

ALASKA LEGISLATURE COMMITTEE FILES 1993-1994 8672

8368 SENATE LABOR & COMMERCE

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To <i>Kon Hanson</i>	From <i>J. Lee</i>	
Co. <i>Cardene</i>	Co. <i>Assembly</i>	
Dept.	Phone # <i>343-4750</i>	
Fax # <i>562-3981</i>	Fax # <i>343-4780</i>	

March 20, 1991

Chief Kevin O'Leary
 Anchorage Police Department
 P.O. Box 196650
 Anchorage, Alaska 99519-6650

Dear Chief O'Leary:

As shown in the information package I gave you, many states have made provisions in their vehicle code for modified automobiles and vintage cars. Of particular concern is the fender requirement and the removed equipment.

Because the Municipality must follow State law, you have passed this package over to the State Troopers for a recommendation. You and I agreed that State law must be changed before we deal with it on a local level.

While we wait for State action, would you please instruct your officers to not enforce these particular provisions until the State has taken action. Principally, I am interested in the very well maintained show cars that are involved in fair weather parades, tours, etc. As you know, the local automobile clubs are very supportive of many local community events and I do not want those activities restricted this summer.

Thank you for your assistance.

Sincerely,

Fred Dyson
 Assemblyman

FD:egj
 DOCC/FD03

SB 433-EN

STATE OF NEW HAMPSHIRE

In the year of Our Lord one thousand
nine hundred and ninety-two

AN ACT

relative to the registration and equipment standards of motor
vehicles known as street rods.

Be it Enacted by the Senate and House of Represen-
tatives in General Court convened:

1 1 New Section; Definition; Street Rod. Amend RSA 259 by inserting
2 after section 106 the following new section:

3 259:106-a Street Rod. "Street rod" shall mean a vehicle, the body and
4 frame of which were manufactured prior to the year 1949 and which has been
5 modified for safe road use, or a replica thereof which has also been
6 modified for safe road use. For purposes of this section, the word
7 "modified" means, but is not limited to, a material alteration of the
8 drive-train, improved suspension, improved or enhanced brake system or
9 alteration of the body which may be chopped, channelled, sectioned, filled
10 or otherwise changed dimensionally from the original manufactured body.

11 2 New Sections; Number Plates for Vehicles Registered as Street Rods;
12 Vehicle Identification Numbers. Amend RSA 261 by inserting after section
13 89-a the following new sections:

14 261:89-b Number Plates for Vehicles Registered as Street Rods.

15 I. The director is hereby authorized to design and to issue under
16 such rules, as he shall deem appropriate, special plates to be used on
17 motor vehicles registered as street rods. Such plates shall be in lieu of

NEW HAMPSHIRE

1 verifying that the subject vehicle is in fact a street rod as defined in
2 RSA 259:106-a.

3 II. A special fee in the amount of \$25 shall be paid for the
4 certificate of verification. This special fee shall be in addition to the
5 fee required for a vanity plate, the regular motor vehicle registration fee
6 as prescribed by law for the particular vehicle being registered, and any
7 number plate manufacturing fee or fees otherwise required by law for the
8 particular vehicle. All special fees collected shall be paid to the state
9 treasurer and credited to the driver training fund established in
10 RSA 263:52.

11 III. The certificate of verification required by this section shall
12 be documented by an instrument designed and issued by the director. Any
13 authorized highway enforcement officer or any individual who is authorized
14 by the director to perform motor vehicle inspections provided by RSA 266:1,
15 V is hereby authorized to perform the verification and certification
16 required by this section.

17 IV. Pursuant to RSA 261:75, a vehicle duly registered as a street
18 rod shall be issued one number plate of the design as set forth in this
19 section. Such plate shall be attached in a conspicuous place on the rear
20 of the vehicle.

21 259:89-c Vehicle Identification Number for Street Rods. The vehicle
22 identification number or "VIN" for a street rod shall be the number stamped
23 on the frame of the vehicle, or if no such number, as established pursuant
24 to RSA 261:22, I.

25 3 New Subdivision; Equipment Required of Street Rods. Amend RSA 266 by

1 adding after section 112 the following new subdivision:

2 Street Rods

3 266:113 Equipment Required of Street Rods.

4 I. A vehicle registered as a street rod shall be equipped as
5 prescribed by RSA 266 and state of New Hampshire official inspection
6 station rules adopted pursuant to RSA 541-A, as they may be applicable to
7 vehicles whose model year is prior to the year 1949.

8 II. Notwithstanding paragraph I, street rods shall be equipped with
9 the following:

- 10 (a) Hydraulic service brakes on all wheels.
- 11 (b) Sealed beam or halogen headlamps.
- 12 (c) Seat belts for all passengers.
- 13 (d) Turn signal lamps and switch.
- 14 (e) Safety glass or Lexan.
- 15 (f) Electric or vacuum windshield wiper located in front of the
16 driver.
- 17 (g) Parking brake operating on at least 2 wheels on the same axle.

18 III. Notwithstanding the requirements of this section, bumpers,
19 fenders, ~~and~~ hoods, ^{blue dot taillights} shall be optional equipment. Exhaust systems
20 discharging along the side of the vehicle shall be allowed, provided the
21 exhaust discharge point is to the rear of the rear edge of the front door
22 and such system shall exit exhaust gas away from the vehicle.

23 IV. The ground clearance for a street rod shall be such that the
24 vehicle shall be able to be in motion and functional while on its 4 rims on
25 a flat surface, and no part of the suspension, steering or chassis shall

1 touch that surface.

2 4 Effective Date. This act shall take effect January 1, 1993.

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Subchapter K - STREET RODS, SPECIALLY
CONSTRUCTED AND RECONSTRUCTED
VEHICLES

175.201. Application of subchapter.

The equipment standards set forth in this subchapter shall apply to all street rods, specially constructed vehicles, and reconstructed vehicles being driven on highways.

175.202. Conditions.

All parts of vehicle must comply with Subchapters E - H and J in addition to this subchapter.

175.203. Braking systems.

(a) Condition of braking systems. All braking systems and components shall be compatible and in safe operating condition as described in SS 175.80, 175.110, 175.130, 175.160, 175.190, and 175.220 (relating to inspection procedure) and this subchapter.

(b) Service brakes. Service brakes shall act on all wheels upon application and shall be capable of stopping vehicle in not more than maximum stopping distance prescribed in TABLE I. Every street rod, specially constructed vehicle, and reconstructed vehicle shall be equipped with service brake system which is identical to originally manufactured brake system; except, if original system has been modified, or street rod has rear tires wider than 9 inches, service brake system shall be of such design that rupture or failure of either front or rear brake system will not result in complete loss of braking function. Braking function may be obtained by hydraulic or other means through normal brake mechanism. In event of rupture or failure of actuating force component, unaffected brakes shall be capable of applying adequate braking force to vehicle.

(c) Refuse trucks. Vehicles reconstructed as refuse trucks and designed to be operated from an unconventional location - usually the right side of vehicle - shall be equipped with a system that prevents movement of the vehicle when operator is not at controls. This system shall engage brakes and lock transmission in neutral. This system need be operative only when vehicle is being operated from the unconventional location.

175.204. Tires.

(a) Condition of tires. All tires shall be in safe operating condition as described in Subchapters E - H and J and this subchapter.

(b) Tire width. Front tires on street rod shall have minimum width of 5 inches. If rear tires on street rod are wider than 9 inches, the vehicle shall be equipped with dual service brake system, see S 175.203 (b) (relating to braking systems).

175.205. Lighting and electrical systems.

Vehicles specified under this subchapter shall have hazard warning lamps, if so originally equipped which, under normal atmospheric conditions, shall be capable of being seen and distinguished during night time operation at distance of 500 feet. See 75 Pa. C. S. S 4303(b), (c), and (d)

(relating to general lighting requirements).

175.206. Glazing.

(a) Condition of windshield. Every windshield shall be in safe operating condition as described in SS 175.80, 175.110, 175.130, 175.160, 175.190, and 175.220 (relating to inspection procedure) and this subchapter.

(b) Requirements. Glazing shall meet following requirements:

(1) Windshields shall be no less than 7 inches in vertical height on street rods and 12 inches vertical height on reconstructed vehicles and specially constructed vehicles.

(2) Windshield and side windows or openings shall allow driver minimum outward horizontal vision capability of 90 degrees from each side of vertical plane passing through fore and aft centerline of vehicle. This range of vision may be interrupted by window framing not exceeding 2 inches in width and windshield door post support areas not exceeding 4 inches in width.

(c) Obstructions forward of the windshield. Vehicles specified under this subchapter shall have no obstruction forward of windshield which extends more than 2 inches upward into horizontally projected vision area of windshield with exception of windshield wiper components.

175.207. Mirrors.

(a) Condition of mirrors. All mirrors shall be in safe operating condition as described in inspection procedure of SS 175.80, 175.110, 175.130, 175.160, 175.190, and 175.220 (relating to inspection procedure) and this subchapter.

(b) Mirrors. Any specially constructed or reconstructed vehicle designed to be operated from unconventional location - usually right side - shall have sufficient mirrors for operator to view front and both sides and rear of vehicle for distance not less than 200 feet from any operator location.

175.208. Body.

(a) Condition of body. All items on body shall be in safe operating condition as described in SS 175.80, 175.110, 175.130, 175.160, 175.190, and 175.220 (relating to inspection procedure) and this subchapter.

(b) Fenders. Vehicles specified under this subchapter shall have fenders on all wheels which cover entire tread width of tire that comes in contact with road surface. Tire tread circumference coverage shall be from at least 15 degrees front to at least 75 degrees rear of vertical centerline at each wheel, measured from center of wheel rotation.

(c) Hood - street rods only. Street rod is required to have hood which shall cover top of entire engine compartment. Street rod engine compartment sides may remain open.

(d) Doors. A door shall be installed for any location from which a refuse truck is to be operated. If the vehicle

PENNSYLVANIA

is equipped with dual controls a door shall be installed at each control position.

175.209. Chassis.

(a) Condition of chassis. All items of chassis shall be in safe operating condition as described in Subchapters E - H and J and this subchapter.

(b) Bumpers. Vehicles specified under this subchapter shall be equipped with front and rear bumpers securely attached to chassis.

(1) Some part of horizontal bumper of passenger vehicle and all street rods shall fall within 12-20 inches above ground level.

(2) Some part of horizontal bumper of trucks shall fall within 16-30 inches above ground level.

(c) Scrub Line. Vehicles specified under this subchapter shall meet minimum scrub line requirements. See Chart 5.

(1) Scrub Line is an imaginary surface created if lines were drawn from bottom of wheel rim on one side to bottom of tire on other side. When lines are drawn from both sides, an "X" under the vehicle suspension is created. No suspension or chassis component shall be below top portion of this imaginary "X".

(2) Only exhaust systems and sheet metal may extend below the scrub line.

175.210. Unconventional operator location.

Any vehicle described under this subchapter designed to operate from an unconventional location shall have all controls and switches listed below positioned so they may be conveniently operated from each operator location.

Steering wheel	Gear shift
Brake controls	Windshield wiper controls
Speedometer	Headlamp and taillamp control
Turn signal control	Defroster control
Hazard warning light control	Horn or warning device activator

175.211. Inspection.

All vehicles shall be inspected by a certified inspection mechanic to insure vehicle conforms to Vehicle Code and this title prior to titling. The vehicle owner shall not be the inspecting mechanic. Certificates of inspection shall not be issued upon initial inspection. After title and registration has been issued, inspection station shall reinspect vehicle to make certain vehicle still complies with this chapter and only then shall certificate of inspection be issued. Failure to follow proper inspection procedures in either of the two above inspections will be reasonable grounds to suspend the station and mechanic under Subchapter D (relating to schedule of penalties and suspensions official inspection stations and certified mechanics).

175.220. Inspection procedure.

(a) External inspection. An external inspection shall be performed as follows:

(1) Check windshield and **REJECT IF** any of the following apply:

(i) Windshield is less than 7 inches in vertical height on street rods.

(ii) Windshield is less than 12 inches in vertical height on reconstructed and specially constructed vehicles.

(iii) Windshield and side windows or openings do not allow driver minimum outward horizontal vision capability of 90 degrees from each side of vertical plane passing through fore and aft centerline of vehicle.

(iv) Range of vision is interrupted by window framing exceeding 2 inches in width and windshield door post support areas exceeding 4 inches in width.

(v) Obstructions except windshield wiper components of more than 2 inches upward into horizontally projected vision area of the windshield is found.

(2) Check fenders and **REJECT IF** any of the following apply:

(i) Fenders do not cover entire tire tread width of tire that comes in contact with road surface.

(ii) Front tire tread circumference coverage is less than 15 degrees.

(iii) Rear tire tread circumference coverage is less than 75 degrees.

(3) Check bumpers and **REJECT IF** any of the following apply:

(i) Front or rear bumper is missing.

(ii) Some part of horizontal bumper does not fall within 12-20 inches above ground level on street rods, specially constructed vehicles, and reconstructed passenger vehicles.

(4) Check lights and **REJECT IF** vehicle does not have operating hazard warning lamps capable of being seen and distinguished during night time operations at distance of 500 feet.

(b) Internal inspection. An internal inspection shall be performed as follows:

(1) Check mirrors and **REJECT IF** mirrors for unconventional operator location are insufficient to view front and both sides and rear of vehicle for distance not less than 200 feet.

(2) Check unconventional operation location and **REJECT IF** all major controls and switches are not conveniently located for use by driver while in unconventional operating position.

(c) Under the hood inspection. An under the hood inspection shall be performed as follows:

(1) Check hood and **REJECT IF** street rod hood does not cover top of entire engine compartment.

(2) Check brake system and **REJECT IF** any of the following apply:

(i) Dual service brake system is not installed when original system was modified.

(ii) Dual service brake system is not installed on vehicles with rear tires exceeding 9 inches in width.

(d) Beneath the vehicle inspection. A beneath the vehicle inspection shall be performed as follows:

(1) Inspect tires and **REJECT IF** any of the following apply:

(i) Front tires measure less than 5 inches in width on street rods.

(ii) Rear tires exceed 9 inches in width and the vehicle is not equipped with dual service brake system.

(2) Inspect scrub line and **REJECT IF** any of the following chassis and suspension components are below scrub line:

(i) Frame.

(ii) Axle.

(iii) Axle housing.

(iv) Lower control bar.

(v) Shock mounts.

(vi) Crossmembers.

(vii) Torsion bar.

(viii) Radius rods.

(ix) Spindle arms.

(x) Steering components.

(xi) Brake components.

(xii) Spring perch bolts.

FENDER BILL!

