within the preceding 10

1 years, the person has not had a driver's license suspended for vio-
2 lation of AS 28.22.011 or former AS 28.22.200;

3 (2) not less than one year if, within the preceding 10
4 years, the person has had a driver's license suspended one or more
5 times for violation of AS 28.22.011 or former AS 28.22.200.

6 (b) The suspension shall be consecutive to any other suspension
7 required by law or imposed by a court.

8 (c) The department may grant limited license privileges for work
9 purposes only to a person whose license has been suspended under this
10 section if

11 (1) the person has filed proof of financial responsibility
12 for the future as required by AS 28.22.071;

13 (2) the person's license has not been suspended two or more
14 times under this section or former AS 28.22.240 in the preceding 10
15 years;

16 (3) the department determines that the person's ability to
17 earn a livelihood would be severely impaired if a limited license
18 privilege is not granted; and

19 (4) the department determines that a limitation can be
20 placed on the license that will enable the person to earn a livelihood
21 without excessive danger to the public.

22 (d) When imposing a limitation under this section the department
23 shall

24 (1) require the surrender of the driver's license; and

25 (2) issue to the licensee a certificate valid for the
26 duration of the limitation.

27 (e) After the termination of a limitation as shown on the cer-
28 tificate issued under (d) of this section, the license of a person on
29 whom a limitation was imposed is suspended until the person receives a

1 new license under AS 28.15.211(c).

2 (f) The department shall notify the licensee that the suspension
3 becomes effective 30 days from the date of the notice and that the
4 licensee has the right, within the 30-day period, to make an oral or
5 written answer controverting any point or issue, or to present evi-
6 dence and arguments for the consideration of the department.

7 (g) Upon receipt of an oral or written answer from the licensee
8 the department shall make findings on the matter under consideration
9 within 15 days and shall notify the person involved of its decision in
10 writing by certified or registered mail. If the department's decision
11 is to sustain an action against the licensee's driver's license, the
12 department shall notify the licensee of the opportunity for a hearing
13 under AS 28.05.121 - 28.05.141. Suspension of a person's license is
14 stayed until final disposition of the hearing under this section.

15 Sec. 28.22.061. FALSIFICATION OF INFORMATION. A person who
16 provides information required under AS 28.22.021 - 28.22.051 that the
17 person does not believe to be true with the intent to mislead a public
18 servant in the performance of a duty is guilty of a class A misde-
19 meanor.

20 Sec. 28.22.071. PROOF FOR THE FUTURE. (a) A person whose li-
21 cense is suspended under AS 28.22.051 shall file proof of financial
22 responsibility for the future under AS 28.20 before full driving
23 privileges may be restored or limited license privileges are granted
24 under AS 28.22.051(c).

25 (b) A filing of proof of financial responsibility under AS 28.20
26 shall be required for a period of three years following expiration of
27 the suspension of license under AS 28.22.051.

28 ARTICLE 2. GENERAL POLICY PROVISIONS.

29 Sec. 28.22.101. GENERAL COVERAGE REQUIREMENTS; POLICY LIMITS.

1 (a) An owner's motor vehicle liability policy must designate by
2 description or appropriate reference the motor vehicles that it covers
3 and insure the person named against loss from the liability imposed by
4 law for damages that arise from the ownership, maintenance, or use of
5 a designated motor vehicle.

6 (b) An operator's motor vehicle liability policy must insure the
7 person named as insured against loss from the liability imposed by law
8 for damages that arise from the use by the operator of a motor vehicle
9 not owned by the operator.

10 (c) A personal motor vehicle liability policy must insure the
11 person named as insured against loss from liability imposed by law for
12 damages that arise from the ownership, maintenance, or use by the
13 named person of a motor vehicle whether owned or not owned by the
14 person.

15 (d) A motor vehicle liability policy must provide coverage in
16 the United States or Canada, subject to limits exclusive of interest
17 and costs, with respect to each vehicle, as follows:

18 (1) \$50,000 because of bodily injury to or death of one
19 person in one accident, and, subject to the same limit for one person,
20 \$100,000 because of bodily injury to or death of two or more persons
21 in one accident; and

22 (2) \$25,000 because of injury to or destruction of property
23 of others in one accident.

24 (e) A motor vehicle liability policy must provide coverage under
25 AS 28.22.201 - 28.22.231 in the amounts set out in (d) of this section
26 for the protection of the persons insured under the policy who are
27 legally entitled to recover damages from the owner or operator of an
28 uninsured or underinsured motor vehicle because of bodily injury or
29 death, or damage to or destruction of property arising out of the

1 ownership, maintenance, or use of the uninsured or underinsured motor
2 vehicle.

3 (f) A motor vehicle liability policy must state the name and
4 address of the named insured and meet the requirements of AS 21.42.-
5 160 - 21.42.170. In the absence of specific contract language or en-
6 dorsement, the motor vehicle liability policy issued for a person in
7 this state is presumed to meet the minimum requirements of (d) of this
8 section.

9 (g) A motor vehicle liability policy must provide coverage in
10 the amount set out in (d) of this section for motor vehicles rented in
11 the United States or Canada by a person insured under the policy.

12 Sec. 28.22.111. POLICY PROVISIONS THAT ARE IMPLIED. A motor
13 vehicle liability policy is subject to the following provisions which
14 do not need to be set out in the policy:

15 (1) satisfaction by the insured of a judgment for injury or
16 damages is not a condition precedent to the right or duty of the
17 insurance carrier to make payment on account of injury or damage;

18 (2) the insurance carrier may settle a claim covered by the
19 policy, and if settlement is made in good faith, the amount of settle-
20 ment is deductible from the limits of liability specified in AS 28.-
21 22.101;

22 (3) the policy, the written application for the policy, if
23 any, and every rider or endorsement that does not conflict with the
24 provisions of this chapter constitute the entire contract between the
25 parties.

26 Sec. 28.22.121. EXCESS OR ADDITIONAL COVERAGE. (a) A policy
27 that grants the coverage required for a motor vehicle liability policy
28 may also grant lawful coverage in excess of or in addition to the
29 coverage specified for a policy and the excess or additional coverage

1 is not subject to the provisions of this chapter. With respect to a
2 policy that grants excess or additional coverage, the term "motor
3 vehicle liability policy" applies only to that part of the coverage
4 that is required by this chapter.

5 (b) A policy is excluded from the application of this chapter if
6 the automobile or motor vehicle liability coverage is provided only on
7 an excess or umbrella basis.

8 Sec. 28.22.131. PRORATION. A motor vehicle liability policy may
9 provide for proration of the insurance with other valid and collect-
10 ible insurance.

11 Sec. 28.22.141. OTHER REQUIREMENTS OF POLICY. (a) A policy is
12 not effective under AS 28.22.101 unless it is issued by an insurance
13 company or surety company authorized to do business in this state,
14 except as provided in (b) of this section.

15 (b) A policy is not effective under AS 28.22.101 with respect to
16 a vehicle not registered in the state or a vehicle that was registered
17 in another jurisdiction on the effective date of the policy or the
18 most recent renewal of it, unless the insurance or surety company
19 issuing the policy is authorized to do business in the state, or if
20 the company is not authorized to do business in the state, unless it
21 executes a power of attorney authorizing the director of the division
22 of insurance to accept service of process on its behalf in an action
23 upon the policy arising out of the accident.

24 (c) The requirements for a motor vehicle liability policy may be
25 fulfilled by the policies of one or more insurance carriers that to-
26 gether meet the requirements.

27 (d) A binder issued pending the issuance of a motor vehicle
28 liability policy fulfills the requirements for a policy.

29 ARTICLE 3. UNINSURED AND UNDERINSURED MOTORISTS COVERAGE.

1 Sec. 28.22.201. GENERAL POLICY PROVISIONS. (a) The uninsured
2 and underinsured motorists coverage required under this chapter

3 (1) does not apply to bodily injury, sickness, disease, or
4 death of an insured or damage to or destruction of property of an
5 insured until the limits of liability bonds and policies that apply
6 have been used up by payments or judgments or settlements;

7 (2) must be a single combined coverage; and

8 (3) may be rejected by the insured in writing; if the
9 insured has rejected uninsured or underinsured coverage, the coverage
10 may not be included in a supplemental, renewal or replacement policy
11 unless the insured subsequently requests uninsured or underinsured
12 coverage in writing.

13 (b) If both the owner and operator of a vehicle are unknown,
14 payment under the uninsured and underinsured motorists coverage may be
15 made only where direct contact between the motor vehicles has occur-
16 red. A vehicle and operator that have left the scene of an accident
17 with another vehicle are presumed to be uninsured if the insured
18 person reports the accident to the appropriate authorities within 24
19 hours.

20 (c) The uninsured and underinsured motorists coverage for damage
21 to or destruction of property is subject to a deductible of \$250 on
22 any one accident, but the insurer may offer a deductible other than
23 \$250. This coverage shall be limited to damage to or destruction of
24 the covered motor vehicle. It may not include loss of use of such
25 vehicle.

26 Sec. 28.22.211. MAXIMUM LIABILITY OF CARRIER. (a) The maximum
27 liability of the insurance carrier under the uninsured and underin-
28 sured motorists coverage required under this chapter is the difference
29 between the coverage limit of liability and the amount paid to the

1 insured by or on behalf of the uninsured and underinsured motorist.

2 (b) Amounts payable under the uninsured motorists and underin-
3 sured motorists coverage required under this chapter shall be reduced
4 by

5 (1) amounts paid or to be paid under any workers' compensa-
6 tion law;

7 (2) amounts paid or payable under any valid and collectible
8 automobile medical payments insurance or bodily injury or death lia-
9 bility insurance; and

10 (3) amounts paid by or on behalf of the uninsured or under-
11 insured motorist.

12 Sec. 28.22.221. POLICY COVERAGE AND PRIORITIES. If an insured
13 is entitled to uninsured or underinsured motorists coverage under more
14 than one motor vehicle liability insurance policy, or under more than
15 one coverage if two or more vehicles are insured under one policy, the
16 maximum amount an insured may recover may not exceed the highest limit
17 of any one policy or coverage. Where multiple policies or coverages
18 apply, payment shall be made in the following order of priority,
19 subject to the limit of liability for each applicable policy or cover-
20 age:

21 (1) a policy or coverage covering a motor vehicle occupied
22 by the injured person at the time of the accident;

23 (2) a policy or coverage covering a motor vehicle that came
24 into contact with the insured while a pedestrian; and

25 (3) a policy or coverage covering a motor vehicle not
26 involved in the accident with respect to which the injured person is
27 an insured or a named insured.

28 Sec. 28.22.231. POLICY COVERAGE EXCLUSIONS. The uninsured and
29 underinsured motorists coverage required under this chapter does not

1 apply to bodily injury or death or damage to or destruction of pro-
2 perty of an insured

3 (1) while occupying a motor vehicle owned by, but not
4 insured by, the named insured or the insured's spouse or relative
5 residing in the same household; or

6 (2) through being struck by a vehicle owned by the named
7 insured or the insured's spouse or relative residing in the same
8 household.

9 ARTICLE 4. MISCELLANEOUS PROVISIONS.

10 Sec. 28.22.301. POLICY INTERPRETATION. A provision in this
11 chapter may not be interpreted to prohibit a motor vehicle liability
12 policy from including limitations, conditions, exceptions, exclusions,
13 or other provisions that do not violate the requirements of this
14 chapter or other applicable laws.

15 Sec. 28.22.311. DEFINITION. In this chapter, "motor vehicle
16 liability policy" means an owner's policy, an operator's policy, or a
17 personal policy that

18 (1) meets the requirements of AS 28.22.101; and

19 (2) is issued by an insurance carrier authorized to trans-
20 act business in the state to or for the benefit of the person named as
21 insured.

