

LEG. FINANCE - BILLS 1985 - 1986 2179

SB 90 - SB 94

2179

COMMITTEE REPORT
SENATE

FURTHER:

3/18/85

Date 3/18/85

Mr. President

The Committee on FINANCE considered SB 90

power of the Department of Commerce and Economic Development to administer appropriations for grants; eff.

and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for _____
- new title _____
- same title and recommends _____
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS

Chairman _____

Chairman recommendation _____

09 = 1/13
SE 90

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST
 Bill/Resolution No.: _____
 Title: Relating to power of Dept.
of Commerce & Econ. Dev. grants
 Sponsor: Rules/Governor
 Requestor: _____
 Date of Request: _____

FISCAL DETAIL
 Agency Affected: Commerce & Econ. Dev.
 Program Category Affected: _____
Economic Development
 BRU, Program or Subprogram(s) Affected: _____
departmentwide

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

This bill does not require an appropriation. It provides the authority for the department to administer grants when such funds are appropriated.

Prepared By: Catherine Wallen Phone: 465-2504
 Division: Administrative Services Date: 12/4/84
 Approved by Commissioner: Richard A. Lyon Date: 12/11/84
 Agency: Commerce and Economic Development

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

7/1/84

0953W10984

Introduced: 1/23/85
Referred: Labor & Commerce
and Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE SFNATE

2 SENATE BILL NO. 90

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the power of the Department of
7 Commerce and Economic Development to administer ap-
8 propriations for grants; and providing for an effec-
9 tive date."

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

11 * Section 1. AS 44.33.020 is amended to read:

12 Sec. 44.33.020. DUTIES OF DEPARTMENT. The Department of Com-
13 merce and Economic Development shall

14 (1) administer the state programs relating to commerce,
15 enforce the laws relating to these programs, and adopt regulations
16 under these laws;

17 (2) register corporations;

18 (3) collect corporation franchise taxes;

19 (4) enforce state laws regulating public utilities and
20 other public service enterprises, banking and securities, insurance,
21 and other businesses and enterprises touched with a public interest;

22 (5) make veterans' loans;

23 (6) inspect weights and measures;

24 (7) promote and develop civil aviation;

25 (8) furnish the budgeting, clerical, and administrative
26 services for regulatory agencies and professional and occupational
27 licensing boards not otherwise provided for;

28 (9) [Repealed by E. O. No. 39, sec. 13 (1977)].

29 (10) [Repealed by E. O. No. 33 (1968)].

1 (11) before the commencement of each calendar quarter, fur-
2 nish lending institutions, title insurance companies, mortgage com-
3 panies, and clerks of the respective superior courts with the 12th
4 Federal Reserve District discount rate that is to be used during that
5 calendar quarter for computing the maximum rate of interest under
6 AS 45.45.010(b);

7 (12) conduct studies, enter into contracts and agreements,
8 and make surveys relating to the economic development of the state
9 and, when appropriate, assemble, analyze, and disseminate the findings
10 obtained;

11 (13) provide factual information and technical assistance
12 for potential industrial and commercial investors;

13 (14) receive gifts, grants, and other aid that facilitate
14 the powers and duties of the department from agencies and instrumen-
15 talities of the United States or other public or private sources;

16 (15) establish and activate programs to achieve balanced
17 economic development in the state and advise the governor on economic
18 development policy matters;

19 (16) formulate a continuing program for basic economic de-
20 velopment and for the necessary promotion, planning, and research
21 that will advance the economic development of the state;

22 (17) cooperate with private, governmental, and other public
23 institutions and agencies in the execution of economic development
24 programs;

25 (18) review the programs and annual reports of other depart-
26 ments and agencies as they are related to economic development, and
27 prepare an annual report on the economic growth of the state;

28 (19) administer the economic development programs of the
29 state;

1 (20) perform all other duties and powers necessary or proper
2 in relation to economic development and planning for the state;

3 (21) request tourism-related businesses in the state to pro-
4 vide data regarding occupancy levels, traffic flow, and gross re-
5 ceipts, and to participate in visitor surveys conducted by the depart-
6 ment; data collected under this paragraph which discloses the particu-
7 lars of an individual business is not a matter of public record and
8 must [SHALL] be kept confidential; however, this restriction does not
9 prevent the department from using the data to formulate tourism eco-
10 nomic impact information including expenditure patterns, tax receipts
11 and fees, employment and income attributable to tourism, and other
12 information considered relevant to the planning, evaluation, and
13 policy direction of tourism in the state; [.]

14 (22) [Repealed by E. O. No. 47, sec. 6 (1980).]

15 (23) administer the program of state assistance for the
16 construction and development of cultural facilities in accordance with
17 AS 44.33.401 -- 44.33.417;

18 (24) provide administrative and budgetary services to the
19 Real Estate Commission (AS 08.88) as requested by the commission;

20 (25) operate motor vehicle weighing stations, issue special
21 written permits authorizing the operation of overweight and oversize
22 vehicles, establish fees for the overweight and oversize vehicle
23 special permits, enforce the size, weight, and load limitations adopt-
24 ed by the Department of Transportation and Public Facilities under
25 AS 19.10.060, and establish regulations relating to pilot car services
26 and the enforcement of the size, weight, and load limitations adopted
27 under AS 19.10.060;

28 (26) administer the Alaska Foreign Offices established by
29 AS 44.33.530;

1 (27) administer, in accordance with regulations adopted by
2 the department for this purpose, grants to community and regional gov-
3 ernments, nonprofit organizations, or for the benefit of unorganized
4 regions in the state.

5 * Sec. 2. This Act takes effect July 1, 1985.

COMMITTEE REPORT
SENATE

FURTHER:

FINANCE

1/23/85

Date 15 MARCH 1985

Mr. President

The Committee on L & C considered SB 90

power of the Department of Commerce and Economic Development to administer appropriations for grants; efd.

and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for _____
- new title _____
- same title and recommends _____
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS

1 *Delaney*
Bill Ray

1 *Fred J. Zhanoff*
Chairman
Do Pass
Chairman recommendation

BILL SHEFFIELD
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 23, 1985

The Honorable Don Bennett
President of the Senate
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Senator Bennett:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that confers on the Department of Commerce and Economic Development the power to make grants of state money for purposes authorized by law. The department has been advised by the attorney general that its authority over, and administration of, grants could be improved if specific statutory authority for those purposes is enacted. This authorization would confer the power to implement the grants by administrative regulation. Too often grants are awarded without specific standards in place to assure performance of the grant agreement or fairness to persons seeking to obtain state financial assistance.

I hope that the legislature will view this bill favorably. It is time that a concerted effort is made to account for each dollar that is given out to achieve public purposes. Unless we provide for more formality in these transactions, it will be difficult to assure that the intent of the legislature is met.

Sincerely,

A handwritten signature in cursive script that reads "Bill Sheffield".

Bill Sheffield
Governor

COMMITTEE REPORT
HOUSE

5/1

(7)
4/17/85

FURTHER: FINANCE

Date: _____

LABOR & COMMERCE

SB 90

The Committee on _____ has had _____

"An Act relating to the power of the Department of Commerce and Economic Development to administer appropriations for grants; and providing for an effective date."

under consideration and recommends:

- do pass [] do not pass
- do pass with attached amendments(s)
- replace with CS for _____ [] same title
[] new title
- and recommends _____
- [] AND attaches a "Letter of Intent" [] New Fiscal Note
- [] reports it back without recommendation [] Zero Fiscal Note Attached
- [] referred to the _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Navarre [Signature]

Pearce [Signature]

Hanley [Signature]

Collins [Signature]

Davis [Signature]

Boucher [Signature]

[Signature]
CHAIRMAN
VICE -

Introduced: 1/23/85
Referred: Labor & Commerce
and Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2 SENATE BILL NO. 90

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the power of the Department of
7 Commerce and Economic Development to administer ap-
8 propriations for grants; and providing for an effec-
9 tive date."

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

11 * Section 1. AS 44.33.020 is amended to read:

12 Sec. 44.33.020. DUTIES OF DEPARTMENT. The Department of Com-
13 merce and Economic Development shall

14 (1) administer the state programs relating to commerce,
15 enforce the laws relating to these programs, and adopt regulations
16 under these laws;

17 (2) register corporations;

18 (3) collect corporation franchise taxes;

19 (4) enforce state laws regulating public utilities and
20 other public service enterprises, banking and securities, insurance,
21 and other businesses and enterprises touched with a public interest;

22 (5) make veterans' loans;

23 (6) inspect weights and measures;

24 (7) promote and develop civil aviation;

25 (8) furnish the budgeting, clerical, and administrative
26 services for regulatory agencies and professional and occupational
27 licensing boards not otherwise provided for;

28 (9) [Repealed by E. O. No. 39, sec. 13 (1977)].

29 (10) [Repealed by E. O. No. 33 (1968)].

COMMITTEE COPY

1 (11) before the commencement of each calendar quarter, fur-
2 nish lending institutions, title insurance companies, mortgage com-
3 panies, and clerks of the respective superior courts with the 12th
4 Federal Reserve District discount rate that is to be used during that
5 calendar quarter for computing the maximum rate of interest under
6 AS 45.45.010(b);

7 (12) conduct studies, enter into contracts and agreements,
8 and make surveys relating to the economic development of the state
9 and, when appropriate, assemble, analyze, and disseminate the findings
10 obtained;

11 (13) provide factual information and technical assistance
12 for potential industrial and commercial investors;

13 (14) receive gifts, grants, and other aid that facilitate
14 the powers and duties of the department from agencies and instrumen-
15 talities of the United States or other public or private sources;

16 (15) establish and activate programs to achieve balanced
17 economic development in the state and advise the governor on economic
18 development policy matters;

19 (16) formulate a continuing program for basic economic de-
20 velopment and for the necessary promotion, planning, and research
21 that will advance the economic development of the state;

22 (17) cooperate with private, governmental, and other public
23 institutions and agencies in the execution of economic development
24 programs;

25 (18) review the programs and annual reports of other depart-
26 ments and agencies as they are related to economic development, and
27 prepare an annual report on the economic growth of the state;

28 (19) administer the economic development programs of the
29 state;

1 (20) perform all other duties and powers necessary or proper
2 in relation to economic development and planning for the state;

3 (21) request tourism-related businesses in the state to pro-
4 vide data regarding occupancy levels, traffic flow, and gross re-
5 ceipts, and to participate in visitor surveys conducted by the depart-
6 ment; data collected under this paragraph which discloses the particu-
7 lars of an individual business is not a matter of public record and
8 must [SHALL] be kept confidential; however, this restriction does not
9 prevent the department from using the data to formulate tourism eco-
10 nomic impact information including expenditure patterns, tax receipts
11 and fees, employment and income attributable to tourism, and other
12 information considered relevant to the planning, evaluation, and
13 policy direction of tourism in the state; [.]

14 (22) [Repealed by E. O. No. 47, sec. 6 (1980).]

15 (23) administer the program of state assistance for the
16 construction and development of cultural facilities in accordance with
17 AS 44.33.401 -- 44.33.417;

18 (24) provide administrative and budgetary services to the
19 Real Estate Commission (AS 08.38) as requested by the commission;

20 (25) operate motor vehicle weighing stations, issue special
21 written permits authorizing the operation of overweight and oversize
22 vehicles, establish fees for the overweight and oversize vehicle
23 special permits, enforce the size, weight, and load limitations adopt-
24 ed by the Department of Transportation and Public Facilities under
25 AS 19.10.060, and establish regulations relating to pilot car services
26 and the enforcement of the size, weight, and load limitations adopted
27 under AS 19.10.060;

28 (26) administer the Alaska Foreign Offices established by
29 AS 44.33.530;

1 (27) administer, in accordance with regulations adopted by
2 the department for this purpose, grants to community and regional gov-
3 ernments, nonprofit organizations, or for the benefit of unorganized
4 regions in the state.