IDAHO
JULY 1, 1990

CENTENNIAL LEGISLATURE

THE STATE OF IDAHO

SECOND REGULAR SESSION — 1990

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 726

BY TRANSPORTATION AND DEFENSE COMMITTEE

1 AN ACT
2 RELATING TO FENDERS OR COVERS OVER WHEELS ON MOTOR VEHICLES; AMENDING SECTION
3 49-949, IDAHO CODE, TO PROVIDE AN EXCEPTION THAT MOTOR VEHICLES OPERATED
4 ON HIGHWAYS OF THIS STATE MUST HAVE FENDERS OR COVERS OVER ALL WHEELS.

5 Be It Enacted by the Legislature of the State of Idaho:

6 SECTION 1. That Section 49-949, Idaho Code, be, and the same is hereby
7 amended to read as follows:

8 49-949. REQUIREMENT AS TO FENDER OR COVERS OVER ALL WHEELS ON MOTOR VEHI-
9 CLES. (1) It shall be unlawful for any person to operate or move or any owner
10 to permit to be operated or moved, any motor vehicle, truck, bus, semitrailer
11 or trailer, upon any highway without having the vehicle equipped with fenders
12 or covers which may include flaps or splash aprons, over and to the rear of
13 wheels, as follows:

14 (a) On the rear wheels of every truck equipped with a body, bus, trailer
15 or semitrailer the fenders or covers shall extend in full width from a
16 point above and forward of the center of the tires over and to the rear of
17 the wheels to a point that is not more than ten (10) inches above the sur-
18 face of the highway when the vehicle is empty;

19 (b) Behind the rear wheels of every truck not equipped with a body the
20 fenders or covers shall extend downward in full width from a point not
21 lower than halfway between the center of the wheels and the top of the
22 tires on the wheels to a point that is not more than ten (10) inches above
23 the surface of the highway when the vehicle is empty;

24 (c) Behind all wheels of every motor vehicle other than trucks, buses,
25 semitrailers, or trailers, the fenders or covers shall extend in full
26 width from a point above and forward of the center of the tire over and to
27 the rear of the wheel to a point that is not more than twenty (20) inches
28 above the surface of the highway;

29 (d) Fenders or covers are not required on any modified American-made
30 pre-1935 vehicle, or any identifiable vintage or replica thereof that is
31 titled as a later assembled vehicle or replica and is used for show and
32 pleasure use when such vehicle is used and driven only during fair weather
33 on well-maintained hard-surfaced roads.

34 (2) Fenders or covers, as used in subsection (1) of this section, shall
35 be deemed to be of sufficient size and construction as to comply with those
36 requirements if constructed as follows:

37 (a) When measured on the cross sections of the tread of the wheel or on
38 the combined cross sections of the treads of multiple wheels, the fender
39 or cover extends at least to each side of the width of the tire or of the
40 combined width of the multiple tires, as the case may be; and

41 (b) The fender or cover is constructed as to be capable at all times of
42 arresting and deflecting dirt, mud, water, or other substance as may be
43 picked up and carried by wheels;

44 (c) For school buses if the body extension behind the rear wheels exceeds
45 five (5) feet.

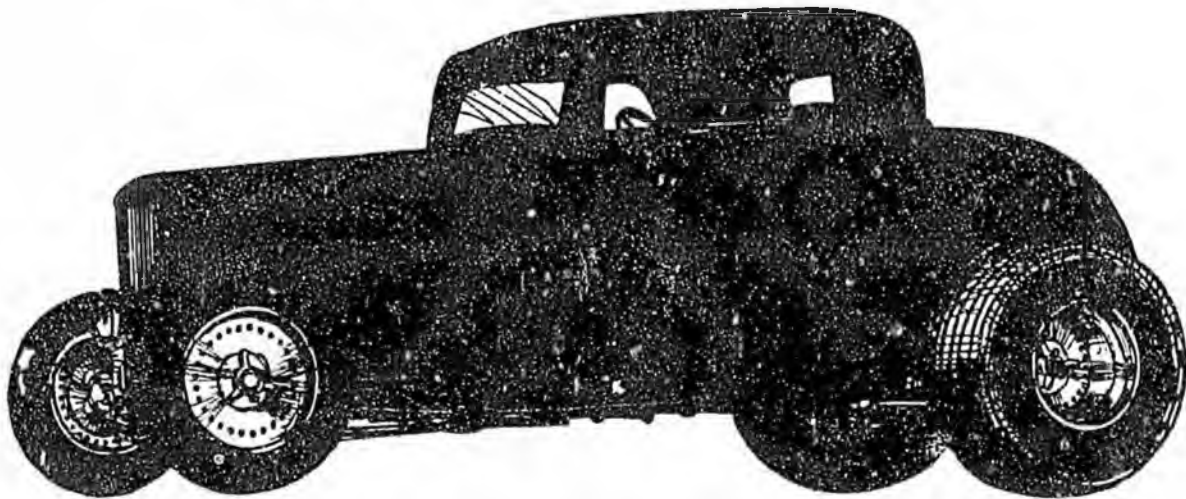
IDAHO

S. R. I.

IDAHO



**FENDER BILL
EFFECTIVE JULY 1, 1990**



**HOUSE OF REPRESENTATIVES
HOUSE BILL NO. 726**

By Transportation and Defense Committee

AN ACT RELATING TO FENDERS OR COVERS OVER
WHEELS ON MOTOR VEHICLES; AMENDING SECTION 49-949,
IDAHO CODE, TO PROVIDE AN EXCEPTION THAT MOTOR VEHICLES
OPERATED ON HIGHWAYS OF THIS STATE MUST HAVE
FENDERS OR COVERS OVER ALL WHEELS.

49-949 SECTION 1: Part D

Fenders or covers are not required on any modified American-made pre-1935 vehicle, or any identifiable vintage or replica thereof that is titled as a later assembled vehicle or replica and is used for show and pleasure use when such vehicle is used and driven only during fair weather on well-maintained hard-surfaced roads.

HOUSE BILL NO. 593

49-120 DEFINITIONS

"Street Rod" means any pre-1949 vehicle which has had a significant drive train update from a more modern vehicle. Changes may include engine, transmission, rear axle, and other suspension components. The body will be, or resemble the same as the manufacturer's original issue after its first sale after manufacture.

UNITED STREET RODS OF IDAHO

Boise (208) 377-0344

Twin Falls (208) 733-9109



IDAHO STREET RODS

Idaho Code 49-120 - Definition

(24) "Street rod" means any pre-1949 vehicle which has had a significant drive train update from a more modern vehicle. Changes may include engine, transmission, rear axle and other suspension components. The body will be, or resemble, the same as the manufacturer's original issue after its first sale after manufacture.

APPLICATION FOR IDAHO STREET ROD LICENSE

Any modernized motor vehicle manufactured prior to the year 1949, or designed and manufactured to resemble such a vehicle, and which has been certified as a Street Rod by the United Street Rods of Idaho, may be registered as a Street Rod under the provision of this section.

A Street Rod shall have all equipment in operating condition which was specifically required by law as a condition for its first sale after manufacture.

Any laws passed since 1949 on motor vehicle equipment or standards shall not apply to a Street Rod, unless the law so states.

Year _____ Make _____ Model _____

Vehicle Identification # _____

Current Idaho Plate _____ Title # _____

Applicant Name _____

Applicant Driver's License # _____

Mailing Address _____
Street or Box # City State ZIP Code

I certify that the above-described vehicle was manufactured prior to December 31, 1948, or was designed and manufactured to resemble such a vehicle.

Date _____ Signed _____

When your Street Rod application is approved, you will be billed for the annual registration fees that may apply, plus a one-time fee of \$10.00 for the plates. (Idaho Code 49-402 or 49-434)

UNITED STREET RODS OF IDAHO

REGISTRATION or RENEWAL LETTER

NEW APPLICANTS: Detach bottom portion and send to Sec./Treas. with your membership fee of \$5.00.

RENEWAL: Once again, it is that time of year - RENEWAL TIME! Please fill out the bottom portion of this letter and enclose it with your membership fee of \$5.00 per year. Your prompt response will help me get all the current year's membership records updated in the computer and printed out for the officers for our next meeting. Thank you for your help.

Your 1989-90 officers are:

PRESIDENT: Chris Jancik
710 Mae Drive
Twin Falls, ID 83301
Phone: 733-9109 or 733-0015

VICE-PRESIDENT: Temp.:
Mel Eggleston
2165 Bruneau Dr.
Boise, ID 83708
Phone: 377-0344

SEC./TREAS.: Diana L. Jancik
710 Mae Drive
Twin Falls, ID 83301
Phone: 733-9109

DIRECTORS: Jim Nixon
HC 64 Box 9909
Stanley, ID 83278
Phone: 774-3452

Gino Raga
11034 W. Edgehill Drive
Boise, ID 83709
Phone: 377-5142

We have a good inventory of T-Shirts, pins, and window stickers. Prices are as follows:

T-Shirts	- \$5.00 each plus \$1.50 shipping
	Small, Medium, Large, and X-Large
Hat or Lapel Pins	- \$4.00 each
Window Stickers	- \$1.00 each

See you on the street

Secretary/Treasurer

Detach here and return with \$5.00 for membership.

NAME: _____ MEMBERSHIP NO. _____

ADDRESS: _____ PHONE: _____

CITY: _____ STATE: _____ ZIP _____

YEAR OF CAR: _____ MAKE: _____ BODY STYLE: _____

COMMENTS OR SUGGESTIONS:



49-408. STREET ROD. (1) Any modernized motor vehicle manufactured prior to the year 1949, or designed and manufactured to resemble such a vehicle and which has been certified as a street rod by an inspector of the United Street Rods of Idaho, may be registered as a street rod under the provisions of this section.

(2) Any street rod shall have all equipment in operating condition which was specifically required by law as a condition for its first sale after manufacture. No law requiring any particular equipment or specifying any standards to be met by motor vehicles shall apply to street rods unless it so specifically states.

(3) Upon receipt of an application on a form prescribed by the department for special street rod automobile plates, accompanied by other documentation required in this section, the department shall issue to the applicant special street rod automobile plates. The registration certificate need not specify the weight of the street rod, and the plates issued shall bear no date but shall bear the inscription "Street Rod," "Idaho," a picture of a 1929 highboy roadster, and the registration number issued for the street rod, and the plates shall be valid upon yearly renewal as long as the vehicle is in existence. The plates will be issued for the applicant's use only for the particular vehicle, and in the event of a transfer of title, the transferor must surrender the plates for the transfer.

(4) In addition to the annual operating fees prescribed in this chapter, a one (1) time fee for the plates shall be ten dollars (\$10.00).

(5) Applicants shall, along with the application for annual registration, provide satisfactory proof that the street rod and its owner are registered in the United Street Rods of Idaho, and satisfactory proof of passage of a safety inspection for the vehicle and possession of a valid national street rod association safety inspection sticker to be applied in the lower right-hand corner of the windshield of the vehicle upon which the special plates are to be displayed. The inspection may be accomplished in accordance with a safety inspection form supplied by the national street rod association, by designated national street rod association inspectors.

(6) The department has the power to revoke any registration issued under this section for cause shown for failure of the applicant to comply with the provisions of this section.

Street Rod Definition Trend

The trend for a street rod definition distinctive from other specialty vehicles has been demonstrated by recent flurry of legislation.

Since 1990, nine (9) states have introduced a *pre-1949 modified vehicle* definition for street rods; California '91, Idaho '91, Mississippi '92, New Hampshire '92, Pennsylvania '92, Tennessee '91, Utah '92, Virginia '90, and Wisconsin '92. All have become law and Wisconsin is reviewing this issue in their Administrative Rule process.

Twenty-one (21) states have a *pre-1949 modified vehicle* definition for street rods. Arizona, California, Colorado, Delaware, Florida, Idaho, Kansas, Kentucky, Louisiana, Maine, Minnesota, Mississippi, Missouri, New Hampshire, New Jersey, North Carolina, North Dakota, Pennsylvania, Tennessee, Utah, Virginia.

Georgia and Maryland use 30 and 25 years respectively to identify a vehicle which has been substantially modified. Illinois identifies street rods as modified or materially altered vehicles.

Eleven (11) state identify street rods as assembled (*a*) or reconstructed (*r*). Hawaii (*r*), Indiana (*a*), Nebraska (*a*), New York (*custom*), Ohio (*a*), Oregon (*r*), South Carolina (*rebuilt*), Texas (*a*), Vermont (*Type I or II*), West Virginia (*r*), and Rhode Island (*r*).

Fifteen (15) states do not have a street rod definition. Alabama, Alaska, Arkansas, Connecticut, Iowa, Massachusetts, Michigan, Montana, Nevada, New Mexico, Oklahoma, South Dakota, Washington, Wisconsin, Wyoming.

None of the ten Canadian provinces have a street rod definition. The adoption of the AAMVA model has created interest by the Canadian regulators to develop language fashioned from the AAMVA model. The Canadian Street Rod Association (CSRA) plans to introduce street rod regulatory language in Ontario, Prince Edward Island, Manitoba and British Columbia.

The trend is to distinguish *street rods* from other specialty vehicles. Besides the aforementioned eight (8) states adding definitions since 1990, street rod associations in Alaska, Iowa, Oregon (identified as rebuilt), and Washington are requesting state legislators prepare a bill to adopt the AAMVA model street rod language or some variation during 1993. Also, Wisconsin is reviewing this issue in their Administrative Rule process.

Should these additional jurisdictions add a street rod definition in 1993, then 26% of the states (13 states) will have amended their laws to identify *street rods* distinctive from other specialty vehicles since 1990.

Street Rod Definitions

ADVANTAGES OF A STREET ROD DEFINITION

The advantages of a *street rod* definition are:

- 1) All street rods will have a specific identity with the AAMVA model definition or a variation.
 - o Several states have pending "clunker" legislation/regulation targeting pre-1971 motor vehicles as dirty old motor vehicles and propose removal from the road and crushing these vehicles. A street rod definition will identify these vehicles as collector items in an attempt to shield them from the crusher.
 - o Inoperative vehicle ordinances, at county and city levels, are mechanisms which can order the removal of motor vehicles under restoration to be impounded and crushed when these vehicles are not protected by a street rod definition.
 - o Indiscriminate citations could be reduced since the enforcement officers will easily recognize *street rod* equipment requirements from other special interest or reconstructed vehicle.
- 2) Titling and registration of vehicles without the original documents could be eased by defining a street rod as a pre-1949 modified vehicle using original and/or reproduction component parts.
- 3) According to various state patrol officials, the registration of a vehicle as a 1932 Ford 3-window coupe Street Rod assists the enforcement officers in easily identifying the vehicle and required equipment. (Enforcement officers want to identify vehicles the year they resemble).
- 4) Delineating optional street rod equipment i.e. fenders, hood, bumpers could permit all street rods to enjoy individualizing their vehicles. (i.e. New Hampshire, Oregon, Pennsylvania and Washington provide for optional equipment requirements)

SRMA



THE STREET ROD MARKETING ALLIANCE

What Is SRMA?