22 Sec. 28.22.321. SHORT TITLE. This chapter may be cited as the
23 Alaska Mandatory Automobile Insurance Act.

24 * Sec. 2. AS 21.36 is amended by adding a new section to read:

25 Sec. 21.36.045. NOTICE OF LIMITED MOTOR VEHICLE INSURANCE. (a)
26 An insurance policy that provides coverage only against property
27 damage to a motor vehicle and that does not provide liability coverage
28 required under AS 28.22.101(d) must contain the following statement
29 printed in bold face type: "This policy provides insurance only

1 against damage to the motor vehicle. This policy does not insure
2 against bodily injury, death, or property damage liability and does
3 not satisfy the mandatory motor vehicle liability insurance require-
4 ments of AS 28.22.011."

5 (b) If the insured under a policy described in (a) of this
6 section is not the owner of the motor vehicle, the insurer shall
7 provide a copy of the policy to the owner.

8 * Sec. 3. AS 21.89.020(a) is amended to read:

9 (a) An automobile liability policy that insures an owner or
10 operator of a motor vehicle against loss resulting from liability for
11 bodily injury or death, or for property injury or destruction, or
12 both, that is sold in the state, must [SHALL] contain limits in at
13 least the amount prescribed for a motor vehicle liability policy in
14 AS 28.20.440 and AS 28.22.101.

15 * Sec. 4. AS 21.89.020(c) is amended to read:

16 (c) An insurance company offering automobile liability insurance
17 in this state for bodily injury or death shall offer coverage pre-
18 scribed in AS 28.20.440 and 28.20.445, or AS 28.22, with limits equal
19 to at least the limit purchased voluntarily to cover the insured
20 person's liability for bodily injury or death, for the protection of
21 the persons insured under the policy who are legally entitled to
22 recover damages for bodily injury or death from owners or operators of
23 uninsured or underinsured motor vehicles. The limit written may not
24 be less than the limit in AS 28.20.440 or AS 28.22.101.

25 * Sec. 5. AS 21.89.020(d) is amended to read:

26 (d) An insurance company offering automobile liability insurance
27 in this state for injury to or destruction of property shall offer
28 coverage prescribed in AS 28.20.440 and 28.20.445, or AS 28.22, with
29 limits not less than those prescribed in AS 28.20.440 or AS 28.22.101.

1 to cover the insured person's liability for injury to or destruction
2 of property, for the protection of the persons insured under the
3 policy who are legally entitled to recover damages for injury to or
4 destruction of the covered motor vehicle from owners or operators of
5 uninsured or underinsured motor vehicles.

6 * Sec. 6. AS 21.89.020 is amended by adding new subsections to read:

7 (f) An automobile liability insurance policy must provide that
8 all expenses and fees, not including counsel fees, incurred because of
9 arbitration or mediation shall be paid as determined by the arbitra-
10 tor.

11 (g) An insurance company offering automobile liability insurance
12 in this state shall offer a short term policy valid for no more than
13 seven days. The coverage available for the short term policy must be
14 comparable to coverage available for longer term policies.

15 * Sec. 7. AS 28.10.021 is repealed and reenacted to read:

16 Sec. 28.10.021. APPLICATION FOR REGISTRATION. (a) The owner of
17 a vehicle subject to registration shall apply for registration under
18 this chapter by properly completing the form prescribed by the commis-
19 sioner under AS 28.05.041. Before the issuance of a certificate of
20 registration by the department, the owner shall

21 (1) pay all registration fees and taxes required under this
22 chapter and federal heavy vehicle use taxes required under 26 U.S.C.
23 4481 (Internal Revenue Code of 1954);

24 (2) unless the owner qualifies as a self-insurer under
25 AS 28.20.400 or is exempted from obtaining liability insurance under
26 AS 28.22.011, certify to the department the existence of a motor
27 vehicle liability policy that complies with AS 28.22.011 for the
28 vehicle being registered; in this paragraph, "certify" means to indi-
29 cate by check-off on the vehicle registration form prescribed by the

1 department the existence of a policy of insurance, if a policy is
2 required at that time, and the intention to continue the policy or
3 obtain a policy as required by this subsection; and

4 (3) comply with other applicable statutes and regulations.

5 (b) At the time of application for registration or renewal of
6 registration, the department shall provide the applicant written
7 information explaining the state's financial responsibility and manda-
8 tory motor vehicle insurance laws and applicable penalties for failure
9 to comply with those laws.

10 (c) An employee of the department who processes an application
11 for registration or renewal of registration, other than an application
12 received by mail, shall ask the applicant orally whether the applicant
13 wishes to execute an anatomical gift. The department shall make known
14 to all applicants the procedure for executing a gift under AS 13.50
15 (Uniform Anatomical Gifts Act) by displaying posters in the offices in
16 which applications are taken, by providing a brochure or other written
17 information to each person who applies in person or by mail, and, if
18 requested, by providing oral advice.

19 * Sec. 8. AS 28.10.041(a) is amended to read:

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

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

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

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

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

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

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

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

8 (8) the vehicle or applicant fails to comply with this
9 chapter or regulations implementing [AUTHORIZED BY] this section;

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

12 (10) the vehicle is subject to a state-approved local emis-
13 sion inspection program adopted by municipal ordinance under AS 46.-
14 03.210, and the vehicle does not meet the standards of that program,
15 unless the vehicle uses a fuel source that does not primarily emit
16 carbon monoxide;

17 (11) the applicant fails to certify to the department the
18 existence of a motor vehicle liability policy that complies with
19 AS 28.22.101 for the vehicle being registered unless the owner of the
20 vehicle qualifies as a self-insurer under AS 28.20.400 or is exempted
21 from obtaining liability insurance under AS 28.22.011.

22 * Sec. 9. AS 28.10.051 is amended by adding a new subsection to read:

23 (b) Unless the owner qualifies as a self-insurer under AS 28.-
24 20.400, or is exempted from obtaining liability insurance under
25 AS 28.22.011, the department may suspend or revoke the registration of
26 a vehicle that is not insured by a motor vehicle liability policy that
27 complies with AS 28.22.101.

* Sec. 10. AS 28.10.421(c) is amended to read:

(c) The annual registration fees under this subsection are

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

- 11 (1) up to and including 5,000 pounds \$51 [\$50];
12 (2) more than 5,000 pounds to and including 12,000 pounds
13 \$86 [\$85];
14 (3) more than 12,000 pounds to and including 18,000 pounds
15 \$156 [\$155];
16 (4) more than 18,000 pounds \$221 [\$220].

17 * Sec. 11. AS 28.10.421 is amended by adding a new subsection to read:
18 (g) The fees collected by the department under this section
19 shall be deposited in the general fund. The Department of Adminis-
20 tration shall separately account for three percent of the fees col-
21 lected under this section and deposited in the general fund. The
22 annual estimated balance in the account may be used by the legislature
23 to make appropriations for administration of AS 28.10.021(a) and
24 AS 28.22 (Alaska Mandatory Automobile Insurance Act).

25 * Sec. 12. AS 28.15.061 is amended by adding a new subsection to read:
26 (f) At the time of application for a driver's license or an
27 instruction permit, or renewal of a driver's license or an instruction
28 permit, the department shall provide the applicant written information
29 explaining the state's financial responsibility and mandatory motor

1 vehicle insurance laws and potential penalties for failure to comply
2 with those laws.

3 * Sec. 13. AS 28.15.081(a) is repealed and reenacted to read:

4 (a) The department shall examine every applicant for a driver's
5 license. The examination must include a test of the applicant's (1)
6 eyesight, (2) ability to read and understand official traffic control
7 devices, (3) knowledge of safe driving practices, (4) knowledge of the
8 effects of alcohol and drugs on drivers and the dangers of driving
9 under the influence of alcohol or drugs, (5) knowledge of the laws on
10 driving while intoxicated, (6) knowledge of the laws on financial
11 responsibility and mandatory motor vehicle liability insurance, and
12 (7) knowledge of the traffic laws and regulations of the state. The
13 examination may include a demonstration of ability to exercise ordi-
14 nary and reasonable control in the driving of a motor vehicle of the
15 type and general class of vehicles for which the applicant seeks a
16 license. However, an applicant who has not been previously issued a
17 driver's license by this or another jurisdiction shall demonstrate
18 ability and shall present medical information that the department
19 reasonably requires to determine fitness to safely drive a motor
20 vehicle of the type and general class of vehicles for which the appli-
21 cant seeks a license.

22 * Sec. 14. 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. 15. AS 28.20.400(a) is amended to read:

27 (a) A person in whose name more than 25 vehicles are registered
28 in this state may qualify as a self-insurer by obtaining a certificate
29 of self-insurance issued by the department as provided in (b) of this

1 section. A person in whose name fewer than 25 vehicles are registered
2 qualifies as a self-insurer and shall be issued a certificate of
3 self-insurance, if the person provides proof satisfactory to the
4 department that the person has and will continue to have the ability
5 to pay a judgment for property damage, bodily injury, or both, in the
6 amount of at least \$125,000.

7 * Sec. 16. AS 28.20.630 is amended to read:

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

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

21 (2) "proof of financial responsibility" means an owner's
22 motor vehicle liability policy that covers all vehicles owned by the
23 person that are subject to registration in this state, or if the
24 person does not own a vehicle, proof required under AS 28.20.390.

25 * Sec. 17. Sections 2 and 6 of this Act apply to automobile liability
26 insurance policies entered into or renewed on or after January 1, 1990.

27 * Sec. 18. AS 28.20.230(b) is repealed.

28 * Sec. 19. This Act takes effect immediately under AS 01.10.070(c).

STATE OF ALASKA
THE LEGISLATURE

HOUSE - STATE CAPITOL
UNFAU ALASKA 99811
907 465 3806

LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M

November 10, 1988

SUBJECT: Motor vehicle liability insurance
(Work Order No. 16-0101)

TO: Representative Dave Donley

FROM: Michael F. Ford *M.F.*
Legislative Counsel

The following is a sectional analysis of WO 16-0101, establishing mandatory motor vehicle liability insurance. I have also included a new draft, as several technical changes have been made since you received the last version:

Section 1 -

sec. 28.22.011 - Establishes that mandatory liability insurance is required for certain drivers, and establishes an exception from the insurance requirements for certain rural areas.

sec. 28.22.021 - Provides that certain persons involved in an accident or who violate a traffic law are required to show proof of liability insurance.

sec. 28.22.031 - Establishes the method of proof following an accident that a person is required to follow, if required under sec. 28.22.021(1) to show proof of insurance.

sec. 28.22.041 - Establishes the method of proof following a charge of a moving traffic violation, if proof of insurance is required under sec. 28.22.021(2).

sec. 28.22.051 - Requires the department to suspend the driver's license of a person who fails to provide proof of insurance as required under sec. 28.22.021 - 28.22.041, and establishes periods of suspension.

Representative Dave Donley

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sec. 28.22.061 - Provides that a person who provides false information concerning required insurance coverage, is guilty of a class A misdemeanor.

sec. 28.22.071 - Establishes a requirement that certain persons file proof of financial responsibility for the future before having their driving privileges restored.

sec. 28.22.101 - Establishes minimum general liability insurance policy coverage and limits for owners and operators of motor vehicles.

sec. 28.22.111 - Establishes implied policy provisions that are not required to be set out in the policy.

sec. 28.22.121 - Provides that a liability insurance policy may grant coverage in excess of coverage required for the insurance.

sec. 28.22.131 - Allows a liability insurance policy to be prorated with other valid insurance.

sec. 28.22.141 - Imposes additional requirements before an insurance policy is considered to meet the mandatory insurance requirements imposed under AS 28.22.

sec. 28.22.201 - Establishes general policy provisions for uninsured and underinsured coverage.

sec. 28.22.211 - Establishes the maximum liability of the insurer for required uninsured and underinsured coverage.

sec. 28.22.221 - Provides for policy coverage when an insured is entitled to coverage under more than one policy and establishes priority for payment.

sec. 28.22.231 - Establishes exceptions to uninsured and underinsured coverage.

sec. 28.22.301 - Provides that an insurance policy may contain limitations or conditions that do not violate state law.

sec. 28.22.311 - Definition.

sec. 28.22.321 - Short title of the chapter.

Section 2 - Requires that an insurance policy that provides coverage only against property damage, contain a notice that the coverage does not satisfy the mandatory insurance requirements of state law.