5 * Sec. 2. This Act takes effect July 1, 1985.
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

BILL SHEFFIELD
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

sb 90

January 23, 1985

The Honorable Don Bennett
President of the Senate
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Senator Bennett:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that confers on the Department of Commerce and Economic Development the power to make grants of state money for purposes authorized by law. The department has been advised by the attorney general that its authority over, and administration of, grants could be improved if specific statutory authority for those purposes is enacted. This authorization would confer the power to implement the grants by administrative regulation. Too often grants are awarded without specific standards in place to assure performance of the grant agreement or fairness to persons seeking to obtain state financial assistance.

I hope that the legislature will view this bill favorably. It is time that a concerted effort is made to account for each dollar that is given out to achieve public purposes. Unless we provide for more formality in these transactions, it will be difficult to assure that the intent of the legislature is met.

Sincerely,

A handwritten signature in cursive script that reads "Bill Sheffield".

Bill Sheffield
Governor

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: SB 90
 Title: Relating to power of Dept.
of Commerce & Econ. Dev. grants
 Sponsor: Rules/Governor
 Requestor: _____
 Date of Request: _____

FISCAL DETAIL

Agency Affected: Commerce & Econ. Dev.
 Program Category Affected: _____
Economic Development
 BRU, Program or Subprogram(s) Affected: _____
departmentwide

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

This bill does not require an appropriation. It provides the authority for the department to administer grants when such funds are appropriated.

Prepared By: Catherine Wallen Phone: 465-2504
 Division: Administrative Services Date: 12/4/84
 Approved by Commissioner: Richard A. Lyon Date: 12/11/84
 Agency: Commerce and Economic Development

Distribution (by Agency preparing fiscal note):

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

7/1/84

L.C.
Fm

your final note

your letter

ALASKA STATE LEGISLATURE

14th Legislature FIRST Session

SENATE BILL NO. 90

By THE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

"An Act relating to the power of the Department of Commerce and Economic Development to administer appropriations for grants; and providing for an effective date."

Introduced in the Senate ... 1/23, 1985

HISTORY IN THE SENATE

19 85 Read first time and referred to Committee on
 1 23 Labor & Commerce and Finance
 3 18 Reported back with recommendation that *3 days to finance*
45 Finance: 5 days to pull
416 Restr. calendar
 416 Read second time and *adv*
 416 Read third time and
 416 PASS *ed* Effective Date
 Yeas - 17 Yeas
 Nays - 0 Nays *same*
 Absent - 1 Absent
 Excused - 2 Excused
 Reconsideration
 PASS Effective Date
 Yeas Yeas
 Nays Nays
 Absent Absent
 Excused Excused
 4/16 Reported correctly engrossed
 16 Signed by President
 16 Sent to House
Peggy Mulligan
 SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19 85 Read first time and referred to Committee on
apr 17 Labor & Commerce Finance
 Reported back with recommendation that
 Read second time and
 Read third time and
 PASS Effective Date
 Yeas Yeas
 Nays Nays
 Absent Absent
 Excused Excused
 Reconsideration
 PASS Effective Date
 Yeas Yeas
 Nays Nays
 Absent Absent
 Excused Excused
 Reported correctly engrossed
 Signed by Speaker
 Returned to Senate
 CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19 Received from House
 To enrolling
 Reported correctly enrolled
 Sent to Governor
 by Governor
 Filed with Lt. Governor
 Chapter No.

COMMITTEE REPORT
SENATE

FURTHER:

5/7/85

Date _____

Mr. President

The Committee on FINANCE considered SB 92

benefits under the supplemental benefits system; efd.

and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for _____
- new title
- same title and recommends _____
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS

Chairman

Chairman recommendation

COMMITTEE REPORT
SENATE

FURTHER: FINANCE

1/31/85

Date May 7, 1985

Mr. President

The Committee on STATE AFFAIRS considered SB 92
benefits under the supplemental benefits system; efd.

and (a majority of the committee) (the committee) reports it back with
the following recommendations:

do pass

~~do pass with attached amendment(s)~~

replace with/or adopt CS for _____

new title

same title and recommends _____

and attached a "LETTER OF INTENT" ~~NEW FISCAL NOTE~~

NO

reports it back without recommendation

recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

[Signature]

[Signature]

MEMBERS HAVING
OTHER RECOMMENDATIONS

1 Edou He Van No Rec

[Signature]
Chairman

[Signature]
Chairman recommendation

SENATE AMENDMENT #1

By STATE AFFAIRS COMMITTEE

To: _____ SENATE BILL No. 92

To: _____ HOUSE BILL No. _____

PAGE: 3 LINE: 12

DELET:

(6) OTHER EMPLOYEE BENEFITS SET OUT IN REGULATIONS ADOPTED BY THE PUBLIC EMPLOYEES RETIREMENT BOARD.

ADD:

(6) DEPENDENT CARE BENEFITS.

COMMITTEE REPORT

SENATE

FURTHER: FINANCE

1/23/85

Date _____

Mr. President

The Committee on HESS considered SB 92
benefits under the supplemental benefits system; efd.

and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for _____
- new title
- same title and recommends _____
- and attached a "LETTER OF INTENT" NEW FISCAL NOTE
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS

Chairman

Chairman recommendation

Introduced: 1/23/85
Referred: Health, Education & Social Services
and Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2 SENATE BILL NO. 92

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to benefits under the supplemental
7 benefits system; and providing for an effective
8 date."

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

10 * Section 1. AS 39.30.150(a) is amended to read:

11 (a) In place of contributions to the federal social security
12 system that would have been required on behalf of an employee had the
13 participating employer belonged to the social security system, the
14 participating employer shall contribute 12.26 percent of the wages of
15 the employee up to the taxable wage base then in effect in the social
16 security system. All costs of establishing and administering the
17 benefit program established by AS 39.30.160 must [SHALL] be paid from
18 the contributions made by the participating employers under this
19 section. The balance of the contributions made by the participating
20 employers must [SHALL] be paid into special individual employee bene-
21 fit accounts in the Department of Administration to be used to provide
22 supplemental employee benefits provided in AS 39.30.160. In addition,
23 voluntary wage reductions authorized under AS 39.30.150(c) must be
24 paid into the special individual employee benefit accounts under the
25 terms of the State of Alaska Supplemental Annuity Plan.

26 * Sec. 2. AS 39.30.150(c) is amended to read:

27 (c) An employee of a participating employer is considered to
28 have agreed to have the employee's wages reduced by an amount equal to
29 one-half the total contribution that the participating employer is

1 required to make on behalf of the employee under this section. In
2 addition, an employee may voluntarily elect additional wage reductions
3 under the terms of the State of Alaska Supplemental Annuity Plan.

4 * Sec. 3. AS 39.30.155(a) is amended to read:

5 (a) The Public Employees Retirement Board (AS 39.35.030) shall

6 (1) hold regular and special meetings it considers neces-
7 sary to carry out its responsibilities relating to the supplemental
8 employee benefit program; all meetings are open to the public and the
9 board shall keep a full record of all its proceedings;

10 (2) adopt, with modifications it considers proper, regu-
11 lations recommended by the administrator for carrying out the supple-
12 mental employee benefit program, including regulations establishing
13 additional benefit options not listed in AS 39.30.160(a)(1) -- (5),
14 and regulations providing employees the opportunity to periodically
15 change distribution of contributions among the supplemental benefit
16 options listed in AS 39.30.160(a);

17 (3) consider matters referred to it by the administrator in
18 connection with changes in policy and revisions of the supplemental
19 employee benefit program;

20 (4) act as an appeals board, hold hearings at the request
21 of an employer, employee, surviving spouse, or a beneficiary on de-
22 cisions made by the administrator that relate to the payment of bene-
23 fits under the supplemental employee benefit program, and submit its
24 findings to the administrator;

25 (5) prescribe policies for the operation of the supple-
26 mental employee benefit program and take other action that it consid-
27 ers necessary to carry out the purposes of that program;

28 (6) advise the Department of Administration concerning the
29 features to be included in the benefit options provided under

1 AS 39.30.160(a).

2 * Sec. 4. AS 39.30.160(a) is amended to read:

3 (a) The Department of Administration shall, in accordance with
4 policies prescribed by regulations of the Public Employees Retirement
5 Board, provide to employees for whom benefit accounts are established
6 under AS 39.30.150 the following benefit options:

- 7 (1) supplemental health benefits,
8 (2) supplemental death benefits,
9 (3) supplemental disability benefits,
10 (4) supplemental survivor benefits, [AND]
11 (5) supplemental annuities, and
12 (6) other employee benefits set out in regulations adopted
13 by the Public Employees Retirement Board.

14 * Sec. 5. The plan administrator of the State of Alaska Supplemental
15 Annuity Plan may submit plan amendments to the United States Internal
16 Revenue Service to implement this Act and to convert the State of Alaska
17 Supplemental Annuity Plan to a qualified plan that permits additional
18 tax-deferred voluntary wage reductions and, on receipt of a favorable
19 ruling, shall implement the provisions of secs. 1 and 2 of this Act.

20 * Sec. 6. Sections 1 and 2 of this Act take effect upon receipt of a
21 favorable ruling by the United States Internal Revenue Service on the
22 amendments converting the supplemental annuity plan to a qualified plan
23 that permits additional tax-deferred voluntary wage reductions.

24 * Sec. 7. Sections 3, 4 , and 5 of this Act take effect immediately in
25 accordance with AS 01.10.070(c).
26
27
28
29

B

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

Page 1 of 2

REQUEST

Bill/Resolution No.: SB-92

Title: An Act Relating to Benefits Under the Supplemental Benefits System

Sponsor: Governor

Requestor: _____

Date of Request: _____

FISCAL DETAIL

Agency Affected: Administration

Program Category Affected: Labor Services

BRU, Program or Subprogram(s) Affected: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL		200.0				
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		200.0				

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

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER		200.0				
TOTAL		200.0				

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Prepared By: J.K. Humphreys

Division: Retirement & Benefits

Phone: 465-4460

Date: December 19, 1984

Approved by Commissioner: Lisa Rudd

Agency: Department of Administration

Date: 12-21-84

Distribution (by Agency preparing fiscal note):

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

Draft Bill _____

Fiscal Note Analysis

Prepared by Division of Retirement & Benefits

Department of Administration

December 18, 1984

IV ANALYSIS: This bill would allow the Administrator of the state Supplemental Benefits System (SBS) to amend the State of Alaska Supplemental Annuity Plan to provide for additional voluntary contributions. This amendment to the Plan would be submitted for approval to the Internal Revenue Service (IRS) to retain the Plan's qualified status. The additional contributions would allow SBS participants to defer up to 18% of their compensation as contributions. This bill would also allow the inclusion of additional elective benefits under the SBS.

The total estimated cost is categorized as follows:

- a. \$150,000 for changes in EDP systems of Divisions of Finance and Retirement & Benefits.
- b. \$50,000 for consulting services and for booklet and form revision, connected with establishing and qualifying the new Plan in accordance with Federal Law and Internal Revenue Code and to assist in IRS qualification of the Plan. This should also cover



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

Slip

January 23, 1985

The Honorable Don Bennett
President of the Senate
Alaska State Legislature
Pouch V
Juneau, AK 99811

Dear Senator Bennett:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to benefits under the supplemental benefits system (SBS) established by AS 39.30. The bill would allow the vast majority of employees voluntarily to defer and "tax shelter" additional compensation by raising the maximum limit on SBS contributions to approximately 18 percent of all compensation, rather than the 12.26 percent of the Social Security wage base that is currently allowed. This would be accomplished by converting the State of Alaska Supplemental Annuity Plan to a plan under sec. 401(k) of the Internal Revenue Code.