SRMA, the Street Rod Marketing Alliance, is a committee of the Specialty Equipment Market Association (SEMA) dedicated to addressing challenges facing the street rod segment of the automotive aftermarket. Unlike other street rod associations, the SRMA is not a consumer organization. Therefore its programs are designed exclusively to benefit companies like yours.

Who Makes Up SRMA?

All companies involved in the street rod market, be they manufacturers, dealers or builder/fabricators, are invited, and encouraged, to join the SRMA. In fact, it is critical that as many companies as possible become involved. Currently, there are nearly 200 companies (of the 2,100 companies which belong to SEMA), which support the SRMA through membership.

What Are SRMA's Goals?

SRMA's main goal is to insure the future profitability, and viability, of street rodding. The most critical way the SRMA is achieving this goal is through efforts targeting the development of national, standardized licensing and registration procedures for street rods. The SRMA also produces a special section at the SEMA/AI Show which provides manufacturers and dealers an opportunity to establish successful business relationships. Of course, all SRMA participants will gain access to the entire menu of cost saving services and benefits available exclusively to SEMA members.

How Do You Get Involved?

The SRMA invites all members of the street rod industry to join them in meeting their critical goals. Any company interested in supporting our efforts should contact SEMA headquarters at 714/396-0289, ext. 113.

STATE STREET ROD COUNCIL.

STATE STREET ROD COUNCIL, OCTOBER, 1992

STATE	NUMBER
ALABAMA	4,000
ALASKA	250
ARIZONA	500
ARKANSAS	1,000
CALIFORNIA	40,000
CANADA	10,000
COLORADO	5,000
CONNECTICUT	1,000
DELAWARE	250
FLORIDA	5,000
GEORGIA	2,000
HAWAII	250
IDAHO	3,000
ILLINOIS	1,000
INDIANA	5,000
IOWA	1,000
KANSAS	500
KENTUCKY	2,500
LOUISIANA	2,000
MAINE	250
MARYLAND	2,000
MASSACHUSETTS	2,500
MICHIGAN	2,400

STATE	NUMBER
MINNESOTA	2,300
MISSISSIPPI	600
MISSOURI	3,000
MONTANA	3,000
NEBRASKA	400
NEVADA	2,500
NEW HAMPSHIRE	700
NEW JERSEY	2,000
NEW MEXICO	750
NEW YORK	1,000
NORTH CAROLINA	10,000
NORTH DAKOTA	5,000
OHIO	3,500
OKLAHOMA	6,000
OREGON	5,000
PENNSYLVANIA	4,500
RHODE ISLAND	200
SOUTH CAROLINA	2,500
SOUTH DAKOTA	5,000
TENNESSEE	4,500
TEXAS	2,500
UTAH	4,500
VERMONT	1,000

STATE	NUMBER
VIRGINIA	2,000
WASHINGTON	3,000
WEST VIRGINIA	1,500
WISCONSIN	6,000
WYOMING	500
	157,850

** Numbers provided by
state street rod
council

S B

5 2

SPONSOR STATEMENT

Senator Bert Sharp

SB-52

SENATE BILL 52 WOULD LIMIT THE REQUIREMENT FOR LIABILITY INSURANCE FOR REGISTERED GUIDES DOING THEIR OWN FLYING WHO GUIDE FIVE (5) OR LESS HUNTS A YEAR AND TRANSPORTS CLIENTS BY AIRCRAFT LESS THAN 30 HOURS A YEAR.

THE CURRENT INSURANCE REQUIREMENT IS COSTLY FOR SMALL GUIDE OUTFITTERS, PARTICULARLY THOSE WHO ONLY CONDUCT A FEW HUNTS EACH YEAR. THIS WOULD ESTABLISH A REASONABLE OPTIONAL ECONOMIC THRESHOLD BEFORE MANDATING AIRCRAFT LIABILITY INSURANCE.

IT IS UNFAIR THAT AN INDIVIDUAL USING A FAMILY AIRPLNE TO CONDUCT A SMALL SCALE GUIDE SERVICE BE EXPECTED TO CARRY THE SAME INSURANCE AS HIGH VOLUME GUIDE OUTFITTERS, OR AIR TAXI OPERATORS. THE LARGE GUIDING OPERATIONS CAN SPREAD THE FIXED COSTS OVER A MUCH LARGER REVENUE BASE. THE SMALLER OPERATOR IN MANY INSTANCES PROVIDE A HIGHER QUALITY HUNTING EXPERIENCE. ALSO, THE CONTRACT FOR GUIDE OUTFITTER SERVICES MUST INCLUDE A STATEMENT THAT THE AIRCRAFT IS USED TO TRANSPORT CLIENTS IS NOT COVERED BY THE MINIMUM AVIATION PASSENGER LIABILITY INSURANCE OR BOND THAT IS OTHERWISE REQUIRED.

THIS IS AN EXAMPLE OF A STATE MANDATED REQUIREMENT THAT IMPOSES EXTREME COSTS ON FAMILY TYPE BUSINESSES. IT SHOULD BE MODIFIED.

SPONSOR STATEMENT

SECTION ANALYSIS

SB-52

*Section 1. AS 08.54.395(a): is amended to add cash bonds as an acceptable form of posted bond.

*Section 2. AS 08.54.395(c) is amended to exempt from the required passenger liability insurance of \$100,000 per seat or financial bond of the same amount, those guide-outfitters and marine guide-outfitters who contract to guide-outfit five or less hunts per year, or; use their aircraft less than 30 hours a year to transport clients, or; and who have included in the language of their service contract, a statement which says that the aircraft is not covered by passenger liability insurance or financial bond.

SECTIONAL ANALYSIS

CHARLES GRAY

311 Slater Street
FAIRBANKS, ALASKA 99701

December 12, 1992

Senator Bert Sharp
119 North Cushman St., Suite 211
Fairbanks, AK 99701

RE: Guide Insurances

Dear Bert,

I was glad to hear that you intend to continue your interest in alleviating the onerous insurance requirements present state law imposes on the Guiding Industry.

Unlike any other industry or profession in the state, insurance requirements are specified by legislation for the guiding industry, both camp and aircraft.

These insurances, particularly aircraft (which are used as an aid to the business, not as a commercial operation) are expensive and the cost raises each year since the requirement was put in place three years ago as a result of a squabble between guides, transporters and air taxi operators.

Besides the insurances, guides have to have a hunting license, a guide's license, a commercial use permit and land use fees along with other usual operating expenses. It is not possible for guides who conduct one to three hunts a year to make ends meet. And for the most part, these are the guides who are offering the highest quality hunts.

Compare them to the high-volume guides who made headlines recently when caught in a sting operation conducted over a two year period. I'm not condoning their actions, but the short seasons, restricted areas left to hunt and the high cost of operation put pressure on guides to produce, especially ones trying to make a full-time living at it.

Many of us who have been operating for many years on a small-scale part-time basis without insurances are willing to continue to do so without state intervention beyond what is exercised by the Commercial Services Board and the FAA.

Thanks again for your continued interest on behalf of small businesses in Alaska.

LETTER OF SUPPORT

Sincerely,
Charles Gray



TELECOPY COVER SHEET

Fairbanks Legislative Information Office

S. Labor & Commerce Office (907) 452-4448

Fax - (907) 458-3348

TO: NO ONE W/O FAX: _____ PHONE: _____

FROM: FBKS W/O PHONE: 452-4448

INSTRUCTIONS: _____

Written comments SB 52

S HB tell 2/4/93 1:30pm

RECEIVED: Date _____ Time _____

SENT: Date 2/4 Time 2:06pm

DISPOSAL OF ORIGINAL: Discard _____ Hold for Pickup X

NUMBER OF PAGES: _____ (Not counting cover sheet)

SENT BY: Christi Shields



Alaska State Legislature

Please enter into the record my testimony to the Senate Labor and Commerce
committee name

committee on SB 52 dated 04 Feb 1993
bill/subject

GUIDE OUTFITTERS ARE NOT IN THE SAME

BUSINESS AS AIR CARRIERS.

AN AIR CARRIER OPERATES AIRCRAFT ROUTINELY, USUALLY
YEAR AROUND, ON DEMAND, THEY HIRE THEMSELVES AND
THEIR AIRCRAFT ONLY.

A GUIDE-OUTFITTER OPERATES AIRCRAFT INCIDENTALLY
AS A SMALL PART OF A CONTRACTED SERVICE DURING
A SMALL PART OF THE YEAR.

THE AIR CARRIERS OF ALASKA HAS A MUCH GREATER
EXPOSURE TO ACCIDENT, AS WELL AS A PUBLIC CHARTER
TO YEAR AROUND SERVICE. CERTAINLY THIS IS WHY THE
AIR CARRIERS NEED THE INSURANCE (AND HAVE MORE
ACCIDENTS) WHEREAS THE GUIDE-OUTFITTERS DO NOT.

Signed: [Signature]
Testifier

BIANCHI
Representing (Optional)

Box 130

Address
ESTER ALASKA 99725 tel. 479 3608

Phone No.



Alaska State Legislature

Please enter into the record my testimony to the Labor & Commerce
committee name

committee on S-52, dated _____
bill/subject

Flying for guiding is not a business. The FAA has ruled it "an aid to a business" and does not even require a Commercial Pilots license - only a Private.

As for cost of Insurance, mine is \$2500 for one seat in a Super Cub. Others are telling me it costs \$2500 - \$4500 for up to 2 seats, depending upon pilot total time.

Signed: Charles L. Gray
Testifier

Self
Representing (Optional)

311 Slater St. Fairbanks, Ak.
Address

452-3788
Phone No.



Alaska State Legislature

Please enter into the record my testimony to the Labor & Commerce
 committee name
 committee on 552/ , dated Feb. 4, 1993
 bill/subject

I disagree with the testimony of the representative of the Air Carrier Assoc. that guides are in the same business of transporting clients by air. A guide's primary business is personally accompanying clients in the field, not transportation. Past court rulings have reinforced this position and therefore guides are not required to operate under part 135 Air Taxi regulations due to the incidental nature of flying to their primary business.

Signed: David S. Mowin
 Testifier
Arctic Alaska Hunts
 Representing (Optional)
P.O. Box 81572 Fbks. AK. 99708
 Address
(907) 457-1240
 Phone No.

Alaska State Legislature

SENATOR
BERT SHARP

DISTRICT P

CHAIRMAN
TRANSPORTATION COMMITTEE

MEMBER
FINANCE COMMITTEE
LEGISLATIVE BUDGET & AUDIT COMMITTEE
HEALTH & SOCIAL SERVICES



Senate

FAIRBANKS


DENALI BANK BUILDING
119 N. CUSHMAN, SUITE 301
FAIRBANKS, ALASKA 99701
(907) 452-7885/7886

SESSION ADDRESS

STATE CAPITOL, ROOM 514
JUNEAU, ALASKA 99801-1182
(907) 465-3004/4921

MEMORANDUM

TO: Senator Tim Kelly, Chair
Senate Labor & Commerce Committee

FROM: Senator Bert Sharp 

DATE: January 27, 1993

SUBJ: SB-52 - Request for Hearing

I'm requesting that Senate Bill 52 - "An Act relating to liability insurance and bond requirements for guide-outfitters or marine mammal guide-outfitters." be heard before the Senate Labor & Commerce Committee.

Thank you for your consideration.



REPRESENTING
GOLDEN HEART
OF ALASKA

BILL: HB 317 SHORT TITLE: GUIDE-OUTFITTER AIRCRAFT INSURANCE
BILL VERSION:
SPONSOR(S): REPRESENTATIVE(S) SHARP BY REQUEST

CURRENT STATUS: (H) RES STATUS DATE: 04/14/92
THEN JUD

TITLE: "An Act repealing the aviation passenger insurance or financial bond requirement for aircraft used by certain guide-outfitters, marine mammal guide-outfitters, class-A assistant guide-outfitters, and assistant guide-outfitters."

1 05/08/91 1202 (H) READ THE FIRST TIME - REFERRAL(S)
2 05/08/91 1203 (H) L&C, RESOURCES, JUDICIARY
3 04/14/92 3045 (H) L&C RPT CS(L&C) NEW TITLE 4DNP
4 04/14/92 3045 (H) (DNP: TAYLOR,BRUCKMAN,IVAN,FINKELSTEIN)
5 04/14/92 3046 (H) -ZERO FISCAL NOTE (DCED) 4/14/92
6 04/14/92 3046 (H) REFERRED TO RESOURCES
04/14/92 HOUSE JOURNAL PAGE 3045
HB 317

The Labor & Commerce Committee has considered:

HOUSE BILL NO. 317

"An Act repealing the aviation passenger insurance or financial bond requirement for aircraft used by certain guide-outfitters, marine mammal guide-outfitters, class-A assistant guide-outfitters, and assistant guide-outfitters."

and recommends it be replaced with the following committee substitute:

CS FOR HOUSE BILL NO. 317 (L&C)

"An Act relating to liability insurance and bond requirements for guide-outfitters or marine mammal guide-outfitters."
04/14/92 HOUSE JOURNAL PAGE 3045

Recommending do not pass (4): Taylor, Bruckman, Ivan, Finkelstein

04/14/92 HOUSE JOURNAL PAGE 3046
3046 HOUSE JOURNAL April 14, 1992

HB 317

The following was published April 14, 1992:

Zero fiscal note, Department of Commerce & Economic Development

The report was signed by Representative Finkelstein,
Chairman.

HB 317 was referred to the Resources Committee.

STATE OF ALASKA

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT

DIVISION OF OCCUPATIONAL LICENSING

WALTER J. HICKEL, GOVERNOR

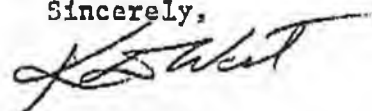
P.O. BOX 110806
JUNEAU, ALASKA 99811-0806
PHONE: (907) 465-2534

February 9, 1993

Mr. Josh Fink

Below is the list of those insurance companies offering aviation insurance to guide-outfitters in Alaska. This list was obtained from a random search of guide-outfitter files in this office. We do not maintain a list of those guide-outfitters that do their own flying. This list is not complete due to the random search. I encourage you to contact Ted Lehrbach at 465-2560 with the Division of Insurance to obtain more information. Feel free to contact me at 465-2543 if you have further questions.