Section 3 - Requires that automobile insurance must contain coverage limits as required in AS 28.20.440 and AS 28.22.-101.

Section 4 - Technical amendment concerning bodily injury or death coverage.

Section 5 - Technical amendment concerning property damage coverage.

Section 6 - Imposes additional requirements concerning arbitration or mediation, and short term coverage, for automobile liability insurance policies.

Section 7 - Establishes procedures for motor vehicle registration. Requires the vehicle owner to certify the existence of valid liability insurance.

Section 8 - Allows the department to refuse to register a vehicle if the applicant fails to certify the existence of motor vehicle insurance that complies with state law.

Section 9 - Gives the department the authority to suspend or revoke the registration of a vehicle if the owner fails to obtain insurance required by law.

Section 10 - Increases the annual motor vehicle registration fees.

Section 11 - Requires separate accounting for certain fees collected by the department.

Section 12 - Requires the department to provide financial responsibility and insurance information to an applicant for a driver's license.

Section 13 - Establishes requirements for obtaining a driver's license.

Section 14 - Definition.

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Section 15 - Establishes requirements for qualifying as a self-insurer.

Section 16 - Definitions.

Section 17 - Applicability section.

Section 18 - Repealer.

Section 19 - Effective date.

MFF:ni
wkmi3/051

Enclosure

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act relating to motor vehicle liability insurance
Sponsor: Rep. Donley
Requestor: Rep. Donley

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

EXPENDITURES/REVENUES: (Thousands of Dollars) (Inflation not included)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	-0-	16.3	32.6	32.6	-0-	-0-
TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
CONTRACTUAL	-0-	1.2	2.5	2.5	-0-	-0-
SUPPLIES	-0-	.2	.4	.4	-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-	17.7	35.5	35.5	-0-	-0-

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
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REVENUE	-0-	21.6	43.2	43.2	43.2	43.2
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FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	17.7	35.5	35.5	-0-	-0-
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-	-0-
OTHER	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	17.7	35.5	35.5	-0-	-0-

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

PROGRAM SUMMARY: HB 44 reinstates mandatory motor vehicle liability insurance requirements, which were repealed effective January 1, 1989. HB 44 requires that a person certify, at the time of application for registration of a motor vehicle, that he or she has motor vehicle liability insurance. This is a new requirement, not present under the prior law. One Motor Vehicle Representative II position (range 9B) will be needed to screen and process registration applications submitted by mail. This position is

Prepared by: Bill Brown
Division: Motor Vehicles

Phone: 465-4335
Date: 1/10/89

Approved by Commissioner: Arthur English
Agency: Department of Public Safety

Date: 1-10-89

requested for the renewal by mail program in Anchorage for the first three fiscal years. It is anticipated that, after the program is in effect for a couple of years, there will be less rejected applications, and the position will no longer be required. As a result of experience gained in the Emission Inspection Program, we know that the renewal by mail form will not always be adequately completed in regard to certifying insurance is in existence. Thus, some forms will need to be returned to the applicant. Of the 431,049 registrations in 1987, 99,614 were renewals by mail. It is estimated 10% of the renewals by mail will be incomplete in regard to certification of insurance.

The estimates of increased revenues are based on the change in fees contained in section 10 of the bill. In 1987, 43,163 vehicles were registered under AS 28.10.421(c). With section 10 being effective January 1, 1990, an estimated 21,581 would be registered in FY90.

EXPENDITURES:

Personal Services	
1 Motor Veh Rep II, Anc, 98	16.3
Contractual	
Postage, Anc, 4,980x.25	1.2
Commodities	
envelopes/office supplies	<u>.2</u>
	17.7

Expenditures for FY90 based on one-half fiscal year because of bill reflecting certifying insurance at time of registration to be effective January 1, 1990.

Position Title Motor Vehicle Representative II		No. of Positions 1	Range/Step 9B	Barg. Unit GGU
Time Status PFT	Staff Months 6	Location Anchorage		Election District 7-15
Justification				
Type of Expenditure		Amount		
1	2	3		
Salary*	10,710	////////////////////		
Benefits*	5,581	////////////////////		
Premium Pay (Included in Above)	////////////////////	////////////////////		
Other	////////////////////	////////////////////		
Total Personal Services	////////////////////	16,291		
Travel		1		
Contractual		1,250		
Commodities		200		
Equipment				
Other				
Total Cost		17,741		
Funding Source for Total Cost				
Federal Receipts	1002			
G.F. Match	1003			
General Fund	1004	17,741		
Program Receipts/GF	1005			
I-A Receipts	1007			
CIP Receipts	1061			
Other				
* Personal Services Salary and Benefits Costs are from PACS Scenario #2.				

Process registration applications received under the mail-out renewal program. Inspect applications returned for completeness. Return applications that are incomplete with instructions on how to correct. Perform data entry for properly completed applications and send renewal registration and tabs to applicant.

Figures are for six months, because of effective date of January 1, 1990, for the sections of the bill dealing with certifying at time of registration.

REQUEST FOR
NEW POSITION

AGENCY Department of Public Safety
 BRU Motor Vehicles
 COMPONENT Field Services

Page 3 of 3
 Revised Date

FY 89

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Public Safety
 Title: An Act relating to motor vehicle liability insurance BRU: DMV
 Sponsor: Rep. Donley Component: Driver & Field Services
 Requestor: Rep. Donley

EXPENDITURES/REVENUES: (Thousands of Dollars) (Inflation not included)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	41.9	125.4	125.4	92.8	92.8	92.8
TRAVEL	--0--	--0--	--0--	--0--	--0--	--0--
CONTRACTUAL	4.7	10.7	10.7	8.2	8.2	8.2
SUPPLIES	.4	.8	.8	.5	.5	.5
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	47.0	136.9	136.9	101.5	101.5	101.5

CAPITAL	--0--	--0--	--0--	--0--	--0--	--0--
---------	-------	-------	-------	-------	-------	-------

REVENUE	14.4	43.2	43.2	43.2	43.2	43.2
---------	------	------	------	------	------	------

FUNDING: (Thousands of Dollars)

GENERAL FUND	46.9	136.9	136.9	101.5	101.5	101.5
FEDERAL FUNDS	--0--	--0--	--0--	--0--	--0--	--0--
OTHER	--0--	--0--	--0--	--0--	--0--	--0--
TOTAL	46.9	136.9	136.9	101.5	101.5	101.5

POSITIONS:

FULL-TIME	4	4	4	3	3	3
PART-TIME	--0--	--0--	--0--	--0--	--0--	--0--
TEMPORARY	--0--	--0--	--0--	--0--	--0--	--0--

ANALYSIS: (Attach a separate page if necessary)

ASSUMPTION: Effective date of March 1, 1989

PROGRAM SUMMARY: HB 44 reinstates mandatory motor vehicle liability insurance requirements, which were repealed effective January 1, 1989. HB 44 requires that a person certify, at the time of application for registration of a motor vehicle, that he or she has motor vehicle liability insurance. This is a new requirement, not present under the prior law. One Motor Vehicle Representative II position (range 9B) will be needed to screen and process registration applications submitted by mail. This position is

Prepared by: Bill Brown
 Division: Motor Vehicles

Phone: 465-4335
 Date: 1/09/89

Approved by Commissioner: Arthur English
 Agency: Department of Public Safety

Date: 1-9-89

JMR
1/11/89

requested for the renewal by mail program in Anchorage for the first three fiscal years. It is anticipated that, after the program is in effect for a couple of years, there will be less rejected applications, and the position will no longer be required. As a result of experience gained in the Emission Inspection Program, we know that the renewal by mail form will not always be adequately completed in regard to certifying insurance is in existence. Thus, some forms will need to be returned to the applicant. Of the 431,049 registrations in 1987, 99,614 were renewals by mail. It is estimated 10% of the renewals by mail will be incomplete in regard to certification of insurance.

HB 44 requires that a motorist involved in an accident or cited for a moving violation carrying a point assessment of six points or more must prove that he or she had the required insurance coverage on the date of the accident or violation. These requirements were contained in existing law, but the division has not administered the requirement in connection with six-point violations since July, 1987 due to budget limitations. To enforce this aspect of the new law three Document Processing Clerk II positions (Range 8B) are being requested to process certifications of insurance, court documents for six or more point violations, and other related documents in Juneau. The three positions will not be sufficient to totally enforce the mandatory insurance provisions, and some existing personnel will be used to assist. With these three additional staff the mandatory insurance program can be fully administered.

All the positions are budgeted for four months in FY89, and 12 months in FY90.

All suspension notices must be sent via certified mail, return receipt requested, which costs \$2.00 per notice. This is the reason for the contractual service cost. Only suspension notices for six or more point violations are included, since those for accident reports are included in the present operating budget.

The estimates of increased revenues are based on the change in fees contained in section 10 of the bill. In 1987, 43,163 vehicles were registered under AS 28.10.421(c). Assuming a March 1, 1989, effective date, an estimated 14,388 would be registered by FY89.

EXPENDITURES:

Personal Services		
1 Motor Veh Rep II, Anc, 9B		10.9
3 Doc Proc Clk II, Jno, 8B		<u>31.0</u>
		41.9
Contractual		
Postage, Anc, 3,320x.25		.8
Jno, 1,143x2.00		2.3
Printing Jno 4,000 suspension notices		
@ \$325 per 1,000		1.3
other forms		<u>.3</u>
		4.7
Commodities		
Anc envelopes/office supplies		.2
Jno office supplies/microfilm		<u>.2</u>
		<u>.4</u>
		<u>.4</u>
	TOTAL:	47.0

Position Title Document Processing Clerk II			No. of Positions 3	Range/Step 8B	Barg. Unit GGU
Time Status PFT	Staff Months 4		Location Juneau		Election District 4
Type of Expenditure			Justification		
		Amount	<p>These positions will process notifications from the court reflecting whether or not a person who received a 6 or more point violation submitted the proper proof of insurance. If proper proof was not shown, process file for suspension, after searching Certifications of Insurance submitted directly to DMV by the defendants.</p> <p>Will also process proof of insurance filed by drivers involved in accidents. If proper proof was not submitted, process file for suspension of the driver.</p> <p>Prior to suspension, must research person's record to determine length of suspension, and calculate beginning and ending dates of the suspension.</p> <p>For accidents and six or more point violations, verify coverage submitted with insurance company on random basis.</p> <p>Maintain records on individuals who are required to file proof of financial responsibility for the future following a suspension. Generate non-comply letter when insurance cancellation is received.</p> <p>Handle correspondence generated under new self-insurance section of the law.</p> <p>Figures are for four months (March thru June)</p>		
1	2	3			
Salary*	20,136	////////////////////			
Benefits*	10,815	////////////////////			
Premium Pay (Included in Above)	////////////////////	////////////////////			
Other	////////////////////	////////////////////			
Total Personal Services	////////////////////	30,951			
Travel					
Contractual		3,900			
Commodities		200			
Equipment					
Other					
Total Cost		35,051			
Funding Source for Total Cost					
Federal Receipts	1002				
G.F. Match	1003				
General Fund	1004	35,051			
Program Receipts/GF	1005				
I-A Receipts	1007				
CIP Receipts	1061				
Other					
* Personal Services Salary and Benefits Costs are from PACS Scenario #2.					

REQUEST FOR
NEW POSITION

AGENCY Department of Public Safety
 BRU Motor Vehicles
 COMPONENT Driver Services

Page 3 of 4
 Revised Date

FY 89

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

Position Title Document Processing Clerk II			No. of Positions 3	Range/Step 8B	Barg. Unit GGU
Time Status PFT	Staff Months 4		Location Juneau		Election District 4
Type of Expenditure			Amount		
1			2		3
Salary*			20,136		////////////////////
Benefits*			10,815		////////////////////
Premium Pay (Included in Above)			////////////////////		////////////////////
Other			////////////////////		////////////////////
Total Personal Services			////////////////////		30,951
Travel					
Contractual					3,900
Commodities					200
Equipment					
Other					
Total Cost					35,051
Funding Source for Total Cost					
Federal Receipts 1002					
G.F. Match 1003					
General Fund 1004					35,051
Program Receipts/GF 1005					
I-A Receipts 1007					
CIP Receipts 1061					
Other					
* Personal Services Salary and Benefits Costs are from PACS Scenario #2.					