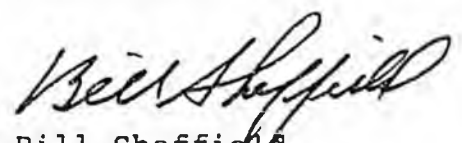
Sections 1 and 2 of the bill amend AS 39.30 to permit voluntary contributions in addition to the current 12.26 percent of employer contributions. Sections 3 and 4 amend AS 39.30 to allow the addition of new benefits through the adoption of administrative regulations.

All changes to the supplemental annuity plan must be approved by the Internal Revenue Service to protect the tax exempt features of the plan. Sections 4 and 5 of the bill permit the plan administrator to submit appropriate amendments to the Internal Revenue Service, and make implementation of the law contingent on a favorable ruling by that federal agency.

St. 92

These amendments will offer employees the advantage of tax sheltering additional deferrals of wages and will provide the state greater flexibility in tailoring benefit programs.

Sincerely,



Bill Sheffield
Governor

Gov. letter
FY note 55#7

ALASKA STATE LEGISLATURE

14th Legislature FIRST Session

SENATE BILL NO. 92

By THE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

"An Act relating to benefits under the supplemental benefits system; and providing for an effective date."

Introduced in the Senate 1/23, 19.85

HISTORY IN THE SENATE

19 85	Read first time and referred to Committee on																						
1 23 1 81 57	<p>HESS and Finance <i>HESS WAVED, JA ADDED</i> Reported back with <i>S.P.</i> recommendation that <i>2 to pass</i> <i>W/and, 2 no on to Finance</i> <i>Fin:</i></p>																						
	Read second time and																						
	Read third time and																						
	<table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> <tr> <td colspan="2">Reconsideration</td> </tr> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused	Reconsideration		PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
PASS	Effective Date																						
Yeas	Yeas																						
Nays	Nays																						
Absent	Absent																						
Excused	Excused																						
Reconsideration																							
PASS	Effective Date																						
Yeas	Yeas																						
Nays	Nays																						
Absent	Absent																						
Excused	Excused																						
	Reported correctly engrossed Signed by President Sent to House																						

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19	Read first time and referred to Committee on																						
	Reported back with recommendation that																						
	Read second time and																						
	Read third time and																						
	<table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> <tr> <td colspan="2">Reconsideration</td> </tr> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused	Reconsideration		PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
PASS	Effective Date																						
Yeas	Yeas																						
Nays	Nays																						
Absent	Absent																						
Excused	Excused																						
Reconsideration																							
PASS	Effective Date																						
Yeas	Yeas																						
Nays	Nays																						
Absent	Absent																						
Excused	Excused																						
	Reported correctly engrossed Signed by Speaker Returned to Senate																						

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19	Received from House
	To enrolling
	Reported correctly enrolled
	Sent to Governor
 by Governor
	Filed with Lt. Governor
	Chapter No.

SR 92
000

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____ Page 1 of 3

REQUEST

Bill/Resolution No.: _____
Title: An Act Relating to Benefits Under the Supplemental Benefits System
Sponsor: Governor
Requestor: _____
Date of Request: _____

FISCAL DETAIL

Agency Affected: Administration
Program Category Affected: Labor Services
BRU, Program or Subprogram(s) Affected: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL		200.0				
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		200.0				

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

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER		200.0				
TOTAL		200.0				

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Prepared By: J.K. Humphreys *J.K. Humphreys HR* Phone: 465-4460
Division: Retirement & Benefits Date: December 19, 1984

Approved by Commissioner: Lisa Rudd *A. Dill* Date: 12-21-84
Agency: Department of Administration

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

SR 92
043

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____ Page 1 of 3

REQUEST Bill/Resolution No.: _____ Title: <u>An Act Relating to Benefits Under the Supplemental Benefits System</u> Sponsor: <u>Governor</u> Requestor: _____ Date of Request: _____	FISCAL DETAIL Agency Affected: <u>Administration</u> Program Category Affected: <u>Labor Services</u> BRU, Program or Subprogram(s) Affected: _____
--	---

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL		200.0				
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOTAL OPERATING		200.0				
CAPITAL						
REVENUE						

*Some as
check FN
but includes
3rd page*

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER		200.0				
TOTAL		200.0				

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Prepared By: J.K. Humphreys *J.K. Humphreys HR* Phone: 465-4460
 Division: Retirement & Benefits Date: December 19, 1984
 Approved by Commissioner: Lisa Rudd *A. Dullaghan* Date: 12-21-84
 Agency: Department of Administration

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

Draft Bill _____

Fiscal Note Analysis

Prepared by Division of Retirement & Benefits

Department of Administration

December 18, 1984

IV ANALYSIS: This bill would allow the Administrator of the state Supplemental Benefits System (SBS) to amend the State of Alaska Supplemental Annuity Plan to provide for additional voluntary contributions. This amendment to the Plan would be submitted for approval to the Internal Revenue Service (IRS) to retain the Plan's qualified status. The additional contributions would allow SBS participants to defer up to 18% of their compensation as contributions. This bill would also allow the inclusion of additional elective benefits under the SBS.

The total estimated cost is categorized as follows:

- a. \$150,000 for changes in EDP systems of Divisions of Finance and Retirement & Benefits.
- b. \$50,000 for consulting services and for booklet and form revision, connected with establishing and qualifying the new Plan in accordance with Federal Law and Internal Revenue Code and to assist in IRS qualification of the Plan. This should also cover

Draft Bill _____

Fiscal Note Analysis

Prepared by Division of Retirement & Benefits

Department of Administration

December 18, 1984

the cost incurred for the preparation and
distribution of informational materials for
employees.

SENATE AMENDMENT #1

By STATE AFFAIRS COMMITTEE

To: _____ SENATE BILL No. 92

To: _____ HOUSE BILL No. _____

PAGE: 3 LINE: 12

DELET:

(6) OTHER EMPLOYEE BENEFITS SET OUT IN REGULATIONS ADOPTED BY THE PUBLIC EMPLOYEES RETIREMENT BOARD.

ADD:

(6) DEPENDENT CARE BENEFITS.

COMMITTEE REPORT
SENATE

FURTHER: FINANCE

1/31/85

Date May 7, 1985

Mr. President

The Committee on STATE AFFAIRS considered SB 92
benefits under the supplemental benefits system; efd.

and (a majority of the committee) (the committee) reports it back with
the following recommendations:

do pass

~~do pass~~ with attached amendment(s)

replace with/or adopt CS for _____

new title

same title and recommends _____

and attached a "LETTER OF INTENT"

~~LETTER OF INTENT~~
NO

reports it back without recommendation

recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

2 [Signature]

2 Bill Ray

MEMBERS HAVING
OTHER RECOMMENDATIONS

1 Edou He Van to Rec

[Signature]

Chairman

to Rec
Chairman recommendation

Introduced: 1/23/85
Referred: Health, Education & Social Services
and Finance

BY THE RULES COMMITTEE BY
REQUEST OF THE GOVERNOR

1 IN THE SENATE

2

SENATE BILL NO. 92

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to benefits under the supplemental
7 benefits system; and providing for an effective
8 date."

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

10 * Section 1. AS 39.30.150(a) is amended to read:

11 (a) In place of contributions to the federal social security
12 system that would have been required on behalf of an employee had the
13 participating employer belonged to the social security system, the
14 participating employer shall contribute 12.26 percent of the wages of
15 the employee up to the taxable wage base then in effect in the social
16 security system. All costs of establishing and administering the
17 benefit program established by AS 39.30.160 must [SHALL] be paid from
18 the contributions made by the participating employers under this
19 section. The balance of the contributions made by the participating
20 employers must [SHALL] be paid into special individual employee bene-
21 fit accounts in the Department of Administration to be used to provide
22 supplemental employee benefits provided in AS 39.30.160. In addition,
23 voluntary wage reductions authorized under AS 39.30.150(c) must be
24 paid into the special individual employee benefit accounts under the
25 terms of the State of Alaska Supplemental Annuity Plan.

26 * Sec. 2. AS 39.30.150(c) is amended to read:

27 (c) An employee of a participating employer is considered to
28 have agreed to have the employee's wages reduced by an amount equal to
29 one-half the total contribution that the participating employer is

1 required to make on behalf of the employee under this section. In
2 addition, an employee may voluntarily elect additional wage reductions
3 under the terms of the State of Alaska Supplemental Annuity Plan.

4 * Sec. 3. AS 39.30.155(a) is amended to read:

5 (a) The Public Employees Retirement Board (AS 39.35.030) shall

6 (1) hold regular and special meetings it considers neces-
7 sary to carry out its responsibilities relating to the supplemental
8 employee benefit program; all meetings are open to the public and the
9 board shall keep a full record of all its proceedings;

10 (2) adopt, with modifications it considers proper, regu-
11 lations recommended by the administrator for carrying out the supple-
12 mental employee benefit program, including regulations establishing
13 additional benefit options not listed in AS 39.30.160(a)(1) -- (5),
14 and regulations providing employees the opportunity to periodically
15 change distribution of contributions among the supplemental benefit
16 options listed in AS 39.30.160(a);

17 (3) consider matters referred to it by the administrator in
18 connection with changes in policy and revisions of the supplemental
19 employee benefit program;

20 (4) act as an appeals board, hold hearings at the request
21 of an employer, employee, surviving spouse, or a beneficiary on de-
22 cisions made by the administrator that relate to the payment of bene-
23 fits under the supplemental employee benefit program, and submit its
24 findings to the administrator;

25 (5) prescribe policies for the operation of the supple-
26 mental employee benefit program and take other action that it consid-
27 ers necessary to carry out the purposes of that program;

28 (6) advise the Department of Administration concerning the
29 features to be included in the benefit options provided under

1 AS 39.30.160(a).

2 * Sec. 4. AS 39.30.160(a) is amended to read:

3 (a) The Department of Administration shall, in accordance with
4 policies prescribed by regulations of the Public Employees Retirement
5 Board, provide to employees for whom benefit accounts are established
6 under AS 39.30.150 the following benefit options:

7 (1) supplemental health benefits,

8 (2) supplemental death benefits,

9 (3) supplemental disability benefits,

10 (4) supplemental survivor benefits, [AND]

11 (5) supplemental annuities, and

12 (6) other employee benefits set out in regulations adopted
13 by the Public Employees Retirement Board.

14 * Sec. 5. The plan administrator of the State of Alaska Supplemental
15 Annuity Plan may submit plan amendments to the United States Internal
16 Revenue Service to implement this Act and to convert the State of Alaska
17 Supplemental Annuity Plan to a qualified plan that permits additional
18 tax-deferred voluntary wage reductions and, on receipt of a favorable
19 ruling, shall implement the provisions of secs. 1 and 2 of this Act.

20 * Sec. 6. Sections 1 and 2 of this Act take effect upon receipt of a
21 favorable ruling by the United States Internal Revenue Service on the
22 amendments converting the supplemental annuity plan to a qualified plan
23 that permits additional tax-deferred voluntary wage reductions.

24 * Sec. 7. Sections 3, 4, and 5 of this Act take effect immediately in
25 accordance with AS 01.10.070(c).

COMMITTEE REPORT
SENATE

FURTHER:

Date _____

Mr. President

The Committee on _____ considered _____

and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass
- do pass with attached amendment(s)
- replace with/or adopt CS for _____
- new title
- same title and recommends _____
- and attached a "LETTER OF INTENT" *Finance* NEW FISCAL NOTES
- reports it back without recommendation
- recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS

John C. ...

