

H B

202

Introduced: 2/11/83  
Referred: State Affairs and  
Finance

Funding Information  
General Fund \$157,368  
Other Funds -0-  
\$157,368

1 IN THE HOUSE

BY HERRMANN

2

HOUSE BILL NO. 193

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act making a special appropriation to the Legis-  
7 lative Affairs Agency to establish and operate tele-  
8 conference sites; and providing for an effective  
9 date."

10

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

11

\* Section 1. The sum of <sup>159,087</sup>\$157,368 is appropriated from the general fund  
12 to the Legislative Affairs Agency to establish and operate teleconference  
13 sites at Naknek, <sup>Wadsworth</sup>Lliamna, <sup>Lockhart</sup>New Stuyahok, and Togiak.

14

\* Sec. 2. The unexpended and unobligated portion of the appropriation  
15 made by this Act lapses into the general fund June 30, 1984.

16

\* Sec. 3. This Act takes effect July 1, 1983.

*Time enough*

FISCAL NOTE

I. REQUEST

Bill/Resolution No. \_\_\_\_\_ House Bill No. 193

Title An act making special appropriation to Legislative Affairs Agency to establish  
Requested XXX and operate Teleconference sites Date March 17, 1983

Requested by Representative Mitch Abood - State Affairs

II. FISCAL DETAIL

Agency Affected Legislative Affairs Agency

Program Category Affected Public Services Division

BRU, Program, Or Subprogram(s) Affected Teleconference Sites

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
100 PERSONAL SERVICES		39,260				
200 TRAVEL		14,220				
300 CONTRACTUAL		6,048				
400 COMMODITIES		2,400				
500 EQUIPMENT		27,840				
600 LAND & STRUCTURES		9,600				
700 GRANTS, CLAIMS, ETC.		-0-				
		-0-				
TOTAL		157,368				

FUNDING (Thousands of Dollars)

GENERAL FUND		157,368				
FEDERAL FUNDS		-0-				
OTHER (Specify Source)		-0-				

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section 111)

ONE-TIME COSTS

- 200-Admin. travel to site for interview, arrange., staff travel to major center for training.
- 300-Telephone install., freight for initial supplies, signs, rubber stamps, etc.
- 400-Initial stock of office supplies
- 500-Teleconf. equip., file cabinet & equip. stand, typewriter, telecopier, answering machine, associated freight.

RECURRING COSTS

- 100-On-call moderator, inc. cost of living differential.
- 200-Staff travel to major center for orient. & train., admin. travel to site for supp. train.
- 300-Telephone service, postage & mailing, off-net tolls & bridge svcs., required printed mat., funds for local advertising & newspaper sub, equip. repair & maint., freight.
- 400-Stationery and supplies
- 500-Routine recurring requirements for teleconf. equip., office furniture & equip.
- 600-Funds to reimb. donor of space for janitorial and/or utilities costs if required.

IV. DATE March 17, 1983

PREPARED BY Wally Harrison, Director, Admin. Svcs.

AGENCY Legislative Affairs Agency

Original: Legislative Finance

PHONE 465-3850

cc: Budget and Management

Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/82)

114-

HOUSE COMMITTEE ON STATE AFFAIRS  
LETTER OF INTENT  
FOR  
CSHB 193 (STATE AFFAIRS)

Mr. Speaker:

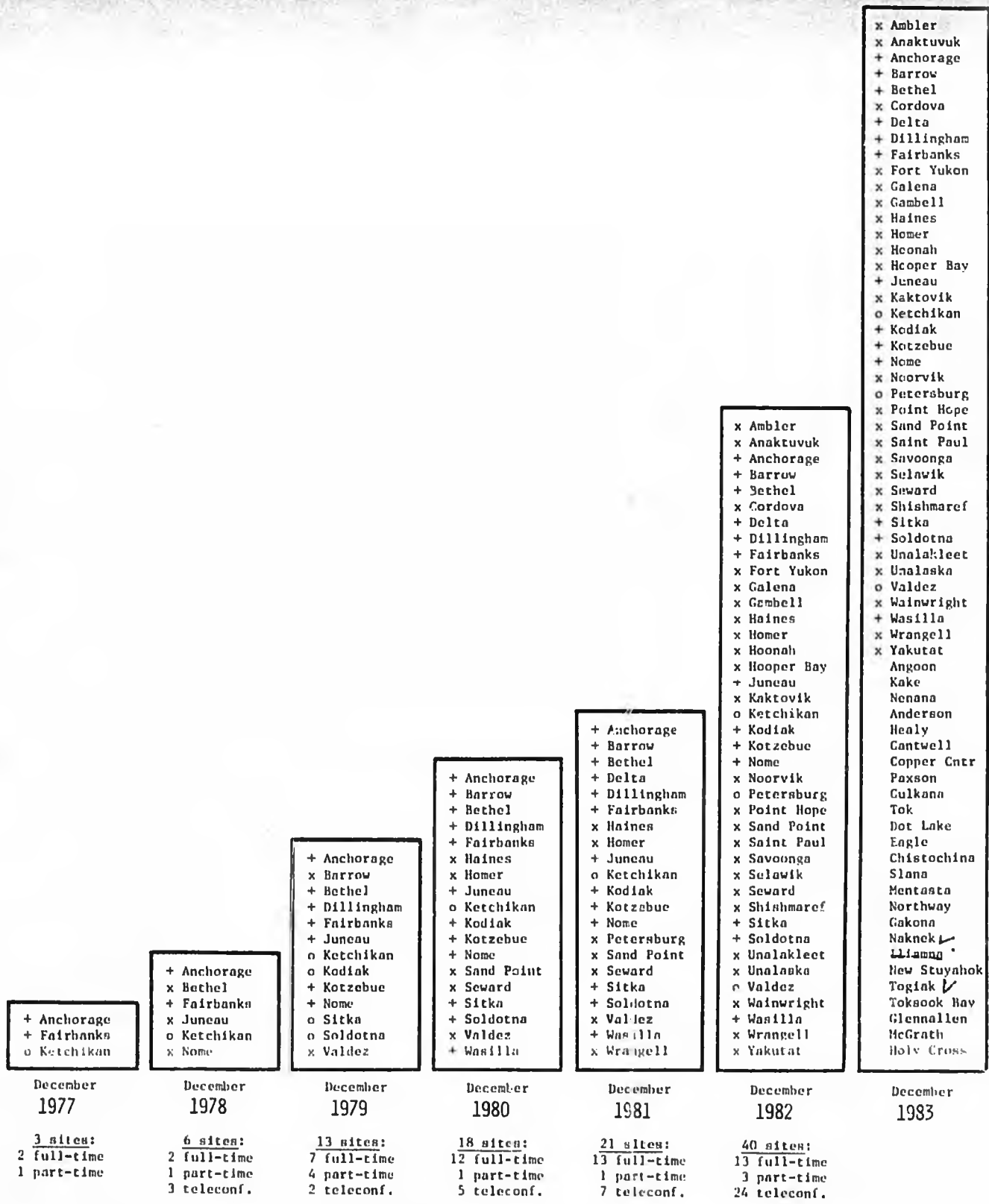
The Committee on State Affairs has had House Bill 193 under consideration, and the Committee recommends that the bill be replaced by Committee Substitute for House Bill 193, and that the Committee Substitute (CSHB 193) do pass.

The State Affairs Committee intends to reflect, through CSHB 193, a commitment to the Legislative Information & Teleconference Network and recognizes the importance of linking the government of Alaska to her people.

Testimony before the committee has clearly established that Alaska's legislative telecommunications system is unique in providing for the vital interchange of thoughts and opinions throughout our vast and diverse land.

Respectfully submitted,

Rep. Mitch Abood  
Chairman



Legislative Affairs Agency  
**DIVISION OF PUBLIC SERVICES**

LEGISLATIVE TELECONFERENCE NETWORK activated February 1978  
 DIVISION OF PUBLIC SERVICES established May 1979

+ Full-time Legislative Information Office  
 o Part-time or session-only Legislative Information Office  
 x Teleconference Center

Unfunded sites requested for teleconferences in a recent four-week period: Pelican (2); Tenakee (2); Boys' Club, Anchorage; Whittier (2); North Pole (7); Adak (2); Seldovia (4); Palmer; Talkeetna (2); Craig; Pioneers' Home, Anchorage; Susitna Valley High School; Brevig Mission; Teller; Wales; Girdwood; Metlakatla; Port Alexander; Chester Valley. Nine simultaneous teleconferences held during February 1983.

# STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

## DEPARTMENT OF ADMINISTRATION

POUCH C  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-2041

### DIVISION OF TELECOMMUNICATIONS SERVICES

March 14, 1983

Honorable Adelheid Herrmann  
Alaska State Legislature  
Pouch V  
Room 212, Behrends Bldg.  
Juneau, Alaska 99811

Dear Representative Herrmann:

Re: HB193

It has come to my attention that New Stuyahok, one of the four proposed Legislative Teleconference Network sites in HB193, does not presently have the technical capability to adequately accommodate that service.

The Division of Telecommunications Services has recently sent inquiries to all Alaskan telephone companies requesting information regarding existing or planned exchange service in Alaska's communities. Response from Bristol Bay Telephone Cooperative indicates that the certification process to extend exchange service to eight Bristol Bay area communities has begun. If certified, Bristol Bay intends to provide exchange service to New Stuyahok, but not until the last quarter of 1984. The other three communities in HB193 presently have exchange service.

I hope this information is useful. Please contact me if the Division staff or I can provide further help.

Sincerely,

  
Sioux Plummer, Director

Thru:   
Lisa Rudd, Commissioner

SP/bb



# Bristol Bay Borough

Box 189 • NAKNEK, ALASKA 99633

J. W. D. CLARK  
MAYOR

TELEPHONE  
(907) 246-4224

January 14, 1983

Rep. Adelheid Herrmann  
House of Representatives  
Pouch V  
Juneau, Alaska 99811

Dear Adelheid:

Enclosed is a Resolution from the Borough Assembly requesting a legislative office with teleconference capabilities within the Borough.

We believe this office will better link us to the State Capital and keep us better informed about issues and items that affect us. We would appreciate any help you can give us.

Please call me if you have any questions or need more information.

Sincerely,

Francis W. Mandeville  
Borough Manager

FWM:bjt

Enclosure:



# Bristol Bay Borough

Box 189 • NAKNEK, ALASKA 99633

## RESOLUTION NO. 82-21

A RESOLUTION REQUESTING A LEGISLATIVE OFFICE WITH A TELECONFERENCE CAPABILITY IN THE BOROUGH.

WHEREAS, important items which affect the lives of citizens in Bristol Bay Borough are introduced and debated each year in the legislature, and

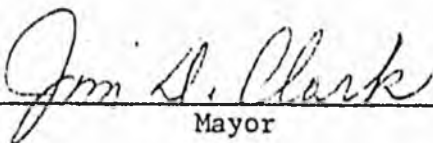
WHEREAS, public input is difficult to provide due to the long distance from the Borough and the State Capital, and

WHEREAS, information about legislative affairs often arrives after the decision has been made, and

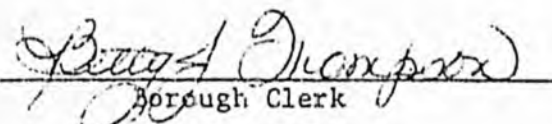
WHEREAS, a Legislative Office with a teleconference line would greatly improve the information flow between the Borough and State capital and the legislators and their constituents.

NOW THEREFORE BE IT RESOLVED, that the Assembly of Bristol Bay Borough request the legislature to establish an office with teleconference capability in the Borough.

Passed this 20th day of December, 1982.

  
\_\_\_\_\_  
Mayor

ATTEST:

  
\_\_\_\_\_  
Borough Clerk

STATE OF ALASKA  
 THE LEGISLATURE  
 LEGISLATIVE AFFAIRS AGENCY

DIVISION OF PUBLIC SERVICES  
 1024 WEST SIXTH AVENUE  
 ANCHORAGE, ALASKA 99501  
 (907) 274-8518

January 5, 1983

Senator Bob Mulcahy  
 Box 246  
 Kodiak, Alaska 99615

Dear Senator Mulcahy:

As you requested, we have developed cost figures for session-only Legislative Information Offices and for Legislative Teleconference Centers in Iliamna and Naknek.

The attached worksheets show both one-time and recurring costs for each type of facility. We have based FY 83 recurring costs on a March 1, 1983 startup date. If it is your intent to seek funding to establish the facilities in FY 84, rather than for the balance of FY 83, the funding request should include both both the one-time costs and the coming year recurring costs.

The funding requirements would be as follows:

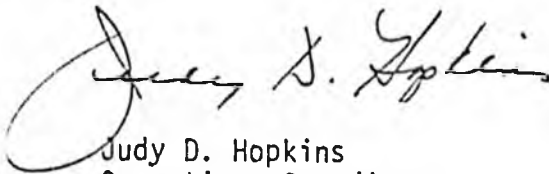
Iliamna - information office, 3-1-83 startup	27,605 one-time
	<u>46,894</u> recurring
	74,499
7-1-83 startup	27,605 one-time
	<u>115,873</u> recurring
	143,478
Iliamna - teleconference center, 3-1-83 startup	8,315 one-time
	<u>11,249</u> recurring
	19,564
7-1-83 startup	8,315 one-time
	<u>31,027</u> recurring
	39,342
Naknek - information office, 3-1-83 startup	27,585 one-time
	<u>45,434</u> recurring
	73,019
7-1-83 startup	27,585 one-time
	<u>111,493</u> recurring
	139,078

Senator Bob Mulcahy  
January 5, 1983  
Page 2

Naknek - teleconference center, 3-1-83 startup	8,315 one-time
	<u>11,249</u> recurring
	19,564
7-1-83 startup	8,315 one-time
	<u>31,027</u> recurring
	39,342

If we can provide further information, please let us know.

Very truly yours,



Judy D. Hopkins  
Operations Coordinator

c: ✓ Representative-elect Adelheid Herrmann  
M. R. Charney  
Wally Harrison  
Charity Kadow  
Carol Dickason  
Kathi Baltes

FACILITY DEVELOPMENT QUOTE

NAKNEK

Establish and operate a Legislative Teleconference Center  
 March 1 through June 30, 1983

Requestor: Mulcahy/Herrmann  
 Prepared: 1/5/83

	ONE-TIME COSTS	RECURRING COSTS for period 3/1 thru 6/30/83	TOTAL	AMOUNT AVAILABLE FROM CURRENT YEAR FUNDS	CURRENT YEAR FUNDING REQUIREMENT	RECURRING COSTS, COMING YEAR
100 Personal Services	-0-	3272	3272	-0-	3272	9815
200 Transportation, Per Diem	1655	1900	3555	-0-	3555	1900
300 Contractual Services	480	5177	5657	-0-	5657	15532
400 Commodities	300	100	400	-0-	400	300
500 Equipment	5880	-0-	5880	-0-	5880	1080
Space	-0-	800	800	-0-	800	2400
Data Communications	-0-	-0-	0	-0-	0	-0-
<hr/>						
Totals	8315	11249	19564	0	19564	31027

See category breakdowns, attached

If funding is sought to establish and operate facility during the current fiscal year, use Current Year Funding Requirement figure. The Division of Public Services will request funds required for continuation in the coming fiscal year if current-year funding is approved.

