

ALASKA

LEGISLATURE

COMMITTEE

FILES

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Chapter 4: Responsible Alcohol Service Policies

Learning Goals

After completing this section, a manager will be able to:

- Recognize a fake identification and other indications of an underage customer—and train servers to recognize those signs.
- Identify the green, yellow, and red levels and how to handle guests at each level.
- Size up, interview, and rate a guest.
- Use appropriate intervention techniques with guests who are intoxicated.
- Establish a designated driver's program.
- Provide alternate transportation for customers who should not drive.
- Identify when to contact the police.
- Complete an incident report.

Transparencies

Use transparencies 29–45 to cover the important points of this section.

For Further Discussion

- Discuss with participants their policies regarding admission of minors.
- Discuss the need to refuse service or admission politely.
- Review *how* to refuse service or admission politely.
- Ask participants to note what constitutes a valid ID in their area.
- Discuss with participants some of the information a server is looking for when interviewing a guest.
- Ask participants to discuss some methods of counting drinks they have used. Which methods have been most successful?
- Discuss with participants: Who decides to intervene? Who intervenes?
- Discuss the sample incident report in the manager coursebook with class participants.

Learning Activity

- Pass around a copy of the *I.D. Checking Guide* published by Driver License Guide Company of Redwood, California.
- Pass around any confiscated false IDs you have as examples. Discuss the alterations and what makes them fraudulent.
- Show Video #1 on *Responsibility and Monitoring* after ID section. Discuss the points made in the film and answer questions.
- Show Video #2 on *Intervention Techniques* after you discuss intervention. Discuss the video and answer questions.
- Review Exercise 4.

SUGGESTED TIME SCHEDULE

Group-Study Format

- We suggest that a seminar covering Responsible Alcohol Service for managers consist of 6 1/2 hours of teaching time. We also recommend that you adapt our time allocations to your own needs to discuss certain subject areas in greater or lesser depth, depending on their importance to your particular operation. If more convenient, the class can be broken down into two or more sessions.

Suggested Time Schedule

The seminar consists of 8 hours, 6 1/2 of which is teaching time. Recommended time allocations are:

- 15 minutes—Welcome and Introduction
 - 40 minutes—Chapter 1: The Law and Your Responsibility
 - 9 minutes—First segment of Video 1: *Responsibility and Monitoring*
 - 30 minutes—Chapter 2: How Alcohol Affects the Body
 - 14 minutes—Second segment of Video 1
 - 15 minutes—BREAK
 - 70 minutes—Chapter 3: Managing the Responsible Service of Alcohol
 - 60 minutes—LUNCH
 - 45 minutes—Chapter 4: Responsible Alcohol Service Policies (through "Counting Drinks")
 - 9 minutes—Third segment of Video 1*
 - 15 minutes—BREAK
 - 45 minutes—The rest of Chapter 4
 - 25 minutes—Video 2: *Intervention Techniques*
 - 60 minutes—Role Play Exercises
 - 30 minutes—Examination
- *If you prefer, show Video 1, *Responsibility and Monitoring*, in its entirety after covering the section on minors.

Suggested Breaks for Video Viewing

The approximate length of Part 1: *Responsibility and Monitoring* is 32 minutes, and Part 2: *Intervention Techniques* is 22 minutes. If you wish to split the viewing of the videos into smaller sessions, we recommend the following breakpoints, which are incorporated into the videos. Breakpoints are indicated in the Discussion Questions and Points to Emphasize by a "♦".

Part 1

Section	Topic Covered	Play Tape Until	Section Time
1	Introduction, History, Liability	"Coming Up: How Alcohol Works in the Body"	9 minutes
2	How Alcohol works in the Body, Monitoring, the Traffic Light System, High Risk Guests	"Coming Up: Identifying Minors"	14 minutes
3	Identifying and Handling Minors	End	9 minutes

Part 2

Section	Topic Covered	Play Tape Until	Section Time
1	Introduction, Offering Food, Slowing Down Service	"Coming Up: Handling Guests in the Red"	8 minutes
2	Handling Guests in the Red, Intervention Techniques, Alternative Transportation, Communication	"Coming Up: Intervening at Large Functions"	9 minutes
3	Intervening at Large Functions	End	5 minutes

Home Study Plan

Material Covered	Approximate Study Time	Exercise to Complete
Introduction/ Chapter 1	40	Exercise 1
Chapter 2	40	Exercise 2
Chapter 3	60	Exercise 3
Chapter 4	60	Exercise 4
Videos 1 and 2	55	Video Guide Exercises
Total Time	255 minutes	

Benefits of Responsible Service Policies

- Servers develop better judgment and confidence.
- Better defense exists in the event of a lawsuit.
- Enhanced guest service.
- Reduction in the number of injuries caused by intoxicated persons.

Benefits of Responsible Alcohol Service

- Good customer service and attention to alcohol awareness go hand-in-hand toward promoting your business.
- Responsible service encourages an environment in which alcohol is a part of a pleasant and friendly atmosphere.
- Ethical standards that enhance your business image are promoted.
- Both your business and your guests benefit when your employees are trained in alcohol awareness.

History of and Need for the Program

- Alcohol has been associated with celebration, camaraderie, and pleasure.
- Over one-third of all alcohol consumption takes place in bars and restaurants. The hospitality industry is concerned about the problems created by those who consume alcohol irresponsibly or carelessly.
- Over 80 percent of all alcohol-related traffic accidents involve a Blood Alcohol Concentration (BAC) of 0.10 percent or higher.
- Non-traffic accidents and injuries result from intoxication.
- Penalties for DUI/DWI and DWAI are tightening.
- Controls on sale and service of alcohol are increasing.
- Penalties exist for those who overserve alcohol.

Chapter 2: How Alcohol Affects the Body

Learning Goals

After completing this section, managers will be able to:

- Describe how alcohol affects an individual and how affects can vary between different individuals.
- Identify high-risk individuals.

Transparencies

Use transparencies 11-22 to cover the important points of this section.

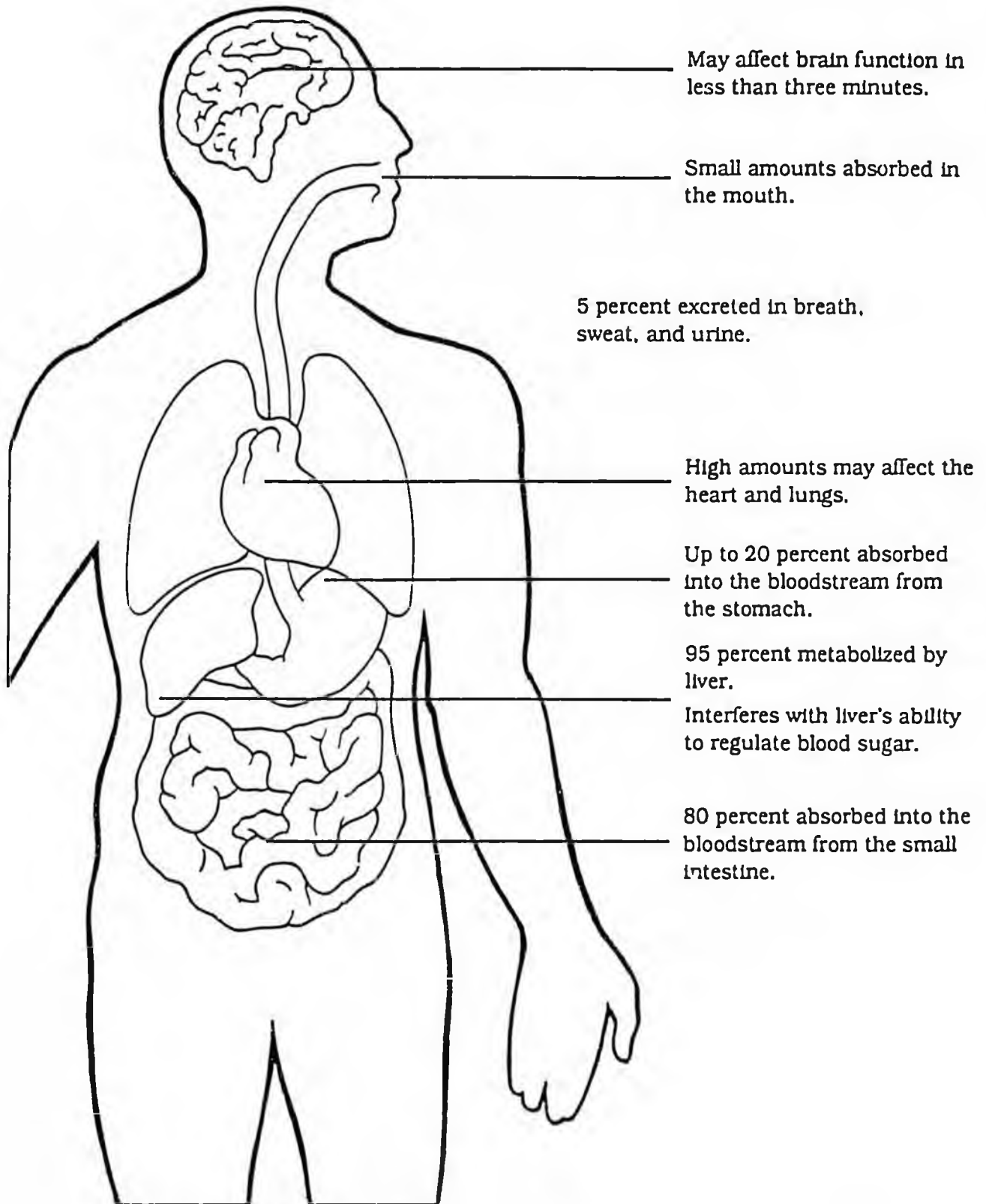
For Further Discussion

- Discuss *Exhibit 2.3 Know Your Limit* on page 21 of the manager coursebook.

Learning Activity

Review Exercise 2.

Alcohol's Path Through the Body



Equivalencies of Drinks

- Fermented alcoholic beverages: beer and wine.
 - Distilled spirits: scotch, bourbon, gin, vodka, rum.
 - Percent of alcohol = $1/2$ of proof.
 - 12 oz. beer = 4 oz. wine = $1-1/4$ oz. 80-proof liquor = 1 oz. 100-proof liquor—all contain about $1/2$ oz. pure alcohol.
- Cordials, liqueurs, and high-proof liquors vary from above standard.

Chapter 3: Managing the Responsible Service of Alcohol

Learning Goals

After completing this section, managers will be able to:

- Assess their operation(s) in order to establish a responsible alcohol service program.
- Implement a program for special situations such as weddings, banquets, or conventions.
- Develop guidelines for responsible beverage service and present the guidelines in written form to servers.
- Train servers in responsible beverage service policies.
- Develop a system for meeting with servers on a regular basis to discuss alcohol-related incidents they have encountered.
- Support and assist servers who make the decision to cut off customers.
- Develop promotions that de-emphasize alcohol.

Transparencies

Use transparencies 23–28 to cover the important points of this section.

For Further Discussion

- Discuss those industry segments that apply to your audience.
- Discuss the Alcoholic Beverage Service Policy statement with class participants.
- Explain The Educational Foundation's training program for servers.
- Refer to sample statement on guest responsibility on page 46 of the manager coursebook.

Learning Activity

- Ask the class to practice creating promotions that do not focus on alcohol.
- Review Exercise 3.

Checking IDs

- Smile.
- Make eye contact.
- Ask guest to remove ID from wallet.
- Feel the ID for alterations.
- Examine ID with backlight.
- Know what constitutes a valid ID:
 - A state-issued driver's license from any state.
 - A state-issued ID.
 - A military ID.
 - A current passport.

Techniques for Servers

- Wait until the guest asks for a drink before refusing service.
- Introduce yourself and be friendly.
- Do not be judgmental.
- Do not embarrass your guest.
- Enlist help from friends.
- Alert a backup.
- Shift the blame.
- Offer alternatives to alcohol.
- Express your concern for the guest's well-being.
- Be firm.
- Repeat yourself as often as necessary.
- Remain calm.
- Do not initiate physical force.

Service for Guests at Different Levels

Green: Offer hospitable customer service, food, alcohol, house specials.

Yellow:

- Slow down the service of alcohol.
- Encourage consumption of food.
- No suggestive selling of alcohol.
- Bring water.
- Offer non-alcohol or low-proof beverages as alternatives when guest requests another drink.
- No stacking.
- Offer a “complimentary splash.”
- Let the guest know you will serve another drink “in a little while.”

Red: STOP service of alcohol.

- serving it. Don't tell the guests if you may ice the champagne. Indicate to the guests the champagne will be perfect when served.
4. Offer to chill one bottle of champagne at this time and bring the other one later. This gives you time to see how the guests are reacting after consuming the first bottle. (Remember, one bottle is approximately six glasses, or one glass per guest in this party.)
 5. Suggestively sell appetizers.
 6. If cocktails are offered to the sober guests while the champagne chills, suggest low-alcohol drinks, such as a wine cooler or an amaretto sour.
 7. Ensure good communication between lounge and dining room servers to catch situations like this in the future. Compliment the dining room server who brought the situation to your attention.
 8. Coach cocktail lounge servers to suggestively sell appetizers to drinking guests waiting to dine, in order to prevent the guests from becoming intoxicated.

Role Play 2—Guest Who Is an Inexperienced Drinker

You arrange to meet an older friend for a few drinks at a local lounge. You're 23 years old, but don't drink often. You're a large, muscular guy and look like you could drink a fifth without any problem. Your friend, who is the same size, is a more experienced drinker. You're having fun and not really paying attention to the number of drinks you're consuming. You're just ordering one whenever your friend orders one. By the end of the evening, you're having trouble concentrating and when you stand up to leave, you stumble. However, you're certain you can drive home safely since you only live five minutes away.

A valet parking attendant is looking at you, concerned. If he offers a cab, you'll tell him you don't want to take a cab home. Anyway, you don't have enough money for one.

Manager

You're the manager of a lounge. A valet alerts you about an intoxicated guest who is going to get into his car. The guest looks about 23 and has a large, muscular build.

As you walk out to the parking lot, you ask the server how the guest was allowed to reach the red level. The server tells you that he/she evaluated the young man when he entered. He was in the green level, and of large body size. His friend was the same size, and also in the green level. The server kept accurate count of the number of drinks served to him, and is baffled about how the guest reached the red level much more quickly than the drink count would have indicated. His friend drank the same amount and did not get intoxicated, the server adds.

Valet

A young man of hefty size, obviously intoxicated, is about to get into his car. You are concerned about approaching him, because of his size and state of intoxication. You think it is wise to alert a manager, and then approach the guest.

Discussion Guidelines

1. This guest should not be allowed to drive. If he does not have money, the lounge should either pay for a cab or call someone to drive him home. (Perhaps his friend, if he is still there and sober.)
2. Have one person, either the valet or manager, approach the guest. Two people might be intimidating and cause the guest to become defensive.
3. Introducing oneself in a friendly way could be the approach that might place the guest in a cooperative mood.
4. Counting drinks is not enough to determine intoxication. The server should have been alert to the behavioral signals in estimating the degree of intoxication of the guest.
5. The server should have been more aware of the high risk presented by the young and inexperienced drinker and slowed service earlier. Also the guest should not have been allowed to leave the lounge with the intent of driving home.
6. The server should not look at the friend's sobriety as evidence that the younger person can also tolerate the same amount of alcohol.
7. The manager should discuss this situation fully with the server.
8. The situation should also be discussed with the doormen. How did the guest get by the doormen without being stopped?
9. The valet should be complimented on his handling of this situation.