Sincerely,



Kurt West
Licensing Supervisor

London Aviation Underwriters, Inc.
221 First Avenue W., Suite 420
Seattle, WA 98119

Avemco Insurance Company
411 Aviation Way
Frederick, MD 21701

American Empire Insurance Company
200 First Avenue W., Suite 400
Seattle, WA 98119

Homestate Insurance Brokers of Alaska
P.O. Box 107506
Anchorage, AK 99510

8-LS0275E
Utermohle
2/3/93

CS FOR SENATE BILL NO. 52(L&C)
IN THE LEGISLATURE OF THE STATE OF ALASKA
EIGHTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE LABOR AND COMMERCE COMMITTEE

Offered:
Referred:

Sponsor(s): SENATORS SHARP, Müller, Frank

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to liability insurance and bond requirements for guide-outfitters
2 or marine mammal guide-outfitters."

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

4 * Section 1. AS 08.54.395(c) is amended to read:

5 (c) During the provision of big game commercial hunting services, an aircraft
6 used by a guide-outfitter, marine mammal guide-outfitter, class-A assistant
7 guide-outfitter, or assistant guide-outfitter to transport clients must carry aviation
8 passenger liability insurance of at least \$100,000 per seat or must be subject to a
9 financial bond in that amount. This subsection does not apply to an aircraft while
10 that aircraft is being used by a guide-outfitter or marine mammal guide-outfitter
11 who

- 12 (1) contracts to guide-outfit five or less hunts a year;
- 13 (2) transports clients by aircraft for less than 30 hours a year; and
- 14 (3) includes in the contract for guide-outfitter services a statement

1 that the aircraft used to transport clients is not covered by the minimum aviation
2 passenger liability insurance or the bond that is otherwise required under this
3 subsection.

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO. SB 52

Revision Date: _____ Dept. Affected: Commerce & Economic Development
 Title: Relating to liability insurance and bond requirements for guide-outfitters... BRU: Occupational Licensing
 Sponsor: Senators Sharp, Miller, Frank Component: Operations
 Requestor: Senator Sharp COMPONENT SERIAL NO. 1844

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	.0	.0	.0	.0	.0	.0

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

REVENUE FUND SOURCE:	.0	.0	.0	.0	.0	.0
-----------------------------	-----------	-----------	-----------	-----------	-----------	-----------

FUNDING:

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
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 (FY 93) impact: \$ None

ANALYSIS: (Attach a separate page if necessary)
 SB 52 amends the comprehensive general liability insurance requirement for guide-outfitters by providing a cash bond option. The bill also exempts aviation passenger liability insurance for aircraft used by guide-outfitters who contracts for five or less hunts a year, transports clients by aircraft for less than 30 hours a year, and includes in the contract for guide-outfitter services a statement that the aircraft is not covered by the minimum aviation passenger liability insurance or required bond. New funds are not required to implement the provisions of this bill.

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

Phone: 465-2144
 Date: 1/28/93

Approved by Commissioner: Paul Fuhs
 Agency: Commerce & Economic Development

Date: 2-1-93

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FISCAL NOTES

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO : SB 52

Revision Date: _____
 Title: "An Act relating to liability insurance
 and bond requirements for guide-outfitters ..."
 Sponsor: Senators Sharp, et.al.
 Requestor: Senate Labor & Commerce

Department Affected: Labor
 BRU: Labor Standards & Safety
 Component: _____
Wage & Hour
 COMPONENT SERIAL NO. 345

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
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REVENUE FUND SOURCE:						
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FUNDING: (Thousands of Dollars)

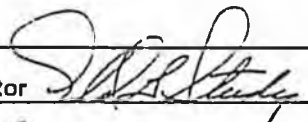
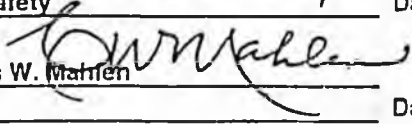
1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipt						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year (FY93) impact: \$ None

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Donald Study, CSP, Director  Phone : 465-6003
 Division: Labor Standards & Safety Date : 2/1/93
 Approved by Commissioner: Charles W. Mahlen 
 Agency: Department of Labor Date: 2/1/93

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SB 52: "An Act relating to liability insurance and bond requirements for guide-outfitters or marine mammal guide-outfitters."

Section 1 amends existing statutes to allow for posting of a cash bond in lieu of comprehensive general liability insurance or a financial bond. Concerns arise as to what is intended by a cash bond. Is the intent of this legislation to allow for the department to accept cash deposits made through a depository institution as well as accept cash for deposit into a state trust account? Cash deposits would need to be in the amount of \$500,000 in order to meet the maximum coverage required in the event that there is more than one claim per year. If the state is to accept cash for deposit into a state trust account, the bill must provide authorization for the division to establish such an account. Sample language as used in AS 08.24.150(b) would allow for the department to set up an account for this purpose. If monies are to be held in a trust account through the state, the licensee should be aware that interest does not accrue on his/her behalf. If depository institutions are to be used for the cash deposits, the legislation should indicate that the cash bond must be deposited into an account in a state-chartered depository institution as defined in AS 06.01.010(f) or a similar institution chartered or insured by the federal government or an agency thereof. The intent here is to insure that Alaska courts have jurisdiction over claims which may arise.

The period which a cash bond would be held before relinquished, once a guide-outfitter ceases doing business, should be included in this legislation. For instance, a cash bond or time certificate held by the state for a construction contractor licensee has a three-year waiting period for claims to be submitted before the state relinquishes control of it.

Finally, concerns often arise as to what happens with cash deposits if the licensee should declare bankruptcy or have a lien filed by the court. Child support payments or divorce decrees can affect cash bonds. We do not have a recommended solution for these concerns but feel it is appropriate to bring them to your attention.

Section 2 provides for an exemption from the aircraft liability for guide-outfitters who contract five or fewer clients per year and who transport clients by aircraft for less than 30 hours per year. Tracking hours of flight time for guides would pose a staffing problem unless enforcement of this provision would be on the honor system. There are approximately 18 guide-outfitters who currently contract five or fewer hunts annually and who use aircraft in their operations. The required notification that an individual does not carry aviation insurance is intended to be on the contract -- if a contract exists. We

DCED POSITION PPR

POSITION PAPER

SB 52

Page 2

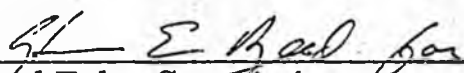
are concerned this notification may be in the "small print" and unsuspecting clients may not be aware that this is not the way it always is with air transportation services in the state.

Recommendations:

That the legislation clarify:

- a. Institutions acceptable for holding a cash deposit.
- b. Provide for a waiting period before a cash deposit is returned, once the guide-outfitter ceases operations.
- c. Licensees who do not carry aviation insurance must provide written notice of the lack of such insurance to prospective clients prior to deposits being accepted from the client by the guide-outfitter.

In summary, the department has concerns as noted above and does not support this bill in its present form, but would reconsider with revisions as noted above.



Paul Fuhs, Commissioner

Date: 2-1-93

dgl024PP.OL

SB

57

STATE OF ALASKA

DEPARTMENT OF LABOR

*Employment Security Division
Director's Office*

WALTER J. HICKEL, GOVERNOR

1111 W. 8th Street, Suite 208

P.O. Box 25509

JUNEAU, ALASKA 99802-5509

Phone: (907) 465-2712

FAX: (907) 465-4537

File No: AKDO (1R1)

April 6, 1993

The Honorable Tim Kelly
Chair, Senate Labor & Commerce Committee
Room 101, State Capitol
Juneau, Alaska 99811

Dear Senator Kelly:

Thank you for your patience in resolving the issues concerning Senate Bill 57 which extends the STEP program for three years.

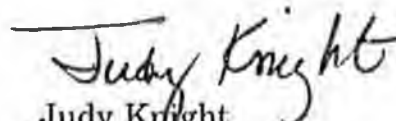
Enclosed is the federal register notice regarding Native American grants under the Job Training Partnership Act (JTPA) program administered by the U.S. Department of Labor. These grants are directly negotiated with Native-American entities by the U.S. Department of Labor. The grants are directed to poverty-level persons, unemployment persons, and youth among Native American populations. I confirmed that there are no restrictions as to location - an individual may be rural or urban. The Fairbanks Native Association could be a sub-grantee.

Additionally, the Fairbanks Native Association could respond to the Fairbanks Private Industry Council (PIC) call for grants under both Title IIA or IIB of federal JTPA grants. Title IIA is for low-income disadvantaged adults and IIB is targeted to youth.

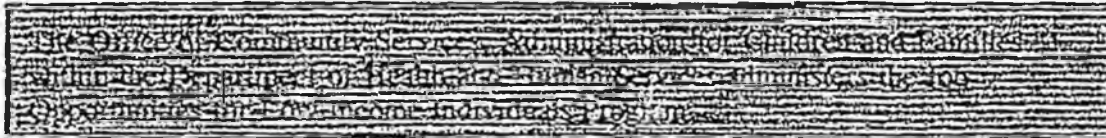
I am also aware of another federal grant "Job Opportunities for Low-Income Individuals Program" known as the JOLI Program. A grant fact sheet is enclosed.

Thank you again for your assistance with Senate Bill 57 and your interest in workforce issues in Alaska.

Sincerely,


Judy Knight
Director

JOB OPPORTUNITIES FOR LOW-INCOME INDIVIDUALS PROGRAM



The Job Opportunities for Low-Income Individuals (JOLI) Program is a demonstration project authorized by the Congress under Section 505 of the Family Support Act of 1988. The purpose of the program is to demonstrate and evaluate ways of creating new employment and business opportunities for certain low-income individuals through the provision of technical and financial assistance to private employers in the community.

The primary objectives of the Job Opportunities for Low-Income Individuals Program is to award grants to nonprofit organizations (including community development corporations) exempt from taxation under Section 501 (c) 3 or 4 of the Internal Revenue Code, to develop projects that will:

1. *Create new jobs and business employment opportunities for eligible AFDC recipients and any other individual whose income does not exceed 100% of the official poverty guidelines;*
2. *Create self-employment/micro-enterprise business opportunities for eligible participants; and*
3. *Provide technical and financial assistance to private employers in the community that will result in full-time permanent jobs for eligible participants.*

The jobs and/or business employment (self-employment) opportunities to be created under this program must contribute to the goal of self-sufficiency for the eligible participants.

All projects funded under this program must include an independent, methodologically sound evaluation of the effectiveness of the activities carried out under the grant to create jobs and business opportunities for eligible participants. The evaluation data and outcomes will be used to replicate those projects that are most successful in assisting low-income individuals to achieve self-sufficiency. In addition, all projects funded under this program must enter into a cooperative relationship with the agency responsible for administering the Job Opportunities and Basic Skills Training Program (Title IV of the Social Security Act).

The JOLI grant awards are fully funded for 36 months and the maximum amount granted under this program will be no more than \$500,000 for the entire 3 year project period.

For further information regarding the JOLI Program, contact the Office of Community Services at (202) 401-2333.

DEPARTMENT OF LABOR

Employment and Training Administration

Job Training Partnership Act: Native American Programs, Proposed Total Allocations, Allocation Formulas and Formula Rationales for Program Year 1993 Regular Program and Calendar Year 1993 Summer Youth Employment and Training Program

AGENCY: Employment and Training Administration, Labor.

ACTION: Notice.

SUMMARY: The Employment and Training Administration of the Department of Labor is publishing the proposed native American allocations, distribution formulas and rationales for the Program Year 1993 (July 1, 1993-June 30, 1994) Title IV-A regular program funded under the Job Training Partnership Act and for the Calendar Year 1993 Summer Youth Employment and Training Program funded under Title II-B of the Job Training Partnership Act.

DATES: Written comments on this proposal are invited and must be received on or before February 12, 1993.

ADDRESSES: Send written comments to Mr. Paul A. Mayrand, Director, Office of Special Targeted Programs, Employment and Training Administration, Room N-4641, 200 Constitution Avenue, NW., Washington, DC 20210.

FOR FURTHER INFORMATION CONTACT: Ms. Gloria Duus, phone: (202) 219-5504 (this is not a toll-free number).

SUPPLEMENTARY INFORMATION: Pursuant to section 162 of the Job Training Partnership Act (JTPA), the Employment and Training Administration (ETA) of the Department of Labor (DOL) publishes the proposed allocations, allocation formulas and rationales for those formulas for Native American grantees to be funded under JTPA, Title IV-A, section 401 and JTPA Title II-B. The total amounts to be allocated are \$61,871,000 for the Program Year 1993 JTPA, Title IV-A, section 401 regular program, and \$12,419,308 for the JTPA Title II-B Summer Youth Employment and Training Program (SYETP) for the summer of Calendar Year 1993.

The planning estimates reflect the existing grantees and their currently assigned areas, and are subject to change for such reasons as Administrative Law judge decisions, the possibility that a

grantee will want to have its designation withdrawn, legislative changes, *et al.*

The formula for JTPA, Title IV-A, section 401 provides that 25 percent of the funding will be based on the number of unemployed Native Americans in the grantee's area, and 75 percent will be based on the number of poverty-level Native Americans in the grantee's area.

The formula for allocating the JTPA, Title II-B, SYETP funds divides the funds among eligible recipients based on the proportion that the number of Native American youths in a recipient's area bears to the total number of Native American youths in all eligible recipients' areas.

The rationale for the above formulas is that the number of poverty-level persons, unemployed persons and youths among the Native American population is indicative of the need for training and employment funds.

Statistics on poverty-level persons, unemployed persons and youths among Native Americans used in the above programs are derived from the Decennial Census of the Population, 1980.

Signed at Washington, DC this 12th day of Jan. 1993.

Roberts T. Jones,
Assistant Secretary of Labor.