If funding is sought to establish facility in the coming fiscal year, rather than for the balance of the current fiscal year, funding request should include One-Time Costs and Recurring Costs, Coming Year.

Category Breakdowns  
LEGISLATIVE TELECONFERENCE CENTER

ONE TIME COSTS

Transportation and Per diem - Administrative travel to site for interview, arrangements; staff travel to major center for training.

Contractual Services - Telephone installation; freight for initial supplies; signs, rubber stamps, notary seals.

Commodities - Initial, "staple" office supplies; maps, flags.

Equipment - Teleconference equipment, file cabinet and equipment stand, typewriter, telecopier, answering machine, tape recorder, and associated freight.

RECURRING COSTS

Personal Services - On-call moderator; includes cost of living differential where applicable and percentage for employer costs/benefits.

Transportation and Per Diem - Staff travel to major center for orientation and training, administrative travel to site for supplemental training.

Contractual Services - Telephone service, postage and mailing, pouch service, off-net tolls and bridge services, required printed materials, funds for local advertising and newspaper subscriptions; equipment repair and maintenance, freight.

Commodities - Stationery and supplies, duplicating supplies, computer commodities, library supplies.

Equipment - Routine recurring requirements for office furniture and equipment and for teleconference equipment.

Space - Funds to reimburse donor of space for janitorial and/or utilities costs if required.

## H I S T O R Y

### ESTABLISHMENT OF ALASKA'S LEGISLATIVE INFORMATION FACILITIES

#### DIVISION OF PUBLIC SERVICES May 15, 1979

Establishment of the Division of Public Services was approved by Legislative Council May 15, 1979.

Funds for operation of the Division were transferred from the Division of Administrative Services and session funds.

Appointment of Director approved May 15, 1979.

#### JUNEAU INFORMATION CENTER/LEGISLATIVE INFORMATION NETWORK May, 1979

Juneau Information Center/Legislative Information Network were established with the transfer of services to the Division of Public Services.

Legislative Information Network (LIN) staffperson hired May 18, 1979.

Prior to transfer of the Juneau information facility, information support services were provided to regional facilities under the auspices of the Division of Administrative Services, Legislative Affairs Agency.

#### LEGISLATIVE TELECONFERENCE NETWORK February 2, 1978

LR 93, 1977, directed establishment of a Legislative Teleconference Network (LTN) to be operational in January, 1978, and to include Anchorage, Bethel, Fairbanks, Ketchikan, Juneau, and Nome. The LTN was operational February 2, 1978.

CH 161, SLA 78, Sec. 7 funded expansion and maintenance of the LTN. Expansion included addition of teleconference centers in Barrow, Kotzebue, Kodiak, Soldotna and Sitka in 1979.

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## REGIONAL FACILITIES

### ANCHORAGE LEGISLATIVE INFORMATION OFFICE 1972

Established by the Seventh State Legislature in 1972.  
Included as initial teleconference center under LR 93, 1978.

### FAIRBANKS LEGISLATIVE INFORMATION OFFICE 1975

Established by the Ninth State Legislature in 1975.

Included as initial teleconference site under LR 93, 1978.

### KETCHIKAN LEGISLATIVE INFORMATION OFFICE (SESSION-ONLY) January, 1978

Legislative Council minutes, 6-17-77: "Mr. Charney noted there was evidence that the House Finance Committee had approved an in-session information office for Ketchikan and approved \$8,000 for that purpose. The FCC kept the intent, but failed to provide the funds. Motion by Ray that project be carried forward within the limitations of the session funds." FY 79

Explanation of LAA/budget during 1-7-78 Council meeting notes inclusion of funds for Ketchikan office that it was "authorized for 1978 but not funded."

Included as initial teleconference site under LR 93, 1978. Information Officer hired 12-4-77.

### NOME LEGISLATIVE INFORMATION OFFICE July 1, 1979

Teleconference center established under LR 93, 1978.  
Legislative Council approved \$22,500 from Council contingency funds to establish session-only office, at request of Sen. Ferguson, 12-6-78.

LAA's FY 80 budget included funds for a year-round office (per 5-15-79 review of Agency's budget before Legislative Council).

On-call moderator hired 1-15-79; status changed to full-time Information Officer when full-time Nome LIO opened 7-1-79.

### BETHEL LEGISLATIVE INFORMATION OFFICE July 6, 1979

Teleconference Center established in 1978 under LR 93.  
Information Officer hired 7-6-79; Bethel LIO opened for business 7-6-79.

### DILLINGHAM LEGISLATIVE INFORMATION OFFICE August 6, 1979

Information Officer hired 7-25-79; Dillingham LIO opened 8-6-79.

LAA's FY 80 budget included funds for year-round office.

### KENAI PENINSULA LEGISLATIVE INFORMATION OFFICE September 7, 1979

Teleconference center established by CH 161 SLA 78.  
LAA's FY 80 budget included funds for session-only office.  
Opened as session-only 9-7-79. On-call moderator hired 1-15-79; became Information Office 9-7-79.

Division's FY 81 base budget request increased by \$25,000 full-time Soldotna office by action of Legislative Council 6-2-80.

KOTZEBUE LEGISLATIVE INFORMATION OFFICE September 24, 1979

Teleconference Center established in 1979 by CH 161 SLA 78.  
Information Officer hired when full-time LIO opened 9-24-79.  
LAA's FY 80 budget included funds for full-time office.

VALDEZ TELECONFERENCE CENTER October 10, 1979

Cost figures for various configuration prepared at request of Representative Branson 7-12-79.  
Legislative Council approved \$6,172 for establishment of teleconference center 10-10-79, from balance of uncommitted funds previously appropriated for the Agency's Research Services Division.  
Cost figures for upgrade provided to Representative Cato 2-81.  
\$85,300 authorized by Sec. 80, CH 101 SLA 1982 to operate Valdez as part-time LIO during FY 83.

KODIAK LEGISLATIVE INFORMATION OFFICE December 15, 1979

Teleconference Center established by CH 161 SLA 78.  
Opened as session only 12-15-79.  
Cost figures to upgrade to full-time provided at request of Representative Zharoff 1-25-79.  
\$25,000 included in CH 50 SLA 80 to upgrade Kodiak from session-only to full-time.  
LAA's FY 80 budget included funds for session-only office.

SITKA LEGISLATIVE INFORMATION OFFICE December 17, 1979

Teleconference Center established by CH 161 SLA 1979.  
Session-only office opened 12-17-79; information officer Charles Bickenheuser originally hired as on-call moderator 2-26-79.  
Cost figures to upgrade to full-time prepared at request of Representative Eliason 4-15-80. Rep. Eliason requested at 4-18-80 meeting of the Council that upgrade funds be included as an addendum to the Division's FY 81 budget.  
LAA's FY 80 budget included funds for session-only office.  
Division's FY 81 base budget request increased by \$25,000 for full-time Sitka office by action of Legislative Council 6-2-80.

MATANUSKA-SUSITNA LEGISLATIVE INFORMATION OFFICE January 28, 1980

Cost figures for teleconference center prepared at request of Senator Kerttula 11-5-79.  
Cost figures for various configurations prepared at request of Representative Meekins 1-3-80.  
Cost figures of "modified" information office (no data equipment) prepared at request of Representative Meekins' staff 1-20-80.  
News clip dated 1-29-80: "...Carney has obtained a commitment from the Legislature to establish an information office in Wasilla."  
\$34,000 included in CH 50 SLA 80 to cover establishment of Mat-Su facility and operation through FY 80.  
Cost figures of upgrading to full-time prepared at the request of Representative Carney and provided to Representative Carney and Senator Kerttula 4-3-80.

Division's FY 81 base budget request increased by \$80,000 for full-time Mat-Su office by action of Legislative Council 6-2-80.

CRT equipment installed late June 1980; BASIS October 1980. Information Officer hired 1-28-80; office opened 1-28-80.

BARROW LEGISLATIVE INFORMATION OFFICE May 1, 1980

Teleconference center established by CH 161 SLA 78, Sec. 7. Information Officer hired 4-7-80. Barrow LIO opened 5-1-80.

HAINES TELECONFERENCE CENTER June 19, 1980

Cost figures prepared at request of Senator Ray 4-8-80. \$21,100 included in CH 50 SLA 80 to cover establishment and operation through FY 80. Teleconference drop active 6-19-80. Moderator hired 10-15-80.

HOMER TELECONFERENCE CENTER July 21, 1980

Cost figures prepared at request of Representative Malone 2-8-80. \$14,000 included in CH 50 SLA 80 to cover establishment of Homer and Seward teleconference centers and operation through FY 80. Teleconference drop active 7-21-80. Moderator hired, 4-29-80. At request of Rep. Malone, \$3,500 authorized by Legislative Council 3-16-81, to rent and furnish space.

SEWARD TELECONFERENCE CENTER September 8, 1980

Cost figures prepared at request of Representative Malone 2-8-80. \$14,000 included in CH 50 SLA 80 to cover establishment of Homer and Seward facilities and operation through FY 80. Moderator hired 8-27-80; news release on facility opening dated 9-8-80. \$13,510 included in CH 50 SLA 80 to cover establishment and operation through FY 80.

SAND POINT TELECONFERENCE CENTER Spring, 1981

Cost figures prepared at request of Representative Osterback 2-7-80. \$13,510 included in CH 50 SLA 80 to cover establishment and operation through FY 80.

DELTA JUNCTION LEGISLATIVE INFORMATION OFFICE January 26, 1981

Cost figures prepared at request of Representative Pappy Moss 10-9-80. Legislative Council approved \$20,000 "for establishment of a teleconference/information office" 1-10-81. Moderator hired 1-14-81; office opened 1-26-81.

PETERSBURG TELECONFERENCE CENTER March, 1981

At request of Representative Haugen, \$3,000 authorized by Legislative Council 3-16-81 for operation as off-net teleconference site for balance of FY 81. Moderator hired 3-19-81. First usage - constituent meeting 3-23-81.

Cost figures for upgrade to session-only LIO prepared at the request of Senators Ziegler and Eliason 12-2-82. \$30,000 from session funds authorized by Council 12-8-82 for operation as session-only LIO for the balance of FY 83. Dial-up data pilot.

WRANGELL TELECONFERENCE CENTER

March, 1981

At request of Representative Haugen, \$3,100 authorized by Legislative Council 3-16-81 for operation as off-net teleconference site for balance of FY 81. Moderator hired 3-19-81. First usage - constituent meeting 3-23-81.

CORDOVA TELECONFERENCE CENTER

July, 1982

\$22,500 authorized by Sec. 80 CH 101 SLA 1982 to establish and operate Teleconference Center during FY 83.

AMBLER, ANAKTUVUK PASS, FORT YUKON, GALENA, GAMBELL, HOONAH, HOOPER BAY, KAKTOVIK, NOORVIK, PT. HOPE, ST. PAUL, SAVOONGA, SELAWIK, SHISHMAREF, UNALASKA, UNALAKLEET, WAINWRIGHT AND YAKUTAT TELECONFERENCE CENTERS

July, 1982

\$741,300 authorized by Sec. 173 CH 141 SLA 1982 to establish, operate and provide administrative support for teleconference centers during FY 83. At request of Senator Eliason, Legislative Council approved substitution of Hoonah for Kake 10-1-82. At request of Senator Ferguson, Legislative Council approved deletion of ANS/Anchorage and addition of Ambler and Selawik 12-8-82. Original funding had been adequate to provide for dial-up data on a pilot reduced to three - Fort Yukon, Unalakleet, Unalaska. Overall funding adequate for centers to maintain minimal regular "office hours" for provision of limited information services.

Notes: Information prior to the establishment of the Division of Public Services (5-15-79) is not maintained in the Division files. The FY 80 budget for public information services was prepared and presented by the Division of Administrative Services. The first budget written under the Division of Public Services was the FY 81 budget.

At the end of 1979, the Division was operating 13 sites Anchorage, Barrow, Bethel, Dillingham, Fairbanks, Juneau, Kenai Peninsula, Ketchikan, Kodiak, Kotzebue, Nome, Sitka and Valdez.

Five sites were added in 1980 - Haines, Homer, Mat-Su, Sand Point and Seward. Three sites were added in 1981 - Delta Junction, Petersburg and Wrangell. Nineteen sites were added in 1982 - Ambler, Anaktuvuk Pass, Cordova, Fort Yukon, Galena, Gambell, Hoonah, Hooper Bay, Kaktovik, Noorvik, Point Hope, St. Paul, Savoonga, Selawik, Shishmaref, Unalaska, Unalakleet, Wainwright and Yakutat.

At the end of 1982, the Division was operating 40 sites - 13 full-time LIO's, 3 part-time or session-only LIO's, and 24 teleconference centers.

Routine procedure has been that new facilities are created by legislative initiative. Once a facility has been initially funded, it is carried ahead in the Division's budget as originally established; upgrades also are dependent on legislative initiative. The Division of Public Services budgets to maintain a facility at the level established by the Legislature.

References:

LR 93 1977	CH 101 SLA 1982
CH 161 SLA 78 e.d. 10-10-78	CH 141 SLA 1982
CH 50 SLA 80 e.d. 5-31-80	Legislative Council Minutes

HOUSE COMMITTEE ON STATE AFFAIRS  
LETTER OF INTENT  
FOR  
CSHB 193 (STATE AFFAIRS)

Mr. Speaker:

The Committee on State Affairs has had House Bill 193 under consideration, and the Committee recommends that the bill be replaced by Committee Substitute for House Bill 193, and that the Committee Substitute (CSHB 193) do pass.

The State Affairs Committee intends to reflect, through CSHB 193, a commitment to the Legislative Information & Teleconference Network and recognizes the importance of linking the government of Alaska to her people.

Testimony before the committee has clearly established that Alaska's legislative telecommunications system is unique in providing for the vital interchange of thoughts and opinions throughout our vast and diverse land.