Hess

Chairman _____

Chairman recommendation _____

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date 2/28/85

REQUEST

Bill/Resolution No: CSSB 94

Title: Cigarette Tax Increase

Sponsor: Senator V. Fischer

Requestor: Health

Date of Request: January 25, 1985

FISCAL DETAIL

Agency Affected: Department of Revenue

Program Category Affected: Collection and Management

BRU, Program of Subprogram(s) Affected: Audit Division

Audit Division

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<u>OPERATING</u>						
100 PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
200 TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
300 CONTRACTUAL	-0-	-0-	-0-	-0-	-0-	-0-
400 SUPPLIES	-0-	-0-	-0-	-0-	-0-	-0-
500 EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
600 LANDS & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
700 GRANTS, CLAIMS	-0-	-0-	-0-	-0-	-0-	-0-
800 MISCELLANEOUS	-0-	-0-	-0-	-0-	-0-	-0-
<u>TOTAL OPERATING</u>	-0-	-0-	-0-	-0-	-0-	-0-
<u>CAPITAL</u>	-0-	-0-	-0-	-0-	-0-	-0-
<u>REVENUE</u>	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-	-0-
OTHER	-0-	-0-	-0-	-0-	-0-	-0-
<u>TOTAL</u>	-0-	-0-	-0-	-0-	-0-	-0-

POSITIONS:

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

ANALYSIS: Please see attached.

Prepared By: Martin J. Richard

Division: Audit Division

Phone: 465-2320

Date: February 28, 1985

Approved by Commissioner: [Signature]

Agency: Revenue

Date: 3/4/85

Distribution (by Agency preparing fiscal note):

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

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

<p>REQUEST</p> <p>Bill/Resolution No: <u>CSSB 94</u></p> <p>Title: <u>An Act increasing the excise tax on cigarettes</u></p> <p>Sponsor: <u>V. Fiscner, Ferguson</u></p> <p>Requestor: <u>Health Education & Social Svcs</u></p> <p>Date of Request: <u>February 22, 1985</u></p>	<p>Revision Date _____</p> <p>FISCAL DETAIL</p> <p>Agency Affected: <u>Revenue</u></p> <p>Program Category Affected: _____</p> <p>BRU, Program of Subprogram(s) Affected: _____</p>
---	---

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 SUPPLIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	-	-	-	-	-
CAPITAL	-	-	-	-	-	-
REVENUE	-	14,099.2	15,600.0	15,600.0	15,600.0	15,600.0

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: Attach a separate page for analysis.

Prepared By: David R. Tonkovich ^{RT}

Division: Research Section

Approved by Commissioner: *Mary G. Studdie*

Agency: Revenue

Phone: 465-2173

Date: 2/25/85

Date: 3/4/85

Distribution (by Agency preparing fiscal note):

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

FISCAL NOTE CSSB 94
Attachment

Analysis of CSSB 94

Under present state law the total state tax on cigarettes is 4 mills (\$.004) per cigarette. This four mill levy is divided between two funds with 2-1/2 mills going to the school fund and 1-1/2 mills going to the general fund. CSSB 94 is only concerned with the general fund portion of the tax.

CSSB 94 specifies that the total of federal and state tax on each cigarette will be (1) 9.5 mills for each small cigarette and (2) 18.3 mills for each large cigarette. Because "small" cigarettes (defined as those weighing less than 3 pounds per thousand cigarettes) comprise over 99 percent of all cigarettes manufactured, this analysis uses the 9.5 mill rate for assessing the revenue impact. After 9/30/85 the federal tax rate for small cigarettes will be \$4 per 1000 cigarettes. Thus the general fund portion of the cigarette tax will be levied at a rate of 5-1/2 mills per cigarette, an increase of 4 mills over the present state rate.

A M E N D M E N T

To: CSSB 94 (HESS)

Page 1, lines 21-28, delete all material and insert:

Sec. 2. AS 43.50.190 (a) If the federal excise tax on cigarettes under 26 U.S.C. 5701(b) is equal to or greater than 8 mills per small cigarette or 16.8 mills per large cigarette, then there is levied an additional state excise tax on each cigarette imported or acquired in the state of 1.5 mills. If the federal excise tax is less than 8 mills per small cigarette or 16.8 mills ~~per~~^{per} large cigarette, then there is levied an excise tax in an amount sufficient to make the total of the federal tax and the additional state tax levied by this section on each cigarette imported or acquired in this state equal to

- (1) 9.5 mills on each small cigarette; and
- (2) 18.3 mills on each large cigarette

Offered: 2/22/85
Referred: Finance

Original sponsors: V.Fischer and Ferguson

1 IN THE SENATE
2
3 CS FOR SENATE BILL NO. 94 (HESS)
4 IN THE LEGISLATURE OF THE STATE OF ALASKA
5 FOURTEENTH LEGISLATURE - FIRST SESSION
6 A BILL
7 For an Act entitled: "An Act increasing the excise tax on cigarettes; and
8 providing for an effective date."
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:
10 * Section 1. INTENT. (a) It is the intent of the legislature that the
11 excise tax on cigarettes levied by this Act be used principally to fund
12 health promotion and education programs to enhance wellness, good nutri-
13 tion, and physical and mental fitness and to encourage the avoidance of
14 unnecessary health risks, including smoking and use of alcohol and other
15 drugs.
16 (b) The health promotion and education programs shall include promot-
17 ing the implementation of school health education programs statewide for
18 all grades; distributing and coordinating grants for statewide and local
19 health promotion and education programs; and developing a five-year health
20 promotion and education plan for the state, including one-year plans of
21 operation.
22 * Sec. 2. AS 43.50.190(a) is amended to read:
23 (a) There is levied an excise tax in an amount sufficient to
24 make the total of the federal tax and the additional state tax levied
25 by this section on each cigarette imported or acquired in this state
26 equal to
27 (1) 9.5 mills on each small cigarette; and
28 (2) 18.3 mills on each large cigarette [OF ONE AND ONE-HALF
29 MILLS ON EACH CIGARETTE IMPORTED OR ACQUIRED IN THIS STATE].
* Sec. 3. AS 43.50.190 is amended by adding a new subsection to read:

- 1 (c) In this section, "small cigarette" and "large cigarette"
2 have the same meanings given in 26 U.S.C. 5701(b).
3 * Sec. 4. This Act takes effect October 1, 1985.

ANALYSIS FOR SENATE BILL 94

"An Act increasing the excise tax on cigarettes"

Under current law, the state tax rate on a pack of cigarettes is 8¢ per pack or 4 mills (.004¢) per cigarette. This 4 mill rate tax is divided between 2 funds with 2½ mills going to the school fund and 1½ mills going to the general fund. The original bill raised the mill rate earmarked for the general fund to 5½ mills. An amount equal to the federal tax decrease due to take effect October 1, 1985.

The HESS Committee Substitute instead specifies that the combined federal and state tax will not exceed 9½ mills which still allows the state to collect the additional tax when the federal tax expires. However, should Congress choose to reinstate that tax at the same level, there would be no state excise tax increase.

The Alaska Lung Association has expressed concern that Congress may reinstate the federal tax but also raise it to a higher level. If that were to happen, the language used in the HESS CS would cause the state to lose revenue. Therefore, they have offered the enclosed amendment which would ensure that the state maintains its current tax level.

3/5/85

Rev 3/5/85 Alaska Bill #10

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: SSB 94 (HFSS)

Title: Increasing excise tax on

cigarettes

Sponsor: V. Fischer, et al.

Requestor: _____

Date of Request: 2/27/85

FISCAL DETAIL

Agency Affected: Health & Social Services

Program Category Affected: Public Health

BRU, Program or Subprogram(s) Affected: _____

State Health Services

Administration

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES	0	0	0	0	0	0
200 TRAVEL	0	0	0	0	0	0
300 CONTRACTUAL	0	0	0	0	0	0
400 SUPPLIES	0	0	0	0	0	0
500 EQUIPMENT	0	0	0	0	0	0
600 LAND & STRUCTURES	0	0	0	0	0	0
700 GRANTS, CLAIMS	0	0	0	0	0	0
800 MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

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

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

FUNDING: (Thousands of Dollars)

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

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

Prepared By: Robert I. Fraser, M.D.

Division: Public Health

Phone: 465-3090

Date: 2/28/85

Approved by Commissioner: [Signature]
Agency: Department of Health & Social Services

Date: 3/1/85

Distribution (by Agency preparing fiscal note):

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

7/1/84

POSITION PAPER

CS FOR SENATE BILL NO. 94 (HESS)

For "An Act increasing the excise tax on cigarettes; and providing for an effective date.


This bill provides for an increase in the cigarette excise tax and states an intent that resulting revenues be used for health promotion and education programs.

The bill's introduction is particularly timely in view of the likelihood of a reduction in the federal excise tax from the "temporary" level of sixteen cents per pack established in 1962 to a "permanent" level of eight cents per pack. Nationally, it is estimated that even a ten per cent increase in the price of cigarettes would result in a 4.2 percent decrease in consumption. For teenagers, the decrease might reach 14 percent.

Nationally, it is estimated that from 25 to 35 percent of cancer in the male population and five to ten percent in the female population is mainly due to the smoking of tobacco products, primarily cigarettes. Smoking cessation is imperative if the high toll of cancer in this country is to be reduced. This legislation is a rare example of doing good by increasing taxes since it would discourage consumption and help to educate Alaskans regarding the dangers of tobacco use.

The Department strongly supports this bill.

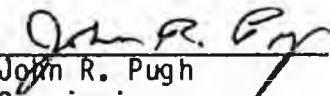
Recommended by:


Robert I. Fraser, M.D.
Director
Division of Public Health

Date:

2/27/85

Approved by:


John R. Pugh
Commissioner
Department of Health and
Social Services

Date:

3/1/85

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date 1-28-85

REQUEST

Bill/Resolution No: SB 94
Title: Cigarette Tax Increase

Sponsor: Senator V. Fishcer
Requestor: Health Education & Soc. Svc.
Date of Request: 1-25-85

FISCAL DETAIL

Agency Affected: Department of Revenue
Program Category Affected: Collection and Management
BRU, Program of Subprogram(s) Affected: Audit Division
Audit Division

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<u>OPERATING</u>						
100 PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
200 TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
300 CONTRACTUAL	-0-	-0-	-0-	-0-	-0-	-0-
400 SUPPLIES	-0-	-0-	-0-	-0-	-0-	-0-
500 EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
600 LANDS & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
700 GRANTS, CLAIMS	-0-	-0-	-0-	-0-	-0-	-0-
800 MISCELLANEOUS	-0-	-0-	-0-	-0-	-0-	-0-
<u>TOTAL OPERATING</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>CAPITAL</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>REVENUE</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-	-0-
OTHER	-0-	-0-	-0-	-0-	-0-	-0-
<u>TOTAL</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>

POSITIONS:

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

ANALYSIS: This bill would not require an increase in expenditures for the BRU.

Prepared By: Martin J. Richard
Division: Audit Division

Phone: 465-2320
Date: 1-28-85

Approved by Commissioner: [Signature]
Agency: _____

Date: 2/14/85

Distribution (by Agency preparing fiscal note):

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

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date _____

REQUEST

Bill/Resolution No: SB94
 Title: An Act increasing the excise
 tax on cigarettes
 Sponsor: V. Fischer
 Requestor: Health Education & Social Svcs
 Date of Request: January 24, 1985

FISCAL DETAIL

Agency Affected: Revenue
 Program Category Affected: _____
 BRU, Program of Subprogram(s) Affected: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<u>OPERATING</u>						
100 PERSONAL SERVICES	-	-	-	-	-	-
200 TRAVEL	-	-	-	-	-	-
300 CONTRACTUAL	-	-	-	-	-	-
400 SUPPLIES	-	-	-	-	-	-
500 EQUIPMENT	-	-	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
<u>TOTAL OPERATING</u>	-	-	-	-	-	-
<u>CAPITAL</u>	-	-	-	-	-	-
<u>REVENUE</u>	-	4,099.2	5,600.0	5,600.0	5,600.0	5,600.0

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
<u>TOTAL</u>	-	-	-	-	-	-

POSITIONS:

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

ANALYSIS: Attach a separate page for analysis.