Role Play 3—Owner's Friend

You're a good friend of the owner of a nearby restaurant. Your relationship is well-known to the servers. You've been seated at your table and are waiting for the rest of your party. You have had a few drinks. Your day was stressful and now you're relaxing.

You are not aware that it is illegal to overserve alcohol. You would not willingly get your friend, the restaurant owner, in trouble. Whenever you requested another drink, the server brought it promptly.

The server asks if you would like some appetizers, but you prefer to wait for the rest of your friends to arrive before you start eating. You order another drink.

Your friend, the owner, is not in the restaurant the night of your visit.

Server

You are aware that one of your guests is a personal friend of the owner of the restaurant. Both by observing this guest's behavior and by counting drinks, you suspect that the guest is consuming too much alcohol—too quickly. Normally, you would slow service to this guest, but you are intimidated by his/her relationship with your employer. You don't want to confront the guest because you know he/she will be dining as soon as the rest of his/her party arrives.

You are going to offer the guest an appetizer. You see that your manager is watching you as you approach the table. What will you do if the guest orders another drink and refuses the appetizers?

The owner is not in the restaurant.

Part 1:

**Responsibility
and Monitoring**

**Video
Guide**



**Responsible
Alcohol
Service
Video
Series**

1030

Part 2:

**Intervention
Techniques**

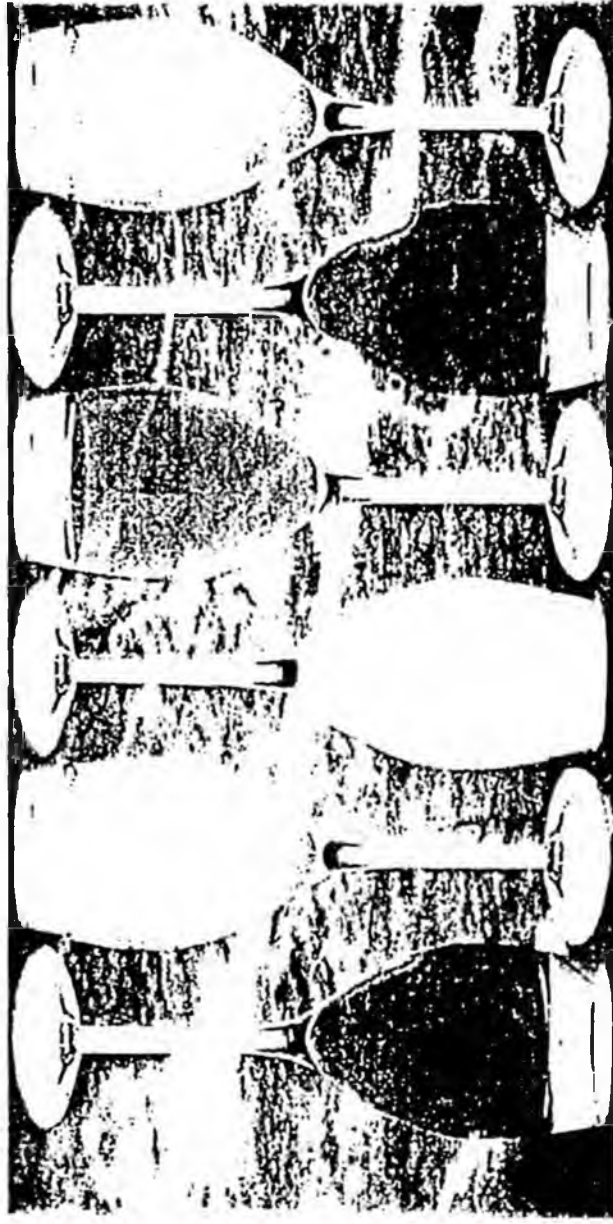
**Video
Guide**



**Responsible
Alcohol
Service
Video
Series**

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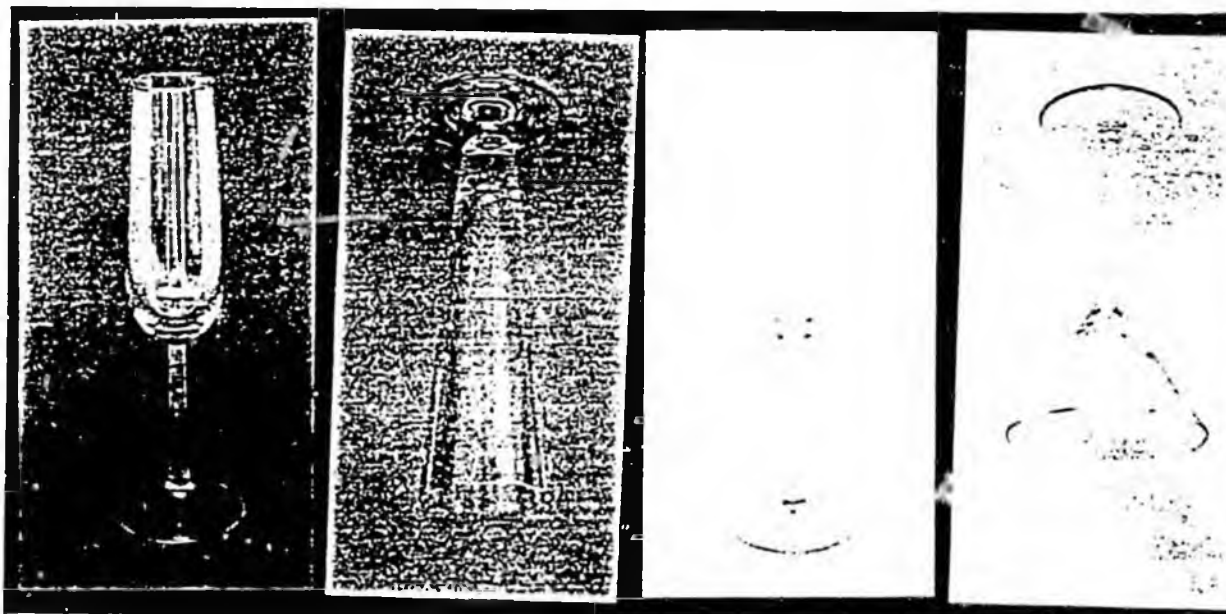
Responsible Alcohol Service



Server
Study
Guide

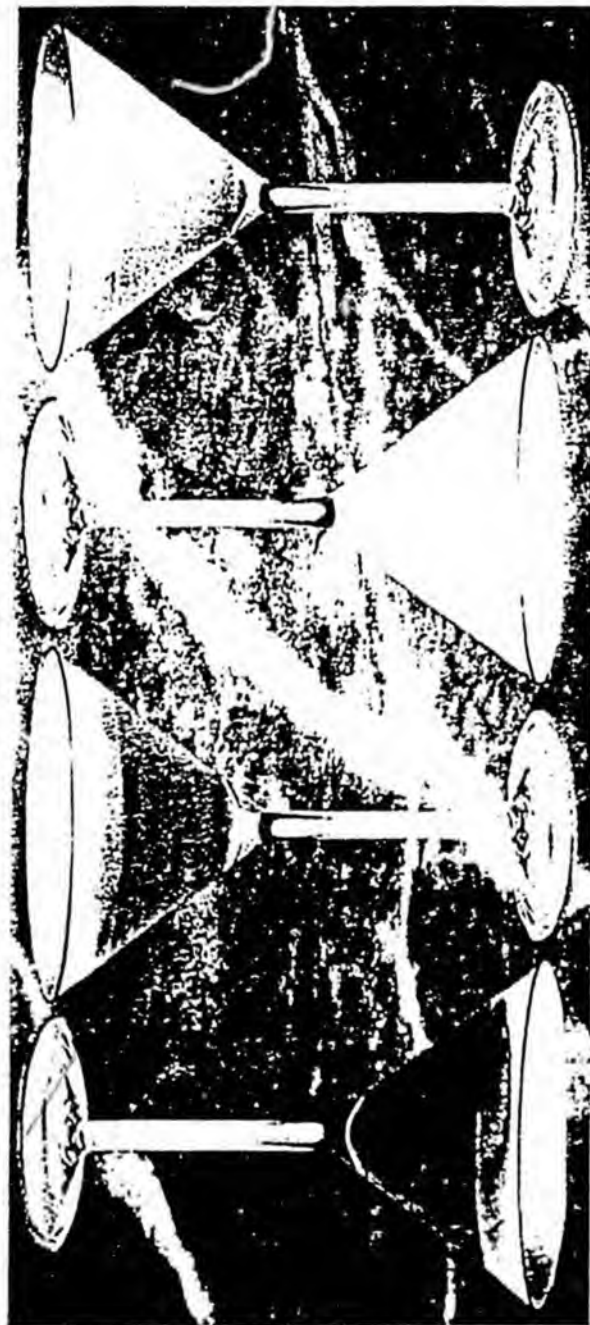


Responsible Alcohol Service



Instructor's
Guide

Responsible Alcohol Service



Leader's
Guide

HB

454

3/17/92

Administration Bills Currently in House Labor & Commerce

HB 550 Fees for water use (Governor)
HB 417 AIDEA loan and bond authority (Choquette)
HB 347 SBS costs (Governor)
HB 345 AEA operating and maintenance fund (Governor)
HB 329 Net income of foreign corporations (Governor)
HB 294 UCC: leases of personal property (Governor)

Administration Bills Passed out of House Labor & Commerce:

HB 348 State self-insurance for employee group health and life insurance (Governor)
HB 489 Boiler and elevator code update (House L&C)
SB 349 Federal emergency unemployment benefits (Governor)
HB 394 Regulation of notaries public (Gruenberg/Coghill)
HB 425 Insurance Reform Act of 1992 (House L&C)
SB 188 Extend STEP program one year (Governor)
HB 295 Operation of vehicles, planes and boats (Governor)
HB 209 Filing of periodic bank reports (Governor)
HB 210 Registration of securities (Governor)
SB 190 Alaska Safety Advisory Council (Governor)
HB 165 Extend Board of Nursing (Governor)
HB 161 Extend State Medical Board (Governor)
HB 166 Extend Correctional Industries (Governor)
HB 159 Extend Board of Electrical Examiners (Governor)
HB 163 Extend Board of Psychological Examiners (Governor)
HB 162 Extend Board of Marine Pilots (Governor)
HB 160 Extend Real Estate Commission (Governor)
HB 238 MICA dissolution (House L&C)

FISCAL NOTE

**STATE OF ALASKA
1992 LEGISLATIVE SESSION**

BILL NO. HB 454

Revision Date: _____ Department Affected: Public Safety

Title: "An Act relating to the transfer of BRU: Motor Vehicles

ownership of a motor vehicle" Component: Field Services

Sponsor: Representative Leman

Requestor: House Transportation COMPONENT SERIAL NO.

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

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
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-
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REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
FUND SOURCE:						

FUNDING: (Thousands of Dollars)

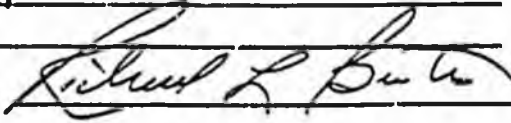
GENERAL FUND						
FEDERAL FUNDS						
OTHER FUND SOURCE:						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

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

Estimate of current year impact: _____

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Juanita Hensley Phone: 465-4335
 Division: Motor Vehicles Date: 2/26/92
 Approved by Commissioner:  Richard L. Burton
 Agency: Department of Public Safety Date: 2/26/92

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. HB 454

Revision Date: _____ Department Affected: Environmental
 Title: Transfer of ownership of a motor Conservation
 vehicle
 Sponsor: Lynn BRU: Environmental Quality
 Requestor: (H) Trans. Component: Air Quality Management

COMPONENT SERIAL NO. 1 | 4 | 2 | 8

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND&STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
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REVENUE						
FUND SOURCE:						

FUNDING: (Thousands of Dollars)

GENERAL FUND	0.0	0.0	0.0	0.0	0.0	0.0
FEDERAL FUNDS						
OTHER						
FUND SOURCE:						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

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

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary.)

Tampering with a vehicle's emission control device is a violation of federal and state law. Such vehicles emit a disproportionate share of air pollutants, adding to air quality problems. This bill will help keep these vehicles out of the chain of commerce.

Prepared by: Janice Adair Phone: 465-5050
 Division: Commissioner's Office Date: 2/19/92

Approved by Commissioner: *Janice Adair*
 Agency: Environmental Conservation Date: 2/19/92

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).



REPRESENTATIVE LOREN LEMAN West Anchorage

3111 C Street Anchorage, AK 99503 561-7614 During Session: P.O. Box V Juneau, AK 99811 465-2095

M E M O R A N D U M

DATE: February 28, 1992
TO: Representative David Finkelstein
Chairman, House Labor & Commerce
FROM: Representative Loren Leman *Loren*
SUBJECT: Request for Hearing
CSHB 454: An Act Relating to the Transfer of
Ownership of a Motor Vehicle

=====
Please schedule CSHB454 for a hearing by the Labor & Commerce
Committee at your earliest convenience.

Attached are the following:

- o Sponsor Statement
- o Zero fiscal notes from Departments of Environmental
Conservation and Public Safety
- o Backup information

The Transportation Committee discharged this bill with five "do-
pass" recommendations.



REPRESENTATIVE LOREN LEMAN West Anchorage

3111 C Street Anchorage, AK 99503 561-7614 During Session: P.O. Box V Juneau, AK 99811 465-2095

SPONSOR STATEMENT

DATE: February 13, 1992
BY: Representative Loren Leman *Loren*
SUBJECT: HB 454: An Act Relating to the Transfer of
Ownership of a Motor Vehicle

=====

HB 454 is designed to provide consumer protection and improve air quality for residents of Anchorage and Fairbanks.

This legislation will void the sale of motor vehicles in certain cases if the vehicle's pollution control system has been tampered with or removed. The language closely follows federal regulations regarding pollution control devices, but improves protection of the consumer.

Additionally, HB 454 will assist Anchorage and Fairbanks in meeting the federal Clean Air Act requirements for air quality. When a resident of these cities buys a car from a used car dealer, the dealer will be required to present a certificate of emission compliance or non-compliance.

The presence of emission inspection documents at the time of sale will help consumers living within I/M program areas to make educated decisions regarding the purchase of used vehicles. Used car businesses should be happy to document the proper performance of their autos.

Sale of non-compliance vehicles or "junk" cars for parts or restoration will not be prohibited. No increase in costs are expected for either the Municipality of Anchorage or City of Fairbanks as a result of HB 454.

I urge the passage of this legislation.