Justification

These positions will process notifications from the court reflecting whether or not a person who received a 6 or more point violation submitted the proper proof of insurance. If proper proof was not shown, process file for suspension, after searching Certifications of Insurance submitted directly to DMV by the defendants.

Will also process proof of insurance filed by drivers involved in accidents. If proper proof was not submitted, process file for suspension of the driver.

Prior to suspension, must research person's record to determine length of suspension, and calculate beginning and ending dates of the suspension.

For accidents and six or more point violations, verify coverage submitted with insurance company on random basis.

Maintain records on individuals who are required to file proof of financial responsibility for the future following a suspension. Generate non-comply letter when insurance cancellation is received.

Handle correspondence generated under new self-insurance section of the law.

Figures are for four months (March thru June)

REQUEST FOR
NEW POSITION

AGENCY Department of Public Safety
 BRU Motor Vehicles
 COMPONENT Driver Services

Page 3 of 4
 Revised Date

FY 89

Position Title Motor Vehicle Representative II			No. of Positions 1	Range/Step 9B	Barg. Unit GGU
Time Status PFT	Staff Months 4		Location Anchorage		Election District 7-15
Type of Expenditure			Amount		
1	2	3			
Salary*	7,140	////////////////////			
Benefits*	3,721	////////////////////			
Premium Pay (Included in Above)	////////////////////	////////////////////			
Other	////////////////////	////////////////////			
Total Personal Services	////////////////////	10,861			
Travel					
Contractual		830			
Commodities		200			
Equipment					
Other					
Total Cost		11,891			
Funding Source for Total Cost					
Federal Receipts	1002				
G.F. Match	1003				
General Fund	1004	11,891			
Program Receipts/GF	1005				
I-A Receipts	1007				
CIP Receipts	1061				
Other					
* Personal Services Salary and Benefits Costs are from PACS Scenario #2.					
Justification					
<p>Process registration applications received under the mail-out renewal program. Inspect applications returned for completeness. Return applications that are incomplete with instructions on how to correct. Perform data entry for properly completed applications and send renewal registration and tabs to applicant.</p> <p>Figures are for four months, assuming effective date of March 1, 1989.</p>					

REQUEST FOR
NEW POSITION

AGENCY Department of Public Safety
 BRU Motor Vehicles
 COMPONENT Field Services

Page 4 of 4
 Revised Date

FY 89

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Mandatory Motor Vehicle Insurance

Agency Affected: Commerce & Econ. Dev.
BRU: Div. of Insurance

Sponsor: Rep. Donley
Requestor: House Labor & Commerce

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
---------	-----	-----	-----	-----	-----	-----

REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
---------	-----	-----	-----	-----	-----	-----

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Paul Roller, Director Phone: 465-2515
Division: Division of Insurance Date: 1/9/1989

Approved by Commissioner: Larry Mercurieff, Commissioner Date: 1/9/1989
Agency: Dept. of Commerce & Economic Development

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

mm0553t

BILL/RESOLUTION HISTORY

03:31 PM 10/25/88

PAGE 1

NAME CSHB 44(FIN) AM
 TITLE 'AN ACT RELATING TO MOTOR VEHICLE LIABILITY INSURANCE
 AND VEHICLE REGISTRATION AND PROVIDING FOR AN EFFECTIVE DATE.'

FINANCE SPONSOR COMLE
 CO-SPONSOR COLLINS, DAVIDSON

BUDGET \$10,500 GENERAL FNOTE \$1000 OTHER FNOTE

CURRENT STATUS (S) RUL STATUS DATE 05/07/88

SELECTION=

PF1 PF2 PF3 PF4 PF5 PF6 PF7 PF8 PF9 PF10 PF11 PF12
 HELP EXIT MENU TEXT PRINT BWD FWD FIRST LAST QUIT
 44 BILL/RESOLUTION FLOOR ACTION PAGE 2 OF 4

LINE	JRN-DATE	JRN-NUM	ACTION
1	01/16/87		(H) PREFILE RELEASED
2	01/19/87	27	(H) READ THE FIRST TIME - REFERRAL(S)
3	01/19/87	27	(H) LABOR & COMMERCE, JUDICIARY
4	03/18/87	532	(H) L&C RPT CS(L&C) NEW TITLE 5DP 2NR
5	03/18/87	533	(H) FISCAL NOTE PUBLISHED 3/18/87
6	03/18/87	533	(H) FIN REFERRAL ADDED TO FOLLOW JUDICIARY
7	04/08/87	760	(H) JUD RPT CS(JUD) NEW TITLE 6DP 1DNF
8	04/10/87	795	(H) FISCAL NOTE PUBLISHED 4/10/87
9	05/15/87	1480	(H) FIN RPT CS(FIN) NEW TITLE 9DP 2NR
10	05/15/87	1480	(H) FISCAL NOTE PUBLISHED 5/15/87
11	05/15/87	1490	(H) CO-SPONSOR ADDED DAVIDSON
12	01/12/88		(H) RULES TO CALENDAR 1/13/88
13	01/13/88	1871	(H) READ THE SECOND TIME
14	01/13/88	1871	(H) FIN CS ADOPTED UNAN CONSENT
15	01/13/88	1871	(H) AMENDMENT NO 1 BY DUNLEY
16	01/13/88	1872	(H) AM NO 1 ADOPTED UNAN CONSENT
17	01/13/88	1872	(H) ADVANCED TO THIRD READING UNAN CONSENT
18	01/13/88	1872	(H) READ THE THIRD TIME CSHB 44(FIN) AM
1	01/13/88	1872	(H) RETURN TO SECOND FOR AM 2 UNAN CONSENT
2	01/13/88	1872	(H) AMENDMENT NO 2 BY FRANK
3	01/13/88	1873	(H) AM NO 2 FAILED Y15 N24 X1
4	01/13/88	1873	(H) PASSED Y38 N1 X1
5	01/13/88	1874	(H) EFFECTIVE DATES SAME AS PASSAGE
6	01/13/88	1874	(H) HERRMANN NOTICE OF RECONSIDERATION
7	01/14/88	1884	(H) FISCAL NOTE PUBLISHED 1/13/88
8	01/14/88	1895	(H) RECON TAKEN UP - IN THIRD READING
9	01/14/88	1890	(H) PASSED ON RECONSIDERATION Y35 N2 X2 A1
10	01/14/88	1890	(H) EFFECTIVE DATES SAME AS PASSAGE
11	01/14/88	1895	(H) TRANSMITTED TO (S)
12	01/15/88	1918	(S) READ THE FIRST TIME - REFERRAL(S)
13	01/15/88	1918	(S) STA, THEN JUD, FIN
14	04/22/88	3158	(S) STA RPT SCC 2DP 1DNF SAME TITLE
15	04/22/88	3158	(S) FISCAL NOTE PUBLISHED
16	04/27/88	3221	(S) JUD RPT SCC 4DP SAME TITLE
17	04/27/88	3221	(S) FISCAL NOTE PUBLISHED
18	05/07/88	3564	(S) FIN RPT SCC 4DP 3NR SAME TITLE
1	05/07/88	3564	(S) FISCAL NOTE PUBLISHED
2	05/07/88	3670	(S) LETTER OF INTENT WITH FIN REPORT
3	05/07/88	3564	(S) REFERRED TO RULES

HOUSE COMMITTEE REPORT

(5)

Date Referred: January 9, 1989

FURTHER REFERRALS: FINANCE

Date of Committee Action: 1/10/89

The LABOR & COMMERCE Committee recommends that:

HOUSE BILL NO. 44 [MANDATORY AUTOMOBILE INSURANCE]
"An Act relating to motor vehicle liability insurance and vehicle registra and providing for an effective date."

[] be replaced with CS HB 44 (L+C) [] the same title
[] a new title

[] have attached amendment(s)

- 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
- zero fiscal note
- zero with anaiysis

APPROVES PREVIOUS:

- fiscal note(s) published: _____
- zero fiscal notes(s) published: _____

SIGNING DO PASS:

Walter Conley
[Signature]
[Signature]

SIGNING OTHER THAN DO PASS:

(Do Not Pass, No Recommendation, Amend)

[Signature] - no rec.
Mark Boyer No rec.

Walter Conley
 Chairman's signature

HOUSE LABOR AND COMMERCE COMMITTEE

ALASKA STATE LEGISLATURE

P.O. BOX Y, JUNEAU 99811

(907) 465-3892



January 11, 1989

MEMORANDUM

To: Representative Ron Larson, Co-Chair
Representative Lyman Hoffman, Co-Chair
Members, House Finance Committee

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

Re: Fiscal implications of HB 44 - Mandatory Automobile Insurance

The House Labor and Commerce Committee has asked that I communicate to the House Finance Committee our request that you consider amending HB 44 so that vehicle registration fees are raised for all vehicles, thereby making the measure a revenue generating bill.

Our Committee is particularly concerned, should the Finance Committee chose to amend the bill in this way, that a more concrete method be explored to insure that the additional revenue generated by such action be directed to pay for the costs of administering and enforcing Alaska's mandatory automobile insurance law.

HOUSE LABOR AND COMMERCE COMMITTEE

ALASKA STATE LEGISLATURE

P.O. BOX Y, JUNEAU 99811

(907) 465-3892



January 11, 1989

M E M O R A N D U M

To: Members, House Finance Committee

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

Re: HB 44 - Mandatory Automobile Insurance

There is a House Labor and Commerce Committee CS for HB 44 in your file. The CS addresses issues raised in the attached letter from Governor Cowper, clarifies provisions dealing with rental cars in the original HB 44, and amends language regarding falsification of information as it concerns automobile insurance requirements.

The changes in the CS:

1. Inserts a January 1, 1990 effective date for Section 7 (requiring a driver to certify that they have insurance when registering a vehicle) and Section 8 (allowing the Department to deny registration unless the driver certifies that they have insurance) to give the Department enough time to prepare new vehicle registration forms. This change was requested by the Governor.
2. Inserts a January 1, 1990 effective date for Section 10 (raising the registration fee by one dollar for commercial vehicles that do not carry passengers), again to allow the Department time to prepare the necessary forms and to change the fee schedule. This change was requested by the Department.
3. Clarifies the rental car provisions to include all automobile insurance. HB 44, as filed, extends any automobile insurance required by law when a policyholder rents a car. The problem is that Alaska law only requires liability insurance and physical damage insurance for the other vehicle/s. Without the amended language in the CS, an insurance policy would not cover physical damage to a rental car even if the policy contained such coverage in Alaska. The CS corrects this problem and further requires an insurer to offer physical damage coverage for rental cars when an insured declines physical damage coverage for their own car. This language was requested by the Division of Insurance.
4. Amends the falsification of information section (Sec. 28.22.051) so that: "A person who provides information required under As 28.22.021 - 28.22.041 (THAT THE PERSON DOES NOT BELIEVE TO BE TRUE) with criminal negligence and

with the intention to deceive a public servant in the performance of a duty is guilty of a class A misdemeanor."

The Governor and the Department also requested that the House Labor and Commerce CS delete language in the existing law requiring a person to show proof of insurance when they have committed a violation or combination of violations that result in six or more points against their license. The reasoning behind this deletion is explained in the Governor's letter. The House Labor and Commerce Committee chose not to delete this language.

STEVE COWPER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 5, 1989

The Honorable Dave Donley
Alaska State Representative
P.O. Box V
Juneau, AK 99811

Dear Dave,

The Mandatory Insurance Law that sunsets January 1, 1989 was effective in reducing the number of uninsured vehicles on Alaska's roads. The law was also a cost effective way to administer the compulsory insurance law. I would support re-enactment of legislation similar to the current Mandatory Insurance Law with an immediate effective date.