It is assumed that the number of net taxable cigarettes will reach a level of 1.4 billion annually and remain at that level for the forecast period. SB 94 raises the General Fund portion of the cigarette tax from a rate of 1-1/2 mills (\$.0015) to 5-1/2 mills (\$.0055) per cigarette. The school fund also receives 2-1/2 mills (.0025) per cigarette, a rate not changed by the legislation. The FY 86 figure is adjusted to account for the fact that the new tax would apply to only part of that year.

Prepared By: David R. Tonkovich
 Division: Research Section

Phone: 465-2173
 Date: 1/29/85

Approved by Commissioner: _____
 Agency: _____

Date: _____

Distribution (by Agency preparing fiscal note):

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

CUMULATIVE SUMMARY OF REVENUE
COLLECTED 07/01/84 THRU 12/31/84
6/12 OR 50.0%

CODE NO	TYPE OF TAX	GROSS RECEIPTS	REFUNDS	NET RECEIPTS	ESTIMATE	NET RECEIPTS % OF ESTIMATE
001	OIL & GAS PROPERTY TAX	\$ 2,486,770.41	\$ 807,960.78	\$ 1,678,809.63	\$ 121,000,000.00	1.39
016	ALCOHOLIC BEVERAGE EXCISE TAX	7,526,233.34	947.22	7,525,286.12	15,000,000.00	50.17
017	CIGARETTE TAX (GF)	1,041,911.48	0.00	1,041,911.48	2,100,000.00	49.62
018	CIGARETTE TAX (SE)	1,629,656.40	0.00	1,629,656.40	3,300,000.00	49.39
020	ELECTRIC & TELEPHONE	41,162.08	0.00	41,162.08	1,700,000.00	2.43
021	HIGHWAY MOTOR FUEL TAX	14,937,702.27	2,016,251.55	12,921,450.72	22,000,000.00	58.74
022	AVIATION MOTOR FUEL TAX	4,527,625.68	0.00	4,527,625.68	8,000,000.00	56.60
023	MARINE MOTOR FUEL TAX	2,757,788.28	0.00	2,757,788.28	4,200,000.00	65.67
036	INDIVIDUAL INCOME TAX	674,476.20	6,344.71	668,131.49	0.00	0.00
037	FIDUCIARY INCOME TAX	3,327.00	0.00	3,327.00	0.00	0.00
038	CORPORATION INCOME TAX	97,134,635.45	23,685,559.34	73,449,076.11	293,000,000.00	25.07
046	BUSINESS LICENSE	37,387,211.68	137,339.00	37,249,872.68	20,000,000.00	186.25
052	ESTATE TAX	382,067.69	4,319.69	377,748.00	700,000.00	53.97
057	SCHOOL TAX	0.00	0.00	0.00	0.00	0.00
060	SALMON ENHANCEMENT TAX	2,580,395.05	245,614.27	2,334,780.78	2,400,000.00	97.25
061	MINES & MINING TAX	191,324.00	900.02	190,423.98	300,000.00	63.48
062	SALMON CANNERY-SHORE BASED TAX	19,164.15	0.00	19,164.15	6,000,000.00	0.32
063	SHORE-BASED FISHERIES TAX	1,858,20.52	1,662.00	1,857,258.52	8,000,000.00	23.22
064	FLOATING FISHERIES TAX	192,731.99	15,637.85	177,094.14	7,000,000.00	2.53
065	OIL PRODUCTION TAX	700,301,080.10	7,192.92	700,293,887.18	1,332,800,000.00	52.55
066	OIL & GAS CONSERVATION	337,065.30	0.00	337,065.30	700,000.00	48.16
067	GAS FLARING PENALTY	2,831.49	0.00	2,831.49	0.00	0.00
068	GAS PRODUCTION TAX	4,202,479.12	0.00	4,202,579.12	10,600,000.00	39.65
069	SEAFOOD MARKETING ASSESSMENT	32,346.18	58.00	32,288.18	1,200,000.00	2.70
096	PREPAID TAX	1,000.00	0.00	1,000.00	0.00	0.00
106	LIQUOR LICENSE APPLICATION	38,300.00	700.00	37,600.00	91,000.00	41.32
107	PUB LIQUOR LICENSE	0.00	400.00	(400.00)	0.00	0.00
108	BREWERY LICENSE	0.00	0.00	0.00	0.00	0.00
109	DISTILLERY LICENSE	0.00	0.00	0.00	0.00	0.00
110	BEVERAGE DISPENSARY LICENSE	290,000.00	20,000.00	270,000.00	802,000.00	33.67
111	CLUB LICENSE	19,800.00	0.00	19,800.00	44,000.00	45.00
112	COMMON CARRIER LICENSE	10,675.00	0.00	10,675.00	34,000.00	31.40
113	RESTAURANT LICENSE	29,100.00	1,950.00	27,150.00	76,000.00	35.73
114	ROADHOUSE LICENSE	0.00	0.00	0.00	0.00	0.00
115	RETAIL LICENSE	137,250.00	8,625.00	128,625.00	364,000.00	35.34
116	RETAIL STOCK SALE LICENSE	0.00	0.00	0.00	0.00	0.00
117	WHOLESALE GENERAL LICENSE	13,000.00	0.00	13,000.00	149,000.00	8.73
118	WHOLESALE MALT BEV. LICENSE	1,400.00	0.00	1,400.00	29,000.00	4.83
119	MISC. LIQUOR LICENSE	28,736.00	250.00	28,486.00	48,000.00	59.35
145	COIN OPER. AMUSE. & GAM. DVC. TAX	29,421.24	437.55	28,983.69	225,000.00	12.89
146	GAMES OF CHANCE & SKILL FEES	7,365.33	63.84	7,301.49	81,000.00	9.02
402	MISCELLANEOUS REVENUE	1,078.82	18.00	1,060.82	1,500.00	70.73
506	TAX PREPARER'S PENALTY	0.00	0.00	0.00	0.00	0.00
507	AVERAGE WHOLESALE PRICE	0.00	0.00	0.00	0.00	0.00
692	REDISTRIBUTED REVENUE	0.00	0.00	0.00	0.00	0.00
	TOTAL	\$ 880,856,132.25	\$26,962,231.74	\$853,893,900.51	\$1,861,944,500.00	45.87
135	DUPLICATE COMM. FISH	\$ 1,124.36	\$ 0.00	\$ 1,124.36	\$ 2,000.00	56.22
843	VESSELS & GEAR	0.00	0.00	0.00	0.00	0.00
137-844	COMM. FISH LIC.-RES.	276,803.84	1,985.14	274,818.70	507,000.00	54.21
138-845	COMM. FISH LIC.-N-RES.	488,860.50	2,859.19	486,001.31	871,000.00	55.80
140	COMMER. FISH. EXT. FEE	1,710.00	0.00	1,710.00	4,000.00	42.75
120-230	SPORT FISH., HUNT & TRAP LIC.	5,196,753.23	14,143.49	5,182,609.74	6,594,000.00	78.60
	SUB-TOTAL	\$ 5,965,251.93	\$ 18,987.82	\$ 5,946,264.11	\$ 7,978,000.00	74.54
	TOTAL TAXES	\$ 886,821,384.18	\$26,981,219.56	\$859,840,164.62	\$1,869,922,500.00	45.99
	INTEREST					
575	INTEREST ON LOANS	\$ 1,420,307.09	\$ 0.00	\$ 1,420,307.09	\$ 10,000,000.00	14.21
576	INTEREST ON INVESTMENTS	126,182,405.40	0.00	126,182,405.40	265,000,000.00	47.62
	TOTAL INTEREST	\$ 127,602,712.49	\$ 0.00	\$127,602,712.49	\$ 275,000,000.00	46.41
	TOTAL REVENUE	\$1,014,424,096.67	\$26,981,219.56	\$987,442,877.11	\$2,144,922,500.00	46.04

NATIONAL PUBLIC ISSUE BRIEF - STATUS SHEET

DATE: August 23, 1984

ISSUE: CIGARETTE EXCISE TAX

BILL NUMBERS: H.R. 4125, 4170, 3513

- STATUS:
- House: Earlier this year, the House included provisions dealing with the cigarette excise tax in the Omnibus Deficit Reduction Act of 1984. The House version would have allowed the excise tax to be reduced to only 12¢ instead of 8¢ and extended this figure through 1988.
 - Senate: The Senate version of the Omnibus Deficit Reduction Act did not include any provisions addressing the cigarette excise tax.
 - Conference: The House/Senate Conferees voted on June 22, 1984, to eliminate the cigarette excise tax from the Omnibus Deficit Reduction Act of 1984 (H.R. 4170). This means that the cigarette excise tax will return to 8¢ per pack in 1985 as called for in the 1982 legislation.



Coalition on Smoking OR Health

A PUBLIC POLICY PROJECT WITH THE
NATIONAL INTERAGENCY COUNCIL ON SMOKING AND HEALTH
1302 Eighteenth Street, N.W., Suite 603, Washington, D.C. 20036

(202) 795-8800

Alaska State Legislature

Advisory Council Members
Senator Kerittula, Chairman
Senator Bennett
Senator Fahrenkamp
Senator Vic Fischer



Pouch V
State Capitol
Juneau, Alaska 99811
Phone: (907) 465-3114

SENATE ADVISORY COUNCIL

TO: Senator Vic Fischer
Chairman
State Affairs Committee

FROM: Richard Ramsey
Researcher

A handwritten signature in cursive script, appearing to read "Richard Ramsey", written over the printed name.

SUBJECT: Cigarette Tax Research

DATE: August 30, 1984

You have asked for a review of the existing cigarette tax in Alaska, use of the revenues derived from tax and such taxes in other states in light of the repeal of the federal eight cent per pack tax.

I have been in contact with American Lung Association staff in Anchorage regarding programs in other states that are funded by cigarette tax revenues. This data should be compiled by the middle of September and will be forwarded to you soon thereafter. Included in this information will be material on preventative and health programs relating to cigarette use which are funded by the tax revenues.

The following is a review of the Alaska program.

Legislative History

The Cigarette Tax Act (AS 43.50, attached) provides for a two and one-half mill tax on cigarettes imported and acquired in Alaska (Chapter 187, SLA 1955, HB 72). The revenues derived from this levy and collected by the Department of Revenue are paid into the "school fund". No letters of intent or committee reports are available from the 1955 legislative session. Subsequent amendments to the act include: in 1961, (Chapter 53, SLA 1961, CSSB 171) adding an additional levy of one and one-half mills with revenues going to the general fund; in 1977, (Chapter 94, Section 5, SLA 1977) exempting application of the tax to uniformed military services in Alaska; and, in 1980, non-substantive amendments relating to administrative procedure.

As noted, two and one-half mills of the four mill levy are paid into the "school fund." AS 43.50.140 provides in part, "...proceeds derived....shall be paid into a state fund entitled "School Fund", and shall be used exclusively to rehabilitate, construct and repair the state's school

Sen. V. Fischer
August 30, 1984
Page 2

facilities, and for costs of insurance on buildings comprising school facilities during the rehabilitation, construction, and repair and for the life of the buildings."