March 16, 1992

The Honorable David Finkelstein, Chairman
House Labor & Commerce Committee
Alaska State Legislature
State Capitol
Juneau, Alaska 99801-1182

Re: CSHB 454

Dear Representative Finkelstein:

I would like to provide written testimony on CSHB 454. The views expressed herein are my own and I do not represent any organization or other interest with this testimony.

CSHB 454 would void the sale of a motor vehicle in an air pollution controlled area under AS 46.03.210-220 if the seller (1) knows or (2) negligently fails to know that the vehicle's pollution control system has been altered or removed. The buyer may recover the purchase price upon tendering the vehicle back to the seller. The provision would apply to all vehicles that were manufactured with a pollution control system. The terms "negligently fails to know", "pollution control system", and "altered" are not defined.

AS 01.10.040(a) provides that words and phrases shall be construed according to their common usage while technical words and phrases shall be construed according to the peculiar and appropriate meaning. Therefore, in the absence of definitions to the contrary in the legislation, that provision will control the interpretation to be given the bill.

Negligence is generally the omission to do something which a reasonable person would do or the doing of something a reasonable person would not do. A negligent failure to know implies the imposition of an affirmative duty to act or know. In the context of CSHB 454, that might mean the owner of a vehicle is imputed with knowledge of any alteration or removal of the pollution control system by any previous owner. The vehicle owner must therefore undertake some action to determine the facts with respect to the owned vehicle.

The common usage of the word "alter" is to change, modify, or adjust. Therefore, CSHB 454 would void the sale of a motor vehicle where the pollution control system had been changed, modified, or adjusted.

AS 46.03.190 requires an owner to maintain the air pollution control system of a motor vehicle where required by regulations of the Department of Environmental Conservation ("DEC"). DEC has promulgated regulations at 18 AAC 52.010-900 which define and regulate the "emissions control system". The terms "emissions control system" and "pollution control system" are synonymous.

18 AAC 52.900 defines the emission control system as:

any equipment or feature that constitutes an operational element of the air pollution control system or mechanism of a motor vehicle which affects pollutant emissions from the vehicle, including emissions related adjustments and emissions related parts.

"Emissions related adjustments" mean:

idle mixture setting, curb idle speed setting, fast idle speed setting, ignition dwell angle (if applicable), spark advance setting, choke setting, and any other adjustments that affect pollutant emissions.

"Emissions related parts" mean:

any part that affects the pollutant emissions from a motor vehicle, including

(A) fuel metering system components such as the carburetor or fuel injection system and internal parts, air/fuel ratio feedback and control system including exhaust oxygen sensor, and cold start air/fuel enrichment system;

(B) air induction system components such as the controlled hot air intake system, intake manifold, heat riser valve and assembly, and turbocharger systems;

(C) ignition system components such as the distributor and internal parts, spark advance or retard system, spark plugs, ignition coil or control module, and ignition wires;

(D) evaporative control system components such as the vapor storage canister, vapor-liquid separator, fuel tank and filler cap, positive crankcase ventilation (PCV) system, PCV valve, and oil filler cap;

(E) exhaust gas recirculation (EGR) system components such as the EGR valve body and carburetor spacer, and EGR rate feedback and control system;

(F) air injection system components such as the air pump or air aspirator, valves affecting distribution of air flow, and air distribution manifold;

(G) catalyst or thermal reactor system components such as the catalytic converters, fuel filler inlet leaded fuel nozzle restrictor, thermal reactors, exhaust manifold, and exhaust port liners or double walled exhaust pipe;

(H) basic engine parts such as the camshaft, pistons, and cylinder heads; and

(I) miscellaneous items used in the systems listed in (A) through (H) of this paragraph, such as hoses, clamps, fittings, tubing, sealing gaskets or devices, and mounting hardware; pulleys, belts, and idlers; vacuum, temperature, and time sensitive valves and switches; and electronic controls.

Therefore, any change, modification, or adjustment from the factory specification in the idle speed or timing is an emission related adjustment and, correspondingly, an "alteration" in the vehicles pollution control system. Since the pollution control system is limited to these factory settings under CSHB 454, any deviation is an alteration that would void a sales transaction involving the vehicle.

Similarly, the pollution control system is also made up of emissions related parts. These parts include not only those systems normally associated as relating to the pollution control system, such as the positive crankcase ventilation system (PCV), the exhaust gas recirculation system (EGR), the air injection system (AIR), and the catalytic converter system (CAT), but it also includes all basic engine parts and down to spark plugs and wires, fuel and oil caps, and even hoses, clamps and mounting hardware. Under CSHB 454, a sale could be voided because of use of the wrong spark plug or ignition wire, or even for a missing or incorrect hose or clamp. The sale could be voided because this would be an alteration in the pollution control system.

CSBB 454 is overly broad in application. In fact, it could apply to void a sale even though the vehicle meets all applicable emissions standards. The focus of CSHB 454 is not upon whether the vehicle meets emissions standards, but rather is upon whether there is any "alteration" in the pollution control system as provide by the manufacturer.

Pollution control systems have been around since 1963 when California required PCV valves. DEC, pursuant to the authority provided in AS 46.03, first promulgated regulations in 1985 requiring the use of

maintenance practices for motor vehicle emission control systems. CSHB 454 would apply to 1963 vehicles manufactured to California requirements. It is inescapable that the greater the age of the vehicle the greater the probability of some alteration having been made over the years. Since the factories generally do not make or supply parts for vehicles manufactured over ten years earlier, the alteration standard in the legislation might make these vehicles virtually worthless, even though they meet emissions standards.

Similarly, the legislation could be viewed as favoring factory parts over those obtained at independent auto parts stores. There is some assurance that factory parts are correct, but there is no assurance that non-factory parts are certified replacements rather than merely alterations. The result could be discrimination against Alaska small businesses in favor of promoting the sales of parts manufactured by foreign auto companies.

Presumably, the intent of CS HB 454 is to protect innocent purchasers of used vehicles that have had the emissions devices removed. These purchasers have either not been able to secure a certificate of emission inspection or have had to expend money to bring the vehicle into compliance or to secure a waiver. The intent of the proposed legislation is surely to provide these buyers with a remedy.

However, the remedy is not a convenient or practical one. The buyer in all probability will have to file a court action to enforce the warranty provided in CSHB 454. The buyer will then have to prove two things. First, that there was an alteration in the pollution control system on the date of sale. Second, that the seller knew or should have known of the alteration. Undoubtedly, testimony from third parties regarding the nature of the alteration or the condition of the vehicle upon sale will be necessary.

It is also important to understand that the legal remedy might not be a remedy in fact. The buyer will have a remedy in fact only if he can collect on any judgment. If the buyer is judgment proof, or nowhere to be found, the legal remedy is of no consolation. Overall, the costs to the buyer to institute the action on the warranty might easily dissuade a buyer from pursuing the matter.

A seller faced with defending against the warranty action will need to prove that there was no alteration in the pollution control system on the date the vehicle was sold to the buyer. Failing that, he will have to show that he did not know, nor negligently failed to know, of the alteration.

CSHB 454 does not provide any period of time limiting the remedy of the buyer to enforce the warranty and void the sale. Therefore, the

buyer will likely have four years from the date of the sale in which to institute the action to void the sale. AS 45.02.725. Since motor vehicles are consumable and depreciating assets, a seller assumes a considerable risk that the voiding of the sale will not restore the status quo. This provides the buyer with an unfair advantage.

CSHB 454 will create uncertainty and lack of finality in the sale of motor vehicles by private individuals. The legislation is overly broad and many unsuspecting individuals will find it literally will apply to most private sales. The majority of these sales are made by good faith sellers. In application, however, the legislation will provide buyers with both an easy escape from the sale and an unfair advantage over sellers. The buyer can use the vehicle and then file an action to have the sale voided by finding some small, even insignificant, alteration in the pollution control system.

The problem that CSHB 454 is designed to remedy can be addressed in a more direct and efficient manner. Legislation aimed at addressing the problem before the vehicle is transferred to the buyer and before the seller receives the purchase price would be more effective. Focusing on the problem before the vehicle and money change hands will benefit both buyers and sellers by providing certainty. Another advantage is that the court system will not be further burdened with cases that would otherwise arise under this legislation.

Specifically, this situation can be addressed in the provisions covering the transfer of motor vehicles. Proposed changes are reflected below and are underlined.

AS 28.10.271 is amended to read:

(a) When the owner of a registered vehicle transfers or assigns the owner's title or interest in the vehicle, the registration of the vehicle expires; however, the registration plates remain on the vehicle except as otherwise provided in AS 28.10.181.

(b) The owner shall, at the time of delivery of the vehicle, endorse an assignment and warranty of title to the transferee in the space provided on the certificate of title. The owner shall deliver the certificate of title and registration to the transferee at the time of delivery of the vehicle, except as provided in AS 28.10.291.

(c) The owner of a motor vehicle who resides in an area that has an air pollution program established under AS 46.03.210, or in a controlled area established by the Department of Environmental Conservation under AS 46.03.220 shall, at the time of delivery of the vehicle, provide the transferee with a certificate of

emissions inspection. The certificate of inspection must be dated within 30 days of the date of transfer of the motor vehicle.

(d) The owner shall notify the department of the transfer or assignment of the owner's title or interest in the vehicle within 10 days following transfer or assignment. This notification shall constitute a valid transfer under AS 28.10.321 and 28.10.361. The notice form to be provided by the Department must include the following information:

- (1) name and address of owner;
- (2) name and address of transferee;
- (3) date on certificate of vehicle emission inspection provided to the buyer, if required;
- (4) date of transfer or assignment; and,
- (5) description and license number of vehicle.

AS 28.10.321 is amended to read:

(a) Except as provided under AS 28.10.281 and 28.10.291, the new owner shall, within 30 days, present the certificate of title and registration properly endorsed to the Department, present the certificate of emissions inspection where required, apply for a new title, and register the vehicle as upon an original registration.

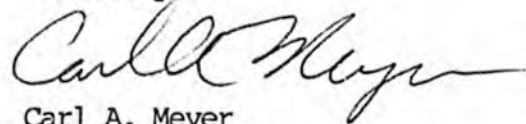
(b) An application for certificate of title and registration must be accompanied by any required registration fees and taxes, transfer of title and lien fees, and by the previous certificate of title and registration, if any, and by the certificate of emissions inspection, if required.

AS 28.10.331 is amended to read:

The department upon receipt of the certificate of title properly endorsed, the certificate of registration, the registration plates and the certificate of emissions inspection, if any, the application for new title and registration and all required fees and taxes, shall issue a certificate of title and a certificate of registration to the transferee or the lienholder lawfully entitled to the certificate.

Thank you for your time and consideration and the opportunity to present this testimony.

Sincerely,

A handwritten signature in cursive script that reads "Carl A. Meyer". The signature is fluid and extends to the right with a long horizontal stroke.

Carl A. Meyer



Alaska State Legislature

HOUSE OF REPRESENTATIVES

Official Business

CONSTITUENT REQUEST/RESPONSE

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

Initial Contact: Kelley
Assigned to: Kelley

PRECINCT: _____

NAME: Jurgen Jessy

ADDRESS: 3221 E. 42nd # B 99508

PHONE: 561-4264

[Faint handwritten notes and a large diagonal slash mark]

REQUEST:

(711 E Northern Lights Rd)
Bought a car from Clinton Auto (Phil Clinton). He said it passed T.P.I., it didn't. It needs a new engine to pass. It also has a '76 engine in a '81 Chev which is illegal (according to the Referee Station).

Wants to make this illegal, please pass a bill.

"as is"

RESPONSE:

John Ken Loren is drafting a bill related to emission testing.

8/29/91 @ 5:45 - 2:10 w Sheron

\$1700

M.S.

Offered an exchange w/ Clinton - he refused

He wants to testify in support of my bill

[Handwritten signature]

INSTRUCTIONS:

May 6, 1991

TO WHOM IT MAY CONCERN:

Emissions Conflict on '87 Escort

-1
extended
warrenty
enclused

1. Purchased as used vehicle from Anchorage Chrysler, 2601 East 5th Ave, Anchorage. September 18, 1990 along with extended warrenty contract #05618486 for 2 years.

2. License ^{date} renewed February 1, 1991 when emissions test was also due. Went to Y. & B Texaco 3304 Spenard Road about 12/19/90 to have headlight replaced and IM test. I.M. test for Municipality of Anchorage did not pass.

2
Recall
enclused

3. Made appointment with city referee to have car checked about 12/23/90. While at the referee, they told me that this Escort qualified for a recall and gave me copy of letter dated July 1989 from Dearborn Michigan on Emissions Recall 89E78 which should have gone to the previous owner or original owner. Referee also suggested I check previous emissions record with Department of Motor Vehicles, which I did next.

4. Motor Vehicles said the car passed emissions according to their records which seems strange to me since it was 2/90 after the letter and yet I had such detailed problems and experiences one year later.

3
CHRYSLER
#49707
enclused

5. Since car was purchased from Chrysler and I felt it their responsibility I took it to them 1/4/91. They sent me to a Ford Garage so I chose Worthington Ford, 1950 Gambell Street, Anchorage and thence work was Chrysler's problem, done by Ford.

~~Chrysler~~
#77961
#51343
#78371
with attachments
fill
(enclused)

6. From then on two service managers were involved: P. C. Gray (Asst. Service Manager with Chrysler) and Ray (Service man with Ford). When work was finally finished after day after day more parts needed replacing I was told some things were not covered by Chrysler warrenty and Ford recall amounting to \$110 and since I was a senior citizen I owed \$99.00 which I paid and took the car to the umpire again, where it passed.

#9a
Card enclused

7. However, two months later, April 5, 1991, I received a bill for \$299.54 balance on repair order #78371, completely by surprise.

8. I am now told by Dennis Stanley, Asst. Service Manager at Worthington Ford that Ray is no longer employed by them as of about the time this bill was made out, whether related or not I do not know.

#9b
card enclused

5
home record
(enclused)

9. P. C. Gray at Chrysler told me of his involvement with Ray and I enclose a photostat of the hassel he had getting approval and contact with Ray via phone calls, etc. and suggested I contact Nancy Dahle with Ford which I have not done, because everyone has an excuse of one kind or another.

10. I am transferring this to Better Business Bureau and possibly to Small claims Court to resolve the \$299.54 controVersy. Also I am told that a bill is currently in the legislature to require used car dealers to prove with a live polutions test before sale of any vehicle. AMEN!

again
#77961
enclused

ADDED ELEMENT PLEASE NOTE: Worthington work order 1/15/91 #77961 instructions were to do IM work first which was not done. I paid them \$162.00 to take car apart (no further work done yet) and then towed it to Chrysler since Head

Gasket was covered under warranty, but only if done by them. After head-gasket replaced then returned to Ford for IM work which went on and on and ~~on~~ until 2/29 when I picked it up and paid \$99.00.