Respectfully submitted,

Rep. Mitch Abood  
Chairman

HB 193

- ✓ 1. How long has the Legislative Information & Teleconference network been in existence?
2. When we hold teleconferences both for the committee and also for our constituent meetings, we see the network operate only on the surface. Could you tell us a little about about what happens outside the meeting room?
3. How many other states have this kind of operation?
4. It comes as no surprise to any legislator or committee that wants to schedule a teleconference, that the teleconference service is booked solid at least 1-2 weeks in advance. I don't recall it being this busy last year. Has the demand increased?
5. Has you staff also increased with this demand?
6. How will the additional sites contained in HB 193 affect your present operation?

REPRESENTATIVE  
ADELHEID HERRMANN  
P.O. BOX 63  
NAKNEK, ALASKA 99633  
(907) 246-4495

Write in Juneau  
POUCH V  
JUNEAU, ALASKA 99611  
(907) 255-4542, 465-4943

# Alaska State Legislature



## House of Representatives

CHAIRMAN  
SPECIAL COMMITTEE  
ON FISHERIES

MEMBER  
TRANSPORTATION  
COMMITTEE

### DISTRICT 26

ADAK  
AKUTAN  
ALEKNAGIK  
ATKA  
BELKCFSKI  
CLARK'S POINT  
COLD BAY  
DILLINGHAM  
DUTCH HARBOR  
EGEGIK  
EKUK  
EKWOK  
FALSE PASS  
IGIUGIG  
ILIAMNA  
KING COVE  
KING SALMON  
KOKHANOK  
KOLIGANEK  
LEVELOCK  
MANCKOTAK  
NAKNEK  
NELSON LAGOON  
NEWHALEN  
NEW STUYAHOK  
NIKOLSKI  
NONDALTON  
PEDRO BAY  
PILOT POINT  
PORT ALSWORTH  
PORT HEIDEN  
PORT MOLLER  
PORTAGE CREEK  
SAND POINT  
SOUTH NAKNEK  
SQUAW HARBOR  
ST. GEORGE  
ST. PAUL  
TOGIAK  
TWIN HILLS  
UGASHIK  
UNALASKA

### MEMORANDUM:

TO: Representative Mitch Abood, Chairman  
House State Affairs Committee

FROM: Representative Adelheid Herrmann

DATE: March 17, 1983

SUBJECT: Amendments to HB 193

This is to inform you that I intend to request tomorrow that a Committee Substitute be adopted for HB 193 incorporating the following changes:

Line 11, change \$157,368 to \$118,026

Line 13, delete "Iliamna," add "Newhalen"

Line 13, delete "New Stuyahok,"

I will explain the proposed amendments during my oral testimony on March 18, 1983. I wanted to notify you in advance of this request.

AH/hc

# STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

## DEPARTMENT OF ADMINISTRATION

DIVISION OF TELECOMMUNICATIONS SERVICES

POUCH C  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-2041

March 14, 1983

Honorable Adelheid Herrmann  
Alaska State Legislature  
Pouch V  
Room 212, Behrends Bldg.  
Juneau, Alaska 99811

Dear Representative Herrmann:

Re: HB193

It has come to my attention that New Stuyahok, one of the four proposed Legislative Teleconference Network sites in HB193, does not presently have the technical capability to adequately accommodate that service.

The Division of Telecommunications Services has recently sent inquiries to all Alaskan telephone companies requesting information regarding existing or planned exchange service in Alaska's communities. Response from Bristol Bay Telephone Cooperative indicates that the certification process to extend exchange service to eight Bristol Bay area communities has begun. If certified, Bristol Bay intends to provide exchange service to New Stuyahok, but not until the last quarter of 1984. The other three communities in HB193 presently have exchange service.

I hope this information is useful. Please contact me if the Division staff or I can provide further help.

Sincerely,

  
Sioux Plummer, Director

Thru:

  
Lisa Rudd, Commissioner

SP/bb



# Bristol Bay Borough

BOX 189 • NAKNEK, ALASKA 99633

JIM D. CLARK  
MAYOR

TELEPHONE  
(907) 246-4224

January 14, 1983

Rep. Adelheid Herrmann  
House of Representatives  
Pouch V  
Juneau, Alaska 99811

Dear Adelheid:

Enclosed is a Resolution from the Borough Assembly requesting a legislative office with teleconference capabilities within the Borough.

We believe this office will better link us to the State Capital and keep us better informed about issues and items that affect us. We would appreciate any help you can give us.

Please call me if you have any questions or need more information.

Sincerely,

A handwritten signature in cursive script, appearing to read "Francis W. Mandeville".

Francis W. Mandeville  
Borough Manager

FWM:bjt

Enclosure:



# Bristol Bay Borough

Box 189 • NAKNEK, ALASKA 99633

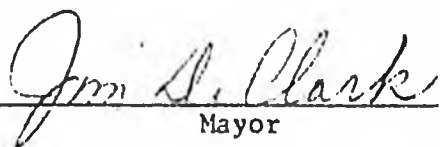
## RESOLUTION NO. 82-21

A RESOLUTION REQUESTING A LEGISLATIVE OFFICE WITH A TELECONFERENCE CAPABILITY IN THE BOROUGH.

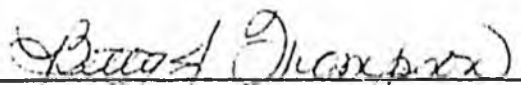
- WHEREAS, important items which affect the lives of citizens in Bristol Bay Borough are introduced and debated each year in the legislature, and
- WHEREAS, public input is difficult to provide due to the long distance from the Borough and the State Capital, and
- WHEREAS, information about legislative affairs often arrives after the decision has been made, and
- WHEREAS, a Legislative Office with a teleconference line would greatly improve the information flow between the Borough and State capital and the legislators and their constituents.

NOW THEREFORE BE IT RESOLVED, that the Assembly of Bristol Bay Borough request the legislature to establish an office with teleconference capability in the Borough.

Passed this 20th day of December, 1982.

  
\_\_\_\_\_  
Mayor

ATTEST:

  
\_\_\_\_\_  
Borough Clerk

STATE OF ALASKA  
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

DIVISION OF PUBLIC SERVICES  
1024 WEST SIXTH AVENUE  
ANCHORAGE, ALASKA 99501  
(907) 274-8518

January 5, 1983

Senator Bob Mulcahy  
Box 246  
Kodiak, Alaska 99615

Dear Senator Mulcahy:

As you requested, we have developed cost figures for session-only Legislative Information Offices and for Legislative Teleconference Centers in Iliamna and Naknek.

The attached worksheets show both one-time and recurring costs for each type of facility. We have based FY 83 recurring costs on a March 1, 1983 startup date. If it is your intent to seek funding to establish the facilities in FY 84, rather than for the balance of FY 83, the funding request should include both both the one-time costs and the coming year recurring costs.

The funding requirements would be as follows:

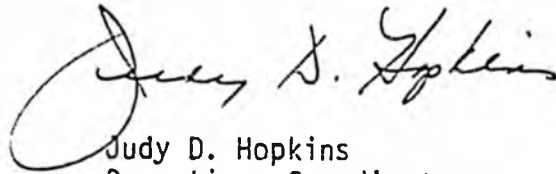
Iliamna - information office, 3-1-83 startup	27,605 one-time
	<u>46,894</u> recurring
	74,499
7-1-83 startup	27,605 one-time
	<u>115,873</u> recurring
	143,478
<del>Iliamna - teleconference center, 3-1-83 startup</del>	<del>8,315 one-time</del>
	<del><u>11,249</u> recurring</del>
	<del>19,564</del>
7-1-83 startup	8,315 one-time
	<u>31,027</u> recurring
	39,342
Naknek - information office, 3-1-83 startup	27,585 one-time
	<u>45,434</u> recurring
	73,019
7-1-83 startup	27,585 one-time
	<u>111,493</u> recurring
	139,078

Senator Bob Mulcahy  
January 5, 1983  
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7-1-83 startup	8,315 one-time
	<u>31,027</u> recurring
	39,342

If we can provide further information, please let us know.

Very truly yours,



Judy D. Hopkins  
Operations Coordinator

c: ✓ Representative-elect Adelheid Herrmann  
M. R. Charney  
Wally Harrison  
Charity Kadow  
Carol Dickason  
Kathi Baltes

FACILITY DEVELOPMENT QUOTE

NAENK

Establish and operate a Legislative Teleconference Center  
 March 1 through June 30, 1983

Requestor: Mulcahy/Herrmann

Prepared: 1/5/83

	ONE-TIME COSTS	RECURRING COSTS for period 3/1 thru 6/30/83	TOTAL	AMOUNT AVAILABLE FROM CURRENT YEAR FUNDS	CURRENT YEAR FUNDING REQUIREMENT	RECURRING COSTS, COMING YEAR
100 Personal Services	-0-	3272	3272	-0-	3272	9815
200 Transportation, Per Diem	1655	1900	3555	-0-	3555	1900
300 Contractual Services	480	5177	5657	-0-	5657	15532
400 Commodities	300	100	400	-0-	400	300
500 Equipment	5880	-0-	5880	-0-	5880	1080
Space	-0-	800	800	-0-	800	2400
Data Communications	-0-	-0-	0	-0-	0	-0-
<hr style="border-top: 1px dashed black;"/>						
Totals	8315	11249	19564	0	19564	31027

See category breakdowns, attached

If funding is sought to establish and operate facility during the current fiscal year, use Current Year Funding Requirement figure. The Division of Public Services will request funds required for continuation in the coming fiscal year if current-year funding is approved.

If funding is sought to establish facility in the coming fiscal year, rather than for the balance of the current fiscal year, funding request should include One-Time Costs and Recurring Costs, Coming Year.

Category Breakdown  
LEGISLATIVE TRAINING CENTER

ONE TIME COSTS

Transportation and Per diem - Administrative travel to site for interview, arrangements; staff travel to major center for training.

Contractual Services - Telephone installation; freight for initial supplies; signs, rubber stamps, notary seals.

Commodities - Initial, "staple" office supplies; maps, flags.

Equipment - Teleconference equipment, file cabinet and equipment stand, typewriter, telecopier, answering machine, tape recorder, and associated freight.

RECURRING COSTS

Personal Services - On-call moderator; includes cost of living differential where applicable and percentage for employer costs/benefits.

Transportation and Per Diem - Staff travel to major center for orientation and training, administrative travel to site for supplemental training.

Contractual Services - Telephone service, postage and mailing, pouch service, off-net tolls and bridge services, required printed materials, funds for local advertising and newspaper subscriptions; equipment repair and maintenance, freight.

Commodities - Stationery and supplies, duplicating supplies, computer commodities, library supplies.

Equipment - Routine recurring requirements for office furniture and equipment and for teleconference equipment.

Space - Funds to reimburse donor of space for janitorial and/or utilities costs if required.

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ESTABLISHMENT OF ALASKA'S  
LEGISLATIVE INFORMATION FACILITIES

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Juneau Information Center/Legislative Information Network were established with the transfer of services to the Division of Public Services.

Legislative Information Network (LIN) staffperson hired May 18, 1979.

Prior to transfer of the Juneau information facility, information support services were provided to regional facilities under the auspices of the Division of Administrative Services, Legislative Affairs Agency.

LEGISLATIVE TELECONFERENCE NETWORK February 2, 1978

LR 93, 1977, directed establishment of a Legislative Teleconference Network (LTN) to be operational in January, 1978, and to include Anchorage, Bethel, Fairbanks, Ketchikan, Juneau, and Nome. The LTN was operational February 2, 1978.

CH 161, SLA 78, Sec. 7 funded expansion and maintenance of the LTN. Expansion included addition of teleconference centers in Barrow, Kotzebue, Kodiak, Soldotna and Sitka in 1979.

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Explanation of LAA/budget during 1-7-78 Council meeting notes inclusion of funds for Ketchikan office that it was "authorized for 1978 but not funded."

Included as initial teleconference site under LR 93, 1978. Information Officer hired 12-4-77.

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Teleconference center established under LR 93, 1978.

Legislative Council approved \$22,500 from Council contingency funds to establish session-only office, at request of Sen. Ferguson, 12-6-78.

LAA's FY 80 budget included funds for a year-round office (per 5-15-79 review of Agency's budget before Legislative Council).

On-call moderator hired 1-15-79; status changed to full-time Information Officer when full-time Nome LIO opened 7-1-79.

### BETHEL LEGISLATIVE INFORMATION OFFICE July 6, 1979

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Information Officer hired 7-6-79; Bethel LIO opened for business 7-6-79.

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Information Officer hired 7-25-79; Dillingham LIO opened 8-6-79.

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Division's FY 81 base budget request increased by \$25,000 full-time Soldotna office by action of Legislative Council 6-2-80.

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September 24, 1979

Teleconference Center established in 1979 by CH 161 SLA 78.  
Information Officer hired when full-time LIO opened 9-24-79.  
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October 10, 1979

Cost figures for various configuration prepared at request of Representative Branson 7-12-79.  
Legislative Council approved \$6,172 for establishment of teleconference center 10-10-79, from balance of uncommitted funds previously appropriated for the Agency's Research Services Division.  
Cost figures for upgrade provided to Representative Cato 2-81. \$85,300 authorized by Sec. 80, CH 101 SLA 1982 to operate Valdez as part-time LIO during FY 83.

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Cost figures to upgrade to full-time provided at request of Representative Zharoff 1-25-79.  
\$25,000 included in CH 50 SLA 80 to upgrade Kodiak from session-only to full-time.  
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SITKA LEGISLATIVE INFORMATION OFFICE

December 17, 1979

Teleconference Center established by CH 161 SLA 1979.  
Session-only office opened 12-17-79; information officer Charles Bickenheuser originally hired as on-call moderator 2-26-79.  
Cost figures to upgrade to full-time prepared at request of Representative Eliason 4-15-80. Rep. Eliason requested at 4-18-80 meeting of the Council that upgrade funds be included as an addendum to the Division's FY 81 budget.  
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News clip dated 1-29-80: "...Carney has obtained a commitment from the Legislature to establish an information office in Wasilla."  
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July, 1982

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AMBLER, ANAKTUVUK PASS, FORT YUKON, GALENA, GAMBELL, HOONAH, HOOPER BAY, KAKTOVIK, NOORVIK, PT. HOPE, ST. PAUL, SAVOONGA, SELAWIK, SHISHMAREF, UNALASKA, UNALAKLEET, WAINWRIGHT AND YAKUTAT TELECONFERENCE CENTERS

July, 1982

\$741,300 authorized by Sec. 173 CH 141 SLA 1982 to establish, operate and provide administrative support for teleconference centers during FY 83. At request of Senator Eliason, Legislative Council approved substitution of Hoonah for Kake 10-1-82. At request of Senator Ferguson, Legislative Council approved deletion of ANS/Anchorage and addition of Ambler and Selawik 12-8-82. Original funding had been adequate to provide for dial-up data on a pilot reduced to three - Fort Yukon, Unalakleet, Unalaska. Overall funding adequate for centers to maintain minimal regular "office hours" for provision of limited information services.