When re-enacting the current Mandatory Insurance Law, I would like to recommend that the section of the law requiring the Department of Public Safety to suspend the licenses of individuals with a violation of six or more points, who do not show proof of insurance, be deleted. Due to a reduction in personnel, the Division of Motor Vehicles (DMV) discontinued administering this section of the law on July 1, 1987. This had a tremendous impact on the reduction of paperwork; however, it did not appear to have a detrimental effect on the number of uninsured drivers. In fact, the number of uninsured drivers in accidents continued to decline from 9.7 percent in 1987 to 8.3 percent in 1988. By deleting this section of the existing law, the DMV would essentially be requiring proof of insurance after an accident.

My recommendation that the section of the law concerning a six or more point violation be deleted is due to the fact that experience has reflected that the majority of individuals suspended under this provision of the Mandatory Insurance Law were also having their license suspended or revoked under a different section of law (i.e., Driving While Intoxicated, Driving While Suspended, Point Accumulation, etc.). Additionally, it is important to note that following any driver license suspension or revocation, an individual is required to file proof of future insurance (SR-22) before they can be relicensed. This proof of insurance is required for the three years after an individual is eligible to be re-licensed.

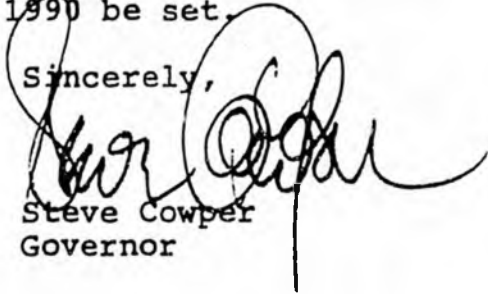
The Honorable Dave Dcnley - 2 -

January 5, 1989

I would support compulsory insurance at the time of registration as outlined in the final version of House Bill 44 last year.

However, if certification of insurance at the time of registration is enacted, the Department of Public Safety would need some lead time to order new forms and prepare for the new law. I would suggest that for any sections requiring a change in procedure or new forms that an effective date of January 1, 1990 be set.

Sincerely,



Steve Cowper
Governor

REPRESENTATIVE DAVE DONLEY

ALASKA STATE LEGISLATURE
DISTRICT ELEVEN • SPENARD
SEAT A

HEATHER MEADOWS • NORTHWOOD • SPENARD • THOMPSON • TURNAGAIN • UPPER MIDTOWN • WINDEMERE

3111 "C" STREET, SUITE 450
ANCHORAGE, ALASKA 99503
(907) 561-7629



January 11, 1989

CHAIRMAN

LABOR AND COMMERCE COMMITTEE

MEMORANDUM

MEMBER

STATE AFFAIRS COMMITTEE

HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

HOUSING AND BANKING SUBCOMMITTEE

FINANCE BUDGET SUBCOMMITTEE
DEPT. OF COMMERCE AND
ECONOMIC DEVELOPMENT

To: Members, House Finance Committee

From: Representative Dave Donley

Re: HB 44 (1989) - Alaska's Mandatory Automobile Insurance Program

HB 44 reinstates Alaska's Mandatory Automobile Insurance Program, which sunsetted on January 1, 1989. In addition to reinstating the program, HB 44 contains the same changes to current law that were included in the Senate Finance Committee Substitute for HB 44 (1988 version):

1. Proof of insurance "up front" - Requires persons to certify by a check-off on the annual vehicle registration form that they have insurance or will purchase insurance when required by law. (Section 7 - AS 28.10.021(a)(2)).
2. Amends arbitration policy - Requires that arbitration clauses allow the arbitrator to award all or part of costs to either side as opposed to current policies that require arbitration costs to be shared equally by both parties, regardless of the outcome of the arbitration decision. (Section 6 - AS 21.89.020(f)).
3. Generates revenue to pay for administration - Raises the registration fee for commercial vehicles that do not carry passengers by one dollar, thereby generating about \$50,000 a year which the Department estimates is enough to fund the position required to handle any problems with mail-in registrations caused by the new insurance check-off requirement. (Section 10 - AS 28.10.421(c)).
4. Program receipts - Requires the Department to separately account for program receipts so that they may be appropriated by the Legislature from the General Fund. (Section 11 - AS 28.10.421(g)).
5. Clarifies financial responsibility law - Corrects a loophole in the existing financial responsibility law identified by recent court cases. Clarifies that insurance must cover all vehicles owned and/or operated by a person required to satisfy the financial responsibility restrictions. (Section 16 - AS 28.20.630(2)).
6. Consumer notification - Requires insurance policies to state in bold face type if a policy does not satisfy requirements of Alaska's Mandatory Automobile Insurance Law. (Section 2 - AS 21.36.045(a)).

7. Protects employees - Places responsibility for obtaining and maintaining automobile insurance on an employer/vehicle owner as opposed to an employee/driver. (Section 1 - AS 28.22.011(c)).
8. Repeals redundant language - Repeals language defining "proof of financial responsibility for the future". This definition is now contained in AS 28.20.630(2). (Section 18 - AS 28.20.230(b)).
9. Self-Insurers - Expands the conditions under which an individual or small company can become a self-insurer and still meet the minimum liability requirements under the law. (Section 15 - AS 28.20.400(a)).
10. Rental cars - Requires insurers to extend policy coverage to their customers for rental cars in the United States and Canada. (This language is new to the 1989 version of HB 44). (Section 1 - AS 28.22.101(g)).
11. Minimum policy times - Requires insurers to offer a minimum seven day policy for customers who want to purchase short-term coverage. (This language is new to the 1989 version of HB 44 - Current limit is 30 days). (Section 6 - AS 21.89.020(g)).
12. Short Title - Creates a short title of "Alaska Mandatory Automobile Insurance Law". (Section 1 - AS 28.22.321).
13. Effective dates - Section 2 (Notice when policy fails to provide required coverage) and Section 6 (Changes in arbitration clause and establishing a 7 day minimum policy) are effective for policies renewed or entered into on or after January 1, 1990. (Section 17) The rest of the act is effective immediately. (Section 19).

REPRESENTATIVE DAVE DONLEY

ALASKA STATE LEGISLATURE
DISTRICT ELEVEN • SPENARD
SEAT A

HEATHER MEADOWS • NORTHWOOD • SPENARD • THOMPSON • TURNAGAIN • UPPER MIDTOWN • WINDEMERE

3111 "C" STREET, SUITE 450
ANCHORAGE, ALASKA 99503
(907) 561-7629



CHAIRMAN

LABOR AND COMMERCE COMMITTEE

MEMBER

STATE AFFAIRS COMMITTEE

HEALTH, EDUCATION AND

SOCIAL SERVICES COMMITTEE

HOUSING AND BANKING SUBCOMMITTEE

FINANCE BUDGET SUBCOMMITTEE

DEPT. OF COMMERCE AND

ECONOMIC DEVELOPMENT

January 11, 1989

MEMORANDUM

To: Members, House Finance Committee

From: Representative Dave Donley

Re: HB 44 - Alaska's Automobile Insurance Program

HB 44, an act reinstating Alaska's mandatory automobile insurance program, is before the House Finance Committee today.

Alaska law has required motorists to have liability insurance since the program was first adopted in 1984. Prior to the adoption of the law, it was estimated that between twenty and forty percent of the drivers on the road were uninsured. Since passage, the Department of Public Safety estimates that less than ten percent of our drivers are uninsured - one of the best rates in the nation.

HB 44 was the first bill to pass the House in 1988 and it went on to pass the Senate State Affairs, Judiciary and Finance Committee and was finally referred to Senate Rules in the last weeks of the session. The law sunsetted on January 1, 1989 because the Senate failed to take up HB 44 prior to adjournment. Alaska is the only state to take this step backwards.

Our automobile insurance program is enormously popular with recent polls indicating that over eighty percent of Alaskan support the law and most want it strengthened by requiring some proof of insurance in order to register a vehicle. HB 44 does that. It also makes several other changes to the law to protect consumers, streamline enforcement, and to reduce the paperwork burden on the Department. These changes are explained in the attached memorandum.

It is critical that HB 44 pass into law as early as possible in order to minimize the problems caused by the sunset. I ask for your positive consideration today.

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act relating to motor vehicle liability insurance
Sponsor: Rep. Donley
Requestor: Rep. Donley

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

EXPENDITURES/REVENUES: (Thousands of Dollars) (Inflation not included)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	-0-	16.3	32.6	32.6	-0-	-0-
TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
CONTRACTUAL	-0-	1.2	2.5	2.5	-0-	-0-
SUPPLIES	-0-	.2	.4	.4	-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-	17.7	35.5	35.5	-0-	-0-

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
---------	-----	-----	-----	-----	-----	-----

REVENUE	-0-	21.6	43.2	43.2	43.2	43.2
---------	-----	------	------	------	------	------

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	17.7	35.5	35.5	-0-	-0-
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-	-0-
OTHER	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	17.7	35.5	35.5	-0-	-0-

POSITIONS:

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

ANALYSIS:

Prepared by: Rep. Dave Donley, Chair
Division: House Labor and Commerce Committee

Phone: 465-4954
Date: 1/11/89

Approved by Commissioner: Rep. Dave Donley, Chair
Agency: House Labor and Commerce Committee

Date: 1/11/89

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act relating to motor vehicle liability insurance
Sponsor: Rep. Donley
Requestor: Rep. Donley

Agency Affected: Public Safety
BRU: DMV
Component: Driver & Field Services

EXPENDITURES/REVENUES: (Thousands of Dollars) (Inflation not included)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	41.9	125.4	125.4	92.8	92.8	92.8
TRAVEL	--0--	--0--	--0--	--0--	--0--	--0--
CONTRACTUAL	4.7	10.7	10.7	8.2	8.2	8.2
SUPPLIES	.4	.8	.8	.5	.5	.5
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	47.0	136.9	136.9	101.5	101.5	101.5

CAPITAL	--0--	--0--	--0--	--0--	--0--	--0--
---------	-------	-------	-------	-------	-------	-------

REVENUE	14.4	43.2	43.2	43.2	43.2	43.2
---------	------	------	------	------	------	------

FUNDING: (Thousands of Dollars)

GENERAL FUND	46.9	136.9	136.9	101.5	101.5	101.5
FEDERAL FUNDS	--0--	--0--	--0--	--0--	--0--	--0--
OTHER	--0--	--0--	--0--	--0--	--0--	--0--
TOTAL	46.9	136.9	136.9	101.5	101.5	101.5

POSITIONS:

FULL-TIME	4	4	4	3	3	3
PART-TIME	--0--	--0--	--0--	--0--	--0--	--0--
TEMPORARY	--0--	--0--	--0--	--0--	--0--	--0--

ANALYSIS: (Attach a separate page if necessary)

ASSUMPTION: Effective date of March 1, 1989

PROGRAM SUMMARY: HB 44 reinstates mandatory motor vehicle liability insurance requirements, which were repealed effective January 1, 1989. HB 44 requires that a person certify, at the time of application for registration of a motor vehicle, that he or she has motor vehicle liability insurance. This is a new requirement, not present under the prior law. One Motor Vehicle Representative II position (range 9B) will be needed to screen and process registration applications submitted by mail. This position is

Prepared by: Bill Brown
Division: Motor Vehicles

Phone: 465-4335
Date: 1/09/89

Approved by Commissioner: Arthur English
Agency: Department of Public Safety

Date: 1-9-89

requested for the renewal by mail program in Anchorage for the first three fiscal years. It is anticipated that, after the program is in effect for a couple of years, there will be less rejected applications, and the position will no longer be required. As a result of experience gained in the Emission Inspection Program, we know that the renewal by mail form will not always be adequately completed in regard to certifying insurance is in existence. Thus, some forms will need to be returned to the applicant. Of the 431,049 registrations in 1987, 99,614 were renewals by mail. It is estimated 10% of the renewals by mail will be incomplete in regard to certification of insurance.