Emerson C. Sortore
1021 Potlatch Circle
Anchorage, AK. 99503

(907) 274-6056



Alaska State Legislature

HOUSE OF REPRESENTATIVES

Official Business

CONSTITUENT REQUEST/RESPONSE

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

Initial Contact: KIP
Assigned to: KIP

PRECINCT: _____

NAME: JOHN & JASON HOLKER

DATE: 2/5/92
TIME: 10 09

ADDRESS: 7800 DEBARR RD

PHONE: 337-3463

REQUEST: Jason Holker purchased auto from individual who represented that it would easily pass I/M. Auto failed after purchase. Jason discovered that different engine had been installed w/o catalytic converter and other pollution control

RESPONSE:

devices. Repairs to meet I/M would cost over \$1000. Jason will have to sell car at substantial loss outside of I/M program area.

INSTRUCTIONS: Contact if HB454 is heard.

May 6, 1991

TO WHOM IT MAY CONCERN:

Emissions Conflict on '87 Escort

1. Purchased as used vehicle from Anchorage Chrysler, 2601 East 5th Ave, Anchorage. September 18, 1990 along with extended warrenty contract #05618486 for 2 years.
2. License ^{due take} renewed February 1, 1991 when emissions test was also due. Went to Y. & B Texaco 3304 Spenard Road about 12/19/90 to have headlight replaced and IM test. I.M. test for Municipality of Anchorage did not pass.
3. Made appointment with city referee to have car checked about 12/23/90. While at the referee, they told me that this Escort qualified for a recall and gave me copy of letter dated July 1989 from Dearborn Michigan on Emissions Recall 89E78 which should have gone to the previous owner or original owner. Referee also suggested I check previous emissions record with Department of Motor Vehicles, which I did next.
4. Motor Vehicles said the car passed emissions according to their records which seems strange to me since it was 2/90 after the letter and yet I had such detailed problems and experiences one year later.
5. Since car was purchased from Chrysler and I felt it their responsibility I took it to them 1/4/91. They sent me to a Ford Garage so I chose Worthington Ford, 1950 Gambell Street, Anchorage and thence work was Chrysler's problem, done by Ford.
6. From then on two service managers were involved; P. C. Gray (Asst. Service Manager with Chrysler) and Ray (Service man with Ford). When work was finally finished after day after day more parts needed replacing I was told some things were not covered by Chrysler warrenty and Ford recall amounting to \$110 and since I was a senior citizen I owed \$99.00 which I paid and took the car to the umpire again, where it passed.
7. However, two months later, April 5, 1991, I received a bill for \$299.54 balance on repair order #78371, completely by surprise.
8. I am now told by Dennis Stanley, Asst. Service Manager at Worthington Ford that Ray is no longer employed by them as of about the time this bill was made out, whether related or not I do not know.
9. P. C. Gray at Chrysler told me of his involvement with Ray and I enclose a photostat of the hassel he had getting approval and contact with Ray via phone calls, etc. and suggested I contact Nancy Dahle with Ford which I have not done, because everyone has an excuse of one kind or another.
10. I am transferring this to Better Business Bureau and possibly to Small claims Court to resolve the \$299.54 controversy. Also I am told that a bill is currently in the legislature to require used car dealers to prove with a live polutions test before sale of any vehicle. AMEN!

extended warrenty enclosed

Recall enclosed

3 CHRYSLER #49707 enclosed

*#77961 all enclosed
#51343 enclosed
#78371 with attachments bill enclosed*

#9a Card enclosed

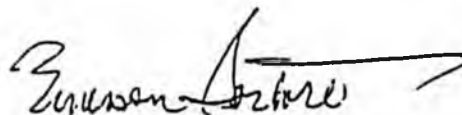
#9b card enclosed

home record enclosed

3 #77961 enclosed

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Emerson C. Sortore
1021 Potlatch Circle
Anchorage, AK. 99503

(907) 274-6056

Retired Anchorage
Principal
North Star
Chevrolet

#1a

24/24 USED VEHICLE PLAN PROVISIONS WITH HIGH TECH

81-770-7655 (10/89)

005811

320 / U603

6911371

ISSUED TO:

SERVICE CONTRACT #05618486

09260

E. C. SORTORE
1021 POTLATCH CIR.
ANCHORAGE AK 99503

VEHICLE IDENTIFICATION NUMBER:

2FABP2197HB127180

EFFECTIVE: 09/18/90 OR 60,663 MI

SELLING DEALER: 72 64793

EXPIRES: 09/18/92 OR 84,663 MI

DEFINITIONS: The following are key words which are included in these Provisions which have particular meaning:

*you,your - Means "you" the Plan purchaser *Plan-Means this "24/24 Used Vehicle Plan" which is a Service Contract
*we, us,our - Means "Chrysler Motors" *Dealer-Means "Authorized Chrysler Service Contract Dealer"

A SERVICE CONTRACT: This Plan protects you against major repair bills should a component covered by the Plan fail in normal use. This Plan is a service contract between you and the selling Dealer. The Dealers are insured to the extent of their obligation under the provisions this Plan by Chrysler Insurance Company Policy #85-04-01. Chrysler Service Contracts will administer the provisions of the Plan for the Dealer.

In the event of covered component failure, if the Dealer fails to repair or replace the component within 60 days, you are entitled to make a claim in writing directly to Chrysler Insurance Company, 27777 Franklin Road, Southfield, Michigan 48034.

IMPORTANT! The maximum reimbursable amount should a covered component fail will be THE TOTAL COST OF THE REPAIRS LESS THE DEDUCTIBLE OR, IF LESS, THE CASH VALUE OF THE VEHICLE!

ELIGIBLE VEHICLES: All current model year and six (6) immediately preceding model year vehicles specified by us with no more than 100,000 miles of service, except for the following, are eligible for the Plan.

IMPORTANT! The following vehicles are not eligible for a Chrysler Service Contract: vehicles placed in taxi, limousine or livery service (except vehicles placed in van pool service); vehicles used for hire, emergency service, ambulance, towing and police service; vehicles placed in postal or dump truck service or severe off-road use; vehicles converted from two to four-wheel drive; vehicles equipped with a diesel engine (except Chrysler); vehicles with a gross weight (G.V.W.) of over 14,000 pounds.

WHEN PLAN COVERAGE STARTS AND ENDS:

Plan coverage starts on the date you purchase the Plan and includes parts and labor expense, less deductible.

Plan coverage expires 24 months from the date you purchased the Plan or when you have driven the vehicle 24,000 miles (whichever occurs first).

If you sell the vehicle, unexpired Plan coverage remains with the vehicle, provided the Plan has not been canceled.

\$50 DEDUCTIBLE: You pay only the first \$50 of the total cost of covered component repairs performed during each repair visit.

CAR RENTAL ALLOWANCE (OVERNIGHT REPAIRS): The Plan will pay up to \$20 per day (5 days maximum) for a rental car anytime a component covered by this Plan fails and repairs take overnight.

The Plan will not pay rental charges for a vehicle that is awaiting service or parts unless the vehicle is inoperable, due to a covered component failure, or continued operation would cause further damage.

The rental car must be obtained from a Dealer or from a licensed rental agency. Rental charges in excess of the amount allowed by the Plan are your responsibility.

TOWING ALLOWANCE: The Plan will pay up to \$25 for towing anytime a component covered by the Plan fails, causing the vehicle to be towed. Towing charges in excess of the amount allowed by the Plan are your responsibility.

PLAN PROVISIONS: These are your Plan Provisions.

You must present these Plan Provisions to the servicing dealer when requesting Plan service. They will describe the Plan you purchased and identify your vehicle as being eligible for Plan service.

The issuance of Plan Provisions by us shall not be deemed as a waiver of our right, or considered a restriction of our right to refuse to pay for service and/or to cancel the Plan should it subsequently be discovered that the vehicle for which the Plan was purchased was not eligible for Plan coverage.

OBTAINING PLAN SERVICE: Plan service will be provided by the Dealer who sold you the Plan, at his place of business, using new or authorized remanufactured parts. In the event you cannot return to the selling Dealer for service, you may request Plan service from any Dealer in the United States or Canada.

IMPORTANT! Plan Service obtained from other than a Dealer is not reimbursable unless authorized by us before the service is performed.

YOUR RESPONSIBILITY AND WHAT IS NOT COVERED BY THE PLAN:

Your responsibility is to properly operate, care for and maintain the vehicle as prescribed in the owner literature supplied by the manufacturer. You should retain all maintenance receipts to avoid any misunderstanding as to whether or not the maintenance services were performed as required.

The Plan will not cover:

1. Repairs of covered components required as a result of the failure of a non-covered component;
2. Repair or replacement of any component covered by the manufacturer's new vehicle warranty or recall policies after the new vehicle warranty expires;
3. Repairs required as a result of other than a manufacturing defect (such as a design defect or normal wear);
4. Repair of valves and/or rings to correct low compression and/or oil consumption. Low compression and/or oil consumption are considered normal wear and are not covered;
5. Plan service obtained from other than a Dealer unless authorization is first received from us;
6. Repairs required as a result of use of other than the vehicle manufacturer's parts (or their equivalent) during the term of the Plan;
7. Repairs to any vehicle where the odometer reading (mileage) has been stopped or altered and the vehicle's actual mileage cannot be readily determined;
8. Maintenance services and the parts used in connection with such services such as engine oil, lubricants, filters, spark plugs, ignition cables, distributor cap or rotor, P.C.V. valve, suspension, alignment and wheel balancing;

9. Repairs required as a result of: (a) failure to properly care for or maintain the vehicle; (b) fire, accident, abuse, negligence or Act of God; (c) failure to properly operate the vehicle (including modifications not approved by the manufacturer); (d) using the vehicle for competitive speed events such as races or acceleration trials; (e) pulling a trailer that exceeds the rated capacity of the vehicle or failure to adhere to the requirements for vehicles used to pull a trailer as outlined in the owner literature supplied by the manufacturer;
10. Bodily injury or property damage arising or allegedly arising out of a defect in the design, manufacture, materials or workmanship of a covered component;
11. Repairs to vehicles registered or operated outside the United States, Washington D.C., and Canada;
12. Loss of use of the vehicle, loss of time, inconvenience, commercial loss or consequential damages.

COVERED COMPONENTS: The items listed below are covered by the Plan, items not listed are not covered unless required as a direct result of the failure of a covered component.

ENGINE: Cylinder Block and all Internal Parts; Cylinder Head Assemblies; Timing Case, Chain, Gears, Belt and Sprockets; Harmonic Balancer; Oil Pump; Mechanical Fuel Pump; Water Pump; Intake and Exhaust Manifolds; Core Plugs; Valve Covers; Oil Pan; Turbocharger Housing and all Internal Parts, Turbocharger Wastegate Actuator; Seals and Gaskets.

TRANSMISSION: Transmission Case and all Internal Parts; Torque Converter; Drive Plate; Flex Plate; Flywheel; Starter Ring Gear; Bell Housing; Oil Pan; Seals and Gaskets. *Clutch Parts are not covered at anytime.*

FRONT-WHEEL DRIVE: Transaxle Case and all Internal Parts; Drive Shaft and Axle Shaft Assemblies and their Housings; Constant Velocity Joints and Boots; Oil Pan; Differential Cover; Front Wheel Bearings; Seals and Gaskets. *Clutch Parts are not covered at anytime.*

REAR-WHEEL DRIVE: Rear Axle Housing and all Internal Parts; Axle Shafts, Axle Shaft Bearings; Drive Shaft Assemblies, Drive Shaft Center Bearings; Universal Joints and Yokes; Seals and Gaskets.

FOUR-WHEEL DRIVE (4 X 4): Transfer Case and all Internal Parts; Front and Rear Axle Assemblies; Axle Shafts; Constant Velocity Joints; Boots; Drive Shaft Assemblies; Drive Shaft Center Bearings; Universal Joints and Yokes; Seals and Gaskets.

STEERING: Steering Gear Housing and all Internal Parts; Power Steering Gear; Power Steering Pump; Steering Column Shafts and Coupling; Rack and Pinion Assembly; Seals and Gaskets.

BRAKES: Master Cylinder; Assist Booster; Wheel Cylinders; Disc Brake Calipers and Pistons; Hydraulic Lines, Fittings and Seals; Proportioning Valve. *Brake Pads, Shoes, Rotors and Drums are not covered at anytime.*

AIR CONDITIONING: (Factory or manufacturer-authorized installations only) Compressor; Condenser; Evaporator Core; Clutch and Coil; Compressor Gaskets and Seals.

ELECTRICAL: Starter Motor and Solenoid; Alternator; Voltage Regulator; Windshield Wiper Motor; Rear Wiper Motor; Wiring Harnesses; Manually Operated Electric Switches.

FRONT SUSPENSION: MacPherson Struts; Strut Mounting Plates, Bushings and Bearings; Upper and Lower Control Arms; Control Arm Shafts; Control Arm Bushings; Upper and Lower Ball Joints.

HIGH TECH PACKAGE: A/C Instrument Panel Control Assembly; A/C Power Module; A/C Receiver-Dryer; A/C Heater Blower Motor; Air Conditioning Expansion Valve; Electronic Instrument Cluster; Trip Computer; Message Center; Voice Alert; Amp/Voltmeter Gauge; Fuel Gauge; Temperature Gauge; Tachometer; Oil Pressure Gauge; Electronic Traveler Assembly; Turbo Gauge; Electric Speedometer; Rear Window Defroster; Power Window Motors; Power Antenna; Power Seat Motor; Power Door Locks; Power Sun Roof Motor; Convertible Top Motor; Electric Mirror Motor & Controls; Cruise Control Servo; Radiator; Cooling Fan Motor; Cooling Fan & Clutch; Distributor; Ignition Coil; Single Module Engine Controller (SMEC); Electric Fuel Pump; Fuel Tank & Lines; Electronic Fuel Injection System (excluding injectors).

CANCELLATION POLICY: The Plan is non-cancelable.

WE RESERVE THE RIGHT TO CANCEL THE PLAN AFTER ISSUANCE SHOULD IT BE DISCOVERED THAT THE VEHICLE IS NOT ELIGIBLE FOR PLAN COVERAGE. If we cancel the Plan your refund will be based on the full amount you paid the Dealer for the Plan.

#2a



J P King
Manager
Parts and Service Engineering
Ford Parts and Service Division

Ford Motor Company
3000 Schaefer Road
P O Box 1902
Dearborn, Michigan 48121.

July, 1989

Dear Owner:

REASON FOR
THIS LETTER

Ford Motor Company is voluntarily recalling some 1985, 1986 and 1987-model cars equipped with certain 1.9, 2.3 or 2.5 liter engines, (Emissions Recall 89E78). Our records show that you own one of these cars. Your car's engine may be releasing air pollutants which exceed Federal or California standards.

WHAT YOU
SHOULD DO

Please telephone your Ford or Lincoln-Mercury dealer to arrange for this recall service.

WHAT THE
DEALER
WILL DO

The dealer will inspect and, if necessary, replace the engine fuel injector at no charge to you. In addition, it may be necessary for the dealer to replace other emission control system components. This also will be done at no charge and will depend on the design of the emission control system. This service should have little or no effect on your car except to reduce the air pollutants released by the emission control system. The time required for this service is less than three hours.

WHY SERVICE
SHOULD BE
DONE

If you do not have this service done, your emission warranty may be reduced. Also, your car may not pass emissions or smog tests that may be required in your area.