Notes: Information prior to the establishment of the Division of Public Services (5-15-79) is not maintained in the Division files. The FY 80 budget for public information services was prepared and presented by the Division of Administrative Services. The first budget written under the Division of Public Services was the FY 81 budget.

At the end of 1979, the Division was operating 13 sites Anchorage, Barrow, Bethel, Dillingham, Fairbanks, Juneau, Kenai Peninsula, Ketchikan, Kodiak, Kotzebue, Nome, Sitka and Valdez.

Five sites were added in 1980 - Haines, Homer, Mat-Su, Sand Point and Seward. Three sites were added in 1981 - Delta Junction, Petersburg and Wrangell. Nineteen sites were added in 1982 - Ambler, Anaktuvuk Pass, Cordova, Fort Yukon, Galena, Gambell, Hoonah, Hooper Bay, Kaktovik, Noorvik, Point Hope, St. Paul, Savoonga, Selawik, Shishmaref, Unalaska, Unalakleet, Wainwright and Yakutat.

At the end of 1982, the Division was operating 40 sites - 13 full-time LIO's, 3 part-time or session-only LIO's, and 24 teleconference centers.

Routine procedure has been that new facilities are created by legislative initiative. Once a facility has been initially funded, it is carried ahead in the Division's budget as originally established; upgrades also are dependent on legislative initiative. The Division of Public Services budgets to maintain a facility at the level established by the Legislature.

References:

LR 93 1977

CH 161 SLA 78 e.d. 10-10-78

CH 50 SLA 80 e.d. 5-31-80

CH 101 SLA 1982

CH 141 SLA 1982

Legislative Council Minutes



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July, 1982

\$22,500 authorized by Sec. 80 CH 101 SLA 1982 to establish and operate Teleconference Center during FY 83.

AMBLER, ANAKTUVUK PASS, FORT YUKON, GALENA, GAMBELL, HOONAH, HOOPER BAY, KAKTOVIK, NOORVIK, PT. HOPE, ST. PAUL, SAVOONGA, SELAWIK, SHISHMAREF, UNALASKA, UNALAKLEET, WAINWRIGHT AND YAKUTAT TELECONFERENCE CENTERS

July, 1982

\$741,300 authorized by Sec. 173 CH 141 SLA 1982 to establish, operate and provide administrative support for teleconference centers during FY 83. At request of Senator Eliason, Legislative Council approved substitution of Hoonah for Kake 10-1-82. At request of Senator Ferguson, Legislative Council approved deletion of ANS/Anchorage and addition of Ambler and Selawik 12-8-82. Original funding had been adequate to provide for dial-up data on a pilot reduced to three - Fort Yukon, Unalakleet, Unalaska. Overall funding adequate for centers to maintain minimal regular "office hours" for provision of limited information services.

Notes: Information prior to the establishment of the Division of Public Services (5-15-79) is not maintained in the Division files. The FY 80 budget for public information services was prepared and presented by the Division of Administrative Services. The first budget written under the Division of Public Services was the FY 81 budget.

At the end of 1979, the Division was operating 13 sites Anchorage, Barrow, Bethel, Dillingham, Fairbanks, Juneau, Kenai Peninsula, Ketchikan, Kodiak, Kotzebue, Nome, Sitka and Valdez.

Five sites were added in 1980 - Haines, Homer, Mat-Su, Sand Point and Seward. Three sites were added in 1981 - Delta Junction, Petersburg and Wrangell. Nineteen sites were added in 1982 - Ambler, Anaktuvuk Pass, Cordova, Fort Yukon, Galena, Gambell, Hoonah, Hooper Bay, Kaktovik, Noorvik, Point Hope, St. Paul, Savoonga, Selawik, Shishmaref, Unalaska, Unalakleet, Wainwright and Yakutat.

At the end of 1982, the Division was operating 40 sites - 13 full-time LIO's, 3 part-time or session-only LIO's, and 24 teleconference centers.

Routine procedure has been that new facilities are created by legislative initiative. Once a facility has been initially funded, it is carried ahead in the Division's budget as originally established; upgrades also are dependent on legislative initiative. The Division of Public Services budgets to maintain a facility at the level established by the Legislature.

References:

LR 93 1977	CH 101 SLA 1982
CH 161 SLA 78 e.d. 10-10-78	CH 141 SLA 1982
CH 50 SLA 80 e.d. 5-31-80	Legislative Council Minutes

STATE OF ALASKA  
THE LEGISLATURE

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


LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 11, 1983

SUBJECT: Dedication of liquor tax receipts to alcohol  
rehabilitation programs  
(Work Order No. 13-1017)

TO: Representative Mitchell E. Abood, Jr.  
Chairman, House State Affairs Committee

FROM:  Russ Josephson  
Legislative Counsel

You have asked whether liquor tax receipts may be retained in the communities where they are collected and be used there for funding alcohol rehabilitation programs.

The "earmarking" of revenues in this way creates a dedicated fund. Under the Alaska Constitution, Article IX, section 7, as interpreted by the Alaska Supreme Court in State v. Alex, 646 P.2d 203 (Alaska 1982), the prohibition against dedicated funds extends to all sources of public revenues and not just "proceeds of any state tax or license". The attorney general recently rendered an opinion (Op. Atty. Gen. File Nos. J66-785-81 and J66-649-80) clarifying what the Supreme Court holding might be with regard to several specific funds and accounts and declared that certain exceptions might be implied by the Alaska Supreme Court. However, none of those implied exceptions includes liquor tax receipts. Therefore, liquor tax receipts may not be dedicated constitutionally and the question of retention of liquor tax receipts in the communities where they are collected need not be addressed here.

Although a dedicated fund is prohibited constitutionally, there is another way to assure that there is a relationship between the liquor tax and the alcohol rehabilitation programs. The same attorney general's opinion mentioned above outlines a method of appropriating in this type of situation that ensures effective legislative control over state finances while providing for budgeting flexibility for programs like this with needs that are unpredictable. That

Representative Mitchell E. Abood, Jr.  
Page 2  
March 11, 1983

method involves an appropriation to a separate fund in an amount to be ascertained by reference to receipts from a specified source (e.g., liquor tax receipts) during a definite period (annually or for the two fiscal years over which the present legislature has control).

RJ:ljb  
1/034

Liquor Tax  
(increasing)

HOUSE BILL NO. 202, by Reps. Adams and Liska. Would increase the state liquor tax in the following manner: malt beverages from 25 cents a gallon to 32-1/2 cents a gallon; wine or

page 180

other beverages of 21 percent alcohol by volume or less from 60 cents a gallon to \$1 a gallon; other beverages having a content of more than 21 percent alcohol by volume from \$4 a gallon to \$5.75 a gallon. Changes wording in AS 43.60 from "intoxicating liquors" to "alcoholic beverages". Provides the increase takes effect on the first day of the month after the month in which the law takes effect. Provides Act takes effect immediately.

Introduced February 15 and referred to State Affairs, then to Finance.

STATEMENT BY W.L. KUBLEY

STATE AFFAIRS COMMITTEE  
MARCH 9, 1983

- o ALASKA DOES NOT NEED THE REVENUE THAT WOULD BE GENERATED FROM AN INCREASE IN THE EXCISE TAX ON SPIRITS BECAUSE WE HAVE SURPLUS IN OUR STATE BUDGET. OUR PRESENT TAX RATE IS THE FOURTH HIGHEST AMONG ALL LICENSE STATES, 44% ABOVE THE NATIONAL AVERAGE, WITH TAXES ACCOUNTING FOR 29% OF THE TYPICAL RETAIL BOTTLE PRICE OF SPIRITS.
- o THE ALCOHOL BEVERAGE INDUSTRY YIELDED \$9 MILLION TO THE ALASKA TREASURY (EXCLUDING LOCAL TAXES) IN 1981, 56.9% FROM SPIRITS ALONE.
- o THE FULL-TIME EQUIVALENT OF 2,888 PERSONS WERE EMPLOYED BY ALASKA'S BEVERAGE ALCOHOL INDUSTRY IN 1980.
- o THE BEVERAGE ALCOHOL INDUSTRY CONTRIBUTES \$50 MILLION IN PAYROLL AND PROFITS, AND \$269 MILLION IN RETAIL SALES TO THE ALASKA ECONOMY.

MR. CHAIRMAN, I WAS A MEMBER OF THIS BODY IN 1961 WHEN THE LEGISLATURE VOTED TO INCREASE ALL EXCISE TAXES. WE NEEDED THESE INCREASES TO FUND OUR ENORMOUS BUDGET OF

55,734,040 I DON'T THINK WE NEED THIS INCREASE NOW TO HELP OUR BUDGET. SINCE THAT TIME, WE HAVE REPEALED THE INCOME TAX AND THERE ARE NOW BILLS IN YOUR COMMITTEES TO DECREASE THE MOTOR FUEL TAX BY 5 CENTS A GALLON, TO REPEAL THE MOTOR AND MARINE FUEL TAX, SO WHY INCREASE THIS EXCISE TAX?

MR. CHAIRMAN, H.B. 202 IS A PUNITIVE TAX BILL. I KNOW THE REASON HAS AND WILL BE GIVEN THAT IT IS TO HELP THE TREATMENT AND CUT DOWN ON ALCOHOLISM. THEN WHY NOT RAISE THE MOTOR AND MARINE FUEL TAX TO HELP OUR OVERCROWDED AND REPAIR-NEEDED HIGHWAYS AND BOAT HARBORS - AS I SAID, IT IS A PUNITIVE TAX AND NOT NEEDED.

YES, I KNOW ALASKA HAS A PROBLEM WITH ALCOHOLISM - AS DO ALL OTHER STATES - IT IS A DISEASE AND NEEDS A CURE. WHOLESALERS AND RETAILERS HAVE A FULL-TIME TEAM WORKING ON THIS PROBLEM. YOU HAVE PROBABLY HEARD ABOUT AND READ THE MANY FAVORABLE ARTICLES AND EDITORIALS ABOUT THE LIQUOR INDUSTRY GETTING WITH THE PROGRAM. THERE IS THE "KNOW YOUR LIMIT" AND THE ABBEY PROGRAM, WHICH YOU WILL HEAR MORE ABOUT FROM OTHER WITNESSES WHO WILL BE BEFORE YOU.

THE LEGISLATORS BEFORE YOU, IN A FEW SHORT YEARS, HAVE INCREASED THE APPROPRIATION FROM 4 TO 15 MILLIONS OF DOLLARS TO THE ALCOHOLISM PROGRAM. IF ALCOHOLISM IS GROWING, I THINK YOU SHOULD LOOK AT THEIR PROGRAMS.

FIGURES VARY ON THE NUMBER OF ALCOHOLICS IN ALASKA FROM 5 TO 10%. WHAT ABOUT THE OTHER 90 TO 95% OF PEOPLE - THE MANY WHO ENJOY HAVING A DRINK, GOING TO SOMEONE'S HOME, ENTERTAINING IN THEIR HOME, GOING OUT FOR AN EVENING OF DINING AND DANCING? THE LARGE PERCENTAGE WHO DO NOT HAVE A PROBLEM WILL HAVE TO PAY THE BILL, AS IN ALL TAX INCREASES THE CONSUMER ENDS UP PAYING THE INCREASE.

- THE DISTILLED SPIRITS INDUSTRY IS NOT RECESSION PROOF. THE INDUSTRY HAS BEEN EXPERIENCING DECLINING SALES BECAUSE OF THE RECESSION AND COMPETITION FROM ALCOHOL BEVERAGES THAT HAVE MUCH LOWER TAXES AND THEREFORE COMPARATIVELY LOWER PRICES.
- SPIRIT CONSUMPTION IN ALASKA DECLINED 1.4 PERCENT IN THE FIRST NINE MONTHS OF 1982 COMPARED WITH THE SAME PERIOD OF 1981. INCREASED TAXES WILL CONTRIBUTE TO FURTHER DECLINES OF CONSUMPTION AND REDUCE THE VOLUME SUBJECT TO TAXATION AND THEREFORE REDUCE REVENUES.
- ALASKA EXPECTS A SUBSTANTIAL BUDGET SURPLUS AGAIN IN 1984 AND PROBABLY 1985. REVENUES ARE MORE THAN AMPLE WITHOUT A NEW TAX ON SPIRITS.
- THE BEVERAGE ALCOHOL INDUSTRY IN ALASKA PROVIDES AN ESTIMATED 2,888 FULL-TIME EQUIVALENT JOBS. ALCOHOL BEVERAGE LICENSES ISSUED IN 1980 NUMBERED 1,210 BEING INDICATIVE OF THE NUMBER OF LICENSED FIRMS DEPENDING ON ALCOHOL BEVERAGES FOR A LIVELIHOOD. THERE WERE 440 OFF-PREMISE OUTLETS AND 750 RESTAURANTS, BARS, AND OTHER RETAILERS OF SPIRITS, BEER AND WINE.
- THE ALASKAN SPIRITS INDUSTRY IS MADE UP OF MANY SMALL BUSINESSES WHICH COULD BE HURT BY TAX INCREASES, ESPECIALLY DURING THE CURRENT RECESSION. OVER 47 PERCENT OF DRINKING ESTABLISHMENTS HAVE ONLY 1-4 EMPLOYEES;

APPROXIMATELY 71 PERCENT OF LIQUOR STORES HAVE ONLY 1-4 EMPLOYEES.