U.S. DEPARTMENT OF LABOR EMPLOYMENT AND TRAINING ADMINISTRATION PY 1993 TITLE IV-A AND PY 1992 II-B (SUMMER 1993) PROPOSED ALLOTMENTS FOR NATIVE AMERICANS

[December 15, 1992]

Grantee	PY 1993 Title IV-A			PY 1992 II-B (summer 1992)		
	Total	Program	Cost pool	Total	Program	Cost pool
Inter-Tribal Council of Alabama, 669, South Lawrence Street, Montgomery, Alabama 36104 Grant Number: 99-1-3624-65-255-02	303,687	242,950	60,737	0	0	0
Poarch Band of Creek Indians, HCR 69A, Box 85-B, Atmore, Alabama, 36502 Grant Number: 99-1-0648-65-173-02	99,500	79,600	19,900	2,253	1,802	451
Alutian/Pribilof Islands Association Inc., 401 East Fireweed Lane, Suite 201, Anchorage, Alaska 99503-2111, Grant Number: 99-0117-55-139-02	48,087	38,470	9,617	33,257	28,608	6,651
Association of Village Council Presidents, Pouch 219, Bethel, Alaska, 99559, Grant Number: 99-1-2713-65-210-02	571,601	457,281	114,320	249,920	199,936	49,984
Bristol Bay Native Association, P.O. Box 310, Dillingham, Alaska 99578, Grant Number: 99-1-0116-65-138-02	141,894	113,355	28,339	75,896	60,709	15,177
Central Council of Tlingit and Haida Indian Tribes of Alaska, 320 W. Willoughby, Suite 300, Juneau, Alaska, 99801, Grant Number: 99-1-0114-55-136-02	177,371	141,897	35,474	124,825	99,980	24,845
Cook Inlet Tribal Council, 670 West Fireweed Lane—Suite 200, Anchorage, Alaska 99503, Grant Number: 99-1-3402-65-243-02	367,187	293,750	73,437	192,239	153,791	38,448
Kawerak Incorporated, P.O. Box 948, Nome, Alaska 99762, Grant Number: 99-1-0123-65-141-02	223,259	178,607	44,652	68,324	70,659	17,665
Kenaitze Indian Tribe, P.O. Box 988, Kenai, Alaska 99811, Grant Number: 99-1-0089-65-135-02	30,459	24,367	6,092	18,763	13,410	3,353
Kodiak Area Native Association, 402 Center Avenue, Kodiak, Alaska 99815, Grant Number: 99-1-0115-65-137-02	64,556	51,645	12,911	32,085	25,668	6,417
Manilleq Manpower, P.O. Box 725, Kotzebue, Alaska 99752, Grant Number: 99-1-0124-65-142-02	175,194	140,155	35,039	65,079	68,063	17,016
Metlakatla Indian Community, P.O. Box 8, Metlakatla, Alaska 99829, Grant Number: 99-1-0384-65-121-02	15,895	12,719	3,179	17,484	13,967	3,497
North Pacific Rim, 3300 C Street, Anchorage, Alaska 99503, Grant Number: 99-1-0118-65-140-02	58,305	48,844	11,661	25,055	27,044	5,011
Sitka Community Association, 458 Kathleen Street, Sitka, Alaska 99835, Grant Number: 99-1-1776-65-254-02	43,889	35,111	8,778	36,321	29,057	7,264
Tanana Chiefs Conference, Inc., 122 First Avenue, Fairbanks, Alaska 99701, Grant Number: 99-1-3109-65-227-02	369,520	311,616	77,904	208,750	185,400	41,350

U.S. DEPARTMENT OF LABOR EMPLOYMENT AND TRAINING ADMINISTRATION PY 1993 TITLE IV-A AND PY 1992 II-B
B (SUMMER 1993) PROPOSED ALLOTMENTS FOR NATIVE AMERICANS—Continued
(December 15, 1992)

Grantee	PY 1993 title IV-A			PY 1992 II-B (summer 1992)		
	Total	Program	Cost pool	Total	Program	Cost pool
Affiliation of Arizona Ind. Cntrs. Inc., 1515 East Osborne Rd., The Annex, Phoenix, Arizona 85014, Grant Number: 99-1-0268-55-158-02	257,653	208,122	51,531	0	0	0
American Indian Assoc. of Tucson, P.O. Box 2307—131 East Broadway, First Floor, Tucson, Arizona 85705, Grant Number: 99-1-0492-55-164-02	336,208	268,968	87,242	0	0	0
Colorado River Indian Tribes, Route 1, Box 23-B, Parker, Arizona 85344, Grant Number: 99-1-0498-55-165-02	82,342	65,874	16,468	29,922	21,938	5,984
Gila River Indian Community, Box 97, Section, Arizona 85247, Grant Number: 99-1-0054-65-116-02	492,347	393,878	98,469	128,880	103,104	25,778
Hopi Tribal Council, Box 123, Kykotsmovi, Arizona 86039, Grant Number: 99-1-0057-65-117-02	365,811	308,849	77,182	102,584	82,501	20,513
Indian Dev. Dist. of Arizona, Inc., 4580 North 19th Ave., Suite 200, Phoenix, Arizona 85015, Grant Number: 99-1-0053-55-115-02	112,515	90,012	22,503	41,819	33,455	8,364
Native Americans for Community Action, 2717 North Stevens Boulevard, Suite 11, Flagstaff, Arizona 86004, Grant Number: 99-1-1777-55-183-02	114,685	91,748	22,937	0	0	0
Navajo Tribe of Indians, P.O. Box 1889, Window Rock, Arizona 86515, Grant Number: 99-1-0059-55-119-002	6,637,780	5,470,208	1,367,552	2,281,627	1,809,302	452,325
Pasqua Yaqui Tribe, 7474 S. Camino De Oeste, Tucson, Arizona 85746, Grant Number: 99-1-3289-55-237-02	38,858	30,926	7,732	8,922	7,138	1,784
Phoenix Indian Center, Inc., 2601 North Third Street—Suite 100, Phoenix, Arizona 85004, Grant Number: 99-1-0195-55-153-02	707,382	565,914	141,478	0	0	0
Salt River Pima—Maricopa Ind. Common., Route 1, Box 216, Scottsdale, Arizona 85256, Grant Number: 99-1-0476-55-182-02	96,255	77,004	19,251	44,793	35,834	8,959
San Carlos Apache Tribe, P.O. Box 17, San Carlos, Arizona 85550, Grant Number: 99-1-0173-55-149-02	314,023	251,218	62,805	112,748	90,198	22,550
Tohono'Oodham Nation, P.O. Box 837, Selis, Arizona 85634, Grant Number: 99-1-0181-55-152-02	429,153	343,322	85,831	121,941	97,553	24,388
White Mountain Apache Tribe, P.O. Box 700, White River, Arizona 85941, Grant Number: 99-1-0174-55-150-02	333,522	286,818	66,704	128,447	101,158	25,289
Am. Indian Center of Arkansas, Inc., 2 Van Circle, Suite 2, Little Rock, Arkansas 72207, Grant Number: 99-1-1778-55-194-02	467,159	373,727	93,432	0	0	0
Amer. Indian Center of Santa Clara Valley, Inc., 919 The Alameda, San Jose, California 95126, Grant Number: 99-1-0499-55-166-02	237,323	189,858	47,465	0	0	0
California Indian Manpower Ctr., 4153 Northgate Boulevard, Sacramento, California 95834, Grant Number: 99-1-2058-55-203-02	3,102,468	2,481,974	620,494	188,808	135,045	33,781
Candelaria American Indian Council, 2635 Wagon Wheel Road, Oxnard, California 93030, Grant Number: 99-1-0086-55-133-02	462,347	369,878	92,469	0	0	0
Indian Human Resources Center, 4040 30th Street, Suite A, San Diego, California 92104, Grant Number: 99-1-2441-55-209-02	452,627	362,102	90,525	0	0	0
Northern Calif. Ind. Dev. Council, Inc., 241 F Street, Eureka, California 95501, Grant Number: 99-1-0686-55-175-02	328,025	260,820	65,205	14,781	11,825	2,956
Southern California Indian Center, Inc., 12755 Brookhurst Street, P.O. Box 2550, Garden Grove, California 92642-2550, Grant Number: 99-1-0170-55-147-02	1,998,778	1,599,022	399,756	0	0	0
Tide River Tribal Council, Dept. of Health, Safety & Welfare, P.O. Box 589, Porterville, California 93258, Grant Number: 99-1-3219-55-230-02	134,100	107,280	26,820	4,056	3,245	811
United Indian Nations, Inc., 1320 Webster Street, Oakland, California 94612, Grant Number: 99-1-2310-55-208-02	644,513	515,810	128,903	0	0	0
Ya-Ka-Ama Indian Educ. and Dev., Inc., 6215 Eastside Road, Forestville, California 95436, Grant Number: 99-1-0082-55-132-02	132,753	106,202	26,551	0	0	0
Denver Indian Center, Inc., 4407 Morrison Road, Denver, Colorado 80219, Grant Number: 99-1-0076-55-129-02	619,122	495,258	123,824	0	0	0
Southern Ute Indian Tribe, P.O. Box 800, Ignacio, Colorado 81137, Grant Number: 99-1-2714-55-211-02	57,276	45,821	11,455	14,691	11,753	2,938
Ute Mountain Ute Tribe, P.O. Box 30, Towaoc, Colorado 81334, Grant Number: 99-1-1143-55-188-02	69,059	55,247	13,812	17,755	14,204	3,551
American Indians for Development, Inc., 29 West Main Street—P.O. Box 117, Mendon, Connecticut 06450, Grant Number: 99-1-0381-55-160-02	182,820	154,256	38,564	0	0	0
Nanooke Indian Association, Inc., Rt. 4, Box 107A, Millsboro, Delaware 19966, Grant Number: 99-1-3518-65-251-02	39,025	31,860	7,965	0	0	0
Fla. Governors Council on Ind. Affairs, 1020 Lafayette Street—Suite 102, Tallahassee, Florida 32301, Grant Number: 99-1-0692-55-178-02	1,223,244	878,595	244,649	0	0	0
Miccosukee Corporation, P.O. Box 440021, Tamiami Station, Miami, Florida 33144, Grant Number: 99-1-0052-55-114-02	122,681	98,129	24,532	38,214	30,571	7,843
Seminole Tribe of Florida, 8073 Stirling Road, Hollywood, Florida 33024, Grant Number: 99-1-0004-65-076-02	69,082	55,266	13,816	7,480	5,984	1,496
Aukke, Inc., 1024 Maunapuna Street, Honolulu, Hawaii 96819-4417, Grant Number: 99-1-1179-55-190-02	2,544,310	2,035,448	508,862	1,983,858	1,587,068	396,772
American Indian Services Corporation, 1007 Dillingham Blvd., Suite 102, Honolulu, Hawaii 96817, Grant Number: 99-1-3404-55-244-02	89,709	71,767	17,942	0	0	0
Kootenai Tribe of Idaho, P.O. Box 1269, Bonners Ferry, Idaho 83805, Grant Number: 99-1-3334-55-238-02	33,135	28,508	6,627	1,282	1,010	252
Kux Pance Tribe, P.O. Box 385, Lapwai, Idaho 83540-0385, Grant Number: 99-1-0085-55-122-02	82,888	66,310	16,578	11,807	8,448	2,361

STEP NON-DUPLICATION OF SERVICES

QUESTION: You have asked how STEP and JTPA Titles IIA and IIB are mutually exclusive. That is, how do they function so as to avoid duplication of services?

ANSWER: STEP and the two federal programs have entirely different needs tests. Unlike IIA and IIB, STEP is NOT a classic "welfare" type program.

STEP eligibility is strongly linked to its funding source since it is based on employment status and contribution to the UI Trust Fund. STEP's mandate is also reflective of its funding source; to positively impact the Trust Fund, enhance the employment status of the individuals who pay into it, and reduce the cost to employers.

IIA and IIB eligibility requires low income status plus one or more "barriers to employment" (a welfare recipient, undereducated, mentally or physically disabled, a felon, an alcohol or drug abuser, etc.).

In those instances where an individual is eligible for both programs, policy has been to refer the individual first to the federal program and then to STEP, but only when all IIA and IIB funds are exhausted.

March 31, 1993

Honorable Steve Frank
ALASKA STATE SENATE
State Capitol, Room 508
Juneau, Alaska 99801-1182

RE: SB 57 Reauthorization of the State Training
and Employment Program (STEP)

Dear Senator Frank:

On behalf of myself and the Alaska Job Training Coordinating Council (AJTCC), this letter requests your support for the passage of SB 57 without amendments. After only four years the program has earned the support of Alaska Business, Labor, Native Organizations, Educators, and a myriad of Alaska residents who might otherwise be unemployed.

Accomplishments of the STEP Program include the following:

o **REDUCTION OF WELFARE DEPENDENCE.** This has been accomplished through targeting of AFDC Unemployed Parents, those who have exhausted their UI benefits, and by increasing training opportunities for workers affected by fluctuations in the economy or technological changes in the work place.

o **PROMOTION OF LOCAL HIRE.** STEP promotes local hire through training of Alaskans for Alaskan jobs. Targeted areas for training have included jobs in resource development and those jobs in which aliens are currently being hired.

o **PROMOTES BUSINESS GROWTH.** Recognizing that a favorable business climate fosters job creation, STEP seeks to provide an opportunity for expansion of existing businesses in addition to training Alaskans; a reduction of employer UI costs through training of Alaskans in areas of job expansion; and attraction of new businesses through availability of a skilled labor force.

STEP avoids waste by utilizing the service delivery infrastructure already in place, and complements existing federal programs without duplication of services. STEP permits more flexibility and innovation and, through use of current labor market information, affords more responsiveness to the realities of the Alaska job market.

Page 2
March 31, 1993

PASSAGE OF STEP WITHOUT AMENDMENT. While I strongly support passage of SB 57, I also advocate for passage of this bill without amendments. A designated grant to the Fairbanks Native Association or any other entity constitutes bad public policy. Such a grant would bypass all eligibility and accountability requirements, circumvent the competitive process in place for award of these grants, and ultimately defeat the purpose of the program. Any expenditure of these funds should positively impact the Trust Fund and the employees whose contributions fund that Trust.

Sincerely,



Percy Frisby, Member
AJTCC

Alaska State Legislature

Senator Tim Kelly, Chair
Senator Steve Rieger, Vice Chair
Senator Drue Pearce
Senator Judy Saino
Senator Georgianna Lincoln



SENATE LABOR AND COMMERCE COMMITTEE

STATE CAPITOL, SUITE 101
JUNEAU, ALASKA 99801-1182
PHONE: (907) 465-3822
FAX: (907) 465-3756

3111 C STREET, SUITE 550
ANCHORAGE, ALASKA 99503
(907) 561-7612

MEMORANDUM

TO: All Senators

FROM: Senator Tim Kelly, Chair
Senate Labor & Commerce Committee

DATE: April 12, 1993

RE: SB 57 - Extending S.T.E.P. Program

The State Training and Employment Program (STEP) was established in 1989 as a two year pilot project and was extended for two years in 1991. The project is scheduled to end June 30, 1993. Senate Bill 57, introduced by the Senate Rules Committee at the request of the Governor, would extend the program for three years, to June 30, 1996.