The dedicated School Fund is permitted under the grandfather clause of the Constitutional prohibition against dedicated funds (Alaska Constitution, Article IX, Section 7). The exemption applies since the School Fund was in effect before ratification of the Constitution, April 24, 1956.

Several Attorney Generals have opined, and Legislative Counsel concurs, that any modification of the dedicated fund allowed in the Constitution would nullify it. It is, then, not possible to dedicate, per se, revenues derived from an additional cigarette tax. It may be possible to state that it is the intent of the Legislature to utilize the revenues generated for a specific purpose, subject to appropriation. Perhaps this could be done through a letter of intent accompanying a bill. Such a letter of intent has no legal effect, and any use of revenues from a particular source would be subject to appropriation, (Personal Communication, Bill Berrier, 8/21/84).

School Fund

The School Fund is administered by the Department of Education (4 AAC 36.010). A formula provides for distribution of the fund to the 32 school districts. Each district receives \$3,000 per annum with the remaining funds disbursed based upon the number of professional personnel in each district. The Anchorage School District receives the largest portion of the fund each year, approximately \$1 million, (Personal Communication, Bill Thompson, DOE, 8/17/84).

Revenues Generated From the Cigarette Tax

Since 1978, the Department of Revenue reports revenues from the four mill cigarette tax as follows:

Jan-May, 1984	\$2,138,474
1983	5,081,730
1982	5,159,319
1981	4,613,894
1980	4,427,860
1979	4,331,384
1978	4,607,280

The average collected is \$4,703,577 during this period.

Sen. V. Fischer
August 30, 1984
Page 3

Alaska's four mill levy (4 x \$.001) is equivalent to \$.08/pack tax, the amount of the federal tax reduction.

See May, 1984, net taxable cigarettes:

$$123,463,772 \times \$0.004 = \$493,855$$

$$\frac{123,463,772}{20} \times \$0.08 = \$493,855$$

Less commissions and adjustments, the net tax collected for May, 1984, was \$490,093.

If the state tax is increased by eight cents, the revenues derived will double from those collected at present.

If legislation is contemplated to raise the cigarette tax to compensate for the federal tax repeal, perhaps it should be considered whether to conform to the the mill levy or to restructure the program to the federal tax reduction, to a cents per pack basis.

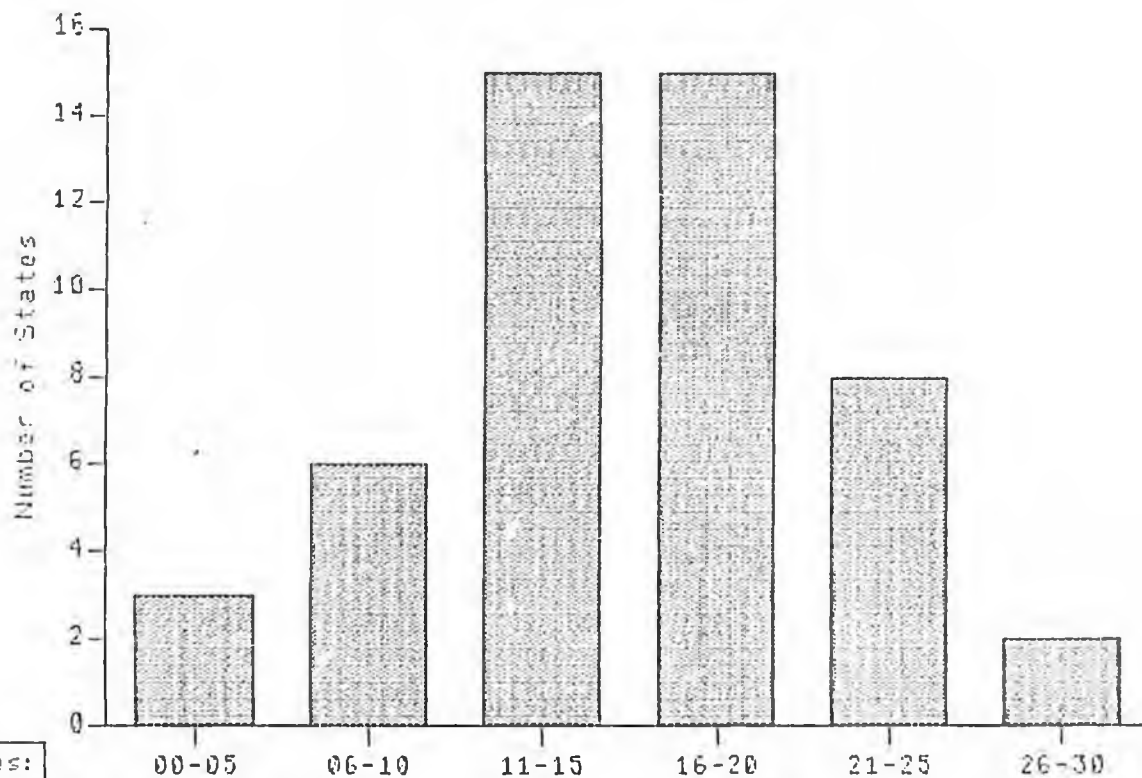
Other States

As of January 1, 1984, all 49 other states had a cigarette tax. The average tax is 15.6 cents per pack. Hawaii's tax is 40% of the wholesale price and is not included in this average. The range is from \$.02/pack in North Carolina to \$.26/pack in Connecticut and Massachusetts. (Source: Book of States, 1984-5, Vol. 25, Council of State Governments).

As noted, additional information will be forthcoming relating to cigarette taxation in other states. If you have any questions or would like additional information on the above, please advise.

Attachment

State Excise Taxes on Cigarettes



Notes:

The Mean is 13.5 Cents. Cents per Pack of 20
The Mode is 18 With 6 Occurrences. Alaska's Tax is 8 Cents.
Source: Book of States, 1983-4, Council of State Governments.

ATTACHMENT

DPDP

43.50.070

REVENUE AND TAXATION

§ 43.50.090

license is lost, destroyed, or defaced, the department may issue a duplicate license upon payment of a fee of 50 cents. (§ 8 ch 187 SLA 1955)

Sec. 43.50.070. Revocation of licenses. The department may suspend or revoke a license issued under AS 43.50.010 — 43.50.180 (1) for violation of AS 43.50.010 — 43.50.180 or a regulation of the department adopted under AS 43.50.010 — 43.50.180, or (2) if a licensee ceases to act in the capacity for which the license was issued. No person whose license is suspended or revoked shall sell cigarettes or permit cigarettes to be sold during the period of the suspension or revocation on the premises occupied or controlled by that person. No disciplinary proceeding or action is barred or abated by the expiration, transfer, surrender, renewal, or extension of a license issued under AS 43.50.010 — 43.50.180. The department shall comply with the provisions of the Administrative Procedure Act (AS 44.62). (§ 9 ch 187 SLA 1955)

Sec. 43.50.080. Returns. (a) On or before the last day of each calendar month a licensee shall file with the department a return, under penalty of perjury, for each place of business. The return shall state the number of cigarettes manufactured, imported, or acquired by the licensee during the preceding calendar month, and other information which the department requires. If a licensee ceases to import or acquire cigarettes, the licensee shall immediately file with the department a return for the period ending with the cessation.

(b) A person holding a wholesaler-distributor license under AS 43.50.035 shall file a return with the department on or before the last day of each calendar month. The return shall state the number of cigarettes sold, including those cigarettes exempt from tax, and remit the tax due by the wholesaler-distributor for the preceding calendar month and other information which the department may require. (§ 9 ch 187 SLA 1955; am § 3 ch 47 SLA 1964)

Sec. 43.50.090. Tax imposed. (a) There is levied an excise tax of one and one-half mills on each cigarette imported or acquired in the state. Each licensee shall, at the time of filing the return required by AS 43.50.080, pay to the department the excise for the calendar month required by the return, deducting one per cent of the total tax due, which the licensee shall retain to cover the expense of accounting and filing returns. Cigarettes upon which the excise is imposed are not again subject to the excise when acquired by another person.

It is the intent and purpose of this section to provide for the collection of this excise from the person who first acquires the cigarettes in this state.

The tax imposed under (a) of this section does not apply to cigarettes imported or acquired in the state by an exchange, messary, or ship's stores operated by one of the uniformed services of the United States as defined in 5 U.S.C. 2101. (§ 11 ch 187 SLA 1955; am § 5 ch 94 SLA 1977)

Title 44
State Government

Constitutionality of 1977 act. — Chapter 94, SLA 1977, relating to both state and local taxation, does not violate Alaska Const., art. II, § 13, which requires every

bill to be confined to one subject. *Slope Borough v. Sohio Petroleum Co.* Sup. Ct. Op. No. 1750 (File No. 3513, 3659), 585 P.2d 534 (1978).

Title 43
Revenue and Taxation

Sec. 43.50.100. Civil penalties. (a) [Repealed, § 45 ch 113 SLA 1980.]

(b) [Repealed, § 3 ch 166 SLA 1976.]

(c) [Repealed, § 45 ch 113 SLA 1980.]

(d) A person or licensee who is in control or possession of cigarettes contrary to AS 43.50.010 — 43.50.180, or who offers to sell or dispose of cigarettes to others for the purpose of resale without being licensed to do so is considered to have possession of the cigarettes as a consumer and is personally liable for the tax, plus a penalty of 100 per cent.

(e) [Repealed, § 45 ch 113 SLA 1980.] (§ 12 ch 187 SLA 1955; am § 47 SLA 1964; am § 3 ch 166 SLA 1976; am § 45 ch 113 SLA 1980.)

Cross references. — For present provisions concerning civil penalties, see AS 43.05.220.

Effect of amendments. — The 1980 amendment repealed subsections (a), (b), and (e).

Sec. 43.50.110. Taxpayer's remedies. [Repealed, § 3 ch 166 SLA 1976. For current law, see AS 43.05.240.]

Sec. 43.50.120. Lien. [Repealed, § 4 ch 94 SLA 1976. For current law, see AS 43.10.035.]

Sec. 43.50.130. Records. (a) Every licensee shall keep a complete and accurate record of all cigarettes manufactured, purchased, or acquired. The records, except in the case of a manufacturer, shall include a written statement containing the name and address of the seller and the purchaser, the date of delivery, the quantity of cigarettes, the trade name and brand, and the price paid for each brand of cigarettes purchased. The licensee shall keep such other records as the department prescribes. All statements and records required by this section shall be in the form prescribed by the department, shall be preserved for three years, and shall be offered for inspection upon demand by the department.

(b) No licensee may issue or accept a written statement which falsely indicates the name of the customer, the type of merchandise, the price, the discounts, or the terms of sale.

(c) Where an invoice is given or accepted by a licensee (1) a statement which makes the invoice a false record of the transaction may not be inserted in the invoice; and (2) a statement which should be included in the invoice may not be omitted from the invoice if the invoice does not reflect the transaction involved without the statement.

Title 42
Public Utilities
and Carriers

DPDP

§ 43.50.140

REVENUE AND TAXATION

§ 43.50.170

(d) An invoice for the sale of cigarettes given or accepted by a licensee under AS 43.50.010 — 43.50.180 shall state whether the tax imposed by AS 43.50.010 — 43.50.180 has been paid. (§ 15 ch 187 SLA 1955)

Sec. 43.50.140. Disposition of proceeds. The proceeds derived from the payment of taxes, fees, and penalties, provided for under AS 43.50.010 — 43.50.180, and the license fees received by the department shall be paid into a state fund entitled "School Fund," and shall be used exclusively to rehabilitate, construct, and repair the state's school facilities, and for costs of insurance on buildings comprising school facilities during the rehabilitation, construction, and repair, and for the life of the buildings. (§ 16 ch 187 SLA 1955)

Opinions of attorney general. — In order to insure that tobacco tax funds are used most effectively in being a part of major rehabilitation, construction and major repair projects, the law requires that expenditures from such funds be made only after study and concurrence by the city school board, the city council, and the commissioner of education (now Department of Education). 1962 Op. Att'y Gen., No. 24.