- o INCREASED TAXATION OF SPIRITS WOULD INCREASE THE DIFFICULTIES FACED BY THESE ESTABLISHMENTS AND EMPLOYEES IN THE CURRENT RECESSION. THEY ARE VERY SENSITIVE TO CHANGES OF PROFITABILITY AND LOSSES AND COULD BE FORCED OUT OF BUSINESS BY HIGHER TAXES. HIGHER TAXES COULD CAUSE UNEMPLOYMENT IN THE INDUSTRY AND ADD TO THE ALREADY HIGH OVERALL UNEMPLOYMENT RATE OF 12.3 PERCENT IN ALASKA.
- o THE ALCOHOL ABUSER IS LEAST LIKELY TO REDUCE CONSUMPTION BECAUSE OF PRICE INCREASES. ALCOHOLISM IS AN ILLNESS AND THE COST OF ALCOHOL DOES NOT DETER CONSUMPTION BY THE ALCOHOLIC. ON THE CONTRARY, HEALTH EXPERTS AGREE THAT INCREASING THE PRICE OF BEVERAGE ALCOHOL ADDS TO THE PROBLEMS OF ALCOHOLICS WITHOUT DOING ANYTHING ABOUT THEIR ILLNESS.
- o DR. MORRIS E. CHAFETZ, A LEADING EXPERT ON ALCOHOLISM AND FORMER DIRECTOR OF THE NATIONAL INSTITUTE ON ALCOHOL ABUSE AND ALCOHOLISM, HAS NOTED THAT HIGHER EXCISE TAXES WILL REDUCE DRINKING AMONG PEOPLE "WHO CAN TAKE ALCOHOL OR LEAVE IT' ... LEAVING UNHEALTHY DRINKING AS THE CHIEF ROLE MODEL FOR THE YOUNG."
- o USE OF THE TAXING POWER OF THE STATE TO IMPOSE SECTARIAN MORAL STANDARDS OF ONE SECTION OF THE COMMUNITY ON OTHER SECTIONS IS INAPPROPRIATE IN OUR DEMOCRATIC FORM OF

GOVERNMENT. THE INSTITUTE FOR RESEARCH ON THE ECONOMICS OF TAXATION STATES, "THE TAX CODE IS HARDLY A PLACE TO DICTATE MORALITY OR PERSONAL TASTES TO THE AMERICAN POPULACE." PROPOSALS TO RAISE TAXES ON SPIRITS OFTEN HAVE SUCH OBJECTIVES.

CONSEQUENTLY, WHILE THE TAX WILL CURTAIL CONSUMPTION BY INDIVIDUALS WHO DRINK RESPONSIBLY, THE INCREASED TAX WILL HAVE LITTLE OR NO EFFECT ON CONSUMPTION AMONG THOSE WHO ABUSE ALCOHOL, ALTHOUGH THEY MAY SHIFT TO LESS EXPENSIVE (AND IN SOME CASES LESS PURE) FORMS OF ALCOHOL. INDEED, THE STATE MIGHT EVEN MISLEAD CONSUMERS WHO, SEEING THAT SPIRITS ARE TAXED FAR HEAVIER PER SERVING THAN BEER OR WINE, CONCLUDE INCORRECTLY THAT THE ALCOHOL CONTENT IS GREATER IN A COCKTAIL THAN A CAN OF BEER OR GLASS OF WINE. MAJOR SPIRITS PRICE INCREASES WILL INCREASE AN ALREADY EXISTING SHIFT TOWARD BEER AND WINE CONSUMPTION, WHICH HAS GROWN BY 20% AND 30%, RESPECTIVELY, COMPARED TO SPIRITS CONSUMPTION GROWTH OF 6 PERCENT BETWEEN 1975 AND 1980.

NOR SHOULD ANYONE DELUDE HIMSELF BY THINKING THAT INCREASING THE EXCISE TAX WILL CURE THE ALCOHOLIC. FOR THOSE WHO SUFFER FROM THE ILLNESS OF ALCOHOLISM, RATIONAL DECISION MAKING ASSUMED IN TRADITIONAL ECONOMIC THEORY HAS NO APPLICABILITY. THE PROBLEM DRINKER SIMPLY WILL HAVE TO FIND ADDITIONAL MONEY TO PAY THE INCREASED COST OF THE PRODUCT.

NOR IS THERE ANY EVIDENCE TO SUPPORT THE CONTENTION THAT SPIRITS IS THE DRINK OF THE RICH AND THEREFORE THAT INCREASES IN SPIRITS TAXES WILL BE BORNE PRIMARILY BY THOSE BETTER ABLE TO PAY. INDEED, A RECENT STUDY HAS SHOWN THAT ROUGHLY HALF OF THOSE WHO USE DISTILLED SPIRITS HAVE INCOMES OF \$10,000-\$20,000 AND LESS THAN \$10,000. FURTHER, USE OF SPIRITS IS AS PREVALENT AMONG LOWER-INCOME GROUPS AS IS USE OF BEER; BOTH THE WORKING CLASS AND HIGH-INCOME WORKERS USE SPIRITS. CONSEQUENTLY, SPIRITS TAX INCREASES WILL BE FELT BY BOTH HIGH-INCOME AND LOW-INCOME FAMILIES. HOWEVER, IT IS THE LOWER-INCOME WORKERS WHO WILL BE LESS ABLE TO PAY FOR THE INCREASED COST OF THE BEVERAGE OF CHOICE.

THE BEVERAGE ALCOHOL INDUSTRY IS NOT ASKING FOR A SPECIAL FAVOR OR A TAX BREAK. WE ARE ASKING FOR A FAIR, EQUITABLE TREATMENT. THE DISTILLED SPIRITS INDUSTRY ALREADY FINDS ITSELF IN A SITUATION WHERE AN ASTOUNDING 44 PERCENT OF THE RETAIL PRICE OF OUR PRODUCT IS TAXES, OF WHICH 19 PERCENT ARE STATE AND LOCAL TAXES. SURELY, THIS IS A GREAT ENOUGH BURDEN FOR ANY PRODUCT OR INDUSTRY TO BEAR. THE ALASKAN CONSUMERS WHO USE OUR PRODUCT IN MODERATION ALSO WILL BE DISCRIMINATED AGAINST AND PENALIZED BY FURTHER STATE TAX INCREASES. PRICES COULD GO UP SIGNIFICANTLY AND HIT LOW AND MIDDLE INCOME FAMILIES IN A MOST REGRESSIVE FASHION.

SOME HAVE THOUGHT TO DEFEND TAXING THE BEVERAGE ALCOHOL INDUSTRY IN TERMS OF MAKING "SIN" EXPENSIVE. YET IT IS NOT SOUND PUBLIC POLICY TO USE THE TAX CODE IN THIS MANNER. THE INSTITUTE FOR RESEARCH ON THE ECONOMICS OF TAXATION STUDY

MAKES THIS POINT BY NOTING "... THE TAX CODE IS HARDLY A PLACE TO DICTATE MORALITY OR PERSONAL TASTES TO THE AMERICAN POPULACE." MANY ALASKANS USE BEVERAGE ALCOHOL RESPONSIBLY AND THEY SHOULD NOT BE PENALIZED FOR THE ENJOYMENT THEY DERIVE FROM DRINKING THEIR FAVORITE BEVERAGE IN A VAIN ATTEMPT TO DISCOURAGE THE PROBLEMS ASSOCIATED WITH ABUSIVE DRINKING.

CONSEQUENTLY, LEGISLATORS AND POLICY MAKERS NEED TO BE AWARE THAT THE TAX CODE CANNOT CURE THE PROBLEMS ASSOCIATED WITH ALCOHOLISM AND ALCOHOL ABUSE; AND THAT THE TAX CODE SHOULD NOT BE USED TO SUPERSEDE THE CRIMINAL CODE NOR DICTATE SOCIAL POLICY AS SOME WOULD LIKE TO CONTEND.

YOU HAVE BEFORE YOU A PACKET SHOWING THE PRESENT TAXES AND INFORMATION SHOWING THAT THE LIQUOR INDUSTRY IS CONCERNED ABOUT ALCOHOLISM AND THE ADVERTISING THEY ARE DOING NATIONALLY TO COMBAT THE PROBLEM.

MR. CHAIRMAN AND COMMITTEE MEMBERS, AS I HAVE STATED BEFORE, THIS IS A PUNITIVE TAX AND IS NOT NEEDED. THANK YOU FOR YOUR ATTENTION.

EXCISE TAX RATES ON SPECIFIED ALCOHOLIC BEVERAGES  
 LEVIED BY 32 LICENSE STATES AND THE DISTRICT OF COLUMBIA  
 RANKED ACCORDING TO MAGNITUDE AND BY THE FEDERAL GOVERNMENT<sup>1</sup>

January 1983

Distilled Spirits		Table Wine		Dessert Wine		Beer	
State	Rate per Gallon	State	Rate per Gallon	State	Rate per Gallon	State	Rate per Gallon
1	2	3	4	5	6	7	8
Florida	\$4.75	Florida	\$1.75	Georgia	\$2.54	South Carolina	.768
South Carolina	4.59 <sup>2</sup>	Georgia	1.51	Florida	2.43	Florida	.400
Minnesota	4.39	Tennessee	1.10 <sup>5</sup>	South Dakota	1.40	Georgia	.322
Massachusetts	4.05	South Carolina	1.08 <sup>5</sup>	Nebraska	1.25	Louisiana	.322
Alaska	4.00	South Dakota	.90	Tennessee	1.10 <sup>5</sup>	Oklahoma	.322
Oklahoma	4.00	Arkansas	.75	South Carolina	1.08 <sup>5</sup>	South Dakota	.267
Tennessee	4.00	Nebraska	.65	Oklahoma	1.00	Alaska	.250
South Dakota	3.80	Alaska	.60	Minnesota	.79	Arkansas	.234
Georgia	3.79	Massachusetts	.55	Arkansas	.75	Kansas	.180
New York	3.25 <sup>6</sup>	Kentucky	.50	Kansas	.75	Texas	.165
Wisconsin	3.25	North Dakota	.50	Alaska	.60	North Dakota	.160
New Jersey	2.80	Oklahoma	.50	Illinois	.60	Nebraska	.140
Nebraska	2.75	Indiana	.47	North Dakota	.60	Minnesota	.129
Indiana	2.68	New Mexico	.45	Massachusetts	.55	Tennessee	.126
Arizona	2.50	Arizona	.42	Kentucky	.50	Indiana	.115
Arkansas	2.50	Delaware	.40	Nevada	.50	Massachusetts	.106
Connecticut	2.50	Maryland	.40	Indiana	.47	New Mexico	.090
Kansas	2.50	Rhode Island	.40	Wisconsin	.45	Maryland	.090
Louisiana	2.50	Kansas	.30	New Mexico	.45	Connecticut	.081
North Dakota	2.50	Missouri	.30	Arizona	.42	Kentucky	.081
Rhode Island	2.50	Nevada	.30	Delaware	.40	Arizona	.080
Colorado	2.28	New Jersey	.30	Maryland	.40	Colorado	.080
Delaware	2.25	Colorado	.28	Rhode Island	.40	D.C.	.073
Nevada	2.05	Minnesota	.27	Texas	.34	Illinois	.070
California	2.00	Connecticut	.25	D.C.	.33	Delaware	.065
Illinois	2.00	Wisconsin	.25	Missouri	.30	Rhode Island	.065
Missouri	2.00	Illinois	.23	New Jersey	.30	Wisconsin	.065
Texas	2.00	Texas	.17	Colorado	.28	Missouri	.060
Kentucky	1.92	D.C.	.15	Connecticut	.25	Nevada	.060 <sup>6</sup>
New Mexico	1.63	Louisiana	.11	Louisiana	.23	New York	.044 <sup>6</sup>
D.C.	1.50	New York	.10	New York	.10	California	.040
Maryland	1.50	California	.01	California	.02	New Jersey	.033
Median of State Taxes	2.50	Median of State Taxes	.40	Median of State Taxes	.485	Median of State Taxes	.098
Average of State Taxes	2.84	Average of State Taxes	.498	Average of State Taxes	.674	Average of State Taxes	.159
Federal Tax	10.50 <sup>3</sup>	Federal Tax	.17	Federal Tax	.67	Federal Tax	.29 <sup>4</sup>

<sup>1</sup> Hawaii, the only other license state, levies an excise tax on alcoholic beverages of 20 percent of the wholesale price.

<sup>2</sup> Based on one three-gallon case of spirits and including all "additional" taxes.

<sup>3</sup> Per proof gallon

<sup>4</sup> Actual rate of \$9 per 31 gallon barrel.

<sup>5</sup> Includes additional tax 18¢/gal.

<sup>6</sup> New York City has an additional tax \$1.00/gal. on distilled spirits and 12¢/gal. on beer

U.S. PER CAPITA CONSUMPTION  
WINE  
1981

<u>RANK IN CONSUMPTION</u>	<u>STATE OR DISTRICT</u>	<u>GALLONAGE PER CAPITA</u>
1	District of Columbia	6.94
2	Nevada	4.98
3	California	4.50
4	New Hampshire	3.68
5	Rhode Island	3.33
6	Washington	3.31
7	Alaska	3.27
8	New Jersey	3.17
9	Massachusetts	3.10
10	Oregon	3.09
11	Vermont	3.06
12	New York	3.00
13	Connecticut	2.78
14	Hawaii	2.68
15	Colorado	2.65
16	Arizona	2.55
17	Florida	2.17
18	Maryland	2.18
19	Illinois	2.17
20	Delaware	2.01
21	Montana	1.98
22	Wisconsin	1.94
23	Idaho	1.92
24	Maine	1.88
25	New Mexico	1.87
26	Michigan	1.77
27	Minnesota	1.67
28	Virginia	1.66
29	Louisiana	1.62
30	Texas	1.45
31	Pennsylvania	1.43
32	Wyoming	1.41
33	Ohio	1.34
34	Missouri	1.32
35	North Carolina	1.28
36	Nebraska	1.24
37	Georgia	1.23
38	South Carolina	1.16
39	South Dakota	1.15
40	Alabama	1.12
41	Indiana	1.10
42	North Dakota	1.08
43	Oklahoma	0.95
44	West Virginia	0.84
45	Iowa	0.83
46	Tennessee	0.79
47	Utah	0.78
48	Kansas	0.76
49	Arkansas	0.74
50	Kentucky	0.64
51	Mississippi	0.53

ALL AGES PER CAPITA

Source: Economic Research Department  
Wine Institute

U.S. PER CAPITA CONSUMPTION  
MALT BEVERAGES  
1981

<u>RANK IN CONSUMPTION</u>	<u>STATE OR DISTRICT</u>	<u>GALLONAGE PER CAPITA</u>
1	Nevada	37.1
2	Wisconsin	34.3
3	New Hampshire	33.4
4	Montana	32.8
5	Wyoming	32.0
6	Texas	31.9
7	Arizona	31.3
8	Hawaii	30.2
9	District of Columbia	29.1
10	New Mexico	28.8
11	Colorado	28.6
12	Alaska	28.4
13	Florida	28.3
14	Nebraska	27.7
15	North Dakota	27.0
16	Delaware	26.9
17	Massachusetts	26.7
18	Vermont	26.2
19	California	25.7
20	Pennsylvania	25.6
21	Idaho	25.5
22	Illinois	25.2
23	Louisiana	25.1
24	Iowa	24.9
25	Maryland	24.8
25	Missouri	24.8
27	Rhode Island	24.7
28	Minnesota	24.5
29	Washington	24.4
30	Oregon	24.2
31	Ohio	23.6
32	Michigan	23.2
33	Maine	23.1
34	South Dakota	22.7
35	New York	22.5
36	Indiana	22.4
37	New Jersey	22.2
38	Virginia	21.9
39	Kansas	21.8
40	South Carolina	21.6
41	Oklahoma	20.8
42	Georgia	20.1
42	Mississippi	20.1
42	Tennessee	20.1
45	Kentucky	19.6
46	North Carolina	19.4
47	Connecticut	19.0
48	Arkansas	18.4
48	West Virginia	18.4
50	Alabama	17.5
51	Utah	15.6

Based on 18 years of  
age and older

Source: United States Brewers  
Association, Inc.