STEP was established to reduce claims for unemployment benefits and costs to the Unemployment Insurance Trust Fund by increasing training and employment opportunities for Alaskan workers. The project was established to encourage new businesses to locate in the State by providing a skilled labor force and by minimizing employers' unemployment costs.

STEP targets training for areas in Alaska where there are employment opportunities because of labor shortages or expanding job opportunities for skilled workers, in occupations which have a high number of nonresidents and in geographic areas with high unemployment.

Attached for your reference is the governor's transmittal letter, a position paper from the Department of Community & Regional Affairs, a brief overview of the program, selected statistics, and letters of support from the Municipality of Anchorage and the Private Industry Council.

Thank you.

WALTER J. HICKEL
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 22, 1993

The Honorable Rick Halford
President of the Senate
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear President Halford:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that extends for three years the pilot project for the state training and employment program.

The pilot project was enacted in 1989 (ch. 95, SLA 1989) as a two-year program, and was extended for two additional years (to July 1, 1993) in 1991 (ch. 17, SLA 1991). This bill amends sec. 4(a), ch. 95, SLA 1989, as amended by ch. 17, SLA 1991, to extend the date for collecting money through the unemployment insurance system to support the training program, and again extends the expiration date of the project (to June 30, 1996).

The pilot project, administered by the Department of Labor and the Department of Community and Regional Affairs, provides much-needed job training to unemployed workers in order to reduce unemployment insurance benefit expenditures. This project also assists Alaskans who need to upgrade their job skills in order to maintain their employability. This training program has broad-based support from both labor and industry.

I urge your prompt consideration and passage of this bill.

Sincerely,

A handwritten signature in cursive script that reads "Walter J. Hickel".

Walter J. Hickel
Governor

GOVERNOR'S LETTER
OF TRANSMITTAL

STATE OF ALASKA
DEPARTMENT OF COMMUNITY
& REGIONAL AFFAIRS

POSITION PAPER

Bill No.: SB 57 by Request of the Governor

Title: An Act relating to the employment contributions and to extending the pilot project for the state training and employment program; and providing for an effective date.

SB 57 provides for a three (3) year extension of the State Training and Employment Program (STEP) originally enacted under Chapter 95 SLA 1989. This program is designed to determine the benefits of a state funded training program directed toward unemployed or marginally underemployed persons in Alaska.

At least four (4) other states use the unemployment insurance trust for training purposes such as this. At least half of all states provide similar training through general fund appropriations. The anticipated effects of the program are a reduction in future claims against unemployment insurance; promotion of the new job growth in higher skill occupations; and improvement in local hire through workforce competitiveness improvements.

The bills fiscal note seeks an appropriation of \$3,386 million from the unemployment insurance trust fund, the same source as in the initial years of this program. This funding amount is projected to provide training for approximately 2,300 participants in job training and employment assistance.

DCRA FISCAL NOTE: \$3,386.0 (attached)

DCRA POSITION: Strong Support.

Edg. Blatchford

Edgar Blatchford
Commissioner

1-26-93

Date

DCRA POSITION PPR.

ALASKA'S STATE TRAINING AND EMPLOYMENT PROGRAM (STEP) A BRIEF OVERVIEW

Purpose: The Alaska State Training and Employment Program was established to:

- Help prevent future claims against unemployment benefits,
- Foster new jobs by encouraging businesses to locate in the state due to the availability of a skilled labor force and by minimizing employers' unemployment costs, and
- Increase training opportunities to those workers severely affected by the fluctuations in the state economy or technological changes in the workplace.

History:

- STEP was established in 1989 as a two-year pilot project under Chapter 95, SLA 1989.
- The program was extended in 1991 as a two-year pilot under Chapter 17, SLA 1991.
- As of November 22, 1992 more than 2,400 participants have completed STEP training.
- STEP will be repealed as of July 1, 1993, unless it is reauthorized as a pilot program.

Program Operation:

- **FUNDING:** The program is funded through employee contributions to Unemployment Insurance (UI). One-tenth of one percent of each worker's wages subject to regular UI contributions is collected by the Alaska Department of Labor (DOL) and put into a special "Employment Assistance and Training Program Account." The money is then appropriated by the state legislature to fund STEP.
- **WHO NEEDS TRAINING:** DOL establishes eligibility priorities as identified in Chapter 95, SLA 1989 and targets projects and services based upon labor market information and input from the Alaska departments of Community and Regional Affairs, Education, and Commerce and Economic Development as well as the University of Alaska, organized labor, Alaska Native organizations, the Alaska Job Training Council (AJTC), and the private industry councils.
- **HOW THE FUNDS ARE ALLOCATED:** DOL may award a grant to the AJTC to implement the program. The AJTC, through the Job Training Partnership Office, allocates funds to the three service delivery areas (SDAs) using a formula that reflects target population characteristics. Each SDA contracts with training organizations in the communities it serves to deliver such services as classroom training, on-the-job training, and so on and/or keeps funds to provide services directly to clients.

S.T.E.P. OVERVIEW

Alaska State Training and Employment Program

Selected Program Statistics:

July 1989 to November 1992

- Two thirds of the program participants were between the ages of 30 and 54. Twenty eight percent were female.
- Sixty nine percent of program participants were eligible for the program because they were receiving or had exhausted their unemployment insurance benefits.
- Nineteen percent of STEP program completers entered a new job that had never before been filled.
- The Employment Assistance Demonstration Project, conducted by the Alaska Department of Labor, was designed to provide intensive employment assistance workshops to unemployment insurance recipients. The program showed an overall placement rate of 29.6%.
- For successful STEP participants, the average wage for the four quarters after STEP training increased by 8% compared to the four quarter average wage before training. The average wage of all Alaska workers was virtually stagnant during this same time period.
- The average number of claims by quarter for the year following completion of the STEP program was 24% less than the number of claims submitted in the quarter immediately before STEP training.
- The average number of weeks claimed by STEP participants after program completion was 17.9 compared to 16.3 weeks for the total claimant population.
- For those currently working and for which occupational data is available, approximately 64 percent are working in occupations related to their training.

S. T. E. P. SELECTED
STATISTICS

Alaska Statewide Training and Employment Program
Training Activity by Selected Eligibility Criterion*

Training Activity	Eligibility Criterion						
	SFY 90						
	Skills not in demand	Limited area employment	Physical/Mental disabilities	Older Worker	Member Welfare home	UI claims for 13+ wks.	Face long term unemployment
Industry specific							
On the job training							
Classroom training	51	79	2	7	11	36	66
Support Services	7	9		4	1	7	5
Relocation Assistance							
Tools, Clothing, etc.							
Career counseling							
Upgrading skills							

Training Activity	Eligibility Criterion						
	SFY 91						
	Skills not in demand	Limited area employment	Physical/Mental disabilities	Older Worker	Member Welfare home	UI claims for 13+ wks.	Face long term unemployment
Industry specific	45	64	1	3	7	22	57
On the job training	14	10	2	6	1	3	15
Classroom training	599	584	35	158	56	213	487
Support Services	126	113	14	42	7	56	133
Relocation Assistance							
Tools, Clothing, etc.	3	4		1			3
Career counseling	29	26	1	4	4	9	23
Upgrading skills	1						1

*Criterion may vary by program year. Data represents 1482 clients who received services in the first 2 years of program operation.

A participant may use more than one training activity

Source: Alaska Department of Labor, Research and Analysis

**Municipality
of
Anchorage**



P.O. BOX 196650
ANCHORAGE, ALASKA 99519-6650
TELEPHONE: (907) 343-4431
FAX: (907) 272-1991

Tom Fink, Mayor

OFFICE OF THE MAYOR

February 2, 1993

Senator Tim Kelly, Chair
Senate Labor & Commerce Committee
State Capitol, Room 101
Juneau, Alaska 99811-1182

Re: SB 57, Extend STEP Program to 1996

Dear Senator Kelly:

I would like to encourage the Senate Labor and Commerce Committee's favorable consideration of legislation extending the State Training and Employment Program (STEP) for another three years, SB 57.

Since its establishment by the Legislature in 1989, STEP has provided employment and training services to over 500 local residents, assisting them to find new jobs or learn new skills and return to work. Given the steady decrease of federal employment and training dollars since the mid-1980's, most of these people could not have been helped without the STEP program.

Investing in a skilled workforce makes good economic sense. I urge the Committee to continue this investment with the reauthorization of the State Training and Employment Program.

Sincerely,

Tom Fink
Mayor

MAYOR FINK'S LETTER
OF SUPPORT

FEB- 2-93 TUE 12:21

HARTIG RHODES NORMAN

FAX NO. 2774352

P.01



**PRIVATE
INDUSTRY
COUNCIL**

P.O. BOX 196650
ANCHORAGE, ALASKA 99519-6650
(907) 343-6560

"An Anchorage/Mat-Su Consortium"

February 2, 1993

Senator Tim Kelly, Chair
Senate Labor and Commerce Committee
State Capitol, Room 101
Juneau, AK 99801-1182

Dear Senator Kelly:

I am writing on behalf of the Anchorage/Mat-Su Private Industry Council in support of legislation reauthorizing the State Training and Employment Program (STEP) for another three years.

The Council oversees employment and training programs serving Anchorage and the Mat-Su Valley. The source of our funding had been exclusively federal until the establishment of the STEP program in 1989. We have experienced a steady decline in federal employment and training dollars for the past several years; the addition of STEP to our inventory of programs has allowed us to serve many more Anchorage and Mat-Su residents than we otherwise could have.

Anchorage experienced over 1,000 layoffs during 1992. Many of the jobs we lost were in high-paying, technical and professional occupations. Our federal funds were quickly exhausted; the STEP funds enabled us to assist many of these workers to return to the workplace as quickly as possible.

Over 300 persons were served in the Anchorage/Mat-Su STEP program in FY92. We expect to reach at least that many during FY93. These are individuals who, without STEP, would be turned away because of lack of funds. We urge the Committee's favorable consideration of STEP's reauthorization.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Larry Hartig', written in dark ink over a white background.

Larry Hartig, Chair
Anchorage/Mat-Su Private Industry Council

PRIVATE INDUSTRY COUNCIL
LETTER OF SUPPORT

**DIVISION OF LEGISLATIVE AFFAIRS
STATE OF**

Post-It™ brand fax transmittal memo 7671		# of pages
To: John Regitano	From: [Signature]	
Co. FNA	Co.	
Dept.	Phone #	
Fax #	Fax #	

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

RECEIVED

MAR 05 1993

MEMORANDUM

March 1, 1993

FINA/ACCOUNTING

SUBJECT: Use of State Training and Employment Program funds for other purposes (Work Order No. 8-LS0745)

TO: Representative Gene Therriault

FROM: Teresa B. Cramer JBC
Legislative Counsel

You have asked whether the legislature is restricted from using money in the State Training Employment Program (STEP) fund for other purposes. Specifically, you ask whether there are any federal restrictions and whether the STEP funds must be funnelled through the unemployment trust fund account in the Department of Labor.

Short answer. I have not been able to find any federal or state restrictions that would limit the legislature's use of money in the fund. Therefore, in my opinion, the legislature may appropriate the STEP money for other purposes without restriction from the federal government. In my opinion, the funds should not pass through the unemployment trust fund account.

Discussion

1. Restrictions on use of STEP money.

The State Training and Employment Program was established as a two-year pilot program^{1/} to "finance and award grants to employment assistance and training entities." Sec. 2, ch. 95, SLA 1989. The employment assistance and training program fund is established in the Department of Labor by sec. 3, ch. 95, SLA 1989, as amended by sec. 33, ch. 2, FSSLA 1992, which states:

The employment assistance and training program fund is established in the department. Deposits in the fund are not general fund program receipts. The annual estimated balance in the fund may be appropriated by the legislature to the department to implement this Act. If the entire estimated balance is

^{1/} In 1991, the program was extended for an additional two years. Ch. 17, SLA 1991.

Representative Gene Therriault

March 1, 1993

Page 2

not used to implement this Act during a fiscal year, the legislature may make appropriations from the employment assistance and training fund to the unemployment compensation fund established in AS 23.20.130.^{2/}

The language concerning how the money in the fund should be used must be read as identifying the expectations or goals of the legislature in 1992 as to how the legislature would use the fund in the future. To do otherwise would result in the creation of a dedicated fund, prohibited by Art. IX, sec. 7 of the state constitution unless the dedication is required by the federal government in order for the state to participate in a federal program.^{3/} I have found nothing in federal or state statutes that requires that these funds be dedicated. The Department of Labor has indicated that the funds are not raised in response to a federal requirement. Therefore, in my opinion, the money raised under the STEP program is available for appropriation by the legislature for any public purpose, not just the purposes listed in the law establishing the program.

2. Unemployment Trust Fund Account.

You have also asked whether the money collected through the STEP program must be passed through the unemployment trust fund account. That account is created as one of the three separate accounts in the unemployment compensation fund. See AS 23.20.135(a). Section 4, ch. 95 SLA 1989, provides that the tax on wages for the STEP program is collected "in the manner provided in AS 23.20" (the Alaska Employment Security Act) and then remitted to the Department of Revenue in accordance with AS 37.10.050, which addresses the collection, accounting and deposit of state money. This is contrary to how money in the unemployment trust fund is handled under AS 23.20.135 and, in my opinion, establishes that the money should not be considered part of the unemployment trust fund account. I also spoke with Judy Knight, director of the Division of Employment Security about whether STEP funds were part of the unemployment compensation fund or of the unemployment trust fund account. She indicated that while the STEP funds do pass through the clearing account, they then are deposited in the general fund, not in the trust fund account. In my opinion, this is consistent with the requirements of the legislation.

^{2/} Before amendment in 1992, the money was specifically designated as an account in the general fund.

^{3/} Art. 9, sec. 7 reads:

The proceeds of any state tax or license shall not be dedicated to any special purpose, except as provided in section 15 of this article [establishing the Alaska Permanent Fund] or when required by the federal government for state participation in federal programs. This provision shall not prohibit the continuance of any dedication for special purposes existing upon the date of ratification of this section by the people of Alaska.

Representative Gene Theriault

March 1, 1993

Page 3

If I can be of further assistance, please let me know.