HB 44 requires that a motorist involved in an accident or cited for a moving violation carrying a point assessment of six points or more must prove that he or she had the required insurance coverage on the date of the accident or violation. These requirements were contained in existing law, but the division has not administered the requirement in connection with six-point violations since July, 1987 due to budget limitations. To enforce this aspect of the new law three Document Processing Clerk II positions (Range 8B) are being requested to process certifications of insurance, court documents for six or more point violations, and other related documents in Juneau. The three positions will not be sufficient to totally enforce the mandatory insurance provisions, and some existing personnel will be used to assist. With these three additional staff the mandatory insurance program can be fully administered.

All the positions are budgeted for four months in FY89, and 12 months in FY90.

All suspension notices must be sent via certified mail, return receipt requested, which costs \$2.00 per notice. This is the reason for the contractual service cost. Only suspension notices for six or more point violations are included, since those for accident reports are included in the present operating budget.

The estimates of increased revenues are based on the change in fees contained in section 10 of the bill. In 1987, 43,163 vehicles were registered under AS 28.10.421(c). Assuming a March 1, 1989, effective date, an estimated 14,388 would be registered by FY89.

EXPENDITURES:

Personal Services		
1 Motor Veh Rep II, Anc, 9B		10.9
3 Doc Proc Clk II, Jno, 8B		<u>31.0</u>
		41.9
Contractual		
Postage, Anc, 3,320x.25		.8
Jno, 1,143x2.00		2.3
Printing Jno 4,000 suspension notices		1.3
@ \$325 per 1,000		<u>.3</u>
other forms		4.7
Commodities		
Anc envelopes/office supplies		.2
Jno office supplies/microfilm		<u>.2</u>
		<u>.4</u>
	TOTAL:	<u>47.0</u>

Position Title Document Processing Clerk 11			No. of Positions 3	Range/Step 6B	Barg. Unit GGU
Time Status PFT	Staff Months 4		Location Juneau		Election District 4
Type of Expenditure			Amount		
1			2		3
Salary*			20,136		////////////////////
Benefits*			10,815		////////////////////
Premium Pay (Included in Above)			////////////////////		////////////////////
Other			////////////////////		////////////////////
Total Personal Services			////////////////////		30,951
Travel					
Contractual					3,900
Commodities					200
Equipment					
Other					
Total Cost					35,051
Funding Source for Total Cost					
Federal Receipts 1002					
G.F. Match 1003					
General Fund 1004					35,051
Program Receipts/GF 1005					
I-A Receipts 1007					
CIP Receipts 1061					
Other					
* Personal Services Salary and Benefits Costs are from PACS Scenario #2.					
<p>Justification</p> <p>These positions will process notifications from the court reflecting whether or not a person who received a 6 or more point violation submitted the proper proof of insurance. If proper proof was not shown, process file for suspension, after searching Certifications of Insurance submitted directly to DMV by the defendants.</p> <p>Will also process proof of insurance filed by drivers involved in accidents. If proper proof was not submitted, process file for suspension of the driver.</p> <p>Prior to suspension, must research person's record to determine length of suspension, and calculate beginning and ending dates of the suspension.</p> <p>For accidents and six or more point violations, verify coverage submitted with insurance company on random basis.</p> <p>Maintain records on individuals who are required to file proof of financial responsibility for the future following a suspension. Generate non-comply letter when insurance cancellation is received.</p> <p>Handle correspondence generated under new self-insurance section of the law.</p> <p>Figures are for four months (March thru June)</p>					

REQUEST FOR
NEW POSITION

AGENCY Department of Public Safety
 BRU Motor Vehicles
 COMPONENT Driver Services

Page 3 of 4
 Revised Date

FY 89

Position Title Motor Vehicle Representative 11		No. of Positions 1	Range/Step 9B	Barg. Unit GCU
Time Status PFT	Staff Months 4	Location Anchorage		Election District 7-15
		Justification		
Type of Expenditure		Amount		
1	2	3		
Salary*	7,140	////////////////////		
Benefits*	3,721	////////////////////		
Premium Pay (Included in Above)	////////////////////	////////////////////		
Other	////////////////////	////////////////////		
Total Personal Services	////////////////////	10,861		
Travel				
Contractual		830		
Commodities		200		
Equipment				
Other				
Total Cost		11,891		
Funding Source for Total Cost				
Federal Receipts	1002			
G.F. Match	1003			
General Fund	1004	11,891		
Program Receipts/GF	1005			
I-A Receipts	1007			
CIP Receipts	1061			
Other				
* Personal Services Salary and Benefits Costs are from PACS Scenario #2.				

Process registration applications received under the mail-out renewal program. Inspect applications returned for completeness. Return applications that are incomplete with instructions on how to correct. Perform data entry for properly completed applications and send renewal registration and tabs to applicant.

Figures are for four months, assuming effective date of March 1, 1989.

REQUEST FOR
NEW POSITION

AGENCY Department of Public Safety
BRU Motor Vehicles
COMPONENT Field Services

Page 4 of 4
Revised Date

FY 89

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Mandatory Motor Vehicle Insurance

Agency Affected: Commerce & Econ. Dev.
BRU: Div. of Insurance

Sponsor: Rep. Donley
Requestor: House Labor & Commerce

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Paul Roller, Director Phone: 465-2515
Division: Division of Insurance Date: 1/9/1989

Approved by Commissioner: Larry Mercurieff, Commissioner Date: 1/9/1989
Agency: Dept. of Commerce & Economic Development

Distribution (by preparer) :
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Requestor
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Impacted Agency(ies)

STATE OF ALASKA
THE LEGISLATURE

FOURTH STATE CAPITOL
BUREAU ALASKA 99511
P.O. 465 2820

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

January 11, 1989

SUBJECT: Motor vehicle liability insurance
CSHB 44(L&C)

TO: Representative Dave Donley

FROM: Michael F. Ford *M. F.*
Legislative Counsel

The following is a sectional analysis of CSHB 44(L&C), establishing mandatory motor vehicle liability insurance.

Section 1 -

sec. 28.22.011 - Establishes that mandatory liability insurance is required for certain drivers, and establishes an exception from the insurance requirements for certain rural areas.

sec. 28.22.021 - Provides that certain persons involved in an accident or who violate a traffic law are required to show proof of liability insurance.

sec. 28.22.031 - Establishes the method of proof following an accident that a person is required to follow, if required under sec. 28.22.021(1) to show proof of insurance.

sec. 28.22.041 - Establishes the method of proof following a citation for a moving traffic violation, if proof of insurance is required under sec. 28.22.021(2).

sec. 28.22.051 - Requires the department to suspend the driver's license of a person who fails to provide proof of insurance as required under sec. 28.22.021 - 28.22.041, and establishes periods of suspension.

sec. 28.22.061 - Provides that a person who provides false information concerning required insurance coverage, is guilty of a class A misdemeanor.

sec. 28.22.071 - Establishes a requirement that certain persons file proof of financial responsibility for the future before having their driving privileges restored.

sec. 28.22.101 - Establishes minimum general liability insurance policy coverage and limits for owners and operators of motor vehicles.

sec. 28.22.111 - Establishes implied policy provisions that are not required to be set out in the policy.

sec. 28.22.121 - Provides that a liability insurance policy may grant coverage in excess of coverage required for the insurance.

sec. 28.22.131 - Allows a liability insurance policy to be prorated with other valid insurance.

sec. 28.22.141 - Imposes additional requirements before an insurance policy is considered to meet the mandatory insurance requirements imposed under AS 28.22.

sec. 28.22.201 - Establishes general policy provisions for uninsured and underinsured coverage.

sec. 28.22.211 - Establishes the maximum liability of the insurer for required uninsured and underinsured coverage.

sec. 28.22.221 - Provides for policy coverage when an insured is entitled to coverage under more than one policy and establishes priority for payment.

sec. 28.22.231 - Establishes exceptions to uninsured and underinsured coverage.

sec. 28.22.301 - Provides that an insurance policy may contain limitations or conditions that do not violate state law.

sec. 28.22.311 - Definition.

sec. 28.22.321 - Short title of the chapter.

Section 2 - Requires that an insurance policy that provides coverage only against property damage, contain a notice that the coverage does not satisfy the mandatory insurance requirements of state law.

Representative Dave Donley
Page 3
January 11, 1989

Section 3 - Requires that automobile insurance must contain coverage limits as required in AS 28.20.440 and AS 28.22.-101.

Section 4 - Technical amendment concerning bodily injury or death coverage.

Section 5 - Technical amendment concerning property damage coverage.

Section 6 - Imposes additional requirements concerning arbitration or mediation, rental care insurance and short term coverage, for automobile liability insurance policies.

Section 7 - Establishes procedures for motor vehicle registration. Requires the vehicle owner to certify the existence of valid liability insurance.

Section 8 - Allows the department to refuse to register a vehicle if the applicant fails to certify the existence of motor vehicle insurance that complies with state law.

Section 9 - Gives the department the authority to suspend or revoke the registration of a vehicle if the owner fails to obtain insurance required by law.

Section 10 - Increases the annual motor vehicle registration fees.

Section 11 - Requires separate accounting for certain fees collected by the department.

Section 12 - Requires the department to provide financial responsibility and insurance information to an applicant for a driver's license.

Section 13 - Establishes requirements for obtaining a driver's license.

Section 14 - Definition.

Section 15 - Establishes requirements for qualifying as a self-insurer.

Section 16 - Definitions.

Section 17 - Applicability section.

Representative Dave Donley
Page 4
January 11, 1989

Section 18 - Repealer.

Section 19 - Effective date.

Section 20 - Effective date.

MFF:gc
WKG5/067

Enclosure

HOUSE LABOR AND COMMERCE COMMITTEE

ALASKA STATE LEGISLATURE

P.O. BOX Y, JUNEAU 99811

(907) 465-3892

January 10, 1989

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1. Cover letter explaining changes in proposed Committee Substitute with letter requesting changes from Governor Cowper.
2. Proposed House Labor and Commerce CS for HB 44.
3. Cover letter explaining changes in original HB 44 from existing law that sunsetted on January 1, 1989.
4. Original (1989) version of HB 44
5. Sectional Analysis of HB 44 (original 1989 version).
6. Fiscal Notes from Department of Public Safety/DMV and Division of Insurance.
7. Bill history of 1987-88 version of HB 44.

HOUSE LABOR AND COMMERCE COMMITTEE

ALASKA STATE LEGISLATURE

P.O. BOX Y, JUNEAU 99811

(907) 465-3892



January 10, 1989

M E M O R A N D U M

To: Members, House Labor and Commerce Committee

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

Re: HB 44 - Alaska's Automobile Insurance Program

HB 44, an act reinstating Alaska's mandatory automobile insurance program, is before the House Labor and Commerce Committee today.

Alaska law has required motorists to have liability insurance since the program was first adopted in 1984. Prior to the adoption of the law, it was estimated that between twenty and forty percent of the drivers on the road were uninsured. Since passage, the Department of Public Safety estimates that less than ten percent of our drivers are uninsured - one of the best rates in the nation.

HB 44 was the first bill to pass the House in 1988 and it went on to pass the Senate State Affairs, Judiciary and Finance Committee and was finally referred to Senate Rules in the last weeks of the session. The law sunsetted on January 1, 1989 because the Senate failed to take up HB 44 prior to adjournment. Alaska is the only state to take this step backwards.

Our automobile insurance program is enormously popular with recent polls indicating that over eighty percent of Alaskan support the law and most want it strengthened by requiring some proof of insurance in order to register a vehicle. HB 44 does that. It also makes several other changes to the law to protect consumers, streamline enforcement, and to reduce the paperwork burden on the Department. These changes are explained in the attached memorandum.

HOUSE LABOR AND COMMERCE COMMITTEE

ALASKA STATE LEGISLATURE

P.O. BOX Y, JUNEAU 99811

(907) 465-3892

January 10, 1989

M E M O R A N D U M

To: Members, House Labor and Commerce Committee

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

Re: HB 44 - Mandatory Automobile Insurance

There is a proposed House Labor and Commerce Committee CS for HB 44 in your file. The CS addresses two issues raised in the attached letter from Governor Cowper and clarifies provisions dealing with rental cars in the original HB 44.