STATE OF ALASKA  
PRELIMINARY STATEMENT OF FISCAL IMPACT

**RECEIVED**  
MAR 1 1983

Bill No: HB 202 Date on Bill: 2/15/83  
 Title: An act increasing the liquor tax.  
 Sponsor: Adams  
 Requestor: House State Affairs

1. Estimated fiscal impacts on:

a. Expenditures:

(Thousands of Dollars)

			FY 83	FY 84	FY 85	FY 86		
Capital								
Operating								
Total								

b. Revenues:

Revenue			-0-	2.1 mill	3.9 mill			
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2. Source of funds to offset fiscal impact of bill:

3. Assumptions:

The analysis assumes the new tax rates become effective July 1, 1983.

4. Disclaimer:

This statement has not been reviewed by the OMB in the Office of the Governor. It therefore does not represent the final estimate of fiscal impact.

Prepared By: Mary Belfield Phone: 465-2300  
 Division: Comm. Office Date: 2/28/83  
 Approved by Commissioner: Robert E. Hart Date: 2/28/83  
 Department: Revenue

5. Distribution:

- Original to Legislative Finance
- Copy to OMB
- Copy to Sponsor
- Copy to Requestor

2/15/83

# Alaska State Legislature

## House of Representatives

Al Adams

Chairman

Committee on Finance

WHILE IN SESSION  
Pouch V  
State Capitol  
Juneau, Alaska 99811  
(907) 465-3706

OUT OF SESSION  
P.O. Box 333  
Juneau, Alaska 99752  
(907) 442-3320

1024 W. 6th  
Anchorage, Alaska 99501  
(907) 274-0615



Official Business

RECEIVED  
MAR 4 1983

March 2, 1983

### MEMORANDUM

TO: Representative Mitch Abood, Chairman  
House State Affairs

FROM: Representative Al Adams *AAA*

SUBJECT: House Bill 202 - Increasing the Liquor Tax

I appreciate your prompt scheduling of House Bill 202 and wanted to take this opportunity to provide you with a few explanatory details.

HB 202 increases the state liquor tax, which has not been raised since 1964, as follows:

- malt beverages from 25¢ per gallon to 32½¢ (a 30% increase amounting to approximately a 4¢ increase per six pack of beer);
- wine from 60¢ to \$1.00 (a 66% increase which will amount to approximately 32¢ per three liter of bottle of wine); and
- hard liquor from \$4.00 per gallon to \$5.75 (a 44% increase amounting to about 23¢ on a half liter of whiskey).

According to the Department of Revenue, the additional taxes generated from this legislation is estimated at \$2,100,000 in FY 84 and \$3,900,000 in FY 85, resulting in total revenues of \$14,600,000 and \$16,900,000 respectively.

# General Fund Unrestricted Revenues

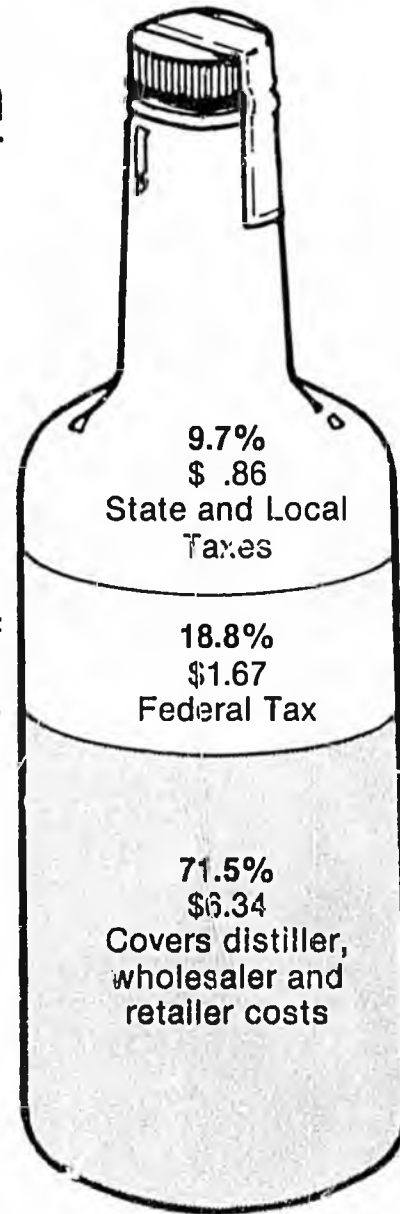
In Thousands of Current Dollars

	FY 1982 Actual January	FY 1983 Estimate January	FY 1984 Estimate January	FY 1985 Estimate January
<u>Taxes</u>				
<u>Income</u>				
Corporate-General	34,800	-0-	-0-	-0-
Corporate-Petroleum	668,900	-0-	-0-	-0-
Corporate (1)	-0-	235,000	272,000	295,000
<u>Gross Receipts</u>				
Alaska Business License	5,500	5,800	6,000	6,300
Fish-Canned Salmon	8,600	5,000	5,000	5,000
Fish-Shorebased	8,700	9,000	9,000	9,000
Fish-Floating	5,500	5,500	5,500	5,500
Seafood Marketing (2)	-0-	1,000	1,000	1,000
Salmon Enhancement	2,400	2,400	2,400	2,400
Insurance Companies	12,500	14,500	17,000	20,000
Electric and Telephone Co-ops	1,200	1,300	1,300	1,300
Mining License Tax	200	200	200	300
<u>Severance</u>				
Oil & Gas Production(3)(4)	1,581,100	1,528,800	1,197,300	1,219,700
Oil & Gas Conservation	600	800	700	700
<u>Property</u>				
Oil & Gas(5)(6)	142,700	148,600	153,200	158,000
<u>Sale/Use</u>				
Alcoholic Beverages	9,000	12,000	12,500	13,000
Fuel Taxes-Aviation	6,300	5,100	5,400	5,500
Fuel Taxes-Highway	20,300	21,000	22,000	23,000
Fuel Taxes-Marine	3,700	3,800	4,000	4,200
Tobacco Products	1,900	2,000	2,000	2,000
<u>Other</u>				
Estate	300	500	500	500
<b>Total Taxes</b>	<b><u>2,514,200</u></b>	<b><u>2,002,300</u></b>	<b><u>1,717,000</u></b>	<b><u>1,772,400</u></b>
<u>Licenses &amp; Permits</u>				
<u>Business</u>	10,800	11,000	12,000	12,500
<u>Non-Business</u>	13,000	13,000	13,500	14,000
<b>Total Licenses &amp; Permits</b>	<b><u>23,800</u></b>	<b><u>24,000</u></b>	<b><u>25,500</u></b>	<b><u>26,500</u></b>
<u>Intergovernmental Receipts</u>				
<u>Federal Shared Revenues(7)(8)(9)</u>	<u>21,700</u>	<u>26,600</u>	<u>10,000</u>	<u>10,000</u>
<u>State Resource Revenue</u>				
<u>Sale/Use</u>				
Bonus Sales(7)(10)(11)	5,000	26,100	-0-	-0-
Investment Earnings(12)	324,700	300,000	100,000	100,000
Rents(7)(10)(11)	3,500	4,000	4,000	4,000
Royalties(4)(7)(13)	1,157,300	1,119,400	883,500	912,000
Sale of State Property	5,200	5,500	5,500	5,500
Gravel, Timber, etc.(14)	1,200	5,500	2,000	2,000

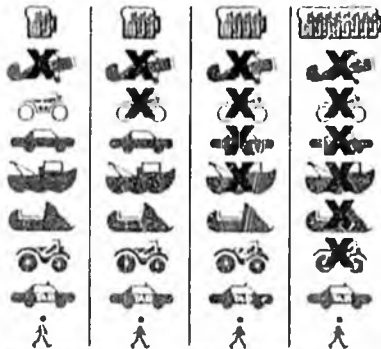
# Excessive Tax Burden

Alaska

Out of the typical 1982 retail price of \$8.87 for a bottle of distilled spirits in Alaska . . .



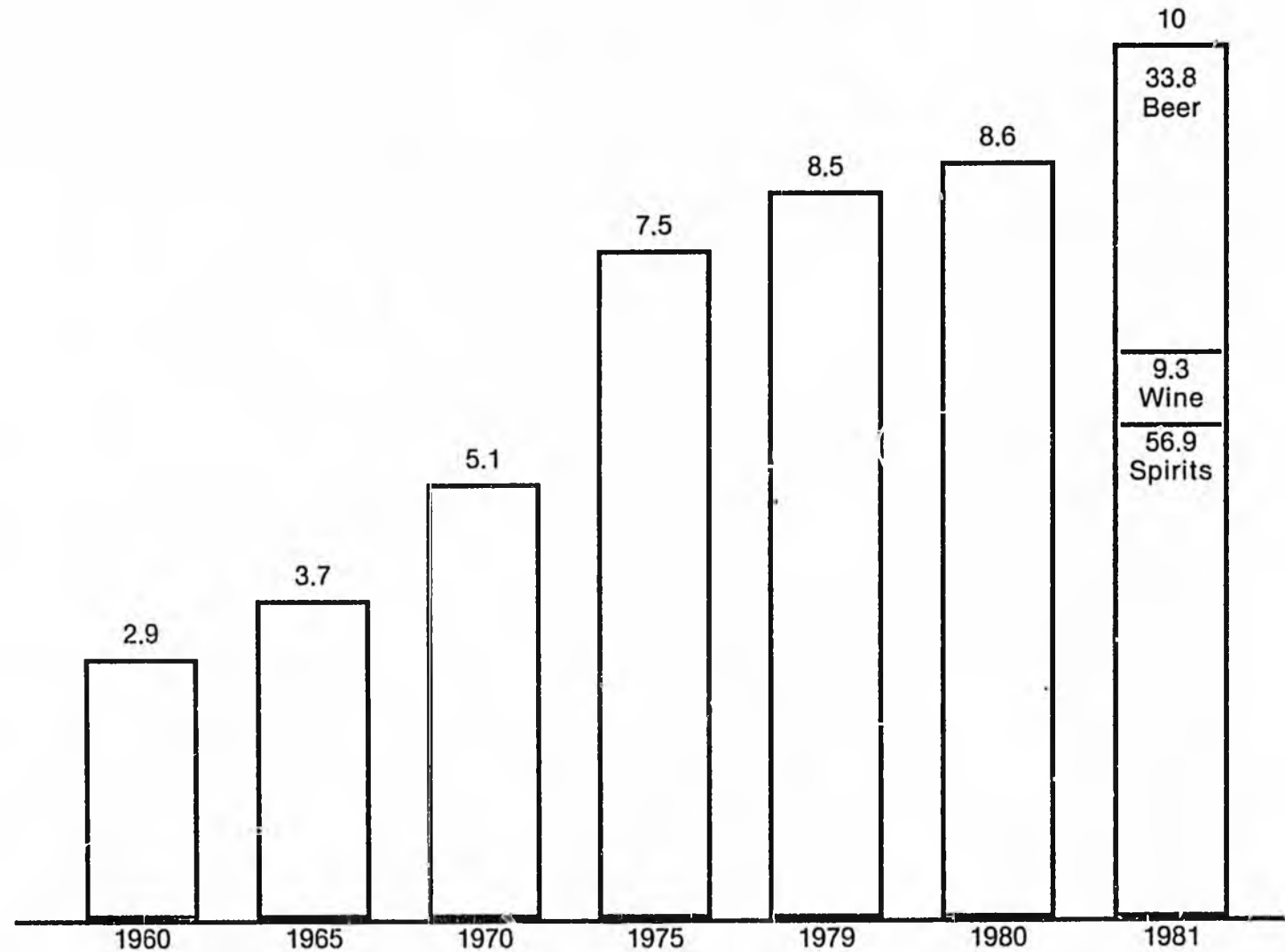
750 ml. bottle, 80 proof



\*The rates suggested above are approximate and will vary with each individual.

# State and Local Revenues from Alcohol Beverages [Millions of Dollars]

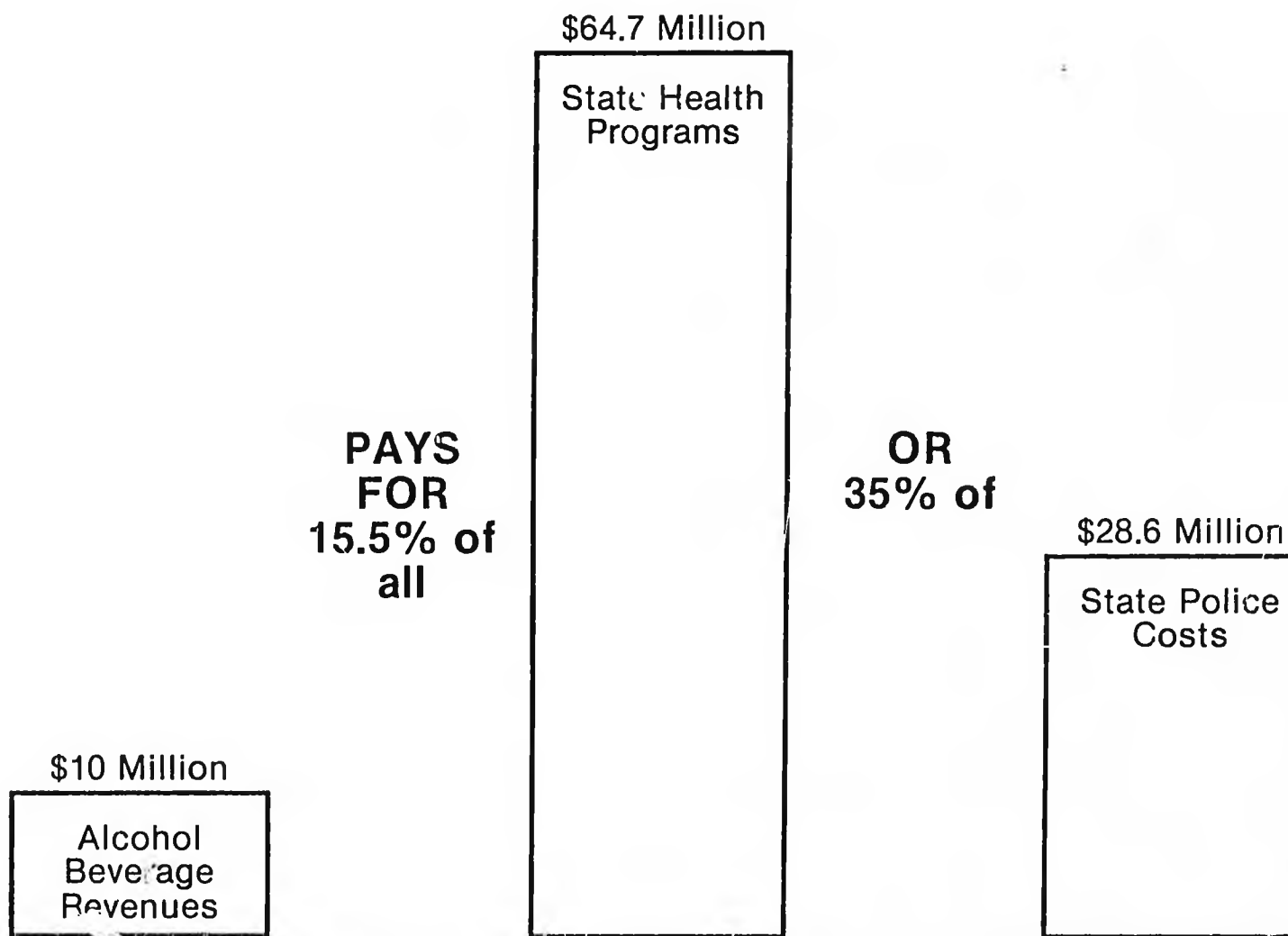
Alcohol beverages are an important revenue source in Alaska.  
Of alcohol beverage revenues in Alaska, 56.9% comes from distilled spirits.