TBC:gc

93-178.glc

John Regitano
Chief Federal Officer
FNA

Fact Sheet
Employment Training and Placement Sources available to the
Fairbanks Native Association

1. Job Training Partnership Act (JTPA), U.S. Department of Labor. JTPA , which is administered by the U.S. Department of Labor, designates specific JTPA funding for tribal entities. FNA met with Mr. Herb Fellman, Chief, Division of Native and Indian American Programs, U.S. Department of Labor, on October 1, 1992, to see if FNA could access those funds to provide services to Fairbanks residents. We learned that there are no funds available for FNA; all Native American JTPA funds allocated for the region go to Tanana Chiefs, a recognized tribal entity, which does not serve the Fairbanks North Star Borough residents.
2. Alaska Department of Community and Regional Affairs Job Training Partnership Act (JTPA) FNA has applied for, and received, small JTPA grants (approximately \$20,000) through the regional office of C&RA, and the Statewide Private Industry Council to serve rural residents. We plan to continue this approach; however, this funding is not available to us to serve residents of the Fairbanks North Star Borough.
3. JOBS. C&RA has advised us that FNA is eligible for JOBS funding from Department of Health and Social Services. Jan Hansen, Director, Division of Public Assistance, has informed FNA that while the Division does provide some employment assistance, it does not and has never contracted any of those services to other entities. Rather, they are all performed by Division staff.

4/6/93

John informs me that money used in the S.T.E.P. program is set aside & kept separate from the Unemployment Insurance fund and so would not affect the ~~total~~ balance of the fund. Furthermore, the \$150,000 designated grant thru C&RA is just transitory to get FNA thru next spring ~~in the~~ when →

Chapter 17

AN ACT

1 Relating to employment contributions and to extending the pilot project for state training
2 and employment programs; and providing for an effective date.

3
4
5
6 * Section 1. Section 2, ch. 95, SLA 1989, is amended to read:

7 Sec. 2. STATE TRAINING AND EMPLOYMENT PROGRAM. There is created a
8 [TWO-YEAR] pilot project program to finance and award grants to employment assistance and
9 training entities. Employment assistance and training entities shall give appropriate state agencies
10 full access to accounting records concerning grants received to assure compliance with program
11 standards.

12 * Sec. 2. Section 4(a), ch. 95, SLA 1989, is amended to read:

13 (a) In the manner provided in AS 23.20, the department shall collect from each employee
14 an amount equal to one-tenth of one percent of the wages, as set out in AS 23.20.175, on which
15 the employee is required to make contributions under AS 23.20.290(d). This subsection applies
16 to amounts due and collected from July 1, 1989, through June 30, 1993 [1991], on wages for
17 employment performed from July 1, 1989, through June 30, 1993 [1991]. The department shall
18 remit to the Department of Revenue, in accordance with AS 37.10.050, money collected under
19 this subsection.

20 * Sec. 3. Section 15, ch. 95, SLA 1989, is amended to read:

21 Sec. 15. Section 13 of this Act takes effect July 1, 1993 [1991].

CORRECTION

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

John Regtano
Chief Federal Officer
FNA

Fact Sheet
Employment Training and Placement Sources available to the
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→ the application cycle w/ STEP begins.
John says FNA wants to sit down w/
C&RA to work with them to broaden
the program so they can ~~competitively~~ competitively
bid. ~~The 3 yrs of employment for~~
~~eligibility is too long.~~ The requirement that
you must have worked & contributed to the UI
in the last 3 years is too prohibitive & excludes
many of the people ~~that~~ they serve. They also would
like application process spelled out - currently, there
is none. They would like it tied to the fiscal year.
Josh

Chapter 17

AN ACT

1 Relating to employment contributions and to extending the pilot project for state training
2 and employment programs; and providing for an effective date.
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4

5
6 * Section 1. Section 2, ch. 95, SLA 1989, is amended to read:

7 Sec. 2. STATE TRAINING AND EMPLOYMENT PROGRAM. There is created a
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19 this subsection.

20 * Sec. 3. Section 15, ch. 95, SLA 1989, is amended to read:

21 Sec. 15. Section 13 of this Act takes effect July 1, 1993 [1991].
22

Chapter 17

· Eff. 6/6/91

1 • Sec. 4. This Act takes effect immediately under AS 01.10.070(c).

SB 188 am

Chapter 95

AN ACT

Relating to employment contributions and to the establishment of state training and employment programs; relating to training programs operated by the Department of Military and Veterans' Affairs; and providing for an effective date.

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* Section 1. FINDINGS. The legislature finds that

(1) an inadequate number of jobs exist in this state to meet the needs of those seeking employment;

(2) many Alaskans are having difficulty finding jobs, especially in trying to meet the changing technology needs in this state;

(3) employer and employee contributions paid into the unemployment insurance system are used for payment of compensation to unemployed workers and allocation of a small portion of employment contributions paid by employees would provide money to develop a state training and employment program to meet the training needs of Alaskans;

(4) a state training and employment program would

(A) help prevent future claims against unemployment benefits;

(B) foster new jobs by encouraging businesses to locate in the state due to availability of a skilled labor force and by minimizing employers' unemployment costs; and

(C) increase training opportunities to those workers severely affected by the fluctuations in the state economy or

Chapter 95

technological changes in the workplace in the state:

(5) It would be beneficial to the state for state training and employment programs funded by this Act to supplement, but not to displace, programs funded by money available to a training entity for public or private training, and not to replace, parallel, compete with, or duplicate existing federally approved, jointly administered apprenticeship and training programs.

* Sec. 2. STATE TRAINING AND EMPLOYMENT PROGRAM. There is created a two-year pilot project program to finance and award grants to employment assistance and training entities. Employment assistance and training entities shall give appropriate state agencies full access to accounting records concerning grants received to assure compliance with program standards.

* Sec. 3. EMPLOYMENT ASSISTANCE AND TRAINING PROGRAM ACCOUNT. The employment assistance and training program account is established in the general fund. The commissioner of administration shall separately account for money collected under sec. 4 of this Act that the department deposits in the general fund. The annual estimated balance in the account may be appropriated by the legislature to the department to implement this Act. The legislature may appropriate the lapsing balance of the account to the unemployment compensation fund established in AS 23.20.130.

* Sec. 4. SPECIAL EMPLOYEE UNEMPLOYMENT CREDIT AND CONTRIBUTIONS FOR PROGRAM. (a) In the manner provided in AS 23.20, the department shall collect from each employee an amount equal to one-tenth of one percent of the wages, as set out in AS 23.20.175, on which the employee is required to make contributions under AS 23.20.290(d). This subsection applies to amounts due and collected from July 1, 1989, through June 30, 1991, on wages for employment performed from July 1, 1989, through June 30, 1991. The department shall remit to the Department of Revenue, in accordance with CSSB 191(Fin)

Chapter 95

AS 27.10.050, money collected under this subsection.

(b) Notwithstanding AS 23.20.290(d), the department shall credit each employee with an amount equal to the amount collected from the employee under (a) of this section against unemployment contributions owed by the employee under AS 23.20.

(c) The department shall assess and collect, under AS 23.20.185 - 23.20.275, interest and penalties for delinquent reports and payments due under this section. Interest and penalties collected shall be handled in accordance with AS 23.20.130(d).

* Sec. 5. PEOPLE TO BE SERVED. Within the limits of its grant, an employment assistance and training entity receiving a grant under sec. 3 of this Act shall provide services set out in sec. 6 of this Act to state residents who, immediately before beginning training or receiving benefits under a grant financed by this program,

(1) are unemployed and

(A) are receiving unemployment insurance benefits; or

(B) have exhausted the right to unemployment insurance benefits within the past three years;

(2) are employed, but liable to be displaced within the next six months because of

(A) reductions in overall employment within a business;

(B) elimination of the worker's current job; or

(C) a change in conditions of employment requiring that, to remain employed, the employee must learn substantially different skills which the employee does not now possess; or

(3) have worked in a position covered by AS 23.20 at any time during the last three years, and are not currently eligible for unemployment insurance benefits because

(A) their employment has been seasonal, temporary, part-

Chapter 95

time, or marginal;

(B) their qualifying wages are insufficient because of limited job opportunity; or

(C) they are employed but, because they are underemployed, they are in need of employment assistance and training to obtain full employment.

* Sec. 6. SERVICES FOR ELIGIBLE PEOPLE. Subject to the limits of its grant, an entity receiving a grant under sec. 8 of this Act shall provide one or more program elements. The program elements include

- (1) industry-specific training;
- (2) on-the-job training;
- (3) institutional or classroom job-linked training;
- (4) support services, including allowances;
- (5) relocation assistance; or
- (6) provisions of necessary tools, work-related clothing, safety gear, or other necessities to obtain or retain employment.

* Sec. 7. DUTIES OF THE DEPARTMENT. (a) The department may award a grant to the State Job Training Coordinating Council to

- (1) administer a state training and employment program; and
- (2) award pilot project grants to qualified entities.

(b) If a grant is awarded to the State Job Training Coordinating Council, the department shall annually provide to the council a priority list of targeted projects or services, based on unemployment statistics, unemployment insurance claims, occupational and industrial projections, availability of other training and employment programs, and other relevant data. The department shall also provide annually to the council a priority list of criteria for eligibility to maximize services to those people most in need of training under this Act. In developing the priority list for targeted projects and services, the department shall solicit comments from
CSSB 194(F14)

Chapter 95

1 the Department of Community and Regional Affairs, Department of Education,
2 Department of Commerce and Economic Development, University of Alaska,
3 organized labor, the council, and the administrative entities of the sub-
4 state service delivery areas established for the council.

5 (c) The department may adopt regulations necessary to implement this
6 chapter.

7 * Sec. 8. DUTIES OF STATE JOB TRAINING COORDINATING COUNCIL. (a) In
8 implementing this program under a grant received under sec. 7 of this Act,
9 and subject to the limit of its grant, the council shall award a pilot
10 project grant for a period of up to two years, in accordance with the
11 priority list established by the department under sec. 7(b) of this Act, to
12 an employment assistance and training entity if the entity meets program
13 requirements and can demonstrate that

14 (1) its accounting systems include controls adequate to check
15 the accuracy and reliability of accounting data, promote operating effi-
16 ciency, and assure compliance with program requirements and generally
17 accepted accounting principles; and

18 (2) its activities do not replace or compete in any way with a
19 federally approved jointly administered apprenticeship program or any other
20 existing training programs.

21 (b) The council may not award a pilot project grant if the grant
22 would displace money available through existing public or private training
23 programs.

24 (c) The Department of Community and Regional Affairs shall provide
25 administrative support to the council to administer the program. To pro-
26 vide administration of the program, the council may use the administrative
27 entities of the substate service delivery areas established for the coun-
28 cil.

29 (d) The council shall annually provide the department with financial

Chapter 95

and performance reporting on the activities of the program and recommendations concerning continuation of funding.

* Sec. 9. DEFINITIONS. In this Act,

(1) "council" means the State Job Training Coordinating Council established in the Department of Community and Regional Affairs under 29 U.S.C. 1532 and Administrative Order Number 74 of the governor;

(2) "department" means the Department of Labor;

(3) "program" means the state training and employment program established under this Act; and

(4) "substate service delivery areas" means those areas designated by the governor under 29 U.S.C. 1532.

* Sec. 10. SHORT TITLE. Sections 1 - 10 of this Act may be cited as the Alaska Employment Assistance and Training Program Act.

39.25.110(28)

* Sec. 11. AS 39.25.110 is amended by adding a new paragraph to read:

(28) persons engaged in employment or pre-employment training programs operated by the Department of Military and Veterans' Affairs.

44.35.020(b)

* Sec. 12. AS 44.35.020 is amended by adding a new subsection to read:

(b) The Department of Military and Veterans' Affairs may administer training and pre-employment training programs.

* Sec. 13. Sections 1 - 10 of this Act are repealed.

* Sec. 14. Sections 1 - 12 of this Act take effect July 1, 1989.

* Sec. 15. Section 13 of this Act takes effect July 1, 1991.

Eff. §§ 1-12
take effect
7/1/89; § 13
takes effect
7/1/91

Sally - Can we respond to this? —

3/27/93

Arbe:

Attached are two amendments that may be under consideration for SB 57. Sen. Pearce would like the department to look at them and give her your position.

Secondly, can you respond to the three questions re; STEP statistics.

Thanks,

Billy

Billy Miles
X 4993

Office of Lt. Governor
R 3 1993
Commissioner

File:	Info:	CC
Com		
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Sp Asst		✓
Info Off		
Adm Asst		
Int Aud		
ASD		
ESD		
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460

$$\begin{array}{r}
 461.18 \\
 423.50 \\
 \hline
 37.68
 \end{array}$$

$$\begin{array}{r}
 423.50 \times 12 \times 1035 \\
 \hline
 5,259,870
 \end{array}$$

1035 x 12

12,420

467,985.6

570,000

Proposed Amendments to STEP Statutes (SB 57)
Chapter 95 SLA 1989

Problem:

Current STEP Statutes restrict services to only those clients who have actually paid unemployment insurance in the last three years. This provision does not allow an employment and training program to focus on the long term unemployed, i.e. the welfare recipients.

AMENDMENT # 1

Section 5 : People to be Served: Add a new subsection as follows:

(4) have not worked in the past three years and are considered to be long-term unemployed having the potential to contribute to the unemployment insurance fund upon job placement

- A) the client has recently or is currently a recipient of welfare funds from the State
- B) a reduction in welfare costs to the state can be shown through employment training and placement of the client

Problem:

Under the current program, grant funds are distributed late into the fiscal year not allowing for ongoing long-term employment programs to be administered without interruption.

AMENDMENT #2

Section 8: Duties of the State Job Training Coordinating Council

Add a new subsection as follows:

- (3) The Council will begin review of grant applications two months prior to the end of the fiscal year and complete the grants awarded under Section 5 (4) during the first month of the fiscal year.

STEP PROGRAM STATISTICS: Material needed to analyze accomplishments to date.

For each fiscal year (FY 91, 92, 93):

1. Break out all statistics in November 22, 1992 report by **fiscal year** and by **PIC** (Private Industry Councils in Anchorage-Mat-Su; and Fairbanks) and **Statewide STEP grants** administered through the Job Training Partnership Office, C&RA.
2. Detail on budget allocations and expenditures for each PIC and the Statewide STEP grants by **fiscal year**, by **PIC** and **Statewide STEP grants** administered through the Job Training Partnership Office, C&RA.
3. Detail for each PIC and the Statewide STEP grantees by fiscal year of.
 - a) Services provided directly.
 - b) Services provided through contract; identification of contractors; \$ amount of contracts, numbers of clients served, and dates.



AJTC

WALTER J. HICKEL, GOVERNOR

REPLY TO: Department of Community
and Regional Affairs
333 W. 4th Avenue
Suite 220
Anchorage, Alaska 99501-2341
Phone: (907) 269-4500
Fax: (907) 269-4520

ALASKA JOB TRAINING COUNCIL

February 3, 1993

The Honorable Tim Kelly
Alaska State Senate
State Capitol
Juneau, Alaska 99801-1182

Re: Support for Senate Bill 57: State Training and Employment
Program (STEP)

Dear Senator Kelly:

The Alaska Job Training Council strongly supports reauthorizing the State Training and Employment Program for another three years.