ASK YOUR
DEALER

When you call your dealer for this service, ask for a computer check on the "CARES" or the "OASIS" systems to see if your car needs other recall work. If it does, the dealer can tell you about the required service.

FORM
ENCLOSED

Your car's identification number is shown on the enclosed form. Please detach the postcard on the cover sheet of the form. Complete any of the sections that may apply to you and mail the postcard to us. Please give the rest of the form to your dealer at the time of service. If you lose the form, the dealer will still service your car at no charge to you.

ASSISTANCE

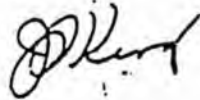
If the dealer cannot answer any questions you have regarding this recall service, you may contact the nearest Ford Parts and Service Division District Office whose address is shown in your Owner Guide.

FZ8-

-2-

We regret any inconvenience this recall may cause you. We are doing this so that you will be satisfied with your car. We urge you to have your car serviced promptly to maintain full coverage under the emission warranties.

Sincerely,



J. P. King
Manager
Parts and Service Engineering .

Enclosure
89E78

QTY.	PART NO. AND DESCRIPTION	AMOUNT
	INVOICE NO. #3	
	INVOICE NO.	
	INVOICE NO.	
	INVOICE NO.	

ANCHORAGE CHRYSLER CENTER INC.

2801 E. 5TH AVE. ANCHORAGE, AK. 99501

"MOTOR VEHICLE REPAIR TRADE PRACTICES ARE REGULATED BY ALASKA STATUTES 45.45.130 - 45.45.240 ADMINISTERED BY THE CONSUMER PROTECTION SECTION, ALASKA DEPARTMENT OF LAW."

I hereby authorize the repair work to be done along with the necessary materials, and hereby grant you and/or your employees permission to operate the vehicle herein described on streets, highways or elsewhere for the purpose of testing and/or inspection. An express mechanic's lien is hereby acknowledged on above vehicle to secure the amount of repairs thereto. Dealer not responsible for unavailability of parts or delays in parts shipments beyond dealers control.

TEL. 907-276-1331

DATE 1/14/91 CAR NO. 74-336

PRELIMINARY ESTIMATE
PARTS | LABOR | TOTAL

PHONE ESTIMATE FOR AUTHORIZED ADDITIONS

TALKED TO

TIME CALLED BY

PARTS & LABOR REPAIRS TO DO

ALL PARTS ARE NEW EXCEPT AS NOTED

OPN.	MECH.	INSTRUCTION	AMOUNT	OPERATION AND AMOUNT	M E C H NO.
		44 Vehicle's Fuelged T.M. Check for leaks. See notes on dash with's readings. - the Component check. Vehicle needs to go to a Ford garage for fuel system repair.		✓ \$	
				1 OIL & FILTER	
				2 COOLING SYS CHK.	
				3 BELTS CHECK	
				4 CLUTCH ADJ.	
				5 TR WHIL BRNH PACK	
				6 BRAKE INSPECTION	
				7 SUSPENSION CHECK	
				8 AUTO TRANS FLUID	
				9 MAN TRANS FLUID	
				10 AXLE OIL CHANGE	
				18 ELECTRICAL SYSTEM	
				24 FUEL SYSTEM	
				27 SPRINGS & SHOCKS	
				35 EMISSION CONTROLS	

TOTAL PARTS

P.O. NO.	SUBLET REPAIRS
GAS-OIL-GREASE GALS. GAS @	
QTS. OIL @	
LBS. GREASE @	
AUTO. TRANS. FLUID @	
TOTAL GAS, OIL & GREASE	

49707

CLAIM No. CUST. No. SERVICE ADVISOR

INTERNAL SALES				PARTS & ACCESSORIES & SERVICE SALES			
ACCT. NO.	AMOUNT	K		DESC.	ACCT. NO.	AMOUNT	K
344B				LABOR MECH.	550A		
344D							
130A				SUBLET	556A		
				GAS, OIL & LUBRICANTS	558A		
					575A		
				PARTS & ACCESSORIES	570A		
				TVOCE	130A		
				SHOP SUPPLIES	344F		
				FREIGHT	355		
				A/C REC.	110		
				CASH SALES	117		

DATE 1/14/91 VEH. CTL. NO. R.O. NO.

NAME Emerson Sooters

ADDRESS 1021 Federal Circle

CITY/STATE Anch AK ZIP CODE 99503

PHONE BUS RES 274-6853 DELIVERY DATE DELIVERY MILES

VEHICLE IDENT NO. F11BP2197HB12718A CUSTOMER NO. 65754 ACTUAL MILES

MODEL/DESC TIME REC'D TIME FROM ZIP CODE WARRANTY CLAIM NO.

WE RECOMMEND THE FOLLOWING SERVICES

77961

CAL WORTHINGTON FORD
1950 GAMBELL
ANCHORAGE, ALASKA 99501-5398
276-5300

EMERGENCY: STRICTLY CASH UNLESS ARRANGEMENTS MADE
SHOP LABOR IS CHARGED FOR MISCELLANEOUS SHOP
LIES, MAXIMUM CHARGE \$8.00

I authorize you to perform the below repairs and furnish the necessary materials.
I understand that this estimate is an estimate only. You employee may
not be responsible for the condition, location, delivery or any risk. You will not be responsible
for damage to vehicle or articles left in it. I agree to pay reasonable charges on
bill more than 45 days after notification that repairs are completed. SUBJECT
CONDITIONS ON REVERSE SIDE OF THIS CONTRACT. PLEASE READ
REVERSE SIDE.

A COPY OF THIS ORDER IS HEREBY ACKNOWLEDGED.
NAME: Emerson Sartore
ADDRESS: 1021 Kotlatch Cir
CITY/STATE: ANCH AK 99507
ZIP: 99507

OR VEHICLE REPAIR TRADE PRACTICES ARE REGULATED
BY ALASKA STATUTES 48, 49, 130 - 49, 48, 240 ADMINISTERED BY
CONSUMER PROTECTION SECTION, ALASKA DEPARTMENT
OF COMMERCE

AUTHORIZED REPRESENTATIVE
ALL PARTS ARE NEW EXCEPT AS NOTED.

MILEAGE: HR 244 85 KA
SERV. ADV. NO.
PRELIMINARY ESTIMATE
PARTS LABOR TOTAL
ESTIMATE FOR AUTHORIZED
REPAIRS
PARTS & LABOR ONLY REPAIRS TO DO
LICENSE NO. HR-386
WARRANTY CLAIM NO.

PART NO. AND DESCRIPTION	AMOUNT	PLN. NO.	INSTRUCTIONS	AMOUNT	PLN. NO.	FLY. RT. HRS.	OPERATION AND AMOUNT	MECH. NO.
#4			HEAD GASKET LEAKING	162.00	NO	3.6	✓ \$	
(REPAIR TO PASS IM ADV WEST FIRST)								
							1 OIL CHANGE	
							2 OIL FILTER CHANGE	
							3 LUBRICATION	
							4 EMISSION CHK	
							5 ALIGNMENT	
							6 WHEEL BALANCE	
							7 LUBRICATION	
							8 SCOPE ENGINE	
							9 WHEEL BEARINGS	
							10 VEH. PREP. NEW	

R.O. NO.	77961	CUST. NO.	INTERNAL SALES					PARTS AND SERVICE SALES					SERV. ADV.	VEH. PREP. USED
			COST	KEY	ACCT. NO.	SALE	KEY	COST	KEY	ACCT. NO.	SALE	KEY		
			5730		5730	5730		5730		5730	5730		11 STEERING	
			573		573	573		573		573	573		12 ELECTRICAL CHK	
			5470		5470	5470		5470		5470	5470		13 TIRE ROTATION	
			547		547	547		547		547	547		14 SUBLET REPAIRS	
			5750		5750	5750		5750		5750	5750		15 TUNE UP	
			575		575	575		575		575	575			
			5850		5850	5850		5850		5850	5850			
			585		585	585		585		585	585			
			5780		5780	5780		5780		5780	5780			
			578		578	578		578		578	578			
			7030		7030	7030		7030		7030	7030			
			703		703	703		703		703	703			
			7050		7050	7050		7050		7050	7050			
			705		705	705		705		705	705			
			7230		7230	7230		7230		7230	7230			
			723		723	723		723		723	723			
			7750		7750	7750		7750		7750	7750			
			775		775	775		775		775	775			
			4701		4701	4701		4701		4701	4701			
			470		470	470		470		470	470			

"WE ARE NOT RESPONSIBLE FOR ARTICLES LEFT IN VEHICLES IN CASE OF FIRE OR THEFT."

HELP US IMPROVE OUR SERVICE

TAM CODE(S)

AIR 1

FE 7

AIR 2

AIR 3

51343

CROSS REFERENCE TO

SERVICE APPROVAL NO. (LAST 4 DIGITS)	LICENSE NO.	YEAR	MODEL OR NAME	TIME PROVIDED	TIME PROVIDED	PHONE NUMBER	3382	SERVICE TAG NO.			
41179	CHR356	87	ESC.			274-6053					
OWNER NAME Emerson Sortore				ADDRESS 74541 ORBIA-R SEAT 74				STAPLE ATTACHMENTS HERE			
ADDRESS 1021 POTRATCH CIR.				CITY & STATE ANCH AK							
CITY & STATE ANCH AK				ZIP CODE							
DATE AND MILEAGE AT TIME OF VEHICLE RECEIPT		DATE AND MILEAGE AT TIME OF VEHICLE RELEASE		VEHICLE IDENTIFICATION (WARRANTY) NUMBER		CAL WORTHINGTON FOR		GAMBELL ANCHORAGE AK 99501			
DATE	MILEAGE (NO TENTHS)	DATE	MILEAGE (NO TENTHS)	21FAB19211974HB127186							
MO.	DAY	YR.	MO.	DAY	YR.	COLOR	DSO	TRIM	PROD. DATE	AXLE	TRANS.
DATE AND MILEAGE AT TIME OF VEHICLE RECEIPT		DATE AND MILEAGE AT TIME OF VEHICLE RELEASE		DATE OF SALE		MILEAGE (NO TENTHS)		DATE OF REPAIR		SERVICE INSTALLED PARTS	
DATE	MILEAGE (NO TENTHS)	DATE	MILEAGE (NO TENTHS)	MO.	DAY	YR.		MO.	DAY	YR.	ACCRUED MILEAGE
											NO TENTHS
											ORIGINAL P.O. NUMBER
OASIS/CARES RESPONSE		OPEN SERVICE RECALL NUMBER		DATE OF SALE		MILEAGE (NO TENTHS)		DATE OF REPAIR		SERVICE INSTALLED PARTS	
				MO.	DAY	YR.		MO.	DAY	YR.	ACCRUED MILEAGE
											NO TENTHS

PART NUMBERS			PARTS			CONDITION CODE	LABOR OPERATION NO.	SCHED TIME	AMOUNT	CUSTOMER DESCRIPTION OF CONCERN REPAIR DESCRIPTION - TECHNICIAN COMMENTS	TECH. NO (LAST 4 SOCIAL SECURITY)
REFIX	BASIC	SUFFIX	QTY.	EACH	AMOUNT						
	91543	B	1							CONCERN 89 E78 UNACCEPTABLE EMISSION LEVELS	
	1						771			COMMENTS Import + Replaced emerson Adj 1000 + AT Linkage Kit Code 10"	
	2									CONCERN	
	3									COMMENTS	

DESCRIPTION	ACCOUNT NUMBER	AMOUNT	%	COST	ACCOUNT NUMBER	AMOUNT	%	COST
DESCRIPTION	ACCOUNT NUMBER	AMOUNT	%	COST	ACCOUNT NUMBER	AMOUNT	%	COST
W & P CLAIMS 1140 RECEIVABLE EXT SERV PL 1140	11		XXXXX		5800		96	
SVC LABOR ESP	5710		96		5830		96	
SVC LABOR W & P	5720		96		5520		96	
SVC PARTS ESP	5440		96		5850		96	
SVC PARTS W & P	5460		96		2150		96	
SVC SUBLET	5750		96					

78371

CAL WORTHINGTON FORD
 1950 GAMBELL
 ANCHORAGE, ALASKA 99501-5398
 278-5300

TERMS: STRICTLY CASH UNLESS ARRANGEMENTS MADE
SHOP LABOR IS CHARGED FOR MISCELLANEOUS SHOP
LINE. KNOW WHAT YOU ARE BUYING

I authorize you to perform the below repairs and furnish the necessary materials. I understand that quoted hereafter is an estimate only. You will not be responsible for damage to vehicle or articles left in it. I agree to pay reasonable charges on all more than 48 hrs. after notification that repairs are completed. **SUBJECT TO NOTICE ON REVERSE SIDE OF THIS CONTRACT. PLEASE READ REVERSE SIDE.**

BY SIGNING THIS ORDER I HEREBY ACKNOWLEDGE:

VEHICLE REPAIR TRADE PRACTICES ARE REGULATED BY ALASKA STATUTES 45.43.130 - 45.45.240 ADMINISTERED BY CONSUMER PROTECTION SECTION, ALASKA DEPARTMENT OF REVENUE.

with attachments

AUTHORIZED REPRESENTATIVE
ALL PARTS ARE NEW EXCEPT AS NOTED.

PART NO. AND DESCRIPTION	AMOUNT	MLCH TID	INSTRUCTIONS	AMOUNT	FLT. RT. HRS.	SPILL CODE	OPERATION AND AMOUNT	MECH. NO.
169231	2833							
164301	174.50		Repair for High COT				✓ \$	
164952	292.24		R+R Grod & re-pl. Hose	32.40			OIL CHANGE	
165285	203.70		PFF	32.40			OIL FILTER CHANGE	
	500		Vac Tank - Hose & Repl. ut PFF valve	81.00			LUBRICATION	
			(TPS)	48.00			EMISSION CHK	
			EFC Test	54.00			ALIGNMENT	
			Fuel Line	59.40			WHEEL BALANCE	
			Occur Pleur. + New + ok T...	54.00			CARBURETION	
				39.90			SCOPE ENGINE	
							WHEEL BEARINGS	
							VEH. PREP. NEW	
							VEH. PREP. USED	
							STEERING	
							ELECTRICAL CHK	
							TIRE ROTATION	
							SUBLET REPAIRS	
							TUNE UP	

INTERNAL SALES				PARTS AND SERVICE SALES					
COST	KEY	ACCT. NO.	SALE	KEY	COST	KEY	ACCT. NO.	SALE	KEY
		5730		-			5700	359.14	-
		5731		-			5810		-
		5470		-			5430	538.52	-
		5471		-			5500		-
		5750		-			5750		-
		5850		-			5850		-
		5780		-			5780		-
				-			7770		-
				-			7671		-
		7030		-					-
		7050		+					-
		7230		+			1120	809.17	-
		7750		+			1120		+
		4701		+			1101	99.00	+

DELIVERED TO: **3538**

DATE: **12/23/97**

DELIVERY MILEAGE: **87**

PHONE NO.: **274-6256**

LICENSE NO.: **HR 386**

WARRANTY CLAIM NO.: **1312180**

MILEAGE: **63581**

SERV. ADV. NO.: **85 KAY**

PRELIMINARY ESTIMATE

PARTS	LABOR	TOTAL

PHONE ESTIMATE FOR AUTHORIZED ADDITIONS: **TALKED TO**

PARTS & LABOR REPAIRS TO DO: **110 TOTAL**

OPERATION AND AMOUNT

MECH. NO.