# 1981 State and Local Revenues From Alcohol Beverages Significant

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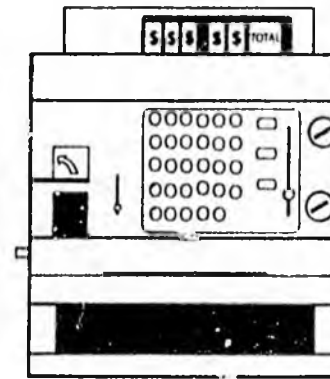
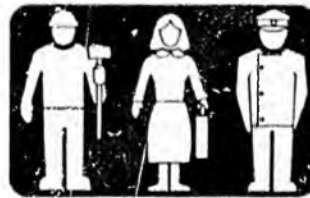
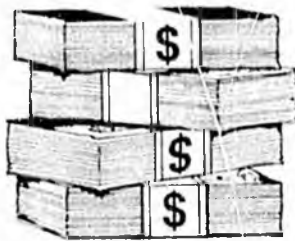
[Alaska]



# Alcohol Beverage Industry Contributes:

[To Alaska]

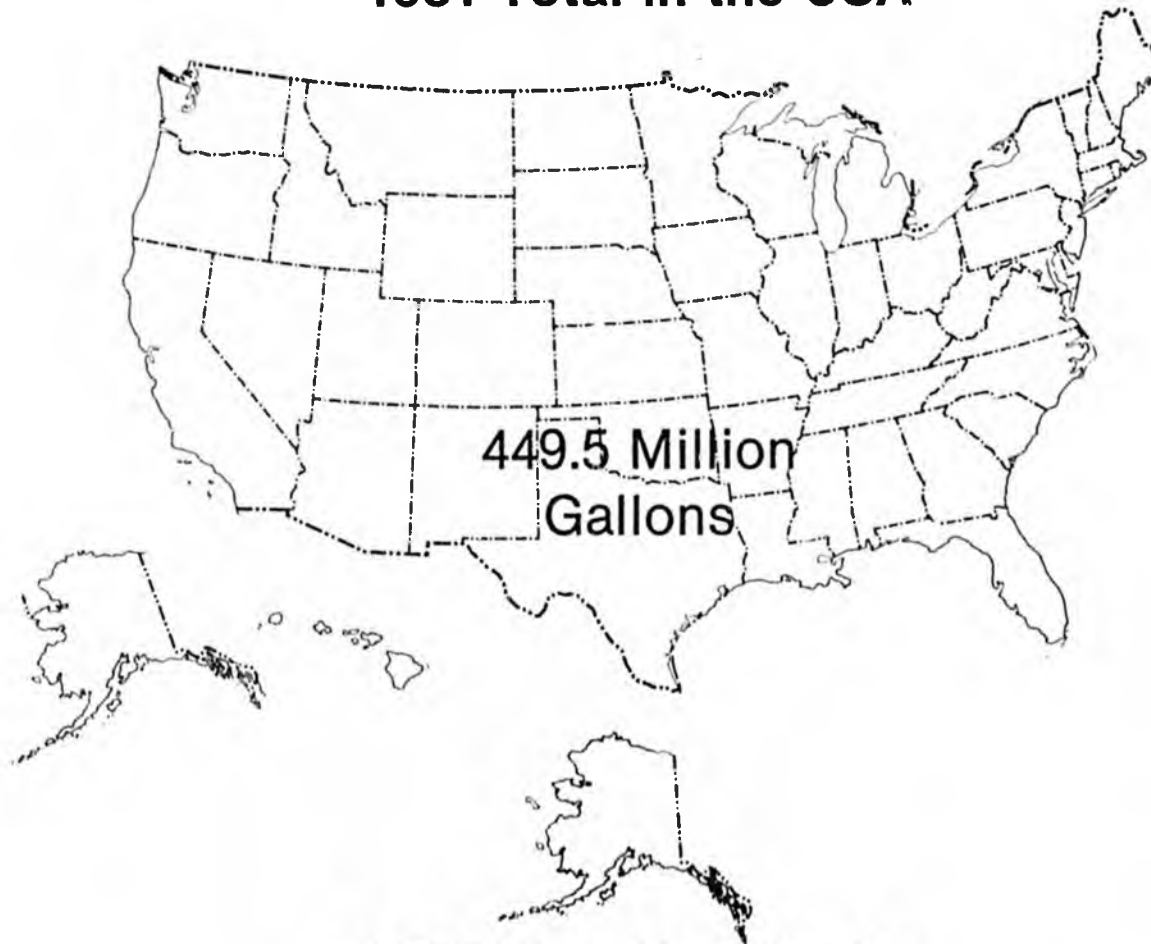
1981	1980	1980	1980
Revenues to State & Local Governments	Jobs	Payrolls & Profits	Retail Sales
<b>\$10 Million</b>	<b>2,888</b>	<b>\$49.9 Million</b>	<b>\$268.5 Million</b>



# Distilled Spirits Consumption

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**1981 Total in the USA**



**1981 Total in Alaska**  
1.36 Million Gallons

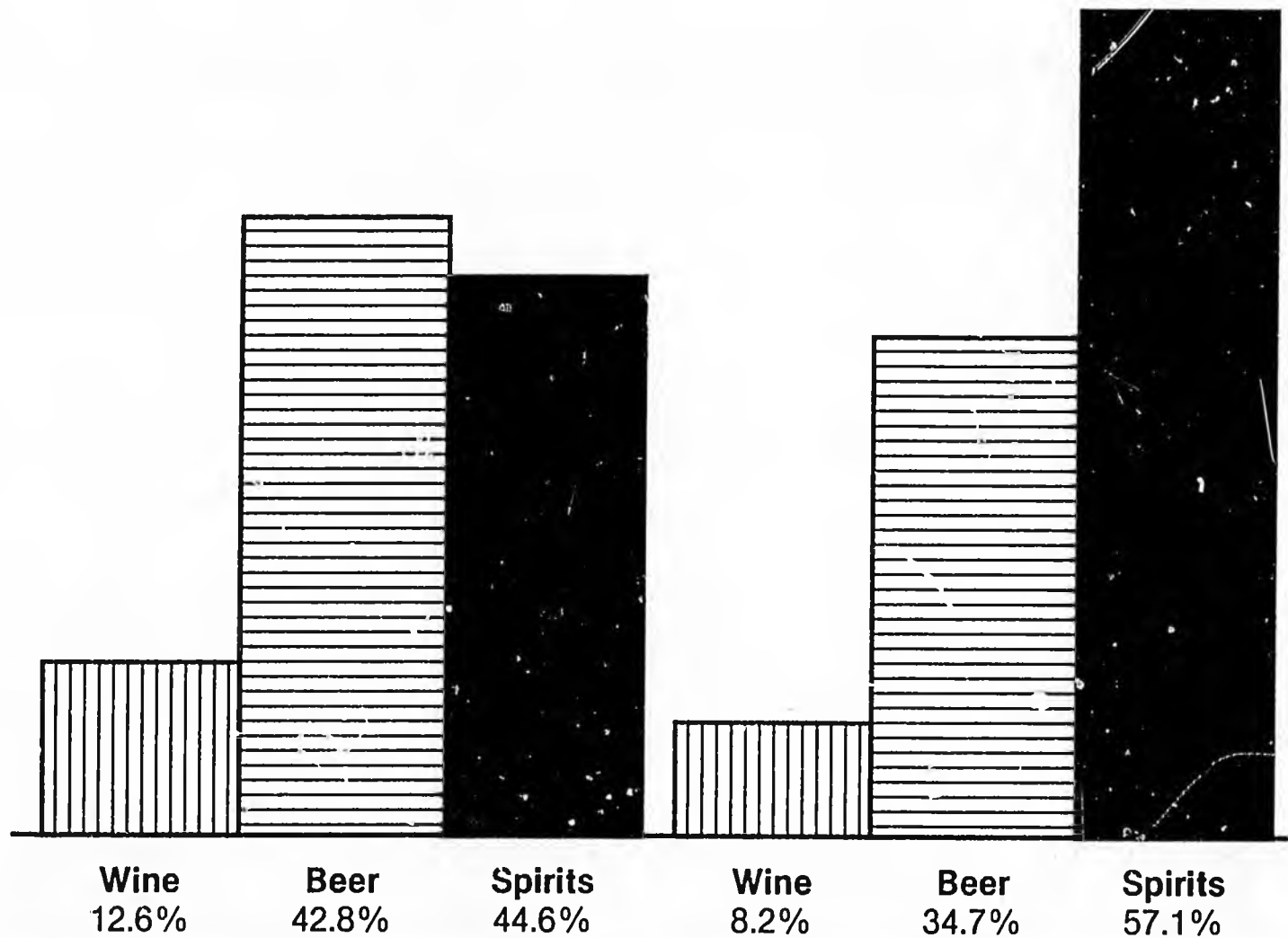
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In Alaska, 44.6% of pure alcohol consumed in spirits  
Yet distilled spirits paid 57.1% of state and local revenues  
from alcohol beverages in 1980

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Pure Alcohol Consumption  
by Product

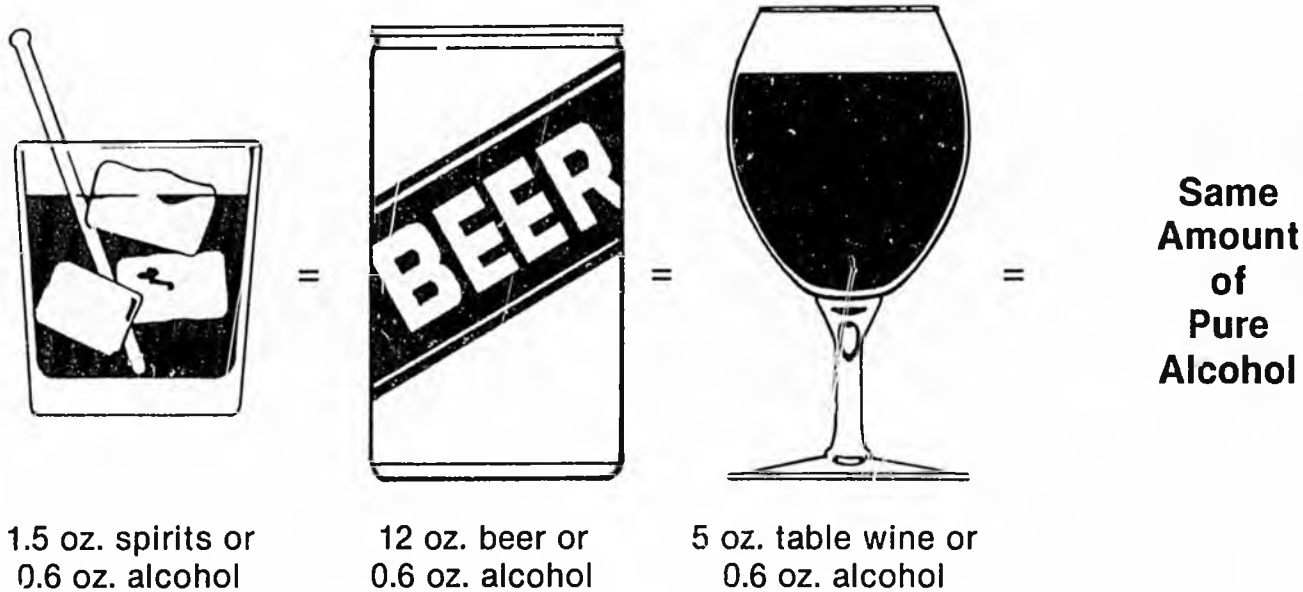
State and Local Tax Collections  
by Product



# Inequity of Alcohol Beverage Tax

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[Alaska]



Revenue from  
one cocktail

=

1.7 times the  
revenue from one  
can of beer

=

2 times the  
revenue from one  
glass of table wine

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### Key Points

- o Alaska does not need the revenue that would be generated from an increase in the excise tax on spirits because they have a huge surplus in their state budget. Their present tax rate is the fourth highest among all License states, 44% above the national average, with taxes accounting for 29% of the typical retail bottle price of spirits.
- o The alcohol beverage industry yielded \$10 million to the Alaska treasury (excluding local taxes) in 1981, 56.9% from spirits alone.
- o Spirits sales generate 7 times more revenue than wine sales do even though by volume, spirits sales are only 6% higher than wine sales.
- o The full-time equivalent of 2,888 persons were employed by Alaska's beverage alcohol industry in 1980.
- o The beverage alcohol industry contributes \$50 million in payroll & profits, and \$269 million in retail sales to the Alaska economy.
- o The revenue per gallon of pure alcohol from spirits, \$9.93, is almost twice the amount of revenue per gallon of pure alcohol from wine and 58% greater than that from beer.
- o The Federal government has granted licenses for 13 small fuel-alcohol plants in Alaska; each is capable of producing up to 10,000 proof gallons annually. The potential exists that the alcohol might be diverted to produce illegal, non-taxed spirits.