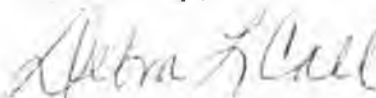
This vital employment and training program offers the flexibility of funding and services to those Alaskans who do not meet the federally funded JTPA criteria. Since its inception, STEP has provided training assistance to thousands of Alaskans over the last few years who have lost high-paying, technical and professional jobs. The STEP has enabled state agencies, associated Private Industry Councils to put these valuable, yet unemployed Alaskan workers back into the workplace as quickly as possible.

The program is due to sunset at the end of this fiscal year if it is not reauthorized under Senate Bill 57. The cost of 1/10 of 1% of each employee's wages is a small premium to insure each Alaskan worker with the ability and critical assistance needed to return to work.

I encourage you to support expeditious passage of this important bill. To my knowledge there is universal support for the program among the cooperating agencies, associated Private Industry Councils and, of course, program participants.

If you have any questions or need additional information please do not hesitate to contact me at 274-8638.

Sincerely,



Debra L. Call
Chairperson
Alaska Job Training Council

SENATE LABOR & COMMERCE COMMITTEE - 2/2/93
ADDITIONAL BACK-UP FOR SB 57: EXTEND S.T.E.P.

Position Paper from DCRA
A Brief Overview of STEP
Selected Program Statistics
1991 SLA Ch. 17
1989 SLA Ch. 95

Letter of Support from Mayor Tom Fink, Municipality of Anchorage
Letter of Support from the Private Industry Council

S B

64

STATE OF ALASKA

DEPARTMENT OF COMMERCE
ECONOMIC DEVELOPMENT

DIVISION

Post-it [®] Fax Note	7671	Date	4/1/94	# of pages	2
To	VIRGINIA	From	TOSH FINK		
Co./Dept.	NORTHWEST STRATEGIES	Co.	SEN. KELLY		
Phone #		Phone #	465-3519		
Fax #	561-2570	Fax #			

March 31, 1994

The Honorable Tim Kelly
Alaska State Senate
State Capitol
Juneau, AK 99801-1182

Dear Senator Kelly:

Thank you for your letter of March 29, 1994. The two question areas posed deal with proposed sections of AS 23.30.036 and AS 23.30.091.

The Division of Insurance feels that AS 23.30.036 may create more difficulties than it resolves but is not opposed to the proposal. The classification system used by insurers to rate workers compensation insurance is subject to filing and prior approval in the insurance code, specifically AS 21.39. Any filing modification, prohibition, or requirement that impacts the classification system or the rates used in that system should be detailed in AS 21.39 not in AS 23.30. Each of the provisions of the proposed AS 23.30.036 should be moved to AS 21.39 to avoid any potential conflict with the requirements of .030 which provides that rates shall not be inadequate, excessive, or unfairly discriminatory.

The ramifications of such a change are that it will substantially complicate the ratemaking process, particularly the experience modification structure. The provision assumes that the rate of wages are at the average weekly wage which may not be true since there is a large block of information missing from the data used in ratemaking. Self-insurers and noninsured employers do not report data to the ratemaking entity. The more complicated the structure, the more difficult it is to efficiently administer. We have not approached the rating organization to see what will be involved in revising the current structure to accomplish this proposal.

Concerning AS 23.30.091, the Division of Insurance is opposed to the proposed change. The Division of Insurance does not regulate self-insurance since technically and by definition, self-insurance is not insurance. The definition of insurance found in AS 21.90.900(22) states: "insurance' means a contract whereby one undertakes to indemnify another or pay or provide a specified or determinable amount or benefit upon determinable contingencies." A workers' compensation self-insured is not indemnifying another. It is providing payment for its own liabilities. As noted, self-insurance is really a misnomer.

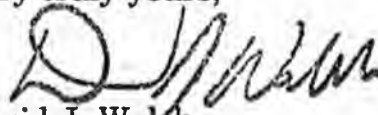
A group self-insurer is not a self-insured at all. Under the definition of insurance, it is an insurer. Its structure is nearly identical to a kind of insurer called a reciprocal exchange or a mutual. In both of these cases, the

members of the insurer are the owners. We are opposed to the creation of a group self-insure mechanism because it conflicts with the insurance code which already provides a structure for a nearly identical entity to form. A reciprocal exchange can form under AS 21.75. Its capital and surplus requirements are less than those for a mutual or stock company. We have had some experience with this mechanism and now have two formed in Alaska. These are the Alaska Timber Insurance Exchange and Alaska Rural Electrification Cooperative Association insurance exchanges. We currently do not have any domestic mutuals formed. We do have several stock companies but this is not generally the structure suggested as a response to group self-insurance.

Generally, group self-insurance mechanisms are proposed because employers wish to avoid regulation by the insurance regulator. However, the provision of workers' compensation insurance is a volatile business that requires the kind of financial and market oversight that is somewhat alien to workers' compensation boards. The oversights in place for insurance regulation are dynamic and provides public protection. It has rate regulation, financial regulation, and provide a guaranty fund mechanism to protect injured employees. The goals of this proposed section are currently met under AS 21, albeit with more structure than the proponents of the section would like.

If you would like more on this issue, please feel free to contact me, Don Koch, or Ken Sykes, and we will do what we can to help.

Very truly yours,



David J. Walsh
Director

DJW/KS/mme333.ks
033194a

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO. SB 64

Revision Date: 1/22/93
Title: Civil Liability for Workplace Safety Inspections
Sponsor: Senate Labor & Commerce Committee
Requestor: _____

Department Affected: Commerce and Economic Development
BRU: Insurance
Component: Operations
COMPONENT SERIAL NO. 354

EXPENDITURES/REVENUES:

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE:	0	0	0	0	0	0
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FUNDING:

1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1004 GF	0	0	0	0	0	0
1005 GF/Program Receipts	0	0	0	0	0	0
1006 GF/MHTIA	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

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

Estimate of current year (FY 93) impact: _____

ANALYSIS: (Attach a separate page if necessary.)

No fiscal impact.

Prepared by: Joan Brown, Administrative Officer
Division: Insurance

Phone: 465-2597
Date: 1/29/93

Approved by Commissioner: Paul Fuhs
Agency: Commerce and Economic Development

Date: 2-3-93

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SB 64: "An Act relating to civil liability for safety and inspection; and providing for an effective date."

The Division of Insurance is neutral with respect to the content of this bill. The bill attempts to remove civil liability from insurers, insurance service agents, self-insured employers, or trade associations for damages resulting from the performance or failure to perform work place safety inspection programs, unless there is intentional misconduct involved.

The division would like to point out several possible flaws in the format of the bill. The bill has a tort limitation objective as opposed to an insurance regulatory objective, and as such we would recommend that it be reassigned to a different title of the Alaska Statutes. The purpose and intent of the bill really does not fit well with Title 21.

Secondly, there are several terms which are undefined within Title 21. For example, an "insurance service agent" or "trade association" are undefined terms in the Alaska insurance statutes. In addition, the bill refers to an "insurance service agent" to a "self-insured employer." We do not regulate self-insured entities. "Self-insurance" is not the business of insurance. "Insurance" only exists when there is a transfer of risk. An entity that is "self-insured" simply has not transferred any risk to a separate entity. Therefore, all "self-insured" entities are not regulated by the Division of Insurance. It would be inappropriate to include within our statutory framework references to entities for which we have no statutory authority. It might be more appropriate to place the language in AS 23.

Paul Fuhs
Paul Fuhs, Commissioner

2-3-93
Date

dgl029pp.ins

COMMERCE
Position Paper

COPY

**DIVISION OF LEGAL SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA**

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

February 3, 1993

SUBJECT: Workplace safety inspections - SB 64
TO: Senator Tim Kelly
FROM: Michael F. Ford
Legislative Counsel

This memo is in response to comments by the Division of Insurance. The division questions the placement of the immunity provision as a part of title 21. The placement of the immunity provision is intended to complement the workplace safety program, which is located at AS 21.89.015. In short, the workplace safety inspection immunity provision seems to logically fit alongside the workplace safety program.

The Division of Insurance also questioned the lack of definition of several terms. A term is only defined if the meaning of the term is unclear. It does not appear that the terms referred to in the division's memo would require definition, in order to provide immunity for workplace safety inspections.

Please contact me if you have further questions.

TBC:lmb
93-019.lmb

Legal Serv. Response



Alaska National

INSURANCE COMPANY

A policy of service and protection

February 1, 1993

The Honorable Tim Kelly, Chair
Labor & Commerce Committee
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear Senator Kelly:

Unfortunately, I will be unable to attend your hearing on SB 64 scheduled for Thursday, February 4, 1993. However, this bill is an extremely important one and I wanted to express my views.

This legislation (with the deletion of one key phrase) will help restore the workers' compensation system to its original intent -- i.e. a no fault system.

As you know, the workers' compensation system covers employee injuries whether or not the employee is at fault. Even gross negligence on the part of the employee does not free the employer of liability. In return, the employer and its insurance carrier are entitled to exclusive remedy. That is, the employer or carrier should not be subject to any liability beyond what is provided under the workers' compensation act.

If, in fact, an insurance carrier makes a mistake (intentional or otherwise) in a safety inspection, the employee is taken care of under the workers' compensation system. No need exists, nor should there be any incentive, for an employee to reap windfall benefits.

If an insurance carrier displays a pattern of poor inspection practices, remedies are available for the Director of the Division of Insurance to address the matter. From a practical standpoint, however, the market place will quickly come into play and insureds will go elsewhere for coverage and safety services.

I strongly urge your Committee to delete the language relative to "intentional misconduct". As currently written, this language may appear to embrace "motherhood" and "apple pie" but I assure you that such a belief is erroneous.

Correspondence

over ↓



217 Second Street, Suite 200 • Juneau, Alaska 99801 • Tel (907) 586-1325. Fax (907) 463-5480

February 2, 1993

TO: Senator Tim Kelly, Chair
and
Members, Senate Labor and Commerce Committee

FROM: Kent E. Swisher, Executive Director

RE: SB 64 - An act relating to civil liability for workplace safety inspections

The Alaska Municipal League supports the intent of SB 64 - Relating to civil liability for workplace safety inspections and wishes to suggest an amendment to the bill as introduced to clarify that it applies to self-insurance pools and self-insured employers.

The League's *1993 Policy Statement*, Part III, E.7 states:

The League supports legislation that would limit civil liability for insurance pools, self-insured employers, an insurance agent to self-insured employers, carriers, or trade associations as a result of an act or omission in performing or failing to perform a workplace safety inspection or a safety advisory service.

As a representative of both a self-insurance pool, the Alaska Municipal League Joint Insurance Association, and municipalities that are self-insured, the League suggests the following amendment to SB 64 as introduced by your committee:

Sec. 21.89.017. IMMUNITY FROM CIVIL LIABILITY FOR WORKPLACE SAFETY INSPECTIONS. An insurer, an insurance service agent to a self-insured employer, a self-insured employer, a self-insurance pool, or a trade association is not liable for civil damages as a result of an act or omission in performing or failing to perform a workplace safety inspection or a safety advisory service unless the insurer's, agent's, employer's, pool's, or association's act or failure to act constitutes intentional misconduct.

Protection from civil liability for safety services was eliminated in 1990 by action of the Alaska State Supreme Court. According to the September 1992 issue of *The WCCA Sounder*, a workers' compensation reform newsletter, "as it now stands, any insurance carrier or safety service provider is subject to suit by an injured worker if the insured has provided, or failed to provide, safety inspections or advice."

Self-insured municipalities and self-insurance pools have active loss control and public and employee safety programs designed to prevent or limit future injuries. Legislation is needed to provide protection from civil liability for them as well as for other insurers who promote safety. AML's proposed amendment will extend that protection to self-insured employers and self-insurance pools as well as to private insurers and trade associations.

We appreciate your consideration of this request for an amendment and urge swift action on an amended version of SB 64.

LEG933:sb64.201

Member of the National League of Municipalities

AML-SUPPORT

CORRECTION

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



Alaska National

INSURANCE COMPANY

A policy of service and protection

February 1, 1993

The Honorable Tim Kelly, Chair
Labor & Commerce Committee
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

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Correspondence —

over ↓

Letter-Tim Kelly
February 1, 1993
Page 2


First, as I have already pointed out, this additional club is not needed. The important consideration is that the employee is already taken care of.

Second, this type of language invites frivolous causes of action for which the principal beneficiaries are plaintiff and defense attorneys.

The problem is that such words as "intentional" or "misconduct" are issues of fact and, therefore, ultimately would have to be decided by a judge or jury. I know I am being repetitious here but the workers' compensation system was not designed to be adversarial in determining fault. Fault is not supposed to be an issue. Thus, I suggest that this language is inappropriate and respectfully request that it be removed.

I appreciate the fact that this overall issue is being addressed this year and urge that this corrective legislation be passed.

Sincerely,



James E. Pfeifer
President

JEP/maj



217 Second Street, Suite 200 • Juneau, Alaska 99801 • Tel (907) 586-1325, Fax (907) 463-5480

February 2, 1993

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and
Members, Senate Labor and Commerce Committee

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LEG933:sb64.201

Member of the National League of

AML-SUPPORT

WCCA

Workers' Compensation
Committee of Alaska

February 4, 1993

The Honorable Tim Kelly
Alaska State Senate
P.O. Box V
Juneau, Alaska 99811

Re: Senate Bill 64

Dear Senator Kelly,

The Worker's Compensation Committee of Alaska, (WCCA) a state wide advocacy group for business and industry interests in worker's compensation, offers their **support for Senate Bill 64 in its originally introduced form.** This bill puts back the legislative intent of the 1988 Worker's Comp reform bill which was supported by a unified coalition of labor and management. As a result of the passage of the 1988 reform legislation, Alaska's worker's compensation system is looked upon as a model system by many states currently facing financial ruin in their comp programs.

Should you or your committee members require further information regarding the history and/or need for the provisions contained in Senate Bill 64 please feel free to contact us.

Sincerely,



Willem Van Hemert
President
Workers' Compensation Committee of Alaska

P.O. Box 200631
Anchorage, Alaska 99501

WCCA SUPPORT LETTER

Post-It™ brand fax transmittal memo 7671		# of pages ▶ /
To <i>Sen Tim Kelly</i>	From <i>Willem Van Hemert</i>	
	Co.	
	Phone # <i>561-3252</i>	
	Fax # <i>561-2273</i>	