It is necessary for the city council to concur by resolution in any expenditure of tobacco tax funds. 1962 Op. Att'y Gen., No. 24.

In addition to the approval of the city council, any disbursement of tobacco tax funds must be made with the authorization of the local school board. 1962 Op. Att'y Gen., No. 24.

Title 44
State Government

Sec. 43.50.150. Administration. (a) The department shall (1) administer this chapter, and (2) collect, supervise, and enforce the collection of taxes due under this chapter and penalties as provided in AS 43.05.

(b) The department may adopt regulations necessary for the administration of this chapter. (§ 17 ch 187 SLA 1955; am § 39 ch 113 SLA 1950)

Effect of amendments. — The 1950 amendment in subsection (a), substituted "this chapter" for "AS 43.50.010 — 43.50.180," deleted "and penalties" following "the collection of taxes," and substituted "this chapter and penalties as provided in AS 43.05.010 — 43.05.290" for

"AS 43.50.010 — 43.50.180"; in subsection (b), substituted "adopt" for "publish," and "AS 43.05" for "AS 43.50.010 — 43.50.180," (1) to enforce AS 43.50.010 — 43.50.180, and (2) to collect the taxes, fees, and penalties imposed by AS 43.50.010 — 43.50.180."

Sec. 43.50.160. Criminal penalties. [Repealed, § 46 ch 113 SLA 1950. For current law, see AS 43.05.290.]

Sec. 43.50.170. Definitions. In this chapter, unless the context otherwise requires,

(1) "buyer" means a person who imports or acquires cigarettes for his own consumption from any source other than a manufacturer, distributor, direct-buying retailer, or retailer;

(2) "cigarette" means a roll for smoking of any size or shape, made wholly or partly of tobacco, whether the tobacco is flavored, adulterated, or mixed with another ingredient, if the wrapper or cover of the roll is made of paper or a material other than tobacco;

(3) "department" means the Department of Revenue;

(4) "direct-buying retailer" means a person who is engaged in the sale of cigarettes at retail in this state, and who brings or causes to be brought cigarettes into the state;

(5) "distributor" means a person who brings cigarettes, or has cigarettes brought into the state, and who sells or distributes at least 75 per cent of the cigarettes to others for resale in the state;

(6) "licensee" means a person licensed under AS 43.50.010 — 43.50.180;

(7) "manufacturer" means a person who makes, fashions, or produces cigarettes for sale to distributors or other persons;

(8) "person" includes an individual, company, partnership, joint venture, joint agreement, association, mutual or otherwise, corporation, estate, trust, business trust, receiver or trustee, syndicate, or political subdivision of this state, or combination acting as a unit;

(9) "place of business" means a place where cigarettes are sold, or where cigarettes are brought or kept for the purpose of sale or consumption, including a vessel, vehicle, airplane, or train;

(10) "retailer" means a person in the state who is engaged in the business of selling cigarettes at retail;

(11) "sale" includes a sale, barter, exchange, and every other manner of transferring the ownership of personal property. (§ 2 ch 157 SLA 1955; am § 27 ch 70 SLA 1964)

Sec. 43.50.180. Short title. AS 43.50.010 — 43.50.180 may be cited as the Cigarette Tax Act. (§ 1 ch 157 SLA 1955)

Article 2. Additional Cigarette Tax.

Section

190. Additional tax levy on cigarettes

Sec. 43.50.190. Additional tax levy on cigarettes. (a) There is levied an excise tax of one and one-half mills on each cigarette imported or acquired in this state.

(b) The tax levied by this section is in addition to the tax levied by AS 43.50.010 — 43.50.180. The tax shall be administered and collected in the same manner as the tax levied by AS 43.50.010 — 43.50.180, except that receipts from the tax shall be deposited in the general fund. The penalties provided in AS 43.05 apply to the tax levied in this section. (§§ 1, 2 ch 53 SLA 1961; am § 40 ch 113 SLA 1980)

Effect of amendments. — The 1980 amendment substituted "provided in AS 43.05" for "established in AS 43.50.010 — 43.50.180" in the third sentence of subsection (b).

THE CIGARETTE TAX IN ALASKA

An Opportunity for Investing in Health

The following information has been developed by representation from several organizations which support the concept of increasing the Alaska State tax on cigarettes and utilizing the funds generated for health promotion. Among the organizations which have passed resolutions of support as of January 23, 1985, are the Alaska Lung Association, the American Cancer Society, the Alaska Public Health Association, the Alaska Health Educators Consortium, the Alaska Native Health Board, the Municipal Health Commission of Anchorage and the Alaska Council on Smoking or Health.

Curtis Mekemson, Executive Director
Alaska Lung Association
January 23, 1985

THE CIGARETTE TAX IN ALASKA

An Opportunity for Investing in Health

INTRODUCTION AND SUMMARY

During 1985 Alaska has an opportunity to recapture \$6,000,000 a year it has been sending to Washington in cigarette taxes, develop what may be one of the most effective health promotion programs in the nation, and discourage an increase in smoking among young people and others. How can the State achieve these goals?

In 1983 Congress doubled its tax on cigarettes from 8-16 cents with the condition that the tax would return to 8 cents on October 1, 1985 unless Congress acted to do otherwise. Congress, after considerable debate and pressure from the tobacco lobbyists, chose not to act during its last session. Its inaction will have the effect of reducing the price of cigarettes and costing the Federal Government billions of dollars in revenues.

Washington's loss could become Alaska's gain. By passing and signing legislation to increase Alaska's tax on cigarettes by 8 cents, the State may be able to collect the money it has been sending to Washington without increasing taxes. Maintaining the price of cigarettes will have the added benefit of discouraging the increase in smoking which will result if the price of cigarettes drop. Finally, if the new revenues are focused on health promotion, the gain could be multiplied many times by reducing Alaska's serious health risk factors such as smoking and alcohol consumption.

Implementing an effective health promotion program will depend upon establishing long term goals, supporting statewide media and school health campaigns, and encouraging local community initiatives. Direction for such an effort will involve creating an appropriate structure within State government to develop a 5 year health promotion plan for Alaska, oversee statewide campaigns, provide grants to local communities, evaluate the success of the health promotion programs, and provide advice to the Governor, Legislature and appropriate State Departments on health related projects and plans.

Following is a more detailed discussion of the tax, the correlation between smoking and price, the health effects of smoking, the seriousness of Alaska's health problems, the potential of a health promotion's program, and a suggested list of activities which could be carried out in a statewide health promotion program.

THE CIGARETTE TAX IN ALASKA

Alaska presently has a four mill levy on each cigarette which is the equivalent to eight cents a pack and raises approximately \$6,000,000 a year. Two and one half of the four mills collected goes into a special school building fund which was created in 1956. In 1961 an additional 1½ mills was added to the tax and goes into the general fund. The only significant change in the last 23 years has been to exempt application of the tax on military services.

Nationally, only four states have lower taxes than Alaska. These include North Carolina at .02, Virginia at .025, Kentucky at .03, and South Carolina at .07. Each of these States is involved in substantial tobacco production. The average State tax is 15.6 cents per pack, close to double that of Alaska.

It is difficult to predict what will happen with the Federal tax. An effort is being planned by the National Council on Smoking or Health to reinstitute the eight cents to be dropped in October 85. Obviously they will be opposed by tobacco interests. Even if the eight cents is reinstated, however, the low level of the Alaskan tax and the value of an expanded health promotion effort in Alaska would justify the new State tax.

Doubling Alaska's tax to 8 mills or 16 cents will increase State cigarette tax revenues to approximately \$12,000,000 a year. Since there is already an established procedure for collecting the tax from wholesalers by the Department of Revenue, collecting the new tax should involve a minimal of effort and expense.

Any new tax cannot be dedicated to a specific purpose under the Alaska Constitution. (The school fund is an exception because it was in effect prior to the adoption of the constitution.) Legislative intent for the expenditure of funds can be expressed however. Specific appropriation then goes through the normal budgetary process and is up for reconsideration each year.

CIGARETTE SMOKING AND PRICE

A direct correlation exists between smoking and price. As the cost of smoking goes up, the percentage of smoking drops. A study done by Professor Eugene Lewit and other economists for the College of Medicine and Dentistry of New Jersey showed a 10% increase in the price of cigarettes would lead to a 4% overall drop in smoking. Among teenagers the drop would be 14%! Conversely, a drop in prices will encourage an increase in smoking - again with teenagers being the most effected.

SMOKING, HEALTH, AND ECONOMICS

The health effects of cigarette smoking are extremely well documented. Smoking is the major cause of lung cancer, heart disease, emphysema, and chronic bronchitis. In fact, smoking is the single most preventable cause of disease. In 1985 over 340,000 Americans will die prematurely because of their smoking habit. Millions more will live with crippled lungs and strained hearts.

Human suffering is only part of the picture. Smoking related diseases cost some 16 billion dollars in medical care resources yearly - a figure which can be translated into an extra \$100 per year in extra taxes and health insurance premiums for working adults. This applies whether the person smokes or not.

Many other costs such as lost working days, fire damage, special ventilation systems, etc. add to the bill we all get to pay. Information from Senator Ted Stevens to Dr. James Sprott of Anchorage placed these costs at 26 billion dollars for a total of 42 billion. As Stevens noted "The overall economic loss to the nation due to smoking is staggering."

SMOKING AND OTHER HEALTH RISK FACTORS IN ALASKA

For whatever the reasons, Alaskans tend to be toward the top of national statistics in pursuing habits with high health risk factors. Following is a discussion of four key indicators: smoking, alcohol abuse, accidents, and mental health.

SMOKING: Thirty six percent of adult Alaskans smoke. Only two states, Kentucky at 36.6% and North Carolina at 37.7%, exceed Alaska. Once again, both of these states are tobacco producing. Another statistic indicative of Alaskans smoking habits is that the number of cigarette packs sold per capita in the U.S. dropped by 4.6% between 1976 - 1982 while increasing by 4.2% in Alaska. An 8.6% difference. Eventually, these figures will be translated into more lung cancer, heart disease and emphysema.

ALCOHOL. Another very apparent health risk to Alaskans is excessive alcohol consumption. A statewide health survey carried out by the Department of Health and Social Services in 1984 showed this to be the number one concern of the various groups surveyed. Alaskans are number 12 nationally in acute drinking and take the number 3 spot

for chronic drinking. (Acute is defined as 5 or more drinks on an occasion one or more times per month and chronic is defined as 2 or more drinks per day or 14 or more drinks per week.) The two states which exceed Alaska in chronic drinking are New Hampshire and Florida. In per capita consumption of distilled spirits we are also close to the top. Alaska consumes 3.3 gallons per person, New Hampshire 4.8, Nevada 5.7, and Washington D.C. 6.

ACCIDENTS: Accidents rates are also very high in Alaska. 1981 census figures showed Alaska with an accidental death rate of 89.3 per 100,000 population in comparison with 43.2 for the nation. Not surprisingly, the major differences were aircraft and water related.

MENTAL HEALTH: Mental health is also a problem as reflected by such indicators as suicide, family violence, child abuse, and violent crimes. Often alcohol plays an important role. In 1980 suicide was the fifth leading cause of statewide mortality. The rate of 17.7 suicides per 100,000 compares with a U.S. rate of 12.2. It is also important to note that the suicide rate increased from 13.2 per 100,000 in 1970 to the 17.7 in 1980.