### CONTRIBUTION TO ALASKA TAX REVENUES

Year	Excise Tax Revenues (\$000)		As % of All Excises		Sales Tax & License Fees (\$000)		Total Tax Revenue from (\$000)		As % of Total Tax Revenues	
	All Bev.		All Bev.		All Bev.		All Bev.		All Bev.	
	Spirits	Alcohol	Spirits	Alcohol	Spirits	Alcohol	Spirits	Alcohol	Spirits	Alcohol
1977	5,037	7,909	7.6%	12.0%	489	949	5,526	8,858	0.7%	1.1%
1978	4,735	7,610	6.9	11.1	507	1,006	5,242	8,616	0.9	1.5
1979	4,535	7,443	6.1	10.0	487	1,053	5,022	8,496	0.6	1.0
1980	4,517	7,601	8.3	14.0	462	1,029	4,979	8,630	0.3	0.6
1981	5,025	8,482	9.4	15.9	655	1,494	5,680	9,976	0.2	0.4

### ALL BEVERAGE ALCOHOL CONTRIBUTION TO ALASKA ECONOMY

Year	Licenses Issued*	Employment**	Payroll** & Profits (\$000)	Retail Sales (\$000)
1972	1,004	1,506	14,677	82,474
1977	1,149	2,505	32,624	187,364
1978E	1,167	2,518	34,742	198,618
1979E	1,210	2,674	40,292	227,777
1980E	1,210	2,888	49,930	268,510

\*Approximates number of establishments. Due to duplication, number of establishments may be less than number of licenses issued. Includes manufacturing, wholesale and retail.

\*\*Includes full-time equivalent employees and payroll at retail.

Sources: Available upon request. E - Estimated.

# AABEI Alaska Alcohol Beverage Education Institute

PRESENTATION: ALASKA STATE LEGISLATURE 1983

Mr. Chairman, Distinguished Members of this Committee, Ladies and Gentlemen. My name is Ralph W. Kopansky. I represent the Alaska Alcohol Beverage Education Institute. Previously, I held federal appointments for ten years as a consultant to the National Institute of Alcohol Abuse and Alcoholism and the U.S. Public Health Service. I also served as coordinator of education and prevention and acting clinical director of the Regional Center for Alcohol and other Addictions in Fairbanks.

I will limit my remarks to the subject of increasing the control of consumption theory of which excise tax on alcoholic beverages is an objective.

The State Office of Alcohol and Drug Abuse, according to their 1980-81 Alcoholism Plan, and according to a more recent released document prepared by the Division of Legislative Audit entitled

A Special Performance Report On  
The Department of Health and  
Social Services State Office Of  
Alcoholism and Drug Abuse  
July 1982 - December 1982

endorses a Public Health Epidemiological Model for dealing with alcohol abuse and alcoholism. One phase of that model is to appropriate funds to promote reduction of alcohol consumption. Increased taxation

# AABEI Alaska Alcohol Beverage Education Institute

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on alcoholic beverages is an example. The rationale presented in support of legislative taxation to reduce consumption is based on a theory that by making alcoholic beverages more expensive fewer people will drink or people will drink less and this will reduce alcohol abuse and alcoholism. The basis of the control of consumption theory was the work of S. Ledermann (1950's) in France. Critics of the Lederman study and subsequent control of consumption theories point to the fact that the theory predicted a relationship in change of alcohol consumption to Homogeneous Populations (never defined in his work). Homogeneous populations do not exist in complex industrial societies including Alaska.

A more recent effort to promote the control of consumption theory was made by W. Schmidt and R. Popham (1978). Their work and other studies rely on two major factors: (1) Apparent beverage alcohol consumption in various societies, and (2) Various health problems, with the greatest emphasis on liver cirrhosis mortality. The control of consumption model is non-sociological and non-cultural. There is no attention paid to drinking customs, attitudes, norms, and behaviors of various cultural groups or sub-populations by age, sex, race, ethnicity, etc. within a mixed or heterogeneous society. Furthermore, the disease concept of alcoholism is never linked to the model, although alcoholism is recognized as a definable clinical disease entity by a large proportion of the medical and scientific community.

# **AABEI Alaska Alcohol Beverage Education Institute**

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Supporters of the control of consumption theory deal with aggregate statistics. They treat populations as a single entity. They fail to account for individual and sub-group differences such as changes in drinking patterns over time. Where "self-reporting" studies are used there are methodological flaws that threaten their reliability and validity.<sup>1</sup> We are far from dealing with an exact or even approaching exact science. Public policy should not be based on highly questionable arguments or a very inexact science.

Speaking specifically to the concept of increased taxation on beverage alcohol as a social policy to deter alcohol abuse and alcoholism, we again face the absence of valid research to support the position. While proponents of increased taxation argue that alcohol consumption will be reduced, they cannot identify a pricing level that statistically proves reduction. For example, the notion of matching the taxation increase to the Consumer Price Index on a year-to-year basis does not account for the increasing proportion of total income that must be paid in federal, state and local taxes. We would, if we increase taxes on beverage alcohol, be penalizing the overwhelming majority of

- 
1. Methodological issues not accurately measured: (1) Changes in drinking patterns, (2) Under and over-reporting in self-reports, (3) Translation of self-reports into statistical reports having serious errors of measurement.

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moderate and light drinkers. We would also create a black market environment associated with organized crime and the illicit production of alcoholic beverages. For the hardcore alcoholic, there would be an increase in the use of non-beverage alcohol with all of the health dangers, including death.

There is a second point. It is argued that another reason for increasing the excise tax is to financially support alcoholism programs and other services associated with alcohol abuse problems. Currently, revenues generated from the excise tax on beverage alcohol are placed in the State's General Fund. There are no dedicated funds. When the excise tax rate was first established it was one of the highest rates in the United States. In subsequent years other states have increased their rates to approximate Alaska. The issue, and this is strikingly pointed out in the Legislative Audit Report cited earlier, is cost and programmatic effectiveness and accountability of State-funded alcoholism programs. There should be some return on the investment of tax dollars. Moreover, what is an appropriate level of services and at what rate should alcoholism programs be funded and at what point should there be a return on the investment. There are several issues that the legislature needs to consider:

1. What justification is being used to fund programs? What statistics are being used? What are they based on? Are they adjusted to Alaska? Is there a valid method for demonstrating a reduction in the problem as the direct

# **AABEI Alaska Alcohol Beverage Education Institute**

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result of a program?

The Legislative Audit Report raises these same issues. Before program priorities can be set there needs to be agreement on what the problem is and how one can measure changes. I bring this point up in differentiating between alcohol abuse and alcoholism. Extensive research into the causation of alcohol abuse suggests that at least for some populations, notably rural, ethnic societies, alcohol abuse patterns are associated with such factors as lack of employment, hours of unmanaged time, cultural conflict, a lack of meaningful participation in family, school, and community, a breakdown in spiritual or belief systems. If there is a remedy it lies with the individual attaining a legitimate outlet for higher needs. Alcoholism is not the problem, finding a job is. If we wish to treat alcohol abuse perhaps we should develop a jobs program. The point is that the solution to alcohol abuse problems exist outside traditional prevention and treatment programs.

Before we increase taxation based at least in part on support of alcoholism services, we need, as the Legislative Audit Report recommends, to have fund's priorities established. They need to be specific and measurable.

Alcoholism program funding is established at an artificial level. The current level is directly related to Alaska oil profits and is in no

## AABEI Alaska Alcohol Beverage Education Institute

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way related to need. The attempt is being made to justify that inflated level rather than being based on needs assessed prior to oil profit income levels. This artificial level of funding demonstrates labeling theory of deviancy. Society identifies a social problem. Society establishes a bureaucracy to deal with the problem. The primary purpose is then partially set aside and replaced by a need to sustain the bureaucracy. In order to accomplish this goal of survival a representation of the original problem must be manipulated to gain public awareness and support.

In conclusion, there are alcohol abuse and alcoholism problems in Alaska. The assumption that increasing a tax will reduce those problems is not supported scientifically and the by-product may be socially less desirable. The assumption that a tax increase is needed to support alcoholism services is offered at a time when the legislature itself, through its auditing process, raises questions of program accountability and cost effectiveness

Before we pass laws that may have little or no relevance to the problem, I would hope that a careful examination of need, resources and desired outcomes be established. I would hope that this examination would be guided by the established fact that there is no single definition of what alcohol abuse and alcoholism are, their causes or even the best treatment strategies. The control of consumption model is presented as a panacea for reduction of problems lacking scientific validity

## **AABEI Alaska Alcohol Beverage Education Institute**

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and has the potential for doing irreparable damage. Our awareness level about alcohol abuse is high and matched by our frustration at finding acceptable solutions. This frustration is costing the tax payer, this year, over fifteen million dollars without any guaranties of success.

# AABEI Alaska Alcohol Beverage Education Institute

## PRESENTATION

Opposing House Bill 202,  
"An Act to increase the Liquor Tax."

Prepared by: Ralph W. Kopansky  
representing the Alaska  
Alcohol Beverage Education  
Institute. Previously,  
Consultant to the National  
Institute on Alcohol Abuse  
and Alcoholism, and former  
coordinator of Prevention  
and Education and Acting  
Clinical Director in  
Fairbanks.

Proponent of HB 202  
present two arguments  
in its support:

1. By increasing the cost of beverage alcohol consumption will decrease and this will reduce alcohol abuse and alcoholism
2. By increasing the cost of beverage alcohol the user will pay for alcoholism services. There is an increased financial need, according to supporters of this bill.

### I. SOADA Policy to Reduce the Availability of Alcohol.

1. SOADA has interpreted the State Statute and a 1960 Supreme Court decision, *Boehl vs Sabre Jet Room, Inc.*, as having the authority to promote measures to reduce the availability of alcohol in Alaska. The Boehl decision applied only to the ABC Board and not other agencies of government.

# AABEI Alaska Alcohol Beverage Education Institute

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Presentation - Opposing House Bill 202

2. SOADA has adopted the Public Health Epidemiological Model for treating alcohol abuse and alcoholism.
3. One provision of the Public Health Model is to reduce consumption.
  - a. Reducing beverage alcohol consumption will reduce alcohol abuse and alcoholism.
  - b. Proposed Methods of reduction of consumption of beverage alcohol include:
    1. Reducing bar and liquor store hours.
    2. State ownership of package liquor stores.
    3. Raising the drinking age
    4. Increase the tax on beverage alcohol.
4. The Consumption Control Theory is based on statistical models that predict the relationship between consumption levels and health problems, notably cirrhosis of the liver mortality.
  - a. The primary research was completed by S. Lederman in France in the 1950's. This study predicted the relationship of change in alcohol consumption on Homogeneous Populations.

Critics of Lederman's work point out that homogeneous populations (people with same backgrounds) do not exist in complex western societies or societies with mixed ethnic and racial backgrounds.

# **AABEI Alaska Alcohol Beverage Education Institute**

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Presentation - Opposing House Bill 202

- b. Later research, including work in 1978 by Schmidt and Popham, relied on only two factors: (1) apparent beverage alcohol consumption in various societies, and various health problems.
- c. Major scientific criticism of the Control of Consumption Theory:
  - 1. It is not sociological or cultural. No attention is paid to drinking customs, attitudes, norms, and behaviors of various cultural groups or sub-populations by age, sex, race, ethnicity, within a given society.
  - 2. It deals only with an aggregate, Homogeneous population assuming that everybody is the same.
  - 3. The disease concept of alcoholism is never linked to the Control of Consumption Theory, although alcoholism is recognized as a definable clinical disease entity.
  - 4. Clinical experience demonstrates that the alcoholic, with addictive behaviors, will obtain alcohol regardless of method or in spite of controls.
  - 5. Differentiate between Alcoholism, a disease characterized by loss of control of drinking, and alcohol abuse. One does not necessarily relate to the other.
- d. Criticism of Taxation on beverage alcohol as a method of controlling consumption.
  - 1. There is no justification or formula that relates increase of cost to reduction of consumption.

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Presentation - Opposing House Bill 202

2. There is no statistical experience that predicts changes in consumer buying practices that could be used to establish a tax or pricing rate at which point consumption would decline.
  3. The notion, suggested by some proponents of taxation that the rate be matched to the Consumer Price Index, is not justified because the CPI does not account for the increasing proportion of total income that must be paid in federal, state and local taxes.
  4. We would, if we increase taxes on beverage alcohol:
    - a. Be penalizing the overwhelming majority of moderate and light drinkers.
    - b. Be creating a potential black market associated with organized crime and illicit production of alcoholic beverages.
    - c. Be observing increase in serious injury and death among the hardcore alcoholic who would turn to other than beverage alcohol
- II. By increasing the tax on beverage alcohol, the user will pay an increasing amount of money to support the cost of services required by increased alcohol abuse.
- i. Criticisms:
    - a. Taxes on beverage alcohol go into the General Fund. There are no dedicated funds.
    - b. The funded level of support for Alcoholism services was based on

# AABEI Alaska Alcohol Beverage Education Institute

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Presentation - Opposing House Bill 202

available oil revenues, not need. Statistical needs were made on the basis of funds available.

- c. The Division of Legislative Audit, in its report entitled:

A Special Performance Report on the Department of Health and Social Services State Office of Alcoholism and Drug Abuse, July 1981-December 1982

Makes five recommendations that underscore a need to:

"(1) better document, define, and catalogue information, (2) improve fiscal review over grantees by having more responsibility for directing audit efforts and following up on audit results, (3) closely evaluate administrative costs of proposals from grantees with multiple-funding sources to assure State funds are being used in an efficient, effective and appropriate manner, (4) identify areas where grantees may accomplish tangible needed objectives in a relatively short period of time, (5) consider passage of a resolution to provide SOADA with priorities for grant funding."

2. We recommend that the recommendations be implemented prior to any tax increase. We also recommend that the funding level be based on actual need, direct delivery of services with measurable outcomes.

NOTE REGARDING THE FOLLOWING FRAME(S) ON MICROFILM:  
COMPLETE DOCUMENT IS AVAILABLE IN ORIGINAL FILES.  
TITLE PAGE ONLY HAS BEEN FILMED.

A SPECIAL PERFORMANCE REPORT  
ON THE DEPARTMENT OF  
HEALTH AND SOCIAL SERVICES  
STATE OFFICE OF ALCOHOLISM AND DRUG ABUSE

July 1981 - December 1982

Audit Control Number

06-4143-83-S

Commissioner, Department of  
Health and Social Services

Dr. Robert L. Smith, Ph.D.

Deputy Commissioners, Department  
of Health and Social Services:

Social Services  
Health Services

John Pugh, (Acting)  
Philip Hardie, MD.