

Nine Star Enterprises

Education and Employment Services
"We Develop Alaska's Workforce!"



March 9, 2012

716 W. 4th Ave. Ste. 500
Anchorage AK 99501-2133
Attention to: Senator Johnny Ellis

Dear Members of the Senate Finance Committee,

Thank you for introducing Senate Bill 221 to allocate 100 percent of existing alcohol tax revenue to the Alcohol and Other Drug Abuse Treatment and Prevention Fund (ADTP). In 2002, State Representative Lisa Murkowski championed HB225 to raise the alcoholic beverage tax and establish the ADTP to help provide much-needed revenue for expanded substance abuse treatment and diversion programs. Since 2003, only half of the funds collected from the existing alcohol tax have been appropriated to the ADTP. While the political reasoning for the fund was to expand treatment, decreases in general fund spending have left overall funding for substance abuse treatment and prevention reduced or stagnant.

Despite the increasing need for more substance abuse treatment and prevention, these programs are historically underfunded. Providers throughout the state report treatment beds are full to capacity, long waiting lists exist for services they offer, and there are numerous requests for services they can't provide. According to the Federation of Tax Administrators, Alaska's alcohol tax is 3.5 to 4 times the national average which means Alaska has one of the highest excise tax rates on alcohol in the nation. These taxes produce over 38 million dollars annually, but sadly the majority of this tax revenue is not used to combat the problems related to the abuse and misuse of alcohol.

Alaska consistently ranks among the top 5 states for alcohol and drug dependence. Not only does substance abuse have an extreme economic impact on the state, estimated at \$738 million annually in health care costs, traffic crashes, criminal justice and public assistance, substance abuse is a reportedly a factor in 85% of sexual assault and domestic violence cases, and a contributing factor in 70% of child abuse and neglect cases. We cannot continue to ignore the substance abuse epidemic in Alaska.

The Governor should be commended for his Choose Respect initiative. Senate Bill 221 is the logical next step. We can't stop the scourge of sexual assault and domestic violence without addressing the underlying issue of alcoholism and drug abuse. With a small statutory change, all monies collected from alcohol taxes can be put toward proven substance abuse treatment and prevention programs. The time to act is now.

Thank you for your leadership on this crucial issue. Sincerely,

David S. Alexander, President
Nine Star Education and Employment Services