What the above statistics relate is Alaska is facing a serious health crises with both short and long term implications which will result in considerable human suffering. It will also result in the expenditure of millions of dollars in public and private funds. A critical point of this paper is an aggressive health promotion program can reduce the suffering and will eventually more than pay for itself in reduced health care costs.

HEALTH PROMOTION AS A TOOL IN DISEASE PREVENTION

Risk factor intervention through health promotion has become a major tool for preventing cardiovascular diseases, cancer, cirrhosis of the liver, accidents, and chronic lung disease -- the major current health problems in modern nations. Numerous approaches are used and are necessary in successful programs. Four of the most important include reaching young people through comprehensive health education, educating the general public through mass media efforts, promoting self help in local communities and at the workplace, and utilizing the medical care de-

livery system in promoting health among high risk groups. A growing body of evidence supports the effectiveness of efforts:

- In school health a long term study has recently been completed by the University of Washington on the impact of the Primary Grades Health Promotion Project, Growing Healthy. (Growing Healthy is a comprehensive school health curriculum which was developed in Berkeley and Seattle in the early 70's and is now being utilized nationally by numerous school districts.) A summary of the findings state that "the curricula have a positive impact upon children's current levels of knowledge about health and their attitude toward health...and upon present and future health practices of students and their families."
- The Stanford Heart Disease Prevention Program provides considerable support for community wide programs. Utilizing a multimedia campaign for the general public and intensive instruction for high risk individuals in three Northern California Communities, the risk for coronary heart disease was reduced 15% to 20% among total participants and 30% among the high risk group.
- A similar experiment carried out in Finland over 4½ years with a largely rural population showed decreased cigarette smoking, decreased blood pressure, and a considerable reduction in the incidence of strokes -- from 3.6 to 1.9 per 1,000 males and 2.8 to 1.8 per 1,000 females.

What each of these health promotion programs have in common is they were carried out over a long period of time and they were comprehensive in their approach. They demonstrate that done right, health promotion can make a significant difference.

AN INVESTMENT IN HEALTH

The cigarette tax revenues utilized in health promotion can help assure a healthier future for Alaska. Life style issues which deserve attention include smoking, nutrition, alcohol and other drug use, safety, mental health, and fitness. Maximizing the impact of the health promotion program will depend upon several factors.

- A long term commitment to the program is needed. Establishing positive health habits takes several years. One way to help assure the necessary focus is to develop a 5-year health

promotion plan for the State. The plan should include specific goals and objectives that can be carefully evaluated during and at the completion of the program.

- ° Reaching young people must be a priority. This will require working closely with the education system. While mandating a specific comprehensive health education program may not be desirable, the State should provide all school districts with the best materials and training in comprehensive school health available. Joint financing of program implementation may also be desirable.
- ° Local initiative is critical. The key to health promotion lies in encouraging people to take responsibility for their own health. A way to encourage such initiative will be to make grants available to local communities and organizations to help carry out the five-year plan. Grants should be closely monitored for effectiveness in terms of achieving the plans goals and objectives.
- ° Statewide campaigns primarily utilizing the media can provide valuable support to school and local initiative efforts. The tobacco and liquor industry spend millions to get their message across. The real message is advertising pays. It can work as effectively in discouraging smoking and excessive drinking as it does to promote it.

Carrying out the type of program outlined above will require considerable initiative creativity and energy. Success will depend upon establishing an adequately staffed office within State government that has the necessary charge and flexibility to implement the program. It will also depend upon seeking advice and involvement from the various interests within the State concerned with health promotion. Some type of advisory body should be established to achieve the latter objectives.

CONCLUSION

The cigarette tax combined with health promotion concept provides Alaska with a unique opportunity to promote wellness and encourage the avoidance of unnecessary health risks.

SK

BILL SHEFFIELD, GOVERNOR

DEPARTMENT OF REVENUE

OFFICE OF THE COMMISSIONER

POUGH S
JUNEAU, ALASKA 99811
PHONE: (907) 465-2300

December 5, 1984

Mr. David Mather, Chairman
Association of Regional Health Directors
1321 - 21st Avenue
Fairbanks, AK 99701

Dear Mr. Mather:

Governor Sheffield has asked me to reply to your letter to him regarding the many leading health problems of Alaskans. The eight-cent federal reduction in cigarette tax is a matter that we anticipate will be debated in the 1985 session of our Legislature. Certainly, an eight-cent Alaska tax increase, to replace the federal decrease effective October 1985, would increase State tax receipts while the cost to smokers would not change.

Your letter proposes that any tobacco tax increase be dedicated to the purpose of establishing preventive health education and intervention programs. Tobacco tax Statute 43.50.140 dedicates the taxes, fees, and penalties provided under AS 43.50.010-.180 to a State "school fund", and limits how those funds may be spent. This dedication was enacted in 1955. When Alaska's Constitution became operative with the formal proclamation of statehood on January 3, 1959, it included Article IX, Section 7, which limited dedications as follows:

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

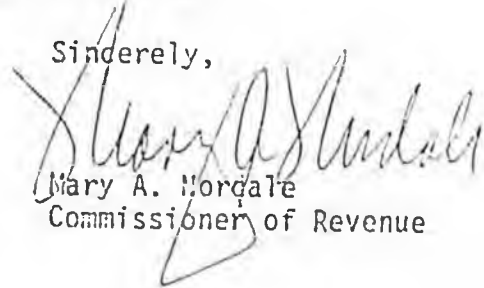
Since new dedications are not allowed, and grandfathered dedications cannot be increased, receipts from any new tax or tax increase must be deposited in the general fund. While in the general fund, they are available for appropriation by the Legislature, and for possible use to help offset the social costs associated with smoking.

Mr. David Mather, Chairman
Association of Regional Health Directors
Page 2
December 5, 1984

The Governor does recognize your concern, and we will work along with Senator Fischer in addressing this issue.

Thank you for contacting my office on this matter.

Sincerely,



Mary A. Morgale
Commissioner of Revenue

cc: Senator Vic Fischer ✓
Commissioner John Pugh
Ray Gillespie

ALASKA FEDERATION OF NATIVES, INC.
1984 ANNUAL CONVENTION

RESOLUTION NO. 84-38

TITLE: CIGARETTE EXCISE TAX

WHEREAS, the federal government will reduce its excise tax on cigarettes by \$0.08 per pack; and

WHEREAS, this excise tax reduction will have the effect of making cigarettes less expensive and thereby more accessible to the public at large; and

WHEREAS, the negative health effects of cigarette use have been well documented with major implications in the areas of cancer, heart disease and respiratory diseases,

NOW THEREFORE BE IT RESOLVED that the State of Alaska levy an excise tax on cigarettes in an amount equal to the reduction to be made by the federal government with the resulting revenues to be used in health promotion, disease prevention and rehabilitation treatment directed at victims of cigarette use.

RESOLUTIONS COMMITTEE RECOMMENDATION: DO PASS

CONVENTION ACTION: PASSED



ALASKA FEDERATION OF NATIVES, INC.
1984 ANNUAL CONVENTION

RESOLUTION NO. 84-39

TITLE: HEALTH EDUCATION

WHEREAS, the most significant improvements that could be made in the health of Alaskans lie not in the area of increased medical care (hospitals, physicians, nurses, medical services, etc.) but in the area of personal lifestyle decisions; and

WHEREAS, personal lifestyle decisions (smoking, drinking, eating, exercise, vehicular safety, responsible sexual behavior, etc.) are directly affected by health education activities; and

WHEREAS, most providers and aware consumers agree that much more needs to be done in Health Education, but the current trend is for placing more resources in the medical care system; and

WHEREAS, the State of Alaska recently terminated its Health Education section and allowed it to be absorbed by the Division of Public Health, thereby removing it from public awareness as an important activity; and

WHEREAS, Health Education is a major sub-role in the State's overall role in Public Health,

NOW THEREFORE BE IT RESOLVED that the Alaska Federation of Natives urges the Legislature of appropriate sufficient funds to maintain an active Public Health Education and Prevention Activity and

BE IT FURTHER RESOLVED that the Alaska Federation of Natives urges the State Department of Health and Social Services to designate a special section within the Division of Public Health for Health Education and Prevention Activities.

RESOLUTIONS COMMITTEE RECOMMENDATION: DO PASS

CONVENTION ACTION: PASSED



Healthy Alaska Coalition
P. O. Box 103056
Anchorage, AK 99510

January 24, 1985

FOR IMMEDIATE RELEASE

Contacts: Anne Morris, M.D., Coalition Chair, Anchorage 346-2879
Curtis Mekemson, Ex. Dir., Alaska Lung Association,
Anchorage 272-2332
Patricia Book, Ph.D. Coalition Representative,
Fairbanks 452-4761

CIGARETTE TAX BILL INTRODUCED
TO SUPPORT HEALTH PROMOTION

Senator Vic Fischer in co-sponsorship with Senator Frank Ferguson introduced legislation today, Senate Bill 94, which will increase the State's cigarette tax by eight cents with the intent that the extra revenues will go toward a major health promotion program in Alaska.

Anne Morris, M.D., Chairperson of the Healthy Alaska Coalition, a group organized to support the legislation, noted, "This Bill gives us the opportunity to have a positive impact on the health of all Alaskans. We are particularly excited about increasing our ability to reach young people in promoting wellness and encouraging the avoidance of unnecessary health risks."

Dr. Morris reported that the tax would raise close to six million dollars per year. Since the Federal Government is presently planning to drop eight of its sixteen cents tax on cigarettes, the Alaskan tax would not increase the price of cigarettes.

"We'll simply collect the six million we've been sending to Washington and put it to work in Alaska," Dr. Morris stated.

Even if the Federal Government chooses to reinstate its sixteen cent tax, however, the Healthy Alaska Coalition argues Alaska should proceed with increasing its own tax. A number of reasons are offered.

- ° Alaska has had the same cigarette tax for twenty-three years. The present tax of eight cents is fifth lowest in the nation. Only four tobacco producing states have lower taxes. Doubling the Alaska tax will bring it up to the national average.

- There is a direct correlation between smoking and price. The effect is particularly dramatic among teenagers. A 10% increase in price will lead to an approximate 14% drop in smoking.
- Our smoking habits are extremely costly. From a health perspective 340,000 Americans will die prematurely this year because of smoking and millions more will live with crippled lungs and strained hearts. Financially, smoking costs the nation some sixteen billion dollars in medical care and an extra twenty six billion in other costs for a total of forty two billion dollars. We all end up helping to pay these costs whether we smoke or not.
- Alaskans tend to be toward the top of national statistics in pursuing habits with high health risk factors. We are ranked number 3 nationally in per capita smoking and number 3 in chronic drinking. We're also very high in the area of accident rates and mental health problems.
- Health promotion is a proven tool in preventing cardiovascular diseases, cancer, cirrhosis of the liver, accidents, and chronic lung disease -- the major current health problems in modern nations.

Among the types of programs, Senate Bill 94 may fund are school health education, locally initiated health promotion projects, and statewide media efforts. Lifestyle issues involved include smoking, alcohol and other drug use, safety, mental health, nutrition, and fitness.

"It is important that the State make a long term commitment to the health promotion concept," Dr. Morris stated. "Changing negative health habits takes time. To achieve this objective, the Bill calls for a five-year health promotion and education plan."

The Healthy Alaska Coalition also believes the success of the health promotion effort will require having an adequately staffed office within state government with the necessary charge and flexibility to implement the program.

Several statewide organizations have already adopted resolutions of support. Among them are the Alaska Lung Association, the American Cancer Society, the Alaska Public Health