VEH. PREP. NEW

VEH. PREP. USED

STEERING

ELECTRICAL CHK

TIRE ROTATION

SUBLET REPAIRS

TUNE UP

"WE ARE NOT RESPONSIBLE FOR ARTICLES LEFT IN VEHICLES IN CASE OF FIRE OR THEFT."

Approved by Department of Revenue, Alaska, 11/88 LMR78

#7

STATEMENT

CAL WORTHINGTON FORD



1950 GAMBELL • PHONE (907) 276-5300
ANCHORAGE, ALASKA 99501
SALES • SERVICE • PARTS • ACCESSORIES



STATEMENT DATE APRIL 5, 1991

1028/1120

EMERSON SORTORE
1021 POTLATCH CIRCLE
ANCHORAGE, AK 99503

AMOUNT ENCLOSED _____

PLEASE RETURN THIS STUB WITH YOUR CHECK

TERMS DUE FIRST OF MONTH NO DISCOUNT FINANCE CHARGE AT 1 1/2% PER MONTH CHARGED ON PAST DUE BALANCES

Your FINANCE CHARGE is computed by a single periodic rate of 1 1/2% per month (minimum charge of 25 cents) which is an ANNUAL PERCENTAGE RATE of 18%.

NOTICE: See reverse side for important information regarding identification of the charges appearing on this statement and important information regarding your right to dispute billing errors.

DATE	SOURCE	REFERENCE	CHARGES	PAYMENTS AND CREDITS	BALANCE																	
01/23/91	RO #	78371	\$299.54																			
THE BALANCE ON REPAIR ORDER 78371																						
FINANCE CHARGE																						
<table border="1"> <thead> <tr> <th colspan="5">ANALYSIS OF ACCOUNT</th> </tr> <tr> <th>CURRENT</th> <th>OVER 30 DAYS</th> <th>OVER 60 DAYS</th> <th>OVER 90 DAYS</th> <th>OVER 120 DAYS</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>					ANALYSIS OF ACCOUNT					CURRENT	OVER 30 DAYS	OVER 60 DAYS	OVER 90 DAYS	OVER 120 DAYS						<table border="1"> <thead> <tr> <th>PAY THIS AMOUNT</th> </tr> </thead> <tbody> <tr> <td>\$299.54</td> </tr> </tbody> </table>	PAY THIS AMOUNT	\$299.54
ANALYSIS OF ACCOUNT																						
CURRENT	OVER 30 DAYS	OVER 60 DAYS	OVER 90 DAYS	OVER 120 DAYS																		
PAY THIS AMOUNT																						
\$299.54																						

SEND INQUIRIES TO:

CAL WORTHINGTON FORD
1950 GAMBELL
ANCHORAGE, ALASKA 99501

NOTE

TO AVOID ADDITIONAL FINANCE CHARGES PAY THE NEW BALANCE PRIOR TO THE 25TH DAY OF THE MONTH FOLLOWING STATEMENT DATE YOUR FINANCE CHARGE WAS CALCULATED ON ALL BALANCES OVER 30 DAYS PAST DUE

NEW BALANCE

Reynolds • Reynolds LITHO IN U.S.A. 1100 LB6508

FORM VIM-536 (1183)

ECH	CONDITION	TECHNICIANS DETAILED EXPLANATION OF CAUSE AND CORRECTION
#1		
		2500.00 per hr.
	TPS	LABOR
	Auto in - 33.07	1.0
		MAP
		77.60 0.10
	1-24 2:14	Called Ray, @ Cal's oh for above items. Asked him to send me separate invoice w/ these items only. He told me vehicle also had a bad processor. I told him I would check w/ SEC if that is covered.
	2:56	Called SEC - per Kitty G. not covered if in engine comp., but not in pars. comp.
	1-25 10:00 A.M.	Called Ray for info on processor. He said he'll call back.
	1-29	Called for Ray, as have not heard back from him. Was told that not in today. Had rec'd FAX'd invoice from Ray on 1-25 which was not totalled and which included many repairs not covered by SEC, & not authorized by myself. Asked that Ray call me.
		SAP

TIME STAMPS - BEGIN APPLYING FROM TOP	TIME CLO
2-4-91 1 TIME STAMP	ON
Ray had not come from Ray, so called him. Asked him to send me completed invoice, as was discussed.	OFF
2 TIME STAMP	OFF
2-21-91 3 TIME STAMP	ON
Still need nothing. Called Ray him to make me photocopies of him I'd have them picked up.	OFF
4 TIME STAMP	OFF
He did so, & we picked up invoice. Found invoice still not separated, so	ON
5 TIME STAMP	OFF
did call Ray confirm that processor is in engine comp. & that is	ON
6 TIME STAMP	OFF
done covered. I told Ray in addition to the original repairs	ON
7 TIME STAMP	ON
we were authorized, we would pay for the processor (\$269.24)	OFF
8 TIME STAMP	ON
labor to install it (\$59.40). Ray said "ok".	OFF
2-22-91 2:52 9 TIME STAMP	ON
Called Ray & asked again for separate invoice for above charges.	OFF
10 TIME STAMP	ON
He said he would write invoice FAX to me.	ON
2-28-91 11 TIME STAMP	ON
Called Cal's - Ray came on Vacation. Spoke w/ Nancy Lohle - she said me corrected invoice	OFF
12 TIME STAMP	ON
	OFF

#9



Cal Worthington Ford

1950 GAMBELL STREET
ANCHORAGE, ALASKA 99501

WK. 276-5300

DENNIS STANLEY
ASST. SERVICE MANAGER

Chrysler - Plymouth - Dodge



P. C. GRAY

Asst. Service Manager

ANCHORAGE CHRYSLER CENTER, INC.
2601 East 5th Ave. Bus. Phone 276-1331
Anchorage, AK 99501 Phone 264-2230

CALIFORNIA VEHICLE CODE STATUTE

Div/12

- 677 -

§ 24007

through such agent or employee; any glass, lighting equipment, signal devices, brakes, vacuum or pressure hose, muffler, exhaust, or any kind of equipment whatsoever for use, or with knowledge that any such equipment is intended for eventual use, in any vehicle, that is not in conformity with this code or regulations made thereunder.

Amended Ch. 228, Stats. 1961, Effective September 15, 1961.
Amended Ch. 734, Stats. 1971, Operative May 3, 1972.

Uncertified Synthetic Rope or Webbing Strap Material

24005.5. It is unlawful for any person to sell or offer for sale for use on loads regulated by the department any type of synthetic fiber rope or webbing strap material unless it meets requirements established by the department.

Added Ch. 466, Stats. 1972, Effective March 7, 1973.
Amended Ch. 723, Stats. 1979, Effective January 1, 1980.

Name or Trademark

24006. No person shall sell or offer for sale either separately or as a part of the equipment of a new motor vehicle any equipment or device subject to requirements established by the department unless the equipment or device bears thereon the trademark or name and type or model designation under requirements established by the department and is accompanied by any printed instructions which may be required by the department as to the light source to be used with lamps, any particular methods of mounting or adjustment of lamps or other devices, and any other instructions as determined by the department necessary for compliance with this code.

Amended Ch. 440, Stats. 1967, Effective June 30, 1967, by terms of an urgency clause.
Amended Ch. 723, Stats. 1979, Effective January 1, 1980.

Responsibility of Dealer or Other Persons Selling Motor Vehicle

24007. (a) (1) No dealer or person holding a retail seller's permit shall sell a new or used vehicle which is not in compliance with this code and departmental regulations adopted pursuant to this code; unless the vehicle is sold to another dealer, sold for the purpose of being legally wrecked or dismantled, or sold exclusively for off-highway use.

(2) Paragraph (1) does not apply to any vehicle sold by either (A) a dismantler after being reported for dismantling pursuant to Section 11520 or (B) a salvage pool after obtaining a salvage certificate pursuant to Section 11515.

(b) (1) Except as provided in Section 24007.5, no person shall sell or offer or deliver for sale, to the ultimate purchaser or to any subsequent purchaser a new or used motor vehicle, as those terms are defined in Chapter 2 (commencing with Section 39010) of Part 1 of Division 26 of the Health and Safety Code, subject to Part 5 (commencing with Section 43000) of that Division 26 which is not in compliance with that Part 5 and the rules and regulations of the State Air Resources Board, unless the vehicle is () sold to a dealer or sold for the purpose of being legally wrecked or dismantled.

(2) Prior to or at the time of delivery for sale, the seller shall provide the purchaser a valid certificate of compliance or certificate of noncompliance, as appropriate, issued in accordance with Section 44015 of the Health and Safety Code.

(3) Paragraphs (1) and (2) do not apply to any vehicle sold by either (A) a dismantler after being reported for dismantling pursuant to Section 11520 or (B) a salvage pool after obtaining a salvage certificate pursuant to Section 11515.

(c) (1) With each application for initial registration of a new motor vehicle or transfer of registration of a motor vehicle subject to () Part 5 (commencing with Section 43000) of Division 26 of the Health and Safety Code, a dealer, the purchaser, or his or her authorized

representative, shall transmit to the Department of Motor Vehicles a valid certificate of compliance or noncompliance, as appropriate, issued in accordance with Section 44013 of the Health and Safety Code, to (2). Notwithstanding paragraph (1) of this subdivision, with respect to new vehicles certified pursuant to Chapter 2, (commencing with Section 43100) of Part 5 of Division 26 of the Health and Safety Code, a dealer may transmit, in lieu of a certificate of compliance, a statement, in a form and containing information deemed necessary and appropriate by the Director of Motor Vehicles and the Executive Officer of the State Air Resources Board, to attest to the vehicle's compliance with that Chapter 2. The statement shall be certified under penalty of perjury, and shall be signed by the dealer or the dealer's authorized representative.

- Amended Ch. 2033, Stats. 1968, Effective September 17, 1968. Supersedes Ch. 8031.
 - Amended Ch. 82, Stats. 1968, Effective October 6, 1968.
 - Amended Ch. 394, Stats. 1987, Effective November 8, 1987.
 - Amended Ch. 764, Stats. 1968, Effective November 13, 1968.
 - Amended Ch. 756, Stats. 1970, Effective November 23, 1970.
 - Amended Ch. 1468, Stats. 1971, Operative May 3, 1972. Supersedes Ch. 867.
 - Amended Ch. 868, Stats. 1972, Effective March 7, 1973. Supersedes Ch. 997.
 - Amended Ch. 857, Stats. 1975, Effective January 1, 1976.
 - Amended Ch. 1206, Stats. 1976, Effective January 1, 1977.
 - Amended Ch. 1038, Stats. 1977, Effective September 23, 1977, by terms of an urgency clause.
 - Amended Ch. 348, Stats. 1984, Effective January 1, 1985.
 - Amended Ch. 1001, Stats. 1987, Effective January 1, 1988.
 - Amended Ch. 1844, Stats. 1988, Effective January 1, 1989. Supersedes Ch. 1865.
 - Amended Ch. 1012, Stats. 1990, Effective January 1, 1991.
- The 1990 amendment added the italicized material and at the point(s) indicated deleted the following:
- "either"
 - "that"

NO. Devices: Free Installation for Low-Income Elderly persons

24007.2. If a dealer, or a person holding a retail seller's permit, sells to an elderly low-income person, as defined in Section 39026.5 of the Health and Safety Code, a 1966 through 1970 model year motor vehicle which is not equipped, as required pursuant to Sections 43654 and 43656 of that code, with a certified device to control its exhaust emission of oxides of nitrogen, the dealer or such person, as the case may be, shall install the required certified device on the motor vehicle without cost to the elderly low-income person.

Added Ch. 231, Stats. 1976, Effective January 1, 1977.

Inspection of Vehicle Prior to Sale by Dealer

24007.3

- Added Ch. 1154, Stats. 1973, Effective January 1, 1974.
- Amended Ch. 78, Stats. 1981, Effective January 1, 1982.
- Repealed Ch. 1361, Stats. 1990, Effective January 1, 1991.

The repealed section read as follows:

No dealer or person holding a retail seller's permit shall sell a new or used motor vehicle subject to Chapter 20.4 (commencing with Section 9689.80) of Division 3 of the Business and Professions Code which has not been inspected within 60 days immediately prior to sale pursuant to subdivision (b) or (d) of Section 9689.83 of the Business and Professions Code, unless the vehicle is sold to another dealer or for the purpose of being wrecked or dismantled or is sold exclusively for off-highway use. The dealer or person holding the retail seller's permit shall, with each application for initial registration or transfer of registration of a motor vehicle subject to Chapter 20.4 (commencing with Section 9689.80) of Division 3 of the Business and Professions Code, transmit to the Department of Motor Vehicles a valid certificate of compliance or waiver issued pursuant to Section 9689.86 of the Business and Professions Code indicating that the vehicle has passed, within 60 days immediately prior to sale, the inspection conducted pursuant to subdivision (b) or (d) of Section 9689.83 of the Business and Professions Code.

Sale by Auctioneer or Public Agency

24007.5. (a) Except as otherwise provided in subdivisions (c), (d), and (e), no auctioneer or public agency shall sell, at public auction, any vehicle specified in subdivision (a) of Section 24007, which is not in compliance with this code, unless the vehicle is sold to a dealer or, for

H B

4 5 7

3111 C STREET, SUITE 455
ANCHORAGE, ALASKA 99503
(907) 561-7828

WHILE IN SESSION
P.O. BOX V
JUNEAU, ALASKA 99811
(907) 465-3704

ALASKA STATE HOUSE



CHAIR
RULES COMMITTEE

JUDICIARY

SPECIAL COMMITTEE ON INTERNATIONAL
TRADE & TOURISM

LEGISLATIVE COUNCIL

REPRESENTATIVE JOHNNY ELLIS

MEMORANDUM

TO: Rep. David Finkelstein
Chairman, House Labor & Commerce Committee

FROM: Rep. Johnny Ellis *JE*

RE: Hearing request for HB 457

DATE: April 1, 1992

House Bill 457 is scheduled to pass from the HESS Committee this Friday, April 3rd and the Labor and Commerce Committee is the next committee of referral. I would appreciate if you could schedule this bill at your earliest possible convenience.

Attached is a sponsor statement, sectional analysis, list of frequently asked questions, and an analysis of the cost of the bill by the health consultant to the Health Resources and Access Task Force.

Thank you for your attention to this matter.



3111 C STREET, SUITE 455
ANCHORAGE, ALASKA 99503
(907) 581-7628

WHILE IN SESSION
P.O. BOX V
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ALASKA STATE HOUSE



CHAIR
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TRADE & TOURISM

LEGISLATIVE COUNCIL

REPRESENTATIVE JOHNNY ELLIS

Sponsor Statement

HOUSE BILL 457

House Bill 457 establishes the Healthy Start Program and the Alaska Children's Health Corporation as the administrative entity for the Program. The purpose of the Corporation and Program is to provide access to health insurance coverage for uninsured Alaskan children and pregnant women from families of limited income.