The changes in the CS:

1. Deletes language in the existing law requiring a person to show proof of insurance when they have committed a violation or combination of violations that result in six or more points against their license. The reasoning behind this deletion is explained in the Governor's letter.
2. Inserts a January 1, 1990 effective date for Section 7 (requiring a driver to certify that they have insurance when registering a vehicle) and Section 8 (allowing the Department to deny registration unless the driver certifies that they have insurance) to give the Department enough time to prepare new vehicle registration forms. This change was requested by the Governor.
3. Inserts a January 1, 1990 effective date for Section 10 (raising the registration fee for commercial vehicles that do not carry passengers by one dollar), again to allow the Department time to prepare the necessary forms and to change the fee schedule. This change was requested by the Department.
4. Clarifies the rental car provisions to include all automobile insurance. HB 44, as filed, extends any automobile insurance required by law when a policyholder rents a car. The problem is that Alaska law only requires liability insurance and physical damage insurance for the other vehicle/s. Without the amended language in the CS, an insurance policy would not cover physical damage to a rental car even if the policy contained such coverage in Alaska. The CS corrects this problem and further requires an insurer to offer physical damage coverage for rental cars when an insured declines physical damage coverage for their own car. This language was requested by the Division of Insurance.

FORD
6-0101E

1-10-89

Original Sponsors: Donley, Boucher,
Gruenberg, et al.

BY THE LABOR AND
COMMERCE COMMITTEE

1 IN THE HOUSE

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

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

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

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

10 * Section 1. AS 28 is amended by adding a new chapter to read:

11 CHAPTER 22. MANDATORY MOTOR VEHICLE INSURANCE.

12 ARTICLE 1. INSURANCE REQUIRED.

13 Sec. 28.22.011. MOTOR VEHICLE LIABILITY INSURANCE REQUIRED
14 EXEMPTIONS. (a) The operator or owner of a motor vehicle subject to
15 registration under AS 28.10.011 when driven on a highway, vehicular
16 way or area, or on other public property in the state, shall be in-
17 sured under a motor vehicle liability policy that complies with this
18 chapter or a certificate of self-insurance that complies with AS 28.
19 20.400 unless

20 (1) the motor vehicle is being driven or moved on a high-
21 way, vehicular way, or a public parking place in the state that is not
22 connected by a land highway or vehicular way to

23 (A) the land-connected state highway system, or

24 (B) a highway or vehicular way with an average daily
25 traffic volume greater than 499; and

26 (2) the operator has not been cited within the preceding
27 five years for a traffic law violation with a demerit point value of
28 six or more on the point schedule determined under regulations adopted
29 by the department under AS 28.15.221.

1 (b) The department shall annually publish a list of areas that
 2 meet the requirements of (a)(1) of this section. This list shall be
 3 available for public inspection at each office of the department.

4 (c) In this section, "operator" does not include an employee who
 5 operates, during the course and within the scope of employment,
 6 motor vehicle that is owned or leased by the operator's employer.

7 Sec. 28.22.021. REQUIREMENT OF PROOF OF MOTOR VEHICLE LIABILITY
 8 INSURANCE. The owner or operator of a motor vehicle required to have
 9 motor vehicle liability insurance that complies with this chapter or
 10 certificate of self-insurance that complies with AS 28.20.400, shall
 11 show proof of this insurance when that person is involved in an acci-
 12 dent that results in bodily injury to or death of a person, or damage
 13 to the property of a person exceeding \$500.

14 Sec. 28.22.031. METHOD OF PROOF FOLLOWING AN ACCIDENT. (a)
 15 person involved in an accident who is required under AS 28.22.021 to
 16 prove that a motor vehicle liability policy or a certificate of self-
 17 insurance was in effect shall, within 15 days after the accident,

18 (1) present a copy of the insurance policy, certificate
 19 bond, or insurance binder that was in effect at the time of the acci-
 20 dent to the department for inspection;

21 (2) provide the department with written certification from
 22 an insurance company, insurance agent, insurance broker or surplus
 23 lines broker confirming that a valid motor vehicle liability policy
 24 issued in conformity with this chapter was in effect at the time of
 25 the accident; or

26 (3) advise the department in writing that a certificate of
 27 self-insurance was in effect at the time of the accident.

28 (b) The department shall develop and implement a program to
 29 check the veracity of the documents filed for proof under this

section.

1 Sec. 28.22.041. ADMINISTRATIVE SUSPENSION OF DRIVERS' LICENSES.

2 (a) If a person fails to provide proof required under AS 28.22.021
3 and 28.22.031, the department shall suspend the driver's license of
4 that person for the following periods:

5 (1) not less than 90 days if, within the preceding 10
6 years, the person has not had a driver's license suspended for vio-
7 lation of AS 28.22.011 or former AS 28.22.200;

8 (2) not less than one year if, within the preceding 10
9 years, the person has had a driver's license suspended one or more
10 times for violation of AS 28.22.011 or former AS 28.22.200.

11 (b) The suspension shall be consecutive to any other suspension
12 required by law or imposed by a court.

13 (c) The department may grant limited license privileges for work
14 purposes only to a person whose license has been suspended under this
15 section if

16 (1) the person has filed proof of financial responsibility
17 for the future as required by AS 28.22.061;

18 (2) the person's license has not been suspended two or more
19 times under this section or former AS 28.22.240 in the preceding 10
20 years;

21 (3) the department determines that the person's ability to
22 earn a livelihood would be severely impaired if a limited license
23 privilege is not granted; and

24 (4) the department determines that a limitation can be
25 placed on the license that will enable the person to earn a livelihood
26 without excessive danger to the public.

27 (d) When imposing a limitation under this section the department
28 shall

1 (1) require the surrender of the driver's license; and

2 (2) issue to the licensee a certificate valid for the
3 duration of the limitation.

4 (e) After the termination of a limitation as shown on the cer-
5 tificate issued under (d) of this section, the license of a person o-
6 whom a limitation was imposed is suspended until the person receives
7 new license under AS 28.15.211(c).

8 (f) The department shall notify the licensee that the suspensio-
9 becomes effective 30 days from the date of the notice and that th-
10 licensee has the right, within the 30-day period, to make an oral o-
11 written answer controverting any point or issue, or to present evi-
12 dence and arguments for the consideration of the department.

13 (g) Upon receipt of an oral or written answer from the license-
14 the department shall make findings on the matter under consideratio-
15 within 15 days and shall notify the person involved of its decision i-
16 writing by certified or registered mail. If the department's decisio-
17 is to sustain an action against the licensee's driver's license, th-
18 department shall notify the licensee of the opportunity for a hearing
19 under AS 28.05.121 - 28.05.141. Suspension of a person's license is
20 stayed until final disposition of the hearing under this section.

21 Sec. 28.22.051. FALSIFICATION OF INFORMATION. A person who
22 provides information required under AS 28.22.021 - 28.22.041 that th-
23 person ^{with criminal record} does not believe to be true with the intent to mislead a public
24 servant in the performance of a duty is guilty of a class A misde-
25 meanor.

26 Sec. 28.22.061. PROOF FOR THE FUTURE. (a) A person whose li-
27 cense is suspended under AS 28.22.041 shall file proof of financial
28 responsibility for the future under AS 28.20 before full driving
29 privileges may be restored or limited license privileges are granted

under AS 28.22.041(c).

(b) A filing of proof of financial responsibility under AS 28.22.041 shall be required for a period of three years following expiration of the suspension of license under AS 28.22.041.

ARTICLE 2. GENERAL POLICY PROVISIONS.

Sec. 28.22.101. GENERAL COVERAGE REQUIREMENTS; POLICY LIMITS

(a) An owner's motor vehicle liability policy must designate by description or appropriate reference the motor vehicles that it covers and insure the person named against loss from the liability imposed by law for damages that arise from the ownership, maintenance, or use of a designated motor vehicle.

(b) An operator's motor vehicle liability policy must insure the person named as insured against loss from the liability imposed by law for damages that arise from the use by the operator of a motor vehicle not owned by the operator.

(c) A personal motor vehicle liability policy must insure the person named as insured against loss from liability imposed by law for damages that arise from the ownership, maintenance, or use by the named person of a motor vehicle whether owned or not owned by the person.

(d) A motor vehicle liability policy must provide coverage in the United States or Canada, subject to limits exclusive of interest and costs, with respect to each vehicle, as follows:

(1) \$50,000 because of bodily injury to or death of one person in one accident, and, subject to the same limit for one person \$100,000 because of bodily injury to or death of two or more persons in one accident; and

(2) \$25,000 because of injury to or destruction of property of others in one accident.

1 (e) A motor vehicle liability policy must provide coverage under
2 AS 28.22.201 - 28.22.231 in the amounts set out in (d) of this section
3 for the protection of the persons insured under the policy who are
4 legally entitled to recover damages from the owner or operator of an
5 uninsured or underinsured motor vehicle because of bodily injury or
6 death, or damage to or destruction of property arising out of the
7 ownership, maintenance, or use of the uninsured or underinsured motor
8 vehicle.

9 (f) A motor vehicle liability policy must state the name and
10 address of the named insured and meet the requirements of AS 21.42.
11 160 - 21.42.170. In the absence of specific contract language or en-
12 dorsement, the motor vehicle liability policy issued for a person in
13 this state is presumed to meet the minimum requirements of (d) of this
14 section.

15 Sec. 28.22.111. POLICY PROVISIONS THAT ARE IMPLIED. A motor
16 vehicle liability policy is subject to the following provisions which
17 do not need to be set out in the policy:

18 (1) satisfaction by the insured of a judgment for injury or
19 damages is not a condition precedent to the right or duty of the
20 insurance carrier to make payment on account of injury or damage;

21 (2) the insurance carrier may settle a claim covered by the
22 policy, and if settlement is made in good faith, the amount of settle-
23 ment is deductible from the limits of liability specified in AS 28.
24 22.101;

25 (3) the policy, the written application for the policy, if
26 any, and every rider or endorsement that does not conflict with the
27 provisions of this chapter constitute the entire contract between the
28 parties.

29 Sec. 28.22.121. EXCESS OR ADDITIONAL COVERAGE. (a) A policy

1 that grants the coverage required for a motor vehicle liability policy
2 may also grant lawful coverage in excess of or in addition to the
3 coverage specified for a policy and the excess or additional coverage
4 is not subject to the provisions of this chapter. With respect to a
5 policy that grants excess or additional coverage, the term "motor
6 vehicle liability policy" applies only to that part of the coverage
7 that is required by this chapter.

8 (b) A policy is excluded from the application of this chapter if
9 the automobile or motor vehicle liability coverage is provided only on
10 an excess or umbrella basis.

11 Sec. 28.22.131. PRORATION. A motor vehicle liability policy may
12 provide for proration of the insurance with other valid and collect-
13 ible insurance.

14 Sec. 28.22.141. OTHER REQUIREMENTS OF POLICY. (a) A policy is
15 not effective under AS 28.22.101 unless it is issued by an insurance
16 company or surety company authorized to do business in this state
17 except as provided in (b) of this section.

18 (b) A policy is not effective under AS 28.22.101 with respect to
19 a vehicle not registered in the state or a vehicle that was registered
20 in another jurisdiction on the effective date of the policy or the
21 most recent renewal of it, unless the insurance or surety company
22 issuing the policy is authorized to do business in the state, or if
23 the company is not authorized to do business in the state, unless it
24 executes a power of attorney authorizing the director of the division
25 of insurance to accept service of process on its behalf in an action
26 upon the policy arising out of the accident.

27 (c) The requirements for a motor vehicle liability policy may be
28 fulfilled by the policies of one or more insurance carriers that to-
29 gether meet the requirements.

1 (d) A binder issued pending the issuance of a motor vehicle
2 liability policy fulfills the requirements for a policy.

3 ARTICLE 3. UNINSURED AND UNDERINSURED MOTORISTS COVERAGE.

4 Sec. 28.22.201. GENERAL POLICY PROVISIONS. (a) The uninsured
5 and underinsured motorists coverage required under this chapter

6 (1) does not apply to bodily injury, sickness, disease, or
7 death of an insured or damage to or destruction of property of a
8 insured until the limits of liability bonds and policies that appl
9 have been used up by payments or judgments or settlements;

10 (2) must be a single combined coverage; and

11 (3) may be rejected by the insured in writing; if th
12 insured has rejected uninsured or underinsured coverage, the coverag
13 may not be included in a supplemental, renewal or replacement polic
14 unless the insured subsequently requests uninsured or underinsure
15 coverage in writing.