The Corporation is governed by a Board of Directors composed of individuals with experience in health care, insurance, fund management and child welfare. The Board is responsible for developing a health insurance plan to cover eligible participants. The bill gives broad authority to the Board to design the plan, but does require that preventive, outpatient, emergency and maternal services are included.

To be eligible, the child (19 or under) or woman must be an Alaskan resident, under 300% of the federal poverty level, not covered by another public or private plan, and not eligible for Medicaid.

The bill allows eligible participants to apply for coverage through the permanent fund dividend application and to voluntarily deduct their premium from their permanent fund dividend check.

Plan participants are required to pay part of their premium based on a sliding scale of family income. Funding from private sources is also encouraged. The remainder of the necessary funds would come from the general fund.

The effective date for the creation of the Corporation, the Board and the Alaska Children's Health Fund is immediate. The plan becomes effective in July of 1993. During the intervening year, the Board is responsible for developing the plan, and estimating the overall impact of the Healthy Start Program on the general fund.

Please refer to the bill and the sectional analysis for a more comprehensive explanation.



HOUSE BILL 457
FREQUENTLY ASKED QUESTIONS

QUESTION: What does HB 457 do?

ANSWER: This bill provides health insurance for children and pregnant women from families of limited income who have no other form of health coverage. This bill fits into a systematic, phase-in approach, endorsed by the Health Resources and Access Task Force, to control costs and ensure that all Alaskans have access to health care.

QUESTION: Why is HB 457 necessary?

ANSWER: Children do not have the ability to provide for their own health coverage. In most cases parents of limited income do not have a workplace plan that will cover their children and can not afford the private plans that are available.

QUESTION: Will this bill save money in the long run?

ANSWER: Yes. Most of the time uncovered kids and pregnant women receive only the medical care they absolutely need. These costs are passed onto everyone else in the form of higher insurance premiums. Under the program of preventative care in this bill, health problems can be prevented or detected early saving money for everyone while helping many Alaskans avoid the misery of illness.

QUESTION: How many children would be covered under the bill?

ANSWER: There are an estimated 14,600 Alaskan children from families with incomes three times the federal poverty level or lower without health insurance or any other form of health coverage.

QUESTION: What medical services are covered?

ANSWER: The plan includes preventative services, emergency services, outpatient services, dental services and prescription drugs for children, and maternal care for women.

QUESTION: Who pays for the coverage?

ANSWER: The families of eligible women and children will pay an affordable portion of the premium based on their ability to pay. The remainder would come from private contributions and state funds.

QUESTION: How much would it cost to cover one child?

ANSWER: Based on the services listed in HB 457, and given the advantages of pooling, a preliminary actuarial analysis shows the yearly premium for a child to be about \$750. Children are the cheapest group of uninsured to cover.

SECTIONAL ANALYSIS
for
CSHB 457 (HES)

SECTION 1.

Establishes the HEALTHY START PROGRAM as a new Chapter 55 under Title 21 (Insurance). The Healthy Start Program is administered by the Alaska Children's Health Corporation.

Article 1. of Chapter 55 establishes the ALASKA CHILDREN'S HEALTH CORPORATION. The Corporation's purpose is to:

- 1) administer the Alaska Children's Health Care Plan
- 2) purchase health insurance for eligible participants
- 3) manage the Alaska Children's Health Fund.

Board of Directors for the Corporation is made up of seven members including: the Commissioners of Administration and Health and Social Services and five other individuals with experience in providing health care, managing large funds, providing health insurance, and promoting child welfare. One person must be familiar with rural health delivery. The Board is allowed to hire staff.

Article 2. creates the ALASKA CHILDREN'S HEALTH CARE PLAN.

Medical services for children which must be provided under the plan are: routine examinations; diagnostic and screening services; immunizations and preventive services; laboratory and x-ray services; outpatient physician services; outpatient surgery; emergency room services; lenses and vision care; dental services, except orthodontics; and prescription drugs.

Maternity care is also included for women during pregnancy and for a period immediately following childbirth.

The Board is authorized to adopt regulations to determine the scope of these services and to add additional services. They are also authorized to set deductibles, limits and other such mechanisms to control the utilization and cost of the plan. (Decisions on level and scope of services would be driven by the funds available.)

Eligible participants in the plan include:

- 1) Alaskan residents of at least one year,
- 2) under the age 19 or pregnant women,
- 3) who are not covered under another public or private health insurance plan or by medicaid, and
- 4) who have a household income of less than 3 times the federal poverty level (approx. \$52,000 for family of four).

Application for coverage under the plan can be made directly to the Corporation or by filling out a relevant section of the child's or woman's permanent fund dividend application.

Administration of the plan by the Board includes:

- 1) solicitation of private funds to cover premiums,
- 2) purchasing of insurance to cover eligible participants
- 3) marketing the plan to encourage participation,
- 4) evaluating eligibility under the plan, and
- 5) determining copayment requirements of participants.

Co-payments of premiums are required of all participants. The Board will set a sliding scale based on household income to determine the required co-payment. The co-payments may be deducted from the child's permanent fund dividend check if requested by the child's parent or guardian.

Article 3. establishes the ALASKA CHILDREN'S HEALTH FUND as part of the Corporation. Sources for the Fund are:

- 1) the required co-payments by the insured,
- 2) money donated from private sources, and
- 3) appropriations by the legislature.

Fund income is used to pay the insurance premiums for women and children covered under the plan and for expenses incurred by the Corporation.

SECTION 2.

Places any staff employed by the Corporation into exempt (from provisions of the State Personnel Act) service.

SECTION 3.

Requires any insurer bidding for the provision of coverage under the Alaska Employee Group Insurance Plan to also bid on the Alaska Children's Health Care Plan (the Healthy Start Program).

SECTION 4.

Requires the Department of Revenue to include on the permanent fund dividend application questions whether the applicant wishes to:

- 1) apply for coverage under the Healthy Start Program,
- 2) have premium payments withheld from their PFD.

This section also requires Revenue to adopt regulations to determine how PFD deductions will be made and premium co-payments paid on behalf of the child.

SECTION 5.

Sets up staggered terms for the members of the Board of Directors of the Corporation.

SECTION 6.

Requires the Board to design the Plan, determine the costs and submit an estimate to the governor and legislature by March 1, 1993.

SECTION 7.

Establishes an immediate effective date for provisions in the bill which: establish the Corporation and Board (Article 1); provide for solicitation of private funds by the Board; and create the Fund.

SECTION 8.

Delays the effective date for the creation and administration of the Plan until July 1, 1993. (This allows the Board under Section 8 to design and determine the cost of the Plan.)

(7)

HOUSE COMMITTEE REPORT

Date Referred: February 10, 1992

FURTHER REFERRALS:

Labor & Commerce
Finance

Date of Committee Action: 4/3/92

The HEALTH, EDUCATION AND SOCIAL SERVICES Committee considered:

HB 457

HOUSE BILL NO. 457

ALASKA HEALTHY START PROGRAM

"An Act establishing the Alaska Children's Health Corporation and the Alaska Healthy Start Program; and relating to insurance.

RECOMMENDATIONS:

be replaced with _____

CS HB 457 (HES)

the same title

a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): _____ (Dept)

APPROVES PREVIOUS: _____ (Dept/Date)

fiscal impact Admin 3/31/92

fiscal note(s) _____

zero fiscal note _____

zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Paul H. Carney</i>	<input checked="" type="checkbox"/>	<i>Mary Miller</i>		<input checked="" type="checkbox"/>	
		<i>J. C. Sample</i>		<input checked="" type="checkbox"/>	
		<i>Chris Davis</i>		<input checked="" type="checkbox"/>	

Paul H. Carney
COMMITTEE'S SIGNATURE

**ANALYSIS OF SELECTED APPROACHES
TO REDUCE THE NUMBER OF
UNINSURED ALASKANS**

Prepared for:

Health Resources and Access Task Force
State of Alaska

Prepared by:

Health Systems Research, Inc.
Washington, D.C.

February 29, 1992

OPTION 1: Establish a Subsidized Program to Provide Ambulatory Care Coverage to Certain Low-Income Alaskan Children

Program Design Features/Assumptions:

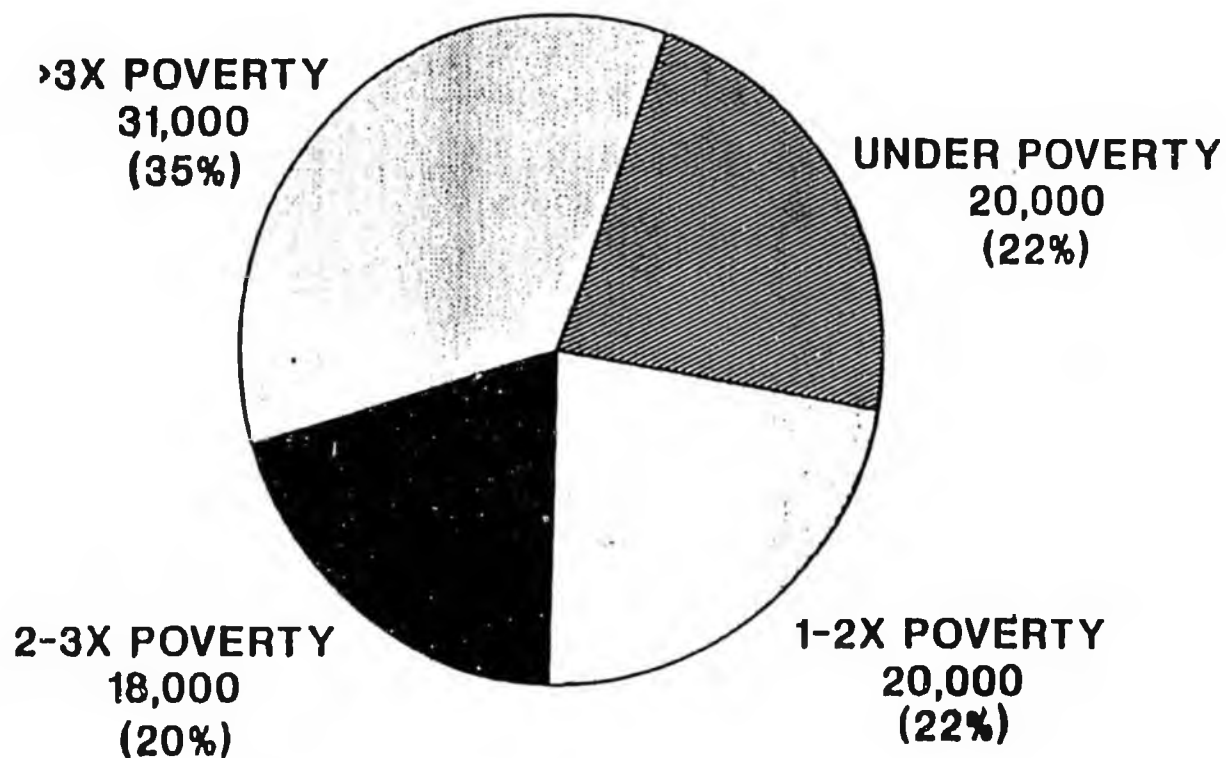
1. Program eligibility targeted to lower income uninsured children under 18 not eligible for Medicaid or IHS Coverage.
2. Program provides coverage of primary and preventive ambulatory care services, but not inpatient care.
3. Cost of coverage is \$750 per child per year.
4. Subsidies available on an income-related sliding scale basis. Average per child premium paid by the family:
 - If at or below poverty: \$50
 - If between 100% and 200% of poverty: \$125
 - If between 200% and 300% of poverty: \$300
5. Assumed Participation Rates:
 - 70% of previously uninsured children not eligible for Medicaid or IHS enroll;
 - 15% of otherwise eligible children with non-group coverage enroll; and
 - 5% of otherwise eligible children with group coverage enroll.

**ESTIMATES OF ENROLLEES AND COSTS UNDER
SUBSIDIZED AMBULATORY CARE PROGRAM FOR LOWER INCOME
ALASKAN CHILDREN NOT ELIGIBLE FOR MEDICAID OR IHS COVERAGE**

<u>Income</u>	Number of Uninsured Children	<u>Enrollees, by Previous Coverage</u>				<u>Costs (in millions of \$)</u>		
		<u>Uninsured</u>	<u>Non-Group</u>	<u>Group</u>	<u>TOTAL</u>	<u>State</u>	<u>Family</u>	<u>TOTAL</u>
Under Poverty	3,900	300	0	0	300	\$ 0.2	\$.02	\$ 0.2
100-200% Poverty	4,500	2,500	200	200	2,900	1.8	0.4	2.2
200-300% Poverty	6,200	4,400	100	500	5,000	2.2	1.5	3.7
TOTAL	14,600	7,200	300	700	8,200	\$ 4.2	\$ 1.9	\$ 6.1

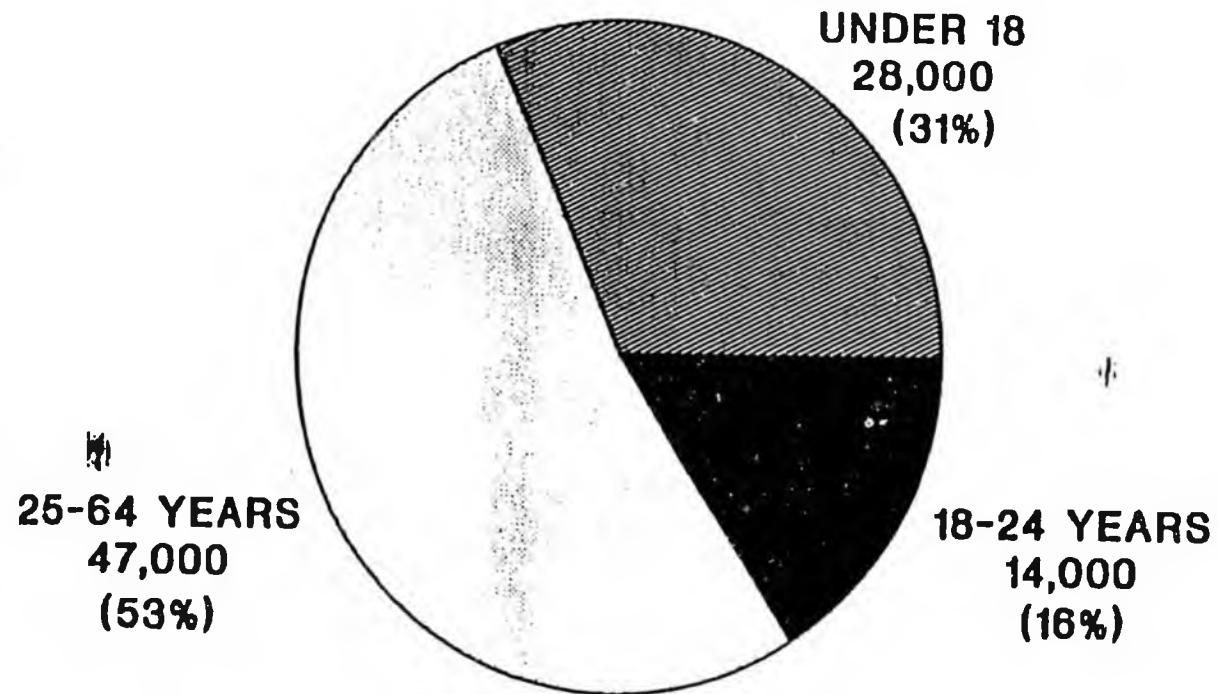
SOURCE: Health Systems Research, Inc.