16 (b) If both the owner and operator of a vehicle are unknown
17 payment under the uninsured and underinsured motorists coverage may b
18 made only where direct contact between the motor vehicles has occur
19 red. A vehicle and operator that have left the scene of an acciden
20 with another vehicle are presumed to be uninsured if the insure
21 person reports the accident to the appropriate authorities within 2
22 hours.

23 (c) The uninsured and underinsured motorists coverage for damag
24 to or destruction of property is subject to a deductible of \$250 i
25 any one accident, but the insurer may offer a deductible other tha
26 \$250. This coverage shall be limited to damage to or destruction o
27 the covered motor vehicle. It may not include loss of use of suc
28 vehicle.

29 Sec. 28.22.211. MAXIMUM LIABILITY OF CARRIER. (a) The maximum

1 liability of the insurance carrier under the uninsured and underin
 2 sured motorists coverage required under this chapter is the differenc
 3 between the coverage limit of liability and the amount paid to th
 4 insured by or on behalf of the uninsured and underinsured motorist.

5 (b) Amounts payable under the uninsured motorists and underin
 6 sured motorists coverage required under this chapter shall be reduce
 7 by

8 (1) amounts paid or to be paid under any workers' compensa
 9 tion law;

10 (2) amounts paid or payable under any valid and collectibl
 11 automobile medical payments insurance or bodily injury or death lia
 12 bility insurance; and

13 (3) amounts paid by or on behalf of the uninsured or under
 14 insured motorist.

15 Sec. 28.22.221. POLICY COVERAGE AND PRIORITIES. If an insure
 16 is entitled to uninsured or underinsured motorists coverage under mor
 17 than one motor vehicle liability insurance policy, or under more tha
 18 one coverage if two or more vehicles are insured under one policy, th
 19 maximum amount an insured may recover may not exceed the highest limi
 20 of any one policy or coverage. Where multiple policies or coverage
 21 apply, payment shall be made in the following order of priority
 22 subject to the limit of liability for each applicable policy or cover
 23 age:

24 (1) a policy or coverage covering a motor vehicle occupie
 25 by the injured person at the time of the accident;

26 (2) a policy or coverage covering a motor vehicle that cam
 27 into contact with the insured while a pedestrian; and

28 (3) a policy or coverage covering a motor vehicle no
 29 involved in the accident with respect to which the injured person is

an insured or a named insured.

1
2 Sec. 28.22.231. POLICY COVERAGE EXCLUSIONS. The uninsured and
3 underinsured motorists coverage required under this chapter does not
4 apply to bodily injury or death or damage to or destruction of prop-
5 erty of an insured

6 (1) while occupying a motor vehicle owned by, but not
7 insured by, the named insured or the insured's spouse or relative
8 residing in the same household; or

9 (2) through being struck by a vehicle owned by the named
10 insured or the insured's spouse or relative residing in the same
11 household.

12 ARTICLE 4. MISCELLANEOUS PROVISIONS.

13 Sec. 28.22.301. POLICY INTERPRETATION. A provision in this
14 chapter may not be interpreted to prohibit a motor vehicle liability
15 policy from including limitations, conditions, exceptions, exclusions
16 or other provisions that do not violate the requirements of this
17 chapter or other applicable laws.

18 Sec. 28.22.311. DEFINITION. In this chapter, "motor vehicle
19 liability policy" means an owner's policy, an operator's policy, or
20 personal policy that

21 (1) meets the requirements of AS 28.22.101; and

22 (2) is issued by an insurance carrier authorized to trans-
23 act business in the state to or for the benefit of the person named a
24 insured.

25 Sec. 28.22.321. SHORT TITLE. This chapter may be cited as the
26 Alaska Mandatory Automobile Insurance Act.

27 * Sec. 2. AS 21.36 is amended by adding a new section to read:

28 Sec. 21.36.045. NOTICE OF LIMITED MOTOR VEHICLE INSURANCE. (a)
29 An insurance policy that provides coverage only against property

1 damage to a motor vehicle and that does not provide liability coverage
2 required under AS 28.22.101(d) must contain the following statement
3 printed in bold face type: "This policy provides insurance only
4 against damage to the motor vehicle. This policy does not insure
5 against bodily injury, death, or property damage liability and does
6 not satisfy the mandatory motor vehicle liability insurance require-
7 ments of AS 28.22.011."

8 (b) If the insured under a policy described in (a) of this
9 section is not the owner of the motor vehicle, the insurer shall
10 provide a copy of the policy to the owner.

11 * Sec. 3. AS 21.89.020(a) is amended to read:

12 (a) An automobile liability policy that insures an owner or
13 operator of a motor vehicle against loss resulting from liability for
14 bodily injury or death, or for property injury or destruction, or
15 both, that is sold in the state, must [SHALL] contain limits in at
16 least the amount prescribed for a motor vehicle liability policy in
17 AS 28.20.440 or AS 28.22.101.

18 * Sec. 4. AS 21.89.020(c) is amended to read:

19 (c) An insurance company offering automobile liability insurance
20 in this state for bodily injury or death shall offer coverage pre-
21 scribed in AS 28.20.440 and 28.20.445, or AS 28.22, with limits equal
22 to at least the limit purchased voluntarily to cover the insured
23 person's liability for bodily injury or death, for the protection of
24 the persons insured under the policy who are legally entitled to
25 recover damages for bodily injury or death from owners or operators of
26 uninsured or underinsured motor vehicles. The limit written may not
27 be less than the limit in AS 28.20.440 or AS 28.22.101.

28 * Sec. 5. AS 21.89.020(d) is amended to read:

29 (d) An insurance company offering automobile liability insurance

1 in this state for injury to or destruction of property shall offer
2 coverage prescribed in AS 28.20.440 and 28.20.445, or AS 28.22. with
3 limits not less than those prescribed in AS 28.20.440 or AS 28.22.101.
4 to cover the insured person's liability for injury to or destruction
5 of property, for the protection of the persons insured under the
6 policy who are legally entitled to recover damages for injury to or
7 destruction of the covered motor vehicle from owners or operators of
8 uninsured or underinsured motor vehicles.

9 * Sec. 6. AS 21.89.020 is amended by adding new subsections to read:

10 (f) An automobile liability insurance policy must provide

11 (1) that all expenses and fees, not including counsel fees
12 incurred because of arbitration or mediation shall be paid as deter-
13 mined by the arbitrator;

14 (2) liability coverage in the amount set out in AS 28.22.
15 101(d) for motor vehicles rented in the United States or Canada by
16 person insured under the policy;

17 (3) physical damage coverage for motor vehicles rented in
18 the United States or Canada, if the policy provides physical damage
19 coverage; if the insured declines physical damage coverage the insur-
20 shall offer physical damage coverage for rented vehicles.

21 (g) An insurance company offering automobile liability insurance
22 in this state shall offer a short term policy valid for no more than
23 seven days. The coverage available for the short term policy must be
24 comparable to coverage available for longer term policies.

25 * Sec. 7. AS 28.10.021 is repealed and reenacted to read:

26 Sec. 28.10.021. APPLICATION FOR REGISTRATION. (a) The owner of
27 a vehicle subject to registration shall apply for registration under
28 this chapter by properly completing the form prescribed by the commis-
29 sioner under AS 28.05.041. Before the issuance of a certificate of

1 registration by the department, the owner shall

2 (1) pay all registration fees and taxes required under thi
3 chapter and federal heavy vehicle use taxes required under 26 U.S.C
4 4481 (Internal Revenue Code of 1954);

5 (2) unless the owner qualifies as a self-insurer unde
6 AS 28.20.400 or is exempted from obtaining liability insurance unde
7 AS 28.22.011, certify to the department the existence of a moto
8 vehicle liability policy that complies with AS 28.22.011 for th
9 vehicle being registered; in this paragraph, "certify" means to indi
10 cate by check-off on the vehicle registration form prescribed by th
11 department the existence of a policy of insurance, if a policy i
12 required at that time, and the intention to continue the policy o
13 obtain a policy as required by this subsection; and

14 (3) comply with other applicable statutes and regulations.

15 (b) At the time of application for registration or renewal c
16 registration, the department shall provide the applicant writte
17 information explaining the state's financial responsibility and manda
18 tory motor vehicle insurance laws and applicable penalties for failur
19 to comply with those laws.

20 (c) An employee of the department who processes an applicatio
21 for registration or renewal of registration, other than an applicatio
22 received by mail, shall ask the applicant orally whether the applican
23 wishes to execute an anatomical gift. The department shall make know
24 to all applicants the procedure for executing a gift under AS 13.5
25 (Uniform Anatomical Gifts Act) by displaying posters in the offices i
26 which applications are taken, by providing a brochure or other writte
27 information to each person who applies in person or by mail, and, i
28 r requested, by providing oral advice.

29 * Sec. 8. AS 28.10.041(a) is amended to read:

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

1
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 implementing [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 emis-
23 sion inspection program adopted by municipal ordinance under AS 46.
24 03.210, and the vehicle does not meet the standards of that program
25 unless the vehicle uses a fuel source that does not primarily emit
26 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 28.22.101 for the vehicle being registered unless the owner of the

vehicle qualifies as a self-insurer under AS 28.20.400 or is exempted from obtaining liability insurance under AS 28.22.011.

* Sec. 9. AS 28.10.051 is amended by adding a new subsection to read:

(b) Unless the owner qualifies as a self-insurer under AS 28.20.400, or is exempted from obtaining liability insurance under AS 28.22.011, the department may suspend or revoke the registration of a vehicle that is not insured by a motor vehicle liability policy that complies with AS 28.22.101.

* Sec. 10. AS 28.10.421(c) is amended to read:

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

- (1) up to and including 5,000 pounds \$51 [\$50];
- (2) more than 5,000 pounds to and including 12,000 pounds
. \$36 [\$85];
- (3) more than 12,000 pounds to and including 18,000 pounds
. \$156 [\$155];
- (4) more than 18,000 pounds \$221 [\$220].

* Sec. 11. AS 28.10.421 is amended by adding a new subsection to read:

(g) The fees collected by the department under this section shall be deposited in the general fund. The Department of

1 Administration shall separately account for three percent of the fees
2 collected under this section and deposited in the general fund. The
3 annual estimated balance in the account may be used by the legislature
4 to make appropriations for administration of AS 28.10.021(a) and
5 AS 28.22 (Alaska Mandatory Automobile Insurance Act).

6 * Sec. 12. AS 28.15.061 is amended by adding a new subsection to read:

7 (f) At the time of application for a driver's license or an
8 instruction permit, or renewal of a driver's license or an instruction
9 permit, the department shall provide the applicant written information
10 explaining the state's financial responsibility and mandatory motor
11 vehicle insurance laws and potential penalties for failure to comply
12 with those laws.

13 * Sec. 13. AS 28.15.081(a) is repealed and reenacted to read:

14 (a) The department shall examine every applicant for a driver's
15 license. The examination must include a test of the applicant's (1)
16 eyesight, (2) ability to read and understand official traffic control
17 devices, (3) knowledge of safe driving practices, (4) knowledge of the
18 effects of alcohol and drugs on drivers and the dangers of driving
19 under the influence of alcohol or drugs, (5) knowledge of the laws on
20 driving while intoxicated, (6) knowledge of the laws on financial
21 responsibility and mandatory motor vehicle liability insurance, and
22 (7) knowledge of the traffic laws and regulations of the state. The
23 examination may include a demonstration of ability to exercise ordi-
24 nary and reasonable control in the driving of a motor vehicle of the
25 type and general class of vehicles for which the applicant seeks
26 license. However, an applicant who has not been previously issued a
27 driver's license by this or another jurisdiction shall demonstrate
28 ability and shall present medical information that the department
29 reasonably requires to determine fitness to safely drive a motor