UNINSURED ALASKANS By Poverty Status



Source: Health Systems Research, Inc.
Analysis of March 1988 and 1989 CPS

UNINSURED ALASKANS By Age



Source: Health Systems Research, Inc.
Analysis of March 1988 and 1989 CPS

B-5

HEALTH SYSTEMS RESEARCH, INC.



**HEALTH CARE REFORM
FINAL RECOMMENDATIONS**

**TO THE
GOVERNOR**

**AND THE
SEVENTEENTH ALASKA STATE LEGISLATURE
ADOPTED MARCH 14, 1992**

**ALASKA STATE LEGISLATURE
HEALTH RESOURCES AND ACCESS TASK FORCE**

State Capitol • Juneau, AK 99801-1182 • (907) 465-2933

HEALTH RESOURCES AND ACCESS TASK FORCE MEMBERSHIP LIST

LEGISLATIVE BRANCH

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Co-Chair

Representative Johnny Ellis
Co-Chair

Senator Virginia Collins

Senator Jalmar Kerttula

Representative Mark Boyer

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Commissioner Theodore Mala, MD, MPH
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Commissioner Glenn Olds
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Roxanna Horschel
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Organizations

Jerry Near
Representing Health
Insurers

Trish O'Gorman
Representing Medically
Indigent

Karen Perdue
Representing Consumers

Sister Dona Taylor
Representing Providers

Rodman Wilson, MD
Vice Chair
Representing Providers

STAFF

Nancy Comwell
Project Director

Bonnie Gruening
Administrative Assistant



INTRODUCTION

As promised in its January 1992 Interim Report to the Governor and Legislature, the Health Resources and Access Task Force has been pursuing the development of a comprehensive health reform package. Included in this document are the task force's interim recommendations which were formally adopted on March 14, 1992. These recommendations represent the task force's final recommendations to the Governor and the Seventeenth Alaska State Legislature.

The task force agreed that these recommendations would reflect the group's support for concepts rather than specific legislative bills. All recommendations described in this document are recommended for immediate consideration by the legislature unless otherwise noted and should be considered by the legislature as a package.

The task force will continue to pursue its charge to recommend to the governor and legislature a health care program covering all Alaskans and a strategy to contain health care costs. The task force will make its final recommendations to the governor and Eighteenth Alaska State Legislature when it ends on February 1, 1993.



SUMMARY OF RECOMMENDATIONS FOR COMPREHENSIVE HEALTH CARE REFORM

The Health Resources and Access Task Force recommends a **comprehensive** health reform package which will:

- Establish a single entity to oversee the cost containment, access, and pooling initiatives recommended by the task force;
- Control health care costs by establishing a global spending limit for all health care expenditures in Alaska and a reimbursement system for all health care payors;
- Increase access by reforming the small group insurance market, creating pools, and providing subsidies to certain uninsured individuals;
- Reduce medical malpractice costs; and,
- Reduce the "excess capacity" in Alaska's health care facilities by strengthening the Certificate of Need process.

- Desired changes in some segments of the population (e.g., the uninsured's) access to adequate health care services;
- Increases or decreases in the costs associated with medical malpractice premiums and awards as appropriate;
- Reductions in administrative costs; and,
- Other such factors as the state authority/commission may determine to be appropriate (i.e., epidemics and disasters).

The overall limit or goal for health care expenditures will be subdivided, establishing limits or sub-goals for hospital care expenditures, physician services expenditures, etc.

All health care providers will comply with the payment or reimbursement schedules established by the authority/commission. Rates of reimbursement will be established as well as sanctions for non-compliance.

- For health care facilities (and the reimbursement levels for individual facilities), the base for the expenditure goal will be actual costs in a prior year.
- For hospitals, the unit of payment will be on a DRG-specific per discharge basis. Price or charge levels will be increased above cost levels to account for uncompensated care and/or Medicare rates that are not sufficient to cover costs.
- For physician services, the reimbursement schedules will utilize resource-based relative-value scale (RBRVS).
- For other services, the authority/commission will develop the specific reimbursement schedules.

Data collection is an essential element of global budgeting. The authority/commission will have the authority and capacity to collect and analyze all health care data necessary to do global budgeting.

The authority/commission will develop a uniform billing and common claims form which all payors (including self-pay) and providers will be required to use.

The authority/commission will develop utilization standards.

The authority/commission will establish requirements for the timely payment of claims by all payors. A target is 15 working days from the receipt of a clean claim.

The task force recognizes 'global budgeting' will take several years to implement representing several phases. The first year following the creation of the authority/commission will be used to establish the data system and begin collecting data. In year two, data (from year zero and year one) will be analyzed and a global spending limit or goal, sub-goals, and a reimbursement system and rates will be established. In year three, global budgeting will be in place and as well as a new reimbursement system utilized.

B. Regulation of utilization review agents

The task force supported the concept of regulating utilization review agents which should be implemented in year one after enactment of enabling legislation.

C. Authority to review rates filed by health insurers

The task force supported the concept of providing the state director of insurance the authority to review and approve or disapprove rates filed by all health insurers, both non-profit and commercial, proposing to sell group and/or individual insurance in Alaska.



ACCESS

The task force divided its recommendations on access into seven areas:

- A.** Small group market reform
- B.** State high-risk pool enacted by law
- C.** Community rating/minimizing medical underwriting
- D.** Pools created by the authority/commission
- E.** State incentives
- F.** 'Pay-or-play' approach
- G.** Retention and attraction of health care professionals

A. Small group market reform

Having recognized the problems facing small groups in their interim report, the task force supported the concept of small group market reform. Improvements in the availability of private coverage for small employers can be accomplished through insurance regulation reform and the creation of a reinsurance association. A model recommended by the National Association of Insurance Commissioners is designed to:

- promote the availability of health insurance to small employers regardless of their health status or claims experience;
- prevent abusive rating practices;
- require disclosure of rating practices to purchasers;
- establish rules regarding the renewability of coverage;
- establish limitations on the use of preexisting condition exclusions;
- provide for development of "basic" and "standard" health benefit plans to be offered to small employers;
- provide for the establishment of a reinsurance program; and,
- improve the overall fairness and efficiency of the small group insurance market.

Small group market reforms could be operational within 12 months following the creation of a reinsurance association.

The task force recognized that in order for pools created by the authority/commission to avoid attracting a disproportionate share of high-risk individuals and thereby decreasing their viability, such pools must employ the same rating and underwriting practices used by private insurers. Therefore, these small group market reforms are an essential first ingredient to establishing such pools.

B. State high-risk pool enacted by law

The task force supported the concept of establishing a high-risk pool. In doing so, the task force chose not to endorse either an assessment level on insurers or a particular level of state subsidy typically used to finance such a pool, or a specific premium cap for enrollees. The task force recognized that the need for a high-risk pool would diminish as insurers moved closer to community rating and away from medical underwriting.

C. Community rating/minimizing medical underwriting

In addition to the above-mentioned insurance industry reforms, the task force supported the concept of "community rating". They recommended the authority/commission identify the effects of mandating community rating (for all private groups as well as any pools created by the authority/commission) and report to the legislature its findings and recommendations within one year of the creation of the commission/authority.

The task force also supported the concept of "minimizing medical underwriting". They recommended an appropriate administrative entity identify the effects of restricting the degree to which private insurers (for private groups) and the authority/commission (for pools created by the authority/commission) can practice medical underwriting and report to the legislature its findings and recommendations within one year of the creation of the commission/authority.

D. Pools created by the authority/commission

An authority/commission created by the state would have the authority to establish pools.

The task force supported the concept that both individuals and groups would be eligible to join pools created by the authority/commission.

Any pool created by the authority/commission would take 12 to 15 months to become operational once the decision was made to do so.

E. State incentives

The task force, recognizing that it is often necessary to provide incentives to groups and individuals to become insured, established the following order of priority for state subsidies (1 = highest, 4 = lowest):

1. low income pregnant women and children;
2. low income adults and children (not included under "1" above);
3. high-risk individuals; and,
4. small businesses.

The task force supported the concept that the highest priority benefits for low-income pregnant women and low-income children (their highest priority group for a state subsidy), is "comprehensive services" (preventive, ambulatory, and inpatient services) for low-income pregnant women and "ambulatory services only" for low-income children.

F. "Pay-or-play" approach

The task force did not recommend any immediate action regarding the "pay-or-play" approach but agreed they would consider it further at their June 1992 meeting.

G. Retention and attraction of health care professionals

The task force recommended the implementation of incentives which will help to attract and retain qualified health care professionals in medically underserved areas of the state.



MEDICAL MALPRACTICE

The task force recommended using "clear and convincing" as the standard of proof in lawsuits arising from the delivery of a baby.

The task force recommended changing the statute of limitation from the current law (2 years from event or knowledge of event but tolled until age 19) to 8th birthday for a child under age 6.



HEALTH PLANNING/CERTIFICATE OF NEED

The task force supported the concept of strengthening the Certificate of Need process including the recommendation directing the Department of Health and Social Services to promulgate standards in regulation establishing "need" and determining whether a Certificate of Need will be awarded. The task force recommended that Certificate of Need apply to all health facilities including Pioneers' Homes, Veterans Homes, and doctors' offices for expensive medical equipment. The task force recommends that federal facilities voluntarily comply with Certificate of Need and file impact statements with the Department of Health and Social Services. It will take the Department approximately 12 months to develop standards once given the authority to do so.

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State of Alaska

House Majority Leader

COMMITTEES

HOUSE JUDICIARY

HOUSE RULES

HOUSE STATE AFFAIRS

SPECIAL COMMITTEE

MILITARY AND VET. AFFAIRS

LEGISLATIVE COUNCIL



Representative Max F. Gruenberg, Jr.

District 11

Spenard, Upper Midtown Anchorage

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MEMORANDUM

February 19, 1992

TO: Members of the House Labor and Commerce Committee

FROM: Representative Max F. Gruenberg, Jr. *MAX*

RE: HB 458, "An Act relating to the maturity of liens on real property and providing for an effective date."

I would very much appreciate your support for HB 458.

HB 458 will prevent creditors from being unable to collect on a loan, because our state statutes on the maturity of real property liens have not been updated to reflect current market practices.

HB 458 revises an antiquated provision of our state law, which provides that liens on real property, such as deeds of trust, mature, or expire, 10 years after the lien was executed, unless otherwise indicated. This bill increases the statutory maturity, or expiration date, to 30 years unless the instrument specifies otherwise.

The current practice with this type of transaction is to allow borrowers to make payments on real estate loans over a period of 20 to 30 years.

Deeds of trust often do not contain terms that specify the date of maturation. The terms of payment are usually contained

in the promissory note. This is a separate instrument from the deed of trust, which creates the lien. A promissory note is more analogous to an I.O.U., or a contract to pay a debt. A lien is an agreement giving a creditor priority rights in a specific piece of property, or collateral. Liens must generally be recorded, in order to put other potential creditors on notice that the property is encumbered.

If the lien expires before the debt is paid, the creditor loses priority rights in the property, and may find that the debt is uncollectible.

If you have any questions or comments, please contact me, or my legislative assistant, Mark Handley, at 465-4986.

Thank you.

Enclosures

DEEDS.SUP\MTH

HOGUE AND LEKISCH

A PROFESSIONAL CORPORATION

ATTORNEYS AT LAW

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CALVIN R. JONES

February 13, 1991

Representative Max Gruenberg
3113 South "C" Street
Fourth Floor
Anchorage, Alaska 99517

Post-It™ brand fax transmittal memo 7671 # of pages 3

To	Max Gruenberg	From	GORDON E. SCHINDT, ESQ.
Co.		Co.	
Dept.		Phone	561-2022
Fax #	465-4545	Fax #	5101-7955

Re: Amendment to
Alaska Statute 34.20.150

Dear Representative Gruenberg:

We request that the legislature amend Alaska Statute 34.20.150. Enclosed is a copy of the present statute and the suggested amendment.

In many commercial transactions it is difficult to determine the maturity date of the deed of trust. Many recorded deeds of trust, therefore, incorporate by reference the terms and duration of the promissory note or obligation which the deed of trust secures, but fail to explicitly set forth the maturity date of the deed of trust. Under the circumstances, it is assumed that a person on notice of the recorded deed of trust will make an inquiry as to whether or not the promissory note or obligation remains unsatisfied. Although the statute is aimed at an obligation which has been satisfied, it can convert a secured obligation into an unsecured obligation.

There is, of course, some benefit to removing stale documents as title clouds. Ten years, however, is unrealistically short. It is not uncommon to see deeds of trust which call for payments over 30 years. The proposed amendment would match that time period yet still allow ancient documents to be removed as possible title clouds in later title examinations.

The Alaska Bar Association and its sections do not take positions on pending legislation. Our real estate experience, including being past and present chairs of the Real Estate

Representative Max Gruenberg

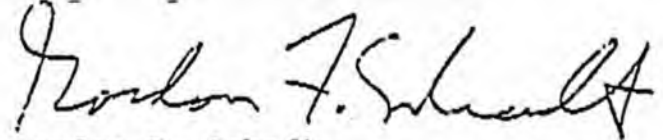
Page 2

February 13, 1991

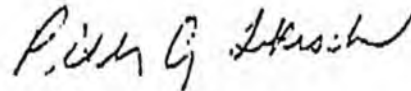
Section, indicates real estate practitioners would support this proposed amendment.

Our discussions with other real estate attorneys has found support for this proposed amendment and no opposition or indication that any public policy would be harmed by its passage. We anticipate discussing it at a future section meeting and would be glad to coordinate your attendance, personally or telephonically at that meeting.

Very respectfully yours,



Gordon F. Schadt



Peter A. Lekisch

PAL/arh

Enclosure

palmisc\ltz11-2.021\arh

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Sec. 34.20.105. Maturity of lien. (a) The date of maturity of an instrument creating a lien upon real property is considered to be 30 years from the date of the instrument, unless

(1) the period of the instrument is disclosed by the terms of the instrument; or

(2) another instrument extending the period of the first instrument or a memorandum of payment of the first instrument is recorded; or

[(B) WHEN AN EXISTING RECORDED INSTRUMENT IS RECORDED BEFORE MARCH 26, 1955, WHICH CREATES A LIEN UPON REAL PROPERTY BUT WHICH DOES NOT DISCLOSE THE PERIOD OF THE INSTRUMENT, ANOTHER INSTRUMENT EXTENDING THE PERIOD OF THE FIRST INSTRUMENT, OR A MEMORANDUM OF PAYMENT OF THE FIRST INSTRUMENT MAY BE RECORDED BEFORE JANUARY 1, 1956. (§ 22-3-46 ACLA 1949; AM § 1 CH 105 SLA 